

ASX Announcement

7 November 2022

STRATEGIC US\$1.25M INVESTMENT IN US BASED LITHIUM EXPLORER

HIGHLIGHTS

- **AZL to invest US\$1.25m into Midwest Lithium (“Midwest”), a lithium exploration company with projects in South Dakota, USA.**
- **AZL to become the largest, non founding, shareholder in Midwest.**
- **The investment provides AZL with exploration upside through exposure to Midwest’s exploration programs.**
- **Midwest will benefit from AZL’s significant experience in US lithium exploration and the Company’s recently established Lithium Research Centre in Tempe, Arizona.**
- **Arizona Lithium to appoint AZL director, Matthew Blumberg to the Board of Midwest.**

Arizona Lithium Limited (**ASX: AZL, AZLO, AZLOA, OTC: AZLAF**) (“Arizona Lithium”, “AZL” or “the Company”), a company focused on the sustainable development of the Big Sandy Lithium Project (“Big Sandy”, “Project”), is pleased to announce a strategic equity investment of US\$1.25m in Midwest Lithium AG (“Midwest”), for approximately 11.5% of Midwest. The investment by AZL is part of a broader US\$2.5m capital raise Midwest is currently completing, which is expected to be used for surface exploration, ground expansions, property acquisition, permitting and working capital. The raise has been approved by Midwest’s shareholders and is expected to be completed in the coming days.

Midwest holds a significant land position in the Black Hills of South Dakota, one of North America’s only proven hard rock spodumene lithium producing districts in the US including a number of historical mines. The district holds over 24,000 pegmatite bodies of which between 2-5% are believed to carry lithium mineralisation; the pegmatites are all located around a large local granitic intrusion known as the Harney Peak Granite. Visible spodumene and other lithium minerals are easily identified around the district.

The Black Hills are home to some of the first spodumene processing plants worldwide proving that spodumene in the region can be easily extracted through conventional DMS and flotation methods. The region also has a rich mining background holding one of America’s most important mines, the Homestake, which produced over 40Moz of gold over its continuous +125 year mine life, with a number of other large-scale mines and smaller quarries also operating in the area.

Midwest is currently consolidating its land position and has already started mapping and geochemical programs in order to define drill targets to be pursued when drilling permits are granted.

Midwest will benefit from AZL’s significant experience in US lithium exploration with the AZL team to work closely with Midwest. Midwest will also benefit from AZL’s recently established world class Lithium Research Centre (LRC), located on a 9,700m² property in Tempe, Arizona, approximately 15km southwest of Phoenix Sky Harbor International Airport. The facility includes a 1,900m² building for R&D in addition to a 3,000m² secure lot for the fabrication of prototype processing equipment.

The LRC will primarily function as the analytical centre for the Big Sandy project but will also have the ability to function as a technology incubator focused on the extraction of lithium from a variety of ores and brines which will allow AZL to cherry pick project investments and/or acquisition opportunities in North America. Following the successful testing of lithium extraction, production of battery grade lithium chemicals for current and future battery technologies will be undertaken at the LRC. Importantly, Midwest will be able to benefit greatly from the use of AZL’s research centre and AZL looks forward to establishing further synergies in this area.

As part of the investment, Arizona Lithium will appoint Matthew Blumberg, the Company's US based Executive Director, to the Board of Midwest Lithium. Mr Blumberg is a New York based professional with experience in Investments and Mergers & Acquisitions in both the USA and Australia. Mr Blumberg holds a Master of Business Administration (MBA) from Yale University and a double degree in Engineering (First Class Honours) and Commerce from the University of Western Australia.

The Black Hills area in South Dakota is rapidly becoming the lithium exploration hot spot in the USA. The AZL technical team are attracted to the area and see opportunities to develop projects on a similar time line to the Big Sandy project in Arizona. Companies such as Iris Metals Ltd (ASX ; IR1, market capitalisation of \$148 million AUD) and Patriot Lithium Ltd (ASX;PAT awaiting ASX listing) and United Lithium Corp (TSX;ULTHF, market capitalisation of \$19 million CAD) are active in the Black Hills area with substantial landholdings.

This announcement has been authorised 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

2nd Floor, 10 Outram Street

West Perth WA 6005

Big Sandy Lithium Project (Arizona)

The Big Sandy Project, as 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.

Arizona Lithium's successful 2019 drill program at Big Sandy resulted in the estimation of a total Indicated and Inferred JORC resource of 32.5 million tonnes grading 1,850 ppm Li for 320,800 tonnes Li_2CO_3 ¹. 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.

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.

¹ Announcement Sept 26, 2019, Big Sandy Lithium Project, Maiden Mineral Resource
² Announcement Nov 7, 2019, Big Sandy Lithium Project, Exploration Target Update

The Permit of Exploration (POE) that includes 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.



Figure 1- Arizona Lithium Project Portfolio, including major Li-battery infrastructure in close proximity to Big Sandy and Lordsburg Lithium Projects