

ASX Announcement

28 July 2023

PLACEMENT RAISES \$10M TO ADVANCE PRAIRIE LITHIUM PROJECT

HIGHLIGHTS

- Arizona Lithium raises \$10m via a Placement to institutional and sophisticated investors.
- Funds applied to advance the Prairie Project including Resource Upgrade, Pilot plant construction and completion of PFS.

NEWSFLOW

- Prairie project Resource upgrade - late August 2023
- Prairie project operation of Pilot plant to test DLE technology - October/ November 2023
- Prairie project completion of PFS - December 2023
- Big Sandy project completion of DFS - December 2023
- Prairie project commencement of Commercial plant construction – mid 2024.

Arizona Lithium Limited (ASX: **AZL**, **AZLOA**, OTC: **AZLAF**) ("**Arizona Lithium**", "**AZL**" or "**the Company**"), is pleased to announce that the Company has received firm commitments to raise \$10m (before costs) via a Placement to institutional and sophisticated investors to advance the Prairie Project.

The commitments to raise the funds is through an extremely strongly supported share placement to institutional and professional investors at \$0.025 per share ("**New Shares**") with one free attaching option per one New Share ("**Placement**"). The options will be exercisable at \$0.05 each expiring two years from the date of issue ("**Options**"), with the proceeds from the exercise of the Options to provide further funding to develop the two North American Lithium Projects. It should be noted the issue of 27.3% of the Options are subject to shareholder approval. The Company intends to quote these options subject to meeting the ASX's minimum listing requirements.

The proceeds from the Placement will further strengthen the Company's balance sheet, placing Arizona Lithium in a position to advance the development of the Prairie Project by undertaking a resource upgrade, constructing a pilot plant and completing of a pre-feasibility study. Following this, early works on a definitive feasibility study will commence. The Company will also use the funds to complete construction of the world class Lithium Research Centre which will enable treatment of bulk samples taken from the Big Sandy Lithium Project.

AZL Managing Director, Paul Lloyd, commented: "We are pleased to have successfully completed the Placement to raise \$10m to further advance the development of the Prairie Project and complete construction of the Lithium Research Centre.

Importantly, the completion of the pre-feasibility study at the Prairie Project and early works on the definitive feasibility study will add significant value to the Company."

Share Placement Details

The New Shares will be issued in two tranches with tranche one comprising 400,000,000 New Shares and 290,746,707 Options to be issued under the Company's existing placement capacity under ASX

Listing Rules 7.1 (400,000,000 Shares and 14,448,024 Options) and 7.1A (276,298,683 Options) (**Tranche 1**). Tranche 2 of 109,253,294 Options will be issued subject to shareholder approval.

Settlement of New Shares under Tranche 1 is expected to occur on 3 August 2023 with the New Shares to rank equally with the Company's existing shares on issue.

PAC Partners Securities Pty Ltd and Evolution Capital Pty Ltd acted as Joint Lead Managers to the Placement.

This announcement has been authorised for release by the Board of Arizona Lithium Limited.

FOR FURTHER INFORMATION PLEASE CONTACT:

Mr Paul Lloyd
Managing Director
Arizona Lithium Limited
Tel. +61 419 945 395
paul@arizonalithium.com

Project Locations

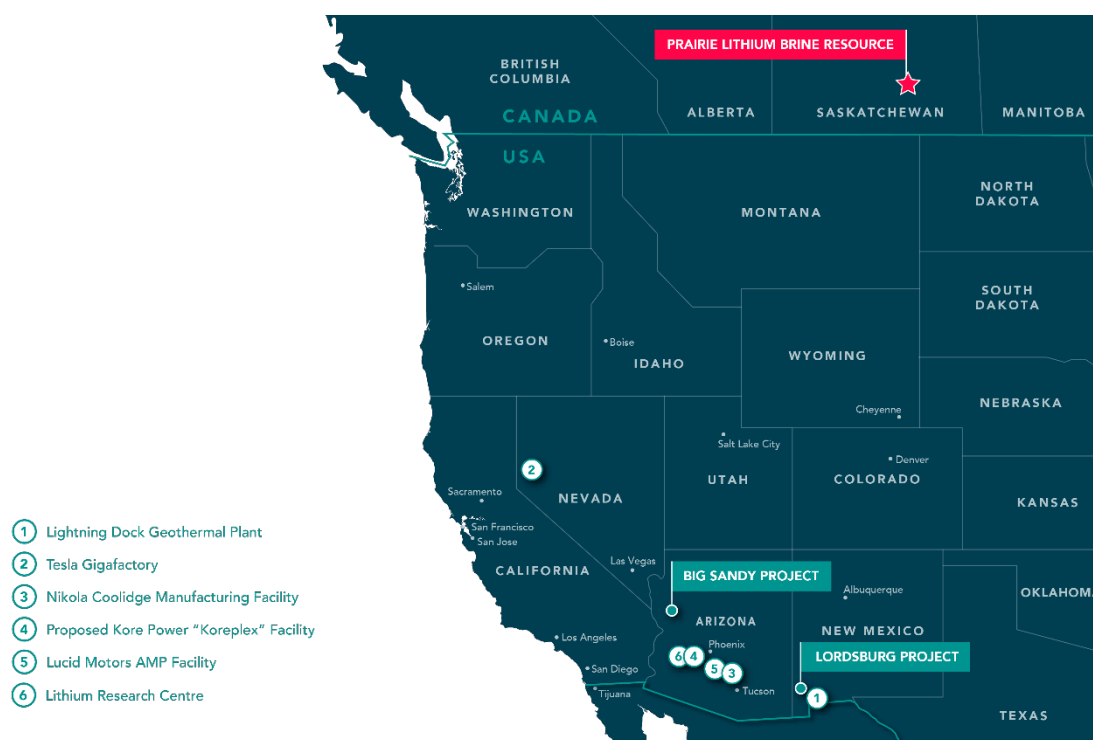


Figure 1 – Prairie Lithium's resource further diversifies AZL into Canada and brines

Big Sandy Lithium Project (Arizona)

The Big Sandy Project, is a very shallow, flat lying mineralised sedimentary lithium resource and with excellent available infrastructure, has the potential to be developed with a very low environmental footprint.

JORC Mineral Resource Estimate

Arizona Lithium's successful 2019 drill program at Big Sandy (37 HQ diamond holes totalling 2,881m) resulted in the estimation of a total Indicated and Inferred JORC Mineral Resource of 32.5 million tonnes grading 1,850 ppm Li for 320,800 tonnes Li_2CO_3 ¹ (Table 1).

Table 1 – Big Sandy Project Mineral Resource Statement (above 800 ppm Li cut-off)

Resource Classification	Tonnes (Mt)	Li Grade (ppm)	Contained Li Metal (t)	Contained LCE (t)
Indicated	14.6	1,940	28,400	150,900
Inferred	17.9	1,780	31,900	169,900
Total	32.5	1,850	60,300	320,800

This represents 4% of the Big Sandy Project area that contains an estimated exploration target of between 271.1Mt to 483.15Mt at 1,000 - >2,000ppm Li² (Table 2).

Exploration Target

Exploration on the Big Sandy Lithium Project including geological mapping, drilling and surface sampling in Blocks B, C and D in the Northern Mineralised Zone (NMZ) and geological mapping and surface sampling in Blocks SMZ 1 and SMZ 2 in the Southern Mineralised Zone (SMZ), have resulted in the identification of the potential for between 271.1Mt to 483.15Mt at 1,000 - >2,000ppm Li as summarised in Table 2 below.

The Exploration Target in Blocks B, C and D in the NMZ, has been estimated using a range of thicknesses for the mineralised sedimentary material, calculated from data point elevations, drill hole data from prior Exploration Target Block A, lying between Blocks B and C, that has been converted to an inferred / indicated mineral resource and geological mapping. The grade estimates a range of values demonstrated from surface sampling.

The Exploration Target in Blocks SMZ 1 and SMZ 2 in the SMZ, has been estimated using a range of thicknesses for the mineralised sedimentary material, calculated from data point elevations, geological mapping and knowledge of the mineralisation controls and alteration witnessed in the NMZ. The grade estimates a range of values demonstrated from surface sampling.

Table 2 – Summary of Exploration Target

Zone	Resource Block	Grade Range Li ppm	Thickness Lower (m)	Thickness Upper (m)	Lower (Mt)	Upper (Mt)
North	B	1000 - >2,000	40	60	82,800,000	124,200,000
North	C	1000 - >2,000	20	35	27,000,000	47,250,000
North	D	1000 - >2,000	20	35	39,600,000	69,300,000
South	SMZ 1	1000 - >1,500	30	60	83,700,000	167,400,000
South	SMZ 2	1000 - >1,500	30	60	38,000,000	75,000,000
				TOTALS	271,100,000	483,150,000

¹ Announcement Sept 26, 2019, Big Sandy Lithium Project, Maiden Mineral Resource

² Announcement Nov 7, 2019, Big Sandy Lithium Project, Exploration Target Update

Note that the potential quantity and grade of the estimated geological potential (Exploration Target) is conceptual in nature. There has been insufficient exploration to estimate a mineral resource and it is uncertain whether future exploration will result in the definition of a mineral resource. It has been estimated using a range of thicknesses for the mineralised sediments calculated from drill intercepts, surface sampling and geological mapping. The grade estimates a range of values demonstrated from drilling and surface sampling.

The Permit of Exploration (POE) that includes a proposed 145 exploration holes and a bulk sample at the Company's Big Sandy Lithium project in Arizona is awaiting Bureau of Land Management (BLM) approval. Community involvement is welcomed to ensure mutually beneficial outcomes for all stakeholders and the Company is very confident that drilling program can be completed without environmental impact and to the satisfaction of all stakeholders. The validity of the proposed exploration target will be tested in the next drilling program. The Company is awaiting drilling approval from the BLM as detailed above.

Competent Persons Statement

The information in this announcement that relates to the Exploration Target is based on and fairly represents information compiled by Gregory L Smith who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Smith is a consultant to the Company and holds shares in the Company. Mr. Smith consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears. Information in this announcement which relates to Exploration Results relevant to the Exploration Target has been extracted from the Company's announcements released to ASX on 28 March 2019, 28 August 2019, 7 November, 2019 and 21 December 2022.

Information in this announcement that relates to Mineral Resources have been extracted from the Company's announcement released to ASX on September 26, 2019.

The announcements are available to view on the Company's website: www.arizonalithium.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

About the Prairie Lithium Project

AZL's Prairie Lithium Project is located in the Williston Basin of Saskatchewan, Canada, with Arizona Lithium also holding a proprietary lithium extraction process technology that selectively removes lithium from Brine. The Prairie Project holds the highest quality Inferred lithium brine resource in Canada, with 4.1MT LCE total JORC Inferred Mineral Resources at 111 mg/L Li³, with significant expansion potential. Located in one of the world's top mining friendly jurisdictions, the projects have easy access to key infrastructure including electricity, natural gas, fresh water, paved highways and railroads. The projects also aim to have strong environmental credentials which should result in less use of freshwater, land and waste, aligning with AZL's sustainable approach to lithium development.

The Prairie Lithium Ion Exchange (PLIX) is an ion-exchange material that selectively extracts lithium from brine, using equipment which is anticipated to be readily available at commercial scale. Plix may have a global application, with the process currently being tested on lithium resources from around the world (including encouraging results with Big Sandy). While Prairie Lithium continues to develop, scale and operate its own DLE technology, the company is also testing other DLE technologies to ensure it deploys the most cost-effective technology onto its resource.

³ Refer to Appendix 1 (Summary of 72 subsurface mineral permits where Prairie Lithium has 100% working interest across the Duperow Formation), Appendix 2 (Summary Table of Drill Holes) and the JORC 2012 Table 1 Report annexed to this announcement for further details.

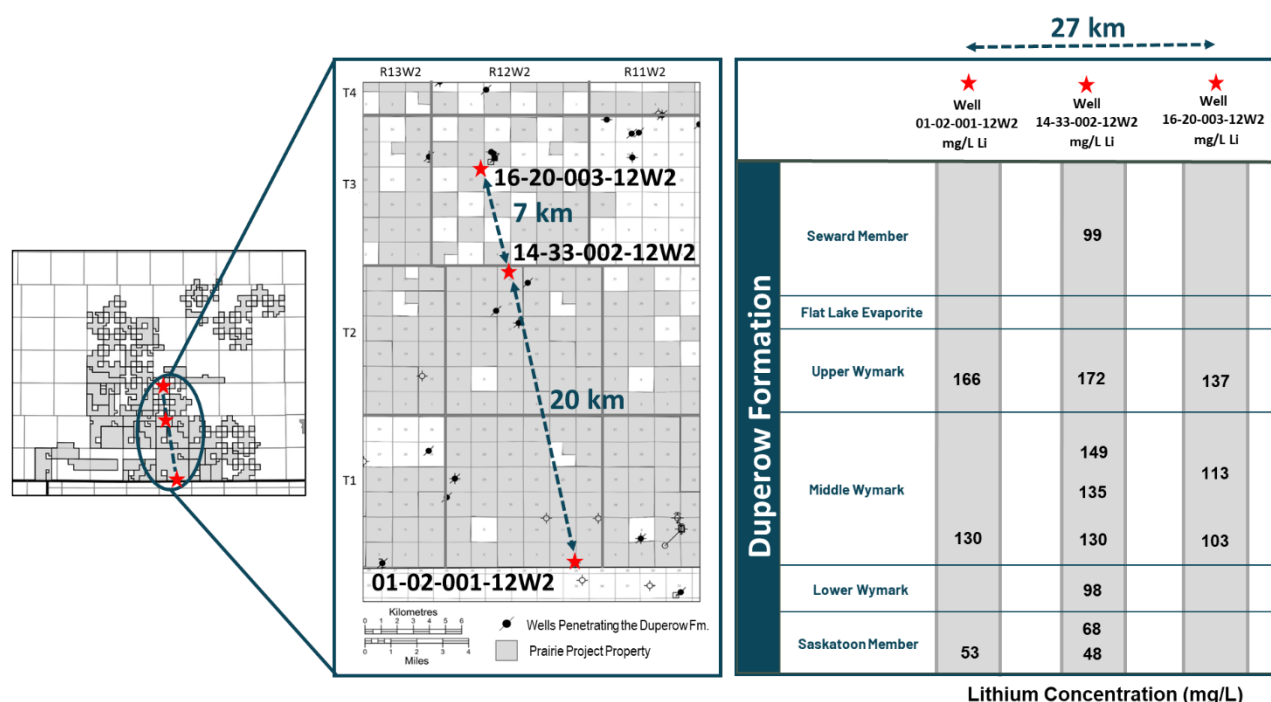


Figure 2 – Location map and representative lithium concentrations from Arizona Lithium's test wells
(Lithium concentrations measured by Isobrine Solutions and confirmed by one other commercial laboratory in Edmonton, Alberta)

Lithium Research Centre

As announced on 20 June 2022, Arizona Lithium signed a 5-year lease to establish a world class Lithium Research Centre (LRC) to be located on a 9,700m² property in Tempe, Arizona, approximately 15km southwest of Phoenix Sky Harbor International Airport.

The Lithium Research Centre, which will function as a technology incubator focused on the extraction of lithium from a variety of ores and brines, as well as the production of battery-grade lithium chemicals for current and future battery technologies.

The build out of the LRC continues with the lab fully operational and the bulk of the pilot plant to be constructed during the June quarter. The Company will then be able to commence operations of the pilot plant to treat some of the bulk sample taken from the Big Sandy Lithium project.

Competent Persons statement for Prairie and Registered Overseas Professional Organisation (ROPO) and JORC Tables

Gordon MacMillan P.Geol., Principal Hydrogeologist of Fluid Domains, who is an independent consulting geologist of a number of brine mineral exploration companies and oil and gas development companies, reviewed and approves the technical information provided in the release and JORC Code – Table 1 attached to this release. Mr. MacMillan is a member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA), which is ROPO accepted for the purpose of reporting in accordance with the ASX listing rules. Mr. MacMillan has been practising as a professional in hydrogeology since 2000 and has 22 years of experience in mining, water supply, water injection, and the construction and calibration of numerical models of subsurface flow and solute migration. Mr. MacMillan is also a Qualified Person as defined by NI 43-101 rules for mineral deposit disclosure.

Information in this announcement that relates Exploration Results or to Mineral Resources have been extracted from the Company's announcement released to ASX on 21 December 2022. The announcement is available to view on the Company's website: www.arizonalithium.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which Mr MacMillan's findings are presented have not been materially modified from the original market announcement.