
ARIZONA LITHIUM LIMITED
ACN 008 720 223
NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10.00am (WST)

DATE: 14 March 2023

PLACE: Level 2, 10 Outram Street, West Perth, WA

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.00am (WST) on 12 March 2023.



BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – AMENDMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, subject to the approval of Resolution 2, and for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to amend its existing Constitution."

2. RESOLUTION 2 – APPROVAL TO ISSUE THE AZL SHARES, EXCHANGEABLE SHARES AND SPECIAL VOTING SHARE IN CONSIDERATION FOR THE ACQUISITION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the approval of Resolution 1, or the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue:

- (a) AZL Shares;*
- (b) Exchangeable Shares (by the Company's wholly owned subsidiary, CanCo); and*
- (c) pursuant to and in accordance with the Company's Constitution, a Special Voting Share as a new class of share in the capital of the Company,*

in connection with the Acquisition and on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

3. RESOLUTION 3 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – PAUL LLOYD

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 100,000,000 Performance Rights to Paul Lloyd (or their nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

4. RESOLUTION 4 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – MATTHEW BLUMBERG

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 60,000,000 Performance Rights to Matthew Blumberg (or their nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

5. RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – BARNABY EGERTON-WARBURTON

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 80,000,000 Performance Rights to Barnaby Egerton-Warburton (or their nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

6. RESOLUTION 6 – ISSUE OF OPTIONS TO RELATED PARTY – ZACH MAURER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the approval of Resolutions 1 and 2, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 11,000,000 Options to Zach Maurer (or their nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

Dated: 8 February 2023

By order of the Board



Shaun Menezes
Company Secretary

Voting Prohibition Statements

<p>Resolutions 3, 4 and 5 – Issue of Performance Rights to Related Party – Paul Lloyd, Matthew Blumberg and Barnaby Egerton-Warburton</p>	<p>In accordance with section 224 of the Corporations Act, a vote on these Resolutions must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 3,4 and 5 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 3, 4 and 5 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>Provided the Chair is not a Resolution 3, 4 and 5 Excluded Party, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (a) the proxy is the Chair; and <p>the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>
<p>Resolution 6 – Issue of Options to Related Party – Zach Maurer</p>	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (c) the proxy is the Chair; and (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

<p>Resolution 2 – Approval to issue AZL Shares, Exchangeable Shares and Special Voting Share</p>	<p>A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely Prairie Lithium Shareholders) or an associate of that person (or those persons).</p>
<p>Resolutions 3, 4 and 5 – Issue of Performance Rights to Related Party – Paul Lloyd, Matthew Blumberg and Barnaby Egerton-Warburton</p>	<p><i>Paul Lloyd, Matthew Blumberg and Barnaby Egerton-Warburton</i> (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.</p>

**Resolution 6 – Issue of
Options to Related
Party – Zach Maurer**

Zach Maurer (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6313 3936.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. INTRODUCTION

1.1 Background to the Acquisition

As announced to the ASX on the 21 December 2022, Arizona Lithium Limited (**Arizona Lithium, AZL** or the **Company**) has entered into a binding pre-acquisition agreement (**Acquisition Agreement**) with Prairie Lithium Corporation (**Prairie** or **Prairie Lithium**) pursuant to which AZL has agreed to acquire, either directly or indirectly through a wholly owned Canadian subsidiary (**CanCo**), all of the shares of Prairie Lithium (**Prairie Lithium Shares**) pursuant to an exempt take-over bid under Canadian securities laws (the **Acquisition**).

Under the terms of the Acquisition Agreement, each Prairie Lithium shareholder (**Prairie Lithium Shareholder**), as consideration for the Acquisition of their Prairie Lithium Shares, will be entitled to elect to receive either:

- (a) ordinary Shares in the capital of AZL (**AZL Shares**); or
- (b) exchangeable shares (and the rights attaching to a Special Voting Share) in the capital of CanCo (**Exchangeable Shares**),

(together, the **Consideration Securities**).

AZL or Canco will issue an aggregate of 500,000,000 AZL Shares, or Exchangeable Shares to shareholders of Prairie Lithium Shareholders (**Prairie Lithium Shareholders**). AZL will also pay Prairie Lithium Shareholders an aggregate of CAD\$40,000,000.

As detailed later in this Explanatory Statement, when aggregated together, an Exchangeable Share and the rights attaching to the Special Voting Share have substantially the same rights as an AZL Share.

Unless converted to AZL Shares by a holder, Exchangeable Shares and the rights attaching to the Special Voting Share will remain on issue for 5 years from their issue (at which time there will be an automatic exchange of all outstanding Exchangeable Shares for AZL Shares), subject to earlier redemption rights arising if there are less than 10% of the Exchangeable Shares outstanding or if there is a change of control of AZL.

Arizona Lithium understands that the electable Exchangeable Share consideration structure will allow certain Prairie Lithium Shareholders resident in Canada to delay triggering a capital gains tax liability until the date the Prairie Lithium Shareholder converts their Exchangeable Shares into AZL Shares or sells its Exchangeable Shares, as opposed to on the date of Closing.

Following completion of the Acquisition, and issue of the Consideration Securities, AZL will remain listed on the ASX. Exchangeable Shares and the Special Voting Share will not trade on the ASX.

This Explanatory Statement sets out information in relation to Prairie Lithium, the Acquisition (including the Acquisition consideration structure) and the Shareholder approvals required in order for the Acquisition to proceed.

1.2 Prairie Lithium and its assets

Prairie is the owner of lithium projects located in the Williston Basin of Saskatchewan, Canada, and a proprietary lithium extraction process technology that selectively removes lithium from Brine. Prairie's projects hold the highest quality lithium brine resource in Canada, with 4.1MT LCE total inferred resources at 111 mg/L Li and 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 have strong environmental credentials which 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 a modular, patent pending process that selectively extracts lithium from brine, using equipment which is 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 the Big Sandy Lithium Project), with the technology designed to be easily integrated into conventional process, making it adaptable and scalable.

Prairie Lithium is an unlisted public company.

1.3 Rationale for the Acquisition

The acquisition of Prairie Lithium is transformational for AZL as it continues to advance the Company as a leader in lithium development and processing in North America.

The Acquisition increases the size of Arizona Lithium's lithium resource and diversifies the type of resource and geographical location. Post-Closing, the combined entity will have a resource in Arizona, a resource in Saskatchewan (through Prairie) and a prospective resource in New Mexico.

The Acquisition also brings with it a North American based technical management team, which includes geologists, engineers, drilling managers and other technical roles. The Prairie management team will be able to assist in the development of the Big Sandy Project, and the Arizona Lithium management team can assist in the development of the Prairie Lithium resource, particularly through the use of the Lithium Research Centre.

The Prairie Lithium DLE technology has been tested on the Big Sandy Resource with promising results, and the acquisition will allow Arizona Lithium to have access to the technology, and for testing at the Lithium Research Centre for both Prairie Lithium and Arizona Lithium's resources.

1.4 Board recommendations

Arizona Lithium's Board unanimously supports the Acquisition and recommends that Shareholders vote in favour of each Resolution set out in this Notice of Meeting.

1.5 Transaction structure

The Acquisition is to be completed as an exempt take-over bid under Canadian securities laws. AZL and Prairie Lithium will make an application to the applicable Canadian securities regulators (the **Exempt Relief Application**) so that the Transaction will be treated as an “exempt” take-over bid from certain of the formal procedures set out in National Instrument 62-104 – *Takeover Bids and Issuer Bids*.

Upon receipt of approval of the Exempt Relief Application, AZL is expected to immediately deliver the Offer to the Prairie Lithium Shareholders. In the event the Exempt Relief Application is not approved, the parties to the Acquisition Agreement have agreed to use commercially reasonable efforts to restructure the Acquisition so that it may be completed by an alternative arrangement (subject to applicable tax, securities and corporate advice), including pursuant to a plan of arrangement, amalgamation or share purchase agreement.

1.6 Conditions to the Acquisition

The Acquisition Agreement provides that completion of the Acquisition will be subject to the satisfaction or waiver of a number of conditions, which may only be waived with the mutual consent of both Prairie and AZL. The key conditions are as follows:

- (a) the Closing Date shall have occurred on or before 31 March 2023 (the **Outside Date**);
- (b) AZL Shareholders approving the Acquisition and any ancillary approvals required, pursuant to the Corporations Act and the Listing Rules, to give effect to the Acquisition;
- (c) obtaining all necessary waivers, consents and approvals of any agency, the failure of which to obtain would be materially adverse to AZL or Prairie; and
- (d) the 10-day VWAP of AZL Shares shall not be less than AUD\$0.04655 at any time prior to the Closing Date.

The Acquisition is also conditional on the satisfaction or waiver of a number of additional conditions, each of which are exclusively for the benefit of and may only be waived by Prairie. The additional key conditions are:

- (a) neither AZL, CanCo or CallCo shall have failed to perform any of their obligations under the Acquisition Agreement on or prior to the date the Acquisition becomes effective, or, in the event of any failure, such failure is not materially adverse to the AZL group;
- (b) the representations and warranties of AZL, CanCo and CallCo, under the Acquisition Agreement shall be true and correct in all respects, except where a failure to be true would not reasonably be expected to be materially adverse to the AZL group (provided that the representations and warranties in relation to the AZL group's financing commitments and the availability to AZL of sufficient financing to complete the Acquisition must in any event be true and correct in all respects), and AZL shall have provided a certificate to Prairie confirming the same on the date the Acquisition takes effect;

- (c) there not having occurred, since the date of the Acquisition Agreement, any event or change that individually or in the aggregate, has had a materially adverse effect on the AZL group;
- (d) the Special Voting Share shall have been created and issued as a share in the capital of AZL at or prior to the Closing; and
- (e) AZL shall have taken all necessary corporate actions and received all necessary Approvals to appoint one director nominee of Prairie Lithium to be identified by Prairie Lithium to the AZL Board.

Finally, the Acquisition is also conditional on the satisfaction or waiver of a number of additional conditions, each of which are exclusively for the benefit of and may only be waived by AZL (for itself and on behalf of CanCo and CallCo. The additional following conditions, for the benefit of AZL, are:

- (a) Prairie shall not have failed to perform any of its obligations under the Acquisition Agreement on or prior to the date the Acquisition becomes effective, or, in the event of any failure, such failure is not materially adverse to Prairie, and Prairie provide a certificate to AZL confirming the same on the date the Acquisition takes effect;
- (b) all convertible securities of Prairie shall have been exercised, converted or terminated;
- (c) the representations and warranties of Prairie under the Acquisition Agreement shall be true and correct in all respects, except where a failure to be true would not reasonably be expected to be materially adverse to Prairie, and Prairie provide a certificate to AZL confirming the same on the date the Acquisition takes effect;
- (d) there not having occurred, since the date of the Acquisition Agreement, any event or change that individually or in the aggregate has had a materially adverse effect on Prairie;
- (e) the costs and expenses incurred by Prairie in connection with the Acquisition (as estimated in the Prairie disclosure letter dated the date of the Acquisition Agreement) (**Prairie Transaction Costs**) do not exceed, in the aggregate, \$600,000 on the date the Acquisition takes effect and Prairie provide a certificate to AZL, CallCo and CanCo confirming the same on the date the Acquisition takes effect;
- (f) the Prairie cash or cash equivalents at the date the Acquisition takes effect is not less than \$250,000, calculated after excluding: (i) all current and non-current liabilities; (ii) all amounts payable under all severance, change of control, bonus, incentive compensation or similar agreements or programs; and (iii) Prairie Transaction Costs, and Prairie provide a certificate to AZL confirming the same on the date the Acquisition takes effect.

The conditions set out in this Explanatory Statement are a summary only.

1.7 Transaction Consideration

Under the terms of the Acquisition Agreement, Prairie Lithium Shareholders, as consideration for the acquisition of their Prairie Shares under the Acquisition, will be entitled to receive, at their election, either:

- (a) ordinary Shares in the capital of AZL (**AZL Shares**); or
- (b) both:
 - (i) unlisted shares in a wholly owned Canadian subsidiary of AZL CanCo which are exchangeable into AZL Shares (**Exchangeable Shares**). The Exchangeable Shares may be exchanged by the holder for Shares at any time within 5 years of the effective date of the Acquisition (with any Exchangeable Shares not exchanged, then being subject to automatic redemption, whereby the holders of those Exchangeable Shares will be issued with Shares), subject to earlier redemption rights arising if there are:
 - (A) less than 10% Exchangeable Shares outstanding;
 - (B) if there is a change of control of AZL; or
 - (C) the holders of Exchangeable Shares fail to take the necessary action at a meeting to approve or disapprove an Exchangeable Share Voting Event (refer to Schedule 1 for further details); and
 - (ii) for each Exchangeable Share issued to a Prairie Lithium securityholder, voting rights attaching to a Special Voting Share issued to a third party independent agent (**Automic Agent**). The Automic Agent will hold the voting rights attached to the Special Voting Share as agent for and on behalf of the holders of the Exchangeable Shares (i.e. one vote per Exchangeable Share). The Automic Agent may only exercise the voting rights attaching to the Special Voting Share on direction by the holder of an Exchangeable Share and will have no discretion to exercise the voting rights attaching to the Special Voting Share in the absence of instructions,

(together, the **Consideration Securities**).

The issue of AZL Shares under the Acquisition (including those to be issued on exchange of Exchangeable Shares) is not being undertaken by the Company with the purpose of Prairie securityholders selling or transferring their AZL Shares (whether received at completion of the Acquisition or upon the exchange of Exchangeable Shares). However, AZL considers that the Prairie securityholders who receive AZL Shares should be able to sell their AZL Shares should they wish to do so. Accordingly, in order to ensure that all AZL Shares to be issued under the Acquisition (including those to be issued on exchange of the Exchangeable Shares) will be freely tradable and not subject to any resale restrictions within Australia, AZL will be required to issue a notice in accordance with section 708A of the Corporations Act (**Cleansing Notice**) on each occasion that any such AZL Shares are issued. A Cleansing Notice will also need to be issued each time that Exchangeable Shares are exchanged for AZL Shares.

1.8 Exchangeable Shares

An Exchangeable Share together with the voting rights associated with the Special Voting Share will provide the holder with a share in a Canadian company, CanCo, that is broadly the economic equivalent of an AZL Share until it is exchanged for an AZL Share. This structure should allow certain Prairie Shareholders resident in Canada to delay triggering a capital gains tax liability

until the date the Prairie Shareholder converts the Exchangeable Share into a AZL Share, as opposed to on the date of completion of the Acquisition.

Exchangeable Shares will not be listed for trading on any stock exchange, as a result of which there may be limited or no active trading markets for the Exchangeable Shares. The Exchangeable Shares will be non-transferable.

The holder of an Exchangeable Share can require CanCo to redeem the share for a AZL Share plus cash payment of any declared (but unpaid) dividend amount on the Exchangeable Share.

In order for AZL to simplify the capital structure of the Company, the Exchangeable Share arrangements in respect of the Acquisition will run for a period of 5 years from the date of first issue of the Exchangeable Shares, subject to earlier redemption rights arising. Any Exchangeable Shares which have not been converted to AZL Shares within 5 years of the first issue of Exchangeable Shares, will be automatically converted to AZL Shares. To effect this, CanCo holds the right to redeem the Exchangeable Shares at the "Redemption Date" which is the date that is the fifth anniversary of the first issue of the Exchangeable Shares. On the date that is 5 years after the issue of the Exchangeable Shares, the Exchangeable Share structure will be wound up and any Exchangeable Shares still on issue will automatically be exchanged for AZL Shares plus cash payment of any declared (but unpaid) dividend amounts.

In all dealings with Exchangeable Shares, CallCo, which is a wholly owned Canadian subsidiary of AZL, has a call right (ahead of CanCo's right or obligation to redeem the Exchangeable Share) to purchase the Exchangeable Share from the holder (for the same consideration as would be received by the holder in respect of CanCo's redemption, that is, a AZL Share plus cash payment of any declared (but unpaid) dividend amounts) in circumstances where there is a liquidation, an exchange or a redemption.

The full terms of the Exchangeable Shares are set out in Schedule 1 of this Explanatory Statement.

1.9 Special Voting Share

As the Exchangeable Shares will be issued by CanCo, measures are required to be put in place to ensure that Prairie Lithium Shareholders who elect to receive an Exchangeable Share, in connection with the Acquisition, will have the ability to vote, through the Automic Agent, at meetings of AZL Shareholders even though they do not hold AZL Shares. The Special Voting Share will be the mechanism through which the holders of Exchangeable Shares will be entitled to vote at these meetings, as if they held AZL Shares. AZL will issue a Special Voting Share which has attaching voting rights equal to the number of Exchangeable Shares on issue, to the Automic Agent, an independent agent entity, for the benefit of the holders of the Exchangeable Shares.

The Special Voting Share will be a new class of share in AZL and will have the following rights:

- (a) the Special Voting Share will be held by the Automic Agent for the benefit of holders of Exchangeable Shares under a voting and exchange agency agreement;
- (b) the Special Voting Share will have a number of voting rights attributed to it equal to the outstanding Exchangeable Shares on issue;

- (c) in respect of any meeting of AZL Shareholders, each holder of Exchangeable Shares will be entitled to instruct the Automic Agent to cast and exercise each vote attached to the Special Voting Share, equal to the number of Exchangeable Shares held by such holder;
- (d) the Automic Agent cannot cast and exercise the votes attached to the Special Voting Share without receiving express directions from an Exchangeable Share holder; and
- (e) upon the exchange of an Exchangeable Share, the Automic Agent will cease to cast and exercise the voting rights associated with the Special Voting Share that were issued in connection with the exchanged Exchangeable Share.

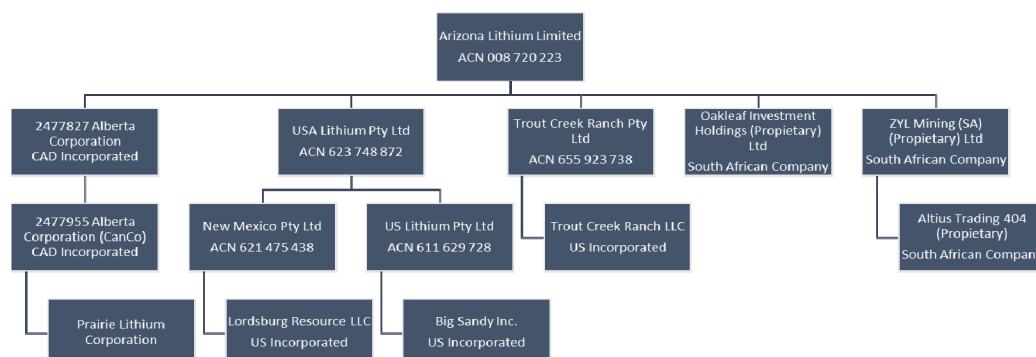
1.10 Group Structure

Following completion of the Acquisition, both Prairie Lithium and AZL's shareholders will become part of a lithium development company of global significance. With enhanced scale the merged group will have a portfolio of lithium assets located in North America across the sedimentary and Brine segments of the industry.

The core assets of the combined Prairie Lithium and AZL group are detailed in the section 1.3 (Rationale for the Acquisition) of this Explanatory Statement.

Corporate Structure

The following chart outlines the corporate structure of the combined Prairie Lithium and AZL group:



Operating Name and Place

The Merged group will operate under the Company's existing name "Arizona Lithium Limited" and will have its corporate head office at Level 2, 10 Outram Street, West Perth, Western Australia, 6005, Australia.

Following completion of the Acquisition, and issue of the Acquisition consideration, AZL will remain listed on the ASX. The Exchangeable Shares and the Special Voting Share will not be tradable on the ASX.

Description of the business of the merged group

The principal business of the merged group will be the development and operation of the Big Sandy Lithium project in Arizona, USA and the Prairie Lithium Brine project in Saskatchewan, Canada. Together with the development of Direct Lithium Extraction technology (DLE).

Financial Information

The following unaudited pro forma condensed balance sheets as of 30 June 2022 is presented to show the results of operations and financial position of AZL as if the Acquisition of Prairie Lithium had occurred as of 30 June 2022. You should not rely on the unaudited pro forma condensed balance sheet] as an indication of the results of operations in the future.

The accompanying notes, set out at Schedule 5, form an integral part of the unaudited pro forma condensed balance sheet.

	Arizona 30.06.22 A\$	Prairie 30.06.22 C\$	Prairie 30.06.22 A\$	Pro Forma Adjustments A\$	Notes	Subsequent Events A\$	Notes	Pro-forma Total A\$
Current Assets								
Cash and cash equivalents	42,983,007	1,600,029	1,804,375	(45,188,412)	3 b.	11,278,000	3 e.	10,876,970
Notes Receivable	-	198,365	223,698	-		-		223,698
Trade and other receivables	234,709	369,964	417,214	-		-		651,923
Prepayments	-	394,950	445,390	-		-		445,390
Other current assets	154,994	-	-	-		-		154,994
Total Current Assets	43,372,710	2,563,307	2,890,677	(45,188,412)		11,278,000		12,352,975
Non-Current Assets								
Property, plant and equipment	119,035	830,215	936,245	-		-		1,055,280
Exploration and Evaluation	-	3,306,450	3,728,728	(3,728,728)	3 c.	-		-
Intangible assets	-	1,040,567	1,173,461	-		-		1,173,461
Other assets	633,228	-	-	-		-		633,228
Total Non-Current Assets	752,263	5,177,231	5,838,434	(3,728,728)		-		2,861,969
TOTAL ASSETS	44,124,973	7,740,538	8,729,111	(48,917,140)		11,278,000		15,214,944
LIABILITIES								
Current Liabilities								
Trade and other payables	524,152	665,187	750,140	-		-		1,274,292
Lease liability	13,083	-	-	-		-		13,083

Funds received in advance	715,385	-	-	-		-		715,385
Provision for employee entitlements	-	112,563	126,939	-		-		126,939
Total Current Liabilities	1,252,620	777,750	877,079	-		-		2,129,699
Non Current Liabilities								
Lease liability	56,204	148,138	167,057	-		-		223,261
Interest-bearing liabilities	-	2,580,081	2,909,593	(2,532,004)	3 d.	-		377,589
Total Non-Current Liabilities	56,204	2,728,219	3,076,650	(2,532,004)		-		600,850
TOTAL LIABILITIES	1,308,824	3,505,969	3,953,729	(2,532,004)		-		2,730,549
NET ASSETS	42,816,149	4,234,569	4,775,382	(46,385,136)		11,278,000		12,484,395
EQUITY								
Issued capital	113,594,860	11,494,371	12,962,358	22,037,642	3 a.	11,278,000	3 e.	159,872,860
Reserves	13,539,734	-	-	-		-		13,539,734
Accumulated losses	(84,318,445)	(7,259,802)	(8,186,976)	(68,422,778)	3 c.	-		(160,928,199)
TOTAL EQUITY	42,816,149	4,234,569	4,775,382	(46,385,136)		11,278,000		12,484,395

Capital Structure

Based on the issued capital of AZL and Prairie Lithium as at the date of this Explanatory Statement, the capital structure of AZL on completion of the Acquisition will be as follows:

Security	AZL Pre Acquisition	Prairie Acquisition Adjustment	AZL Post Acquisition
Total No of Shares	2,442,504,639	500,000,000 ¹	2,942,504,639
Total No of Options	313,514,286	11,000,000 ²	324,514,286
Total No of Performance Rights	111,000,000	240,000,000 ³	351,000,000

Notes:

1. This figure represents both Shares and Exchangeable Shares (and corresponding number of voting rights attaching to the Special Voting Share) to be issued as Acquisition consideration for the Prairie Shares. The exact number of Shares and Exchangeable Shares (and corresponding number of voting rights attaching to the Special Voting Share) issued will be subject to the extent to which Prairie Shareholders elect to receive Exchangeable Shares as opposed to Shares as their Acquisition consideration.
2. Subject to Shareholder approval pursuant to Resolution 6.
3. Subject to Shareholder approval pursuant to Resolutions 3 to 5.

Shareholders should note that the amount of securities disclosed above is subject to change as a result of the rounding up of fractional entitlements.

Liquidity

The Exchangeable Shares and rights attaching to the Special Voting Share will not be tradable on the ASX. The Exchangeable Shares (which attach the voting rights in respect of the Special Voting Share) are non-transferable.

As Exchangeable Shares and the Special Voting Share will not be tradable on the ASX, the total number of AZL Shares freely tradable on ASX will not be as great as if only AZL Shares were issued as Acquisition consideration. For example:

- if 50% of current Prairie Shareholders, as consideration for their Prairie Shares, validly elected to receive Shares and the other 50% validly elected to receive Exchangeable Shares (and the rights attaching to the Special Voting Share) 8.5% of AZL's issued share capital on a post Acquisition fully diluted basis would not be freely tradable on ASX;
- if 100% of current Prairie Shareholders, as consideration for their Prairie Shares, validly elected to receive Exchangeable Shares (and the rights attaching to Special Voting Share) 17% of AZL's issued share capital on a post Acquisition fully diluted basis would not be freely tradable on ASX.

Unless converted to AZL Shares by a holder, Exchangeable Shares and the rights attaching to the Special Voting Share are expected to remain on issue for five years from their issue, subject to earlier redemption rights arising if there are less than 10% Exchangeable Shares outstanding, if there is a change of control of AZL or the holders of the Exchangeable Shares fail to approve/disapprove an Exchangeable Share Voting Event (as defined in Schedule 1). All outstanding Exchangeable Shares will be automatically exchanged for AZL Shares five years after the issue of the Exchangeable Shares. As such, any impact on the liquidity of AZL Shares on ASX will last for a period of five years (or potentially less) from completion of the Acquisition.

The Company does not believe the liquidity of AZL Shares on ASX will be materially impacted by the Acquisition.

Exchangeable Shareholders Corporations Act Requirements

The holders of Exchangeable Shares will have the ability to vote, through the Automatic Agent, at meetings of AZL Shareholders even though, by virtue of being holders of Exchangeable Shares, they do not hold any AZL Shares. On the basis of this ability to vote, each holder of Exchangeable Shares will have a relevant interest under section 608 of the Corporations Act in an equivalent amount of issued voting shares in the Company.

Accordingly, and assuming that the holder of Exchangeable Shares has no other interest in ordinary AZL Shares, that holder will have a relevant interest in AZL based on the percentage that their holding in Exchangeable Shares represents of all of the issued voting shares in AZL (being the ordinary AZL Shares aggregated with the voting rights attaching to the Special Voting Share).

This means that holders of Exchangeable Shares (as a result of their relevant interest in issued voting shares in AZL) will need to comply with the existing restrictions and reporting requirements that apply to holders of relevant interests in issued voting shares in a company. For instance, Exchangeable Shareholders (including if they hold a combination of AZL Shares and Exchangeable Shares) will still be bound by:

- (a) section 606 of the Corporations Act which prohibits a person acquiring a relevant interest in more than 20% of the issued voting shares in a company, other than in specified circumstances; and

- (b) section 671B of the Corporations Act which requires a person to issue a substantial shareholder notice if they begin to hold a relevant interest in 5% or more of the of the total voting capital in a company or there is a movement of more than 1% in their substantial shareholding.

If holders of Exchangeable Shares hold a combination of AZL Shares and Exchangeable Shares then those holdings will need to be aggregated for the above purposes to determine the relevant interest which holders have in the issued voting shares in AZL at any given time.

Substantial Holders

The Company confirms that there will be no substantial shareholders of the merged entity following completion of the Acquisition.

Board Structure

The current Board of the Company is made up of Paul Lloyd (Managing Director), Barnaby Egerton-Warburton (Non-Executive Chairman) and Matthew Blumberg (Executive Director).

Upon implementation of the Acquisition, Zach Maurer, the current President and Chief Executive Officer of Prairie Lithium, will be invited to join the Board of the merged group. The existing AZL Board will retain their current positions.

The Company's Managing Director (post completion of the Acquisition) will be Paul Lloyd and the Chairman will be Barnaby Egerton-Warburton.

Interest of Directors

Director	Shares Held	Options Held	Performance Rights Held
Paul Lloyd	43,682,689	40,000,000	45,000,000
Barnaby Egerton-Warburton	8,100,000	30,000,000	20,000,000
Matthew Blumberg	6,300,000	20,000,000	18,000,000
Zach Maurer	54,984,791	11,000,000 ¹	-

Notes:

1. Subject to the approval of Resolution 6.

1.11 Timeline for completion of the Acquisition

The table below contains an indicative timetable for the Acquisition to be completed. It should be noted that these details are indicative only and are subject to change:

Action	Date
Notice of Meeting is sent to Arizona Lithium Shareholders and Prairie Shareholders	10 February 2023
Arizona Lithium General Meeting	14 March 2023
Settlement of Acquisition	Late March 2023
Quotation of new Arizona Lithium Shares on ASX	Late March 2023

1.12 Shareholder support for the transaction

The directors and senior officers of Prairie Lithium, holding in aggregate approximately 64% of the fully diluted share capital of Prairie Lithium, have entered into pre-tender agreements with AZL, pursuant to which they have, agreed to tender all of the shares held directly or beneficially by them, to the Acquisition.

AZL Shareholders holding approximately 100% of the undiluted issued capital of AZL are entitled to vote on Resolutions 1 and 2 at the Meeting.

1.13 Necessary Shareholder approvals

Resolutions 1 and 2 of the Notice of Meeting are associated with the Acquisition. The Acquisition is conditional, among other things, on Resolutions 1 and 2 being passed.

2. RESOLUTION 1 – AMENDMENT OF CONSTITUTION

2.1 Purpose and Background

As detailed in the section of this Explanatory Statement titled “Transaction Consideration”, the Acquisition provides for an electable exchangeable share structure, whereby Prairie Lithium Shareholders, as consideration for the acquisition of their Prairie Lithium Shares under the Acquisition, will be entitled to receive, at their election¹, either:

- (a) fully paid ordinary Shares; or
- (b) Exchangeable Shares and a corresponding number of voting rights attaching to a Special Voting Share; or
- (c) a combination of (a) and (b).

The purpose of this Resolution 1 is for Shareholders to approve an amendment to the Constitution that will enable the Company to issue the Special Voting Share. The Company's current Constitution was adopted on 29 November 2019.

This Resolution 1 must be passed by Shareholders as a special resolution, being a resolution that is passed by at least three quarters (75%) of the votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the Resolution.

2.2 Corporations Act and Constitution

Section 246C(5) of the Corporations Act provides that if a company with a single class of shares issues any new shares, the issue is deemed to vary the rights attached to shares already issued if the rights attaching to the new shares are not the same as the rights attached to the shares already issued (unless those rights are provided for in the company's constitution or a notice, document or resolution that is lodged with ASIC).

Arizona Lithium currently has one class of shares on issue, being fully paid ordinary Shares in the capital of the Company. Pursuant to Resolution 1, the Company is proposing to amend the Company's Constitution to provide for the right of the Company to issue the Special Voting Share, the terms of which will (subject to the passing of Resolution 1 as a special resolution) be set out in the Constitution.

Information regarding the Special Voting Share is set out above in the section of this Explanatory Statement titled "Transaction Consideration" and "Special Voting Share". Further details regarding the Special Voting Share and the full terms of the Special Voting Share is set out in Schedule 2 to this Explanatory Statement.

The Constitution (incorporating the proposed amendment) will be available for inspection at the Company's registered office. A complete copy will be sent by mail or email to any Shareholder who requests it. Requests for inspection or a copy should be directed to the Company Secretary, Shaun Menezes, on +61 8 6313 3936 or info@arizonalithium.com. A copy of the document is also available on the Company's website at www.arizonalithium.com.

2.3 Recommendation of the Board

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

3. RESOLUTION 2 – APPROVAL TO ISSUE THE AZL SHARES, EXCHANGEABLE SHARES AND SPECIAL VOTING SHARE IN CONSIDERATION FOR THE ACQUISITION

3.1 General

As detailed in Section 1.7, the Acquisition provides for an electable exchangeable share structure, whereby Prairie Lithium Shareholders, as consideration for the acquisition of their Prairie Lithium Shares under the Acquisition, will be entitled to receive, at their election,¹ either:

- (a) AZL Shares; or
- (b) Exchangeable Shares and a corresponding number of voting rights attaching to the Special Voting Share (**Voting Rights**); or
- (c) a combination of (a) and (b).

In each case the ratio of fully paid AZL Shares or Exchangeable Shares and Voting Rights that each Prairie Lithium Shareholder shall be entitled to is 12.5 AZL Shares per Prairie Share held. Any fractions will be rounded up to the nearest whole number. The Company notes that this ratio may be subject to change prior to completion of the Acquisition.

Accordingly, this resolution seeks approval for the Acquisition consideration to be issued in respect of all Prairie Shares.

The total number of AZL Shares or Exchangeable Shares (and corresponding Voting Rights) to be issued upon completion of the Acquisition will be 500,000,000 (subject to the rounding up of fractional entitlements). The exact number of AZL Shares and Exchangeable Shares (and corresponding number of voting rights attaching to the Special Voting Share) issued will be subject to the extent to which Prairie Lithium Shareholders elect to receive Exchangeable Shares and Voting Rights as opposed to Shares as part of the Acquisition. If a Prairie Shareholder fails to make a valid election as to whether they wish to

¹ Prairie Lithium shareholders, who are not Eligible Holders, may only receive AZL Shares while Eligible Holders may elect to receive a combination of AZL Shares and/or Exchangeable Shares (and the rights attaching to the Special Voting Share).

receive Shares or Exchangeable Shares and the rights attaching to the Special Voting Share, they will be deemed to have elected to receive AZL Shares.

Resolution 2 is required to be approved by Shareholders in order to give effect to the Acquisition.

3.2 Effect on existing AZL Shares

The issue of the Exchangeable Shares in conjunction with the Special Voting Share (taken together) will have the same practical effect on AZL Shareholders as if AZL were issuing Shares directly to Prairie Shareholders as consideration for their Prairie Shares under the Acquisition.

3.3 ASX Confirmations

AZL has sought and obtained confirmation from ASX that:

- (a) the terms that apply to the Exchangeable Shares and the Special Voting Share are appropriate and equitable for the purposes of Listing Rule 6.1; and
- (b) the Exchangeable Shares and the Special Voting Share are acceptable as an additional class of ordinary securities for the purposes of Listing Rule 6.2.

In addition, AZL has sought and obtained confirmation from ASX that the voting rights attached to the Special Voting Share along with each Exchangeable Share (and its associated exchange rights and obligations) will together upon and from their issue be treated as one fully paid ordinary share in AZL for the purposes of the Listing Rules (including for the purpose of Listing Rules 7.1) on the basis that:

- (a) the Exchangeable Shares are deemed to have been converted into AZL Shares at the time of their issue; and
- (b) the issue of AZL Shares, upon the exchange of the Exchangeable Shares in accordance with their terms, will not require any further Shareholder approval.

The ASX confirmations are conditional upon the following:

- (a) The Exchangeable Shares and Voting Rights are offered only to securityholders of Prairie Lithium as a form of consideration for the Transaction;
- (b) The Exchangeable Shares and Voting Rights must have an expiry date of no later than 5 years after the date of issue.
- (c) There is no further issue of Exchangeable Shares and Voting Rights or rights to acquire Exchangeable Shares and Voting Rights after the date of settlement of the Transaction.
- (d) The Exchangeable Shares and Voting Rights are not transferable.
- (e) The Company releases the full terms and conditions of the Exchangeable Shares and the Voting Rights to the market at the same time the notice of meeting is released to the ASX seeking shareholder approval for the issue of the Exchangeable Shares and Voting Rights.

- (f) The Company undertakes that it will disclose the following in each annual report for the periods in which the Exchangeable Shares and Voting Rights are on issue.
 - (i) A summary of the terms and conditions of the Exchangeable Shares and Voting Rights.
 - (ii) Whether any Exchangeable Shares have been exchanged, redeemed, cancelled or forfeited during that period.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Shares or Exchangeable Shares (though the Company's subsidiary CanCo) and Special Voting Share falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

3.4 Technical information required by Listing Rule 14.1A

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Shares or Exchangeable Shares (though the Company's subsidiary CanCo) and the Special Voting Share. In addition, the issue of the Shares or Exchangeable Shares (through the Company's subsidiary CanCo) and the Special Voting Share will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Shares or Exchangeable Shares (through the Company's subsidiary CanCo) and the Special Voting Share. Accordingly, the Company will not be able to proceed with the Acquisition.

Resolution 2 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Shares or Exchangeable Shares (through the Company's subsidiary CanCo) and the Special Voting Share.

3.5 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the Shares and/or Exchangeable Shares will be issued to persons who hold Prairie Shares.
- (b) The Special Voting Share will be issued to the Atomic Agent, who will hold the voting rights attaching to the Special Voting Share it is issued for the benefit of the Prairie Shareholders who are issued Exchangeable Shares.
- (c) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the

Company, advisers of the Company or an associate of any of these parties; and

- (ii) issued more than 1% of the issued capital of the Company;
- (d) The exact number of Shares and Exchangeable Shares (and corresponding number of voting rights attaching to the Special Voting Share) issued will be subject to the extent to which Prairie Shareholders elect to receive Exchangeable Shares as opposed to Shares as part of the Acquisition. For example, if 50% of current Prairie Shareholders, as consideration for their Prairie Shares, elected to receive Shares and the other 50% validly elected to receive Exchangeable Shares, the following securities (subject to the rounding up of fractional entitlements) would be issued to Prairie securityholders:

- (i) 250,000,000 Shares;
- (ii) 250,000,000 Exchangeable Shares (though AZL's subsidiary CanCo); and
- (iii) 250,000,000 voting rights attaching to the Special Voting Share.

Cumulatively (and subject to the rounding up of fractional entitlements) not more than 500,000,000 Shares and Exchangeable Shares (and corresponding number of voting rights attaching to the Special Voting Share) will be issued under this Resolution 2.

- (e) the Shares, Exchangeable Shares and the Special Voting Share will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Shares and Exchangeable Shares (and corresponding number of voting rights attaching to the Special Voting Share) will occur on the same date;
- (f) there is no issue price for the Shares, Exchangeable Shares and Special Voting Share. They are being issued to Prairie Shareholders as consideration under the Acquisition;
- (g) the purpose of the issue of the Shares, Exchangeable Shares and Special Voting Share is to satisfy the Company's obligations under the Acquisition Agreement;
- (h) the Shares, Exchangeable Shares and Special Voting Share are being issued to Prairie Shareholders and the Automatic Agent (in the case of the Special Voting Share) under the Acquisition Agreement. A summary of the material terms of the Acquisition Agreement is set out in Section 1;
- (i) The Shares will be fully paid ordinary shares in the capital of the Company and rank equally with all existing Shares on issue;
- (j) Further details regarding the Exchangeable Shares are detailed in Section 1.8 and the full terms of the Exchangeable Shares are set out in Schedule 1 of this Explanatory Statement;
- (k) Further details regarding the Special Voting Share are detailed in Section 1.9. The full terms of the Special Voting Share are set out in Schedule 2 to this Explanatory Statement; and

- (l) the Shares, Exchangeable Shares and Special Voting Share are not being issued under, or to fund, a reverse takeover.

4. RESOLUTIONS 3 TO 5 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTIES – BARNABY EGERTON-WARBURTON, MATTHEW BLUMBERG AND PAUL LLOYD

4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue an aggregate of 240,000,000 Performance Rights (**Performance Rights**) to Paul Lloyd, Matthew Blumberg, Barnaby Egerton-Warburton (or their nominees) (**Related Parties**) on the terms and conditions set out below.

Resolutions 3 to 5 seek Shareholder approval for the issue of the Performance Rights to the Related Parties.

4.2 Director recommendation

Each Director has a material personal interest in the outcome of Resolutions 3 to 5 on the basis that all of the Directors (or their nominees) are to be issued Performance Rights should Resolutions 3 to 5 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 3 to 5 of this Notice.

The Directors wish to advise shareholders that the Acquisition has been completed without mandating an investment banking firm. The required work and responsibility has been completed by the Directors including all the due diligence.

4.3 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Performance Rights to the Related Parties constitutes giving a financial benefit and each of the Related Parties is a related party of the Company by virtue of being a Director.

As the Performance Rights are proposed to be issued to all of the Directors, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the issue of the Performance Rights. Accordingly, Shareholder approval for the issue of Performance Rights to the Related Parties is sought in accordance with Chapter 2E of the Corporations Act.

4.4 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Performance Rights falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 3 to 5 seek the required Shareholder approval for the issue of the Performance Rights under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.

4.5 Technical information required by Listing Rule 14.1A

If Resolutions 3 to 5 are passed, the Company will be able to proceed with the issue of the Performance Rights to the Related Parties within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Performance Rights (because approval is being obtained under Listing Rule 10.11), the issue of the Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolution 3 to 5 are not passed, the Company will not be able to proceed with the issue of the Performance Rights and may need to consider alternative forms of remuneration for the Related Parties' remuneration to incentivise the Related Parties and align their interests with those of the Shareholders. Alternatives may involve a cash arrangement or acquiring Shares on market.

4.6 Technical Information required by Listing Rule 10.13 and section 219 of the Corporations Act

Pursuant to and in accordance with Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 3 to 5:

- (a) the Performance Rights will be issued to the following persons:
 - (i) Paul Lloyd (or his nominee) pursuant to Resolution 3;
 - (ii) Matthew Blumberg (or his nominee) pursuant to Resolution 4;
 - (iii) Barnaby Egerton-Warburton (or his nominee) pursuant to Resolution 5; and

each of whom falls within the category set out in Listing Rule 10.11.1 by virtue of being a Director;

- (b) the maximum number of Performance Rights to be issued to the Related Parties (being the nature of the financial benefit proposed to be given) is 240,000,000 comprising:
- (i) 100,000,000 Performance Rights to Paul Lloyd (or his nominee) pursuant to Resolution 3;
 - (ii) 60,000,000 Performance Rights to Matthew Blumberg (or his nominee) pursuant to Resolution 4; and
 - (iii) 80,000,000 Performance Rights to Barnaby Egerton-Warburton (or his nominee) pursuant to Resolution 5.
- (c) The milestones and vesting criteria attaching to the different classes of Performance Rights are set out in Schedule 3 and the number of Performance Rights to be issued to each Director in each respective class (as described in Schedule 3) is set out in the table below:

Class	Paul Lloyd	Matthew Blumberg	Barnaby Egerton-Warburton
Class A	35,000,000	21,000,000	28,000,000
Class B	15,000,000	9,000,000	12,000,000
Class C	25,000,000	15,000,000	20,000,000
Class D	25,000,000	15,000,000	20,000,000

- (d) the terms and conditions of the Performance Rights are set out in Schedule 3;
- (e) the Performance Rights will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Performance Rights will occur on the same date;
- (f) the issue price of the Performance Rights will be nil. The Company will not receive any other consideration in respect of the issue of the Performance Rights (other than in respect of funds received on exercise of the Performance Rights);
- (g) the purpose of the issue of the Performance Rights is to provide a performance linked incentive component in the remuneration package for the Related Parties to align the interests of the Related Parties with those of Shareholders, to motivate and reward the performance of the Related Parties in their roles as Directors and to provide a cost effective way from the Company to remunerate the Related Parties, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;
- (h) the Company considered cash arrangements and issuing performance shares or options as alternative forms of performance linked incentives to motivate and reward the directors. The Company has agreed to issue the Performance Rights to the Related Parties subject to Shareholder

approval, as opposed to alternative forms of incentives, for the following reasons:

- (i) the Vesting Conditions attaching to the Performance Rights will align the interests of the Related Parties with those of Shareholders
 - (ii) the Performance Rights have an expiry date by which the Vesting Conditions are to be achieved and, if the Vesting Conditions are not achieved by that date, the Performance Rights will lapse. The benefit of the Performance Rights will only be realised in the event that the Vesting Conditions are satisfied, which are share price events and production milestones consistent with increases in the value of the Company;
 - (iii) the Performance Rights are unquoted, therefore the issue of the Performance Rights has no immediate dilutionary impact on Shareholders;
 - (iv) the issue of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;
 - (v) the deferred taxation benefit which is available to the Related Parties in respect of an issue of Performance Rights is also beneficial to the Company as it means the Related Parties are not required to immediately sell the Performance Rights to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and
 - (vi) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights on the terms proposed;
- (i) the number of Performance Rights to be issued to each of the Related Parties has been determined based upon a consideration of:
- (i) the financial benefit that the Related Parties will obtain on satisfaction of the Vesting Conditions, which is reasonable and commensurate when compared against the significant additional value of the Company in the event that the Vesting Conditions are satisfied, compared to if the Vesting Conditions are not satisfied;
 - (ii) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (iii) the remuneration of the Related Parties;
 - (iv) incentives to attract and ensure continuity of service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves; and

- (v) the small proportion of the Company's issued capital that the Performance Rights which are proposed to be issued represent (less than 8.16% of issued Share capital on an undiluted basis (assuming completion of the Acquisition)).

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights upon the terms proposed;

- (j) the total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year are set out below:

Related Party	Current Financial Year Ending 30 June 2023	Previous Financial Year Ended 30 June 2022
Paul Lloyd	\$300,000	\$3,604,674 ¹
Barnaby Egerton-Warburton	\$84,000	\$2,568,134 ²
Matthew Blumberg	\$60,000	\$504,794 ³

Notes:

1. Comprising Directors' salary and fees of \$300,000 and share-based payments of \$3,304,674.
2. Comprising Directors' salary and fees of \$84,000 and share-based payments of \$2,484,134.
3. Comprising Directors' salary and fees of \$46,394 and share-based payments of \$458,400.

- (k) the value of the Performance Rights and the pricing methodology is set out in Schedule 4;
- (l) the Performance Rights are being issued under an offer letter with each Director which sets out the terms of the Performance Rights and is otherwise on standard terms;
- (m) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

As at the date of this Notice

Related Party	Shares ¹	Options	Performance Rights	Undiluted	Fully Diluted
P Lloyd	43,682,689	40,000,00 ²	45,000,000	1.79%	4.49%
B Egerton-Warburton	8,100,000	30,000,000	20,000,000	0.33%	2.03%
M Blumberg	6,300,000	20,000,000	18,000,000	0.26%	1.55%

Post issue of the Performance Rights to Related Parties

Related Party	Shares ¹	Options	Performance Rights	Undiluted	Fully Diluted
P Lloyd	43,682,689	40,000,00	145,000,000	1.79%	7.36%

B Egerton-Warburton	8,100,000	30,000,000	100,000,000	0.33%	4.44%
M Blumberg	6,300,000	20,000,000	78,000,000	0.26%	3.36%

Notes:

1. Fully paid ordinary shares in the capital of the Company (ASX: AZL).
2. Unquoted Options exercisable at \$0.06 each on or before 11 October 2024.

- (n) if the Performance Rights issued to the Related Parties are exercised, a total of 240,000,000 Shares would be issued. This will increase the number of Shares on issue from 2,409,925,561 (being the total number of Shares on issue as at the date of this Notice) to 2,649,925,561 (assuming that no Shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 9.06%, comprising 3.77% by Paul Lloyd, 1.89% by Matthew Blumberg, 2.26% by Barnaby Egerton-Warburton;

The market price for Shares during the term of the Performance Rights would normally determine whether the Performance Rights are exercised.

- (o) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.265	5/04/2022
Lowest	\$0.064	23/06/2022
Last	\$0.071	7/02/2023

- (p) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 3 to 5; and
- (q) a voting exclusion statement and voting prohibition statement is included in Resolutions 3 to 5 of the Notice.

5. RESOLUTIONS 6 – ISSUE OF OPTIONS TO RELATED PARTY – ZACH MAURER

5.1 General

Upon implementation of the Acquisition, Zach Maurer, the current President and Chief Executive Officer of Prairie Lithium, will be invited to join the Board of the merged group. The existing AZL Board will retain their current positions.

The Company has agreed, subject to obtaining Shareholder approval, to issue up to 11,000,000 Options (**Options**) to Zach Maurer (or their nominee) on the terms and conditions set out below.

Resolution 6 seeks Shareholder approval for the issue of the Options to Zach Maurer (or their nominee).

5.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 4.3 above.

The issue of Options to Zach Maurer (or their nominee) constitutes giving a financial benefit and Zach Maurer is a related party of the Company by virtue of becoming a Director upon implementation of the Acquisition.

The Directors (other than Zach Maurer who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Options because the agreement to issue the Options, reached as part of the remuneration package for Zach Maurer, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

5.3 Listing Rule 10.11

A summary of Listing Rule 10.11 is set out in Section 4.4 above.

The issue of Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 6 seeks the required Shareholder approval for the issue of the Options under and for the purposes of Listing Rule 10.11.

5.4 Technical information required by Listing Rule 14.1A

If Resolution 6 is passed, the Company will be able to proceed with the issue of the Options to Zach Maurer within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.11), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 6 is not passed, the Company will not be able to proceed with the issue of the Options and may need to consider alternative forms of remuneration for Zach Maurer's remuneration to incentivise him and align his interests with those of the Shareholders.

5.5 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 6:

- (a) the Options will be issued to Zach Maurer (or their nominee), who falls within the category set out in Listing Rule 10.11.1 as Zach Maurer is a related party of the Company by virtue of becoming a Director upon implementation of the Acquisition;
- (b) the maximum number of Options to be issued is 11,000,000;
- (c) the terms and conditions of the Options are set out in Schedule 6;
- (d) the Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Options will occur on the same date;

- (e) the issue price of the Options will be nil. The Company will not receive any other consideration in respect of the issue of the Options (other than in respect of funds received on exercise of the Options);
- (f) the purpose of the issue of the Options is to provide a performance linked incentive component in the remuneration package for Zach Maurer to motivate and reward his performance as a Director and to provide cost effective remuneration to Zach Maurer, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Zach Maurer;
- (g) upon commencement of Zach Maurer's appointment to the Board of the Company, the total remuneration package for Zach Maurer will comprise CAD\$300,000, for directors' fees/salary and a statutory superannuation payment as required under Canadian law. If the Options are issued, the total remuneration package of Zach Maurer will increase by \$558,800, being the value of the Options (based on the Black Scholes methodology);
- (h) the Options are not being issued under an agreement; and
- (i) a voting exclusion statement is included in Resolution 6 of the Notice.

GLOSSARY

\$ means Australian dollars.

Arizona Lithium, AZL or Company means Arizona Lithium Limited (ACN 008 720 223).

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

CallCo means 2477827 Alberta Corporation.

CanCo means 2477955 Alberta Corporation.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Exchangeable Shares means an exchangeable share in the capital of CanCo, having the rights, privileges, restrictions and conditions set out in Schedule 1.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or Meeting means the meeting convened by the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the

Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Performance Right means performance right in respect of a Share.

Prairie means Prairie Lithium Corporation.

Prairie Share means a fully paid ordinary share in the capital of Prairie.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share or **AZL Share** means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Special Voting Share means the special voting share in the Capital of AZL having the rights, privileges, restrictions and conditions set out in Schedule 2.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF EXCHANGEABLE SHARES

PROVISIONS ATTACHING TO THE EXCHANGEABLE SHARES

1. Interpretation

“**ABCA**” means the *Business Corporations Act* (Alberta), as amended.

“**affiliate**” has the meaning ascribed thereto in the *Securities Act* (Alberta), as amended.

“**Agent**” means: (a) any chartered bank or trust company in Canada selected by CanCo for the purposes of holding some or all of the Liquidation Amount or Redemption Price in accordance with Section 5 or Section 7, respectively; or (b) the agent chosen by AZL to act as agent under the Voting and Exchange Agency Agreement, and any successor agent or trustee appointed under the Voting and Exchange Agency Agreement, as context dictates.

“**ASX**” means the Australian Securities Exchange.

“**Automatic Exchange Right**” has the meaning ascribed thereto in the Voting and Exchange Agency Agreement.

“**AZL**” means Arizona Lithium Limited.

“**AZL Control Transaction**” means: (a) any merger, amalgamation, arrangement, take-over bid or tender offer, material sale of shares or rights or interests therein or thereto or similar transactions involving AZL that results in the holders of outstanding voting securities of AZL immediately prior to such transaction directly or indirectly owning, or exercising control or direction over, voting securities representing less than 50% of the total voting power of all of the voting securities of the surviving entity outstanding immediately after such transaction; (b) the listing of the AZL Shares on the NASDAQ or any other equivalent stock exchange which would be prevented by keeping the Exchangeable Share structure in place; or (c) any sale or disposition of all or substantially of AZL’s assets.

“**AZL Dividend Declaration Date**” means the date on which the board of directors of AZL declares any dividend or other distribution on the AZL Shares.

“**AZL Shares**” means the ordinary shares in the capital of AZL.

“**Board**” means the board of directors of CanCo.

“**Business Day**” means any day, other than Saturday, Sunday or a statutory holiday in the Province of Alberta or Western Australia.

“**Call Notice**” has the meaning ascribed thereto in Section 6(c) of these share provisions.

“**CallCo**” means 2477827 Alberta Corporation, a wholly-owned subsidiary of AZL incorporated under the laws of the Province of Alberta.

“**CanCo**” means 2477955 Alberta Corporation, an indirect wholly-owned subsidiary of AZL incorporated under the laws of the Province of Alberta that issues the Exchangeable Shares pursuant to the transactions contemplated by the Pre-Acquisition Agreement.

“**Closing**” means the initial take up and payment of the Prairie Lithium Shares (as such term is defined in the Offer) by AZL or CanCo, as applicable, and the payment by AZL or CanCo, as applicable, of the consideration payable pursuant to the Offer and the completion of all matters incidental thereto.

“**Closing Date**” means the date the Closing occurs.

“**Common Shares**” means the Common Voting shares in the capital of CanCo.

“**Current Market Price**” means, in respect of an AZL Share on any date, the quotient obtained by dividing: (a) the aggregate of the Daily Value of Trades for each day during the period of ten (10) consecutive Trading Days

ending three Trading Days before such date; by (b) the aggregate volume of AZL Shares used to calculate such Daily Value of Trades.

“Daily Value of Trades” means, in respect of the AZL Shares on any Trading Day, the product of: (a) the volume weighted average price of AZL Shares on the ASX (or, if the AZL Shares are not listed on the ASX, the volume weighted average price of AZL Shares on such other stock exchange or automated quotation system on which the AZL Shares are listed or quoted, as the case may be, as determined by AZL for such purpose) on such date; and (b) the aggregate volume of AZL Shares traded on such day on the ASX or such other stock exchange or automated quotation system and used to calculate such volume weighted average price; provided that any such selections by ASX shall be conclusive and binding.

“Dividend Amount” means an amount equal to all declared and unpaid dividends on an Exchangeable Share held by a holder on any dividend record date which occurred prior to the date of purchase, redemption or other acquisition of such share by CallCo, CanCo or AZL from such holder pursuant to Section 5(a), Section 6(a) or Section 7(a).

“Exchangeable Share Voting Event” means any matter in respect of which holders of Exchangeable Shares are entitled to vote as shareholders of CanCo and in respect of which the Board determines in good faith that after giving effect to such matter the economic equivalence of the Exchangeable Shares and the AZL Shares is maintained for the holders of Exchangeable Shares (other than AZL and its affiliates).

“Exchangeable Shares” means the non-voting, exchangeable shares in the capital of CanCo, having the rights, privileges, restrictions and conditions set forth herein.

“Exempt Exchangeable Share Voting Event” means an Exchangeable Share Voting Event in order to approve or disapprove, as applicable, any change to, or in the rights of the holders of, the Exchangeable Shares, where the approval or disapproval, as applicable, of such change would be required to maintain the economic equivalence of the Exchangeable Shares and the AZL Shares.

“Governmental Authority” means: (a) any international, multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign; (b) any subdivision, agency, agent or authority of any of the foregoing; or (c) any quasi-governmental or private body, including any tribunal, commission, regulatory agency, stock exchange or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.

“holder” means, when used with reference to the Exchangeable Shares, a holder of Exchangeable Shares shown from time to time in the register maintained by or on behalf of CanCo in respect of the Exchangeable Shares.

“including” means “including without limitation” and **“includes”** means “includes without limitation”.

“Liquidation Amount” has the meaning ascribed thereto in Section 5(a) of these share provisions.

“Liquidation Call Right” has the meaning ascribed thereto in the Offer.

“Liquidation Date” has the meaning ascribed thereto in Section 5(a) of these share provisions.

“Offer” means the offer to purchase all of the Prairie Lithium Shares (as such term is defined in the Offer) from the shareholders thereof to be made by AZL and CanCo.

“person” or **“Person”** includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Authority) or any other entity, whether or not having legal status.

“Prairie Lithium” means Prairie Lithium Corporation.

“Pre-Acquisition Agreement” means the pre-acquisition agreement to be entered into between AZL, CanCo, CallCo and Prairie Lithium, as amended, supplemented and/or restated in accordance with its terms.

“Purchase Price” has the meaning ascribed thereto in Section 6(c) of these share provisions.

“Redemption Call Purchase Price” has the meaning ascribed thereto in the Offer.

“Redemption Call Right” has the meaning ascribed thereto in the Offer.

“Redemption Date” means the that is 5 years from the date on which the Exchangeable Shares first are issued on which CanCo will redeem all but not less than all of the outstanding Exchangeable Shares pursuant to Section 7 of these share provisions, unless:

- 1.1 there are fewer than 10% Exchangeable Shares outstanding (other than Exchangeable Shares held by AZL and its affiliates, and as such number of shares may be adjusted as deemed appropriate by the Board to give effect to any subdivision or consolidation of or stock dividend on the Exchangeable Shares, any issue or distribution of rights to acquire Exchangeable Shares or securities exchangeable for or convertible into Exchangeable Shares, any issue or distribution of other securities or rights or evidences of indebtedness or assets, or any other capital reorganization or other transaction affecting the Exchangeable Shares), in which case the Board may accelerate such redemption date to such date prior to the fifth anniversary of the date on which Exchangeable Shares first are issued as the Board may determine, upon at least 30 days’ prior written notice to the holders of the Exchangeable Shares and the Agent;
- 1.2 an AZL Control Transaction occurs, in which case, provided that the Board determines, in its sole discretion, acting reasonably, that it is not reasonably practicable to substantially replicate the terms and conditions of the Exchangeable Shares in connection with such AZL Control Transaction and that the redemption of all but not less than all of the outstanding Exchangeable Shares is necessary to enable the completion of such AZL Control Transaction in accordance with its terms, the Board may accelerate such redemption date to such date prior to the fifth anniversary of the date on which Exchangeable Shares first are issued as the Board may determine, upon such number of days’ prior written notice to the holders of the Exchangeable Shares and the Agent as the Board may determine to be reasonably practicable in such circumstances;
- 1.3 an Exchangeable Share Voting Event that is not an Exempt Exchangeable Share Voting Event is proposed and (i) such number of holders of the Exchangeable Shares fail to take the necessary action, at a meeting or other vote of holders of Exchangeable Shares, to approve or disapprove, as applicable, the Exchangeable Share Voting Event or such number of holders of the Exchangeable Shares do take the necessary action but, in connection therewith, rights of dissent are required to be granted to the holders of Exchangeable Shares pursuant to the ABCA and the holders of more than 2% of the outstanding Exchangeable Shares (other than those held by AZL and its affiliates) exercise rights of dissent under the ABCA, and (ii) the Board determines, acting reasonably, that it is not reasonably practicable to accomplish the business purpose (which business purpose must be bona fide and not for the primary purpose of causing the occurrence of the Redemption Date) intended by the Exchangeable Share Voting Event in a commercially reasonable manner that does not result in an Exchangeable Share Voting Event, in which case the Redemption Date shall be the Business Day following the day on which the later of the events described in (i) and (ii) above occur; or
- 1.4 an Exempt Exchangeable Share Voting Event is proposed and holders of the Exchangeable Shares fail to take the necessary action at a meeting or other vote of holders of Exchangeable Shares to approve or disapprove, as applicable, the Exempt Exchangeable Share Voting Event in which case the Redemption Date shall be the Business Day following the day on which the holders of the Exchangeable Shares failed to take such action,

provided, however, that the accidental failure or omission to give any notice of redemption under clauses (a), (b), (c) or (d) above to any of the holders of Exchangeable Shares shall not affect the validity of any such redemption.

“Redemption Price” has the meaning ascribed thereto in Section 7(a) of these share provisions.

“Retracted Shares” has the meaning ascribed thereto in Section 6(a)(i) of these share provisions.

“Retraction Call Right” has the meaning ascribed thereto in Section 6(a)(iii) of these share provisions.

“Retraction Date” has the meaning ascribed thereto in Section 6(a)(ii) of these share provisions.

“Retraction Price” has the meaning ascribed thereto in Section 6(a) of these share provisions.

“Retraction Request” has the meaning ascribed thereto in Section 6(a) of these share provisions.

“**Support Agreement**” means the agreement to be made among AZL, CanCo and CallCo, substantially in the form attached as Schedule “D” to the Pre-Acquisition Agreement.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended.

“**Trading Days**” means any day on which AZL Shares are actually traded on the ASX.

“**Transfer Agent**” means a person as may from time to time be appointed by CanCo as the registrar and transfer agent for the Exchangeable Shares.

“**Voting and Exchange Agency Agreement**” means an agreement to be made among AZL, CanCo and the Agent, or such other person as may be appointed by AZL and Prairie Lithium (each acting reasonably), as agent, substantially in the form attached as Schedule “E” hereto to the Pre-Acquisition Agreement.

2. **Ranking of Exchangeable Shares**

The Exchangeable Shares shall be entitled to a preference over the Common Shares and any other shares ranking junior to the Exchangeable Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of CanCo, whether voluntary or involuntary, or any other distribution of the assets of CanCo among its shareholders for the purpose of winding up its affairs.

3. **Dividends and Distributions**

- (a) A holder of an Exchangeable Share shall be entitled to receive and the Board shall, subject to applicable law, on each AZL Dividend Declaration Date, declare a dividend or other distribution on each Exchangeable Share:
 - (a) in the case of a cash dividend or other distribution declared on the AZL Shares, in an amount in cash for each Exchangeable Share equal to the cash dividend or other distribution declared on each AZL Share on the AZL Dividend Declaration Date;
 - (b) in the case of a stock dividend or other distribution declared on the AZL Shares to be paid in AZL Shares, by the issue or transfer by CanCo of such number of Exchangeable Shares for each Exchangeable Share as is equal to the number of AZL Shares to be paid on each AZL Share unless in lieu of such stock dividend or other distribution CanCo elects to effect a corresponding and contemporaneous and economically equivalent (as determined by the Board in accordance with Section 3(e) hereof) subdivision, redivision or change of the outstanding Exchangeable Shares; or
 - (c) in the case of a dividend or other distribution declared on the AZL Shares in property other than cash or AZL Shares, in such type and amount of property for each Exchangeable Share as is the same as or economically equivalent (to be determined by the Board as contemplated by Section 3(e) hereof) to the type and amount of property declared as a dividend or other distribution on each AZL Share.

Such dividends or other distributions shall be paid out of money, assets or property of CanCo properly applicable to the payment of dividends, or out of authorized but unissued shares of CanCo, as applicable. The holders of Exchangeable Shares shall not be entitled to any dividends or other distributions other than or in excess of the dividends referred to in this Section 3(a).

- (b) Cheques of CanCo payable at par at any branch of the bankers of CanCo shall be issued in respect of any cash dividends contemplated by Section 3(a)(i) hereof and the sending of such cheque to each holder of an Exchangeable Share shall satisfy the cash dividend or other distributions represented thereby unless the cheque is not paid on presentation. Written evidence of the book entry issuance or transfer to the registered holder of Exchangeable Shares shall be delivered in respect of any stock dividends or other distributions contemplated by Section 3(a)(ii) hereof and the sending of such written evidence to each holder of an Exchangeable Share shall satisfy the stock dividend or other distribution represented thereby. Such other type and amount of property in respect of any dividends or other distributions contemplated by Section 3(a)(iii) hereof shall be issued, distributed or transferred by CanCo in such manner as it shall determine and the issuance, distribution or transfer thereof by CanCo to each holder of an Exchangeable Share shall satisfy the dividend or other distribution represented thereby. No holder of an Exchangeable Share shall be entitled to recover by action or other legal process against CanCo any dividend or other distribution that is represented by a cheque that has not

been duly presented to CanCo's bankers for payment or that otherwise remains unclaimed for a period of six years from the date on which such dividend or other distribution was payable.

- (c) The record date for the determination of the holders of Exchangeable Shares entitled to receive payment of, and the payment date for, any dividend declared on the Exchangeable Shares under Section 3(a) hereof shall be the same dates as the record date and payment date, respectively, for the corresponding dividend or other distribution declared on the AZL Shares. The record date for the determination of the holders of Exchangeable Shares entitled to receive Exchangeable Shares in connection with any subdivision, redivision or change of the Exchangeable Shares under Section 3(a)(ii) hereof and the effective date of such subdivision shall be the same dates as the record and payment date, respectively, for the corresponding stock dividend or other distribution declared on the AZL Shares.
- (d) If on any payment date for any dividends or other distributions declared on the Exchangeable Shares under Section 3(a) hereof the dividends or other distributions are not paid in full on all of the Exchangeable Shares then outstanding, any such dividends or other distributions that remain unpaid shall be paid on a subsequent date or dates determined by the Board on which CanCo shall have sufficient moneys, assets or property properly applicable to the payment of such dividends or other distributions.
- (e) The Board shall determine, in its sole discretion, "economic equivalence" for the purposes of these share provisions, including Section 3(a) hereof, and each such determination shall be conclusive and binding on CanCo and its shareholders. In making each such determination, the following factors may, without excluding other factors determined by the Board to be relevant, be considered by the Board:
 - (i) in the case of any stock dividend or other distribution payable in AZL Shares, the number of such shares issued in proportion to the number of AZL Shares previously outstanding;
 - (ii) in the case of the issuance or distribution of any rights, options or warrants to subscribe for or purchase AZL Shares (or securities exchangeable for or convertible into or carrying rights to acquire AZL Shares), the relationship between the exercise price of each such right, option or warrant and the Current Market Price;
 - (iii) in the case of the issuance or distribution of any other form of property (including any shares or securities of AZL of any class other than AZL Shares, any rights, options or warrants other than those referred to in Section 3(e)(ii) hereof, any evidences of indebtedness of AZL or any assets of AZL), the relationship between the fair market value (as determined by the Board in the manner above contemplated) of such property to be issued or distributed with respect to each outstanding AZL Share and the Current Market Price of an AZL Share; and
 - (iv) in all such cases, the general taxation consequences of the relevant event to holders of Exchangeable Shares to the extent that such consequences may differ from the taxation consequences to holders of AZL Shares as a result of differences between taxation laws of Canada and Australia (except for any differing consequences arising as a result of differing withholding taxes and marginal taxation rates and without regard to the individual circumstances of holders of Exchangeable Shares).

4. Certain Restrictions

So long as any of the Exchangeable Shares are outstanding, CanCo shall not at any time without, but may at any time with, the approval of the holders of the Exchangeable Shares given as specified in Section 11(b) of these share provisions:

- (a) pay any dividends on the Common Shares or any other shares ranking junior to the Exchangeable Shares, other than stock dividends payable in Common Shares or any such other shares ranking junior to the Exchangeable Shares, as the case may be;
- (b) redeem or purchase or make any capital distribution in respect of Common Shares or any other shares ranking junior to the Exchangeable Shares;
- (c) redeem or purchase any other shares of CanCo ranking equally with the Exchangeable Shares with respect to the payment of dividends or the distribution of assets in the event of the liquidation, dissolution or winding-up of CanCo, whether voluntary or involuntary, or any other distribution of the assets of CanCo among its shareholders for the purpose of winding up its affairs; or

- (d) issue any Exchangeable Shares or any other shares of CanCo ranking equally with the Exchangeable Shares other than by way of stock dividends to the holders of such Exchangeable Shares; and
- (e) issue any shares of CanCo ranking superior to the Exchangeable Shares.

5. **Distribution on Liquidation**

- (a) In the event of the liquidation, dissolution or winding-up of CanCo or any other distribution of the assets of CanCo among its shareholders for the purpose of winding up its affairs, subject to the exercise by AZL or CallCo of the Liquidation Call Right, a holder of Exchangeable Shares shall be entitled, subject to applicable law, to receive from the assets of CanCo in respect of each Exchangeable Share held by such holder on the effective date (the “**Liquidation Date**”) of such liquidation, dissolution, winding-up or other distribution, before any distribution of any part of the assets of CanCo among the holders of the Common Shares or any other shares ranking junior to the Exchangeable Shares, an amount per share (the “**Liquidation Amount**”) equal to the Current Market Price of an AZL Share on the last Business Day prior to the Liquidation Date plus the Dividend Amount, which shall be satisfied in full by CanCo delivering or causing to be delivered to such holder one AZL Share, plus an amount equal to the Dividend Amount.
- (b) On or promptly after the Liquidation Date, and provided the Liquidation Call Right has not been exercised by AZL or CallCo, CanCo shall pay or cause to be paid to the holders of the Exchangeable Shares the Liquidation Amount for each such Exchangeable Share upon presentation and surrender of the certificates representing such Exchangeable Shares, if any, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the ABCA and the Articles of CanCo and such additional documents, instruments and payments as the Transfer Agent and CanCo may reasonably require, at the registered office of CanCo or at any office of the Transfer Agent as may be specified by CanCo by notice to the holders of the Exchangeable Shares. Payment of the Liquidation Amount for such Exchangeable Shares shall be made by transferring or causing to be transferred to each holder the AZL Shares to which such holder is entitled and by delivering to such holder, on behalf of CanCo, AZL Shares (which shares shall be fully paid and non-assessable) and a cheque of CanCo payable at par at any branch of the bankers of CanCo in respect of the Dividend Amount. On and after the Liquidation Date, the holders of the Exchangeable Shares shall cease to be holders of such Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof (including any rights under the Voting and Exchange Agency Agreement), other than the right to receive the Liquidation Amount without interest upon presentation and surrender of share certificates in accordance with the foregoing provisions, unless, upon having made such presentation and surrender of certificates, payment of the total Liquidation Amount for such Exchangeable Shares shall not be made, in which case the rights of the holders shall remain unaffected until the Liquidation Amount has been paid in the manner hereinbefore provided. CanCo shall have the right at any time after the Liquidation Date to transfer or cause to be issued or transferred to, and deposited with, the Agent the Liquidation Amount in respect of the Exchangeable Shares represented by certificates that have not at the Liquidation Date been surrendered by the holders thereof, such Liquidation Amount to be held by the Agent as trustee for and on behalf of, and for the use and benefit of, such holders. Upon such deposit being made, the rights of a holder of Exchangeable Shares after such deposit shall be limited to receiving its proportionate part of the Liquidation Amount for such Exchangeable Shares so deposited, without interest, and when received by the Agent, all dividends and other distributions with respect to the AZL Shares to which such holder is entitled with a record date after the date of such deposit and before the date of transfer of such AZL Shares to such holder against presentation and surrender of the certificates for the Exchangeable Shares held by them in accordance with the foregoing provisions.
- (c) After CanCo has satisfied its obligations to pay the holders of the Exchangeable Shares the Liquidation Amount per Exchangeable Share pursuant to Section 5(a) of these share provisions, such holders shall not be entitled to share in any further distribution of the assets of CanCo.

6. **Retraction of Exchangeable Shares by Holder**

- (a) A holder of Exchangeable Shares shall be entitled at any time, subject to the exercise by AZL or CallCo of the Retraction Call Right and otherwise upon compliance with, and subject to, the provisions of this Section 6, to require CanCo to redeem any or all of the Exchangeable Shares registered in the name of such holder for an amount per share equal to the Current Market Price of an AZL Share on the last Business Day prior to the Retraction Date plus the Dividend Amount (the “**Retraction Price**”), which shall be satisfied in full by CanCo delivering or causing to be delivered to such holder one AZL Share for each Exchangeable Share presented and surrendered by the holder together with, on the designated

payment date therefor, the Dividend Amount. To effect such redemption, the holder shall present and surrender at the registered office of CanCo or at any office of the Transfer Agent as may be specified by CanCo by notice to the holders of Exchangeable Shares the certificate or certificates representing the Exchangeable Shares, if any, which the holder desires to have CanCo redeem, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the ABCA and the Articles of CanCo and such additional documents, instruments and payments as the Transfer Agent and CanCo may reasonably require, and together with a duly executed statement (the “**Retraction Request**”) in the form of Schedule “A” hereto or in such other form as may be acceptable to CanCo:

- (i) specifying that the holder desires to have all or any number specified therein of the Exchangeable Shares represented by such certificate or certificates, if any, (the “**Retracted Shares**”) redeemed by CanCo;
 - (ii) stating the Business Day on which the holder desires to have CanCo redeem the Retracted Shares (the “**Retraction Date**”), provided that the Retraction Date shall be not less than 10 Business Days after the date on which the Retraction Request is received by CanCo and further provided that, in the event that no such Business Day is specified by the holder in the Retraction Request, the Retraction Date shall be deemed to be the 15th Business Day after the date on which the Retraction Request is received by CanCo and subject also to Section 6(h); and
 - (iii) acknowledging the overriding right (the “**Retraction Call Right**”) of AZL and CallCo to purchase all but not less than all the Retracted Shares directly from the holder and that the Retraction Request shall be deemed to be a revocable offer by the holder to sell the Retracted Shares to AZL or CallCo in accordance with the Retraction Call Right on the terms and conditions set out in Section 6(c) hereof.
- (b) Provided that neither AZL nor CallCo has exercised the Retraction Call Right, upon receipt by CanCo or the Transfer Agent in the manner specified in Section 6(a) of a certificate or certificates representing the number of Retracted Shares, if any, together with a Retraction Request, and provided that the Retraction Request is not revoked by the holder in the manner specified in Section 6(g), CanCo shall redeem the Retracted Shares effective at the close of business on the Retraction Date and shall transfer or cause to be issued or transferred to such holder the AZL Shares and shall pay the Dividend Amount to which such holder is entitled and shall comply with Section 6(d) hereof. If only a part of the Exchangeable Shares represented by any certificate is redeemed (or purchased by AZL or CallCo pursuant to the Retraction Call Right), a new certificate for the balance of such Exchangeable Shares shall be issued to the holder at the expense of CanCo.
- (c) Subject to the provisions of this Section 6, upon receipt by CanCo of a Retraction Request, CanCo shall immediately notify AZL and CallCo thereof and shall provide to AZL and CallCo a copy of the Retraction Request. In order to exercise the Retraction Call Right, AZL or CallCo must notify CanCo of its determination to do so (the “**Call Notice**”) within five Business Days of notification to AZL or CallCo by CanCo of the receipt by CanCo of the Retraction Request. If AZL or CallCo do not so notify CanCo within such five Business Day period, CanCo will notify the holder as soon as possible thereafter that AZL and CallCo will not exercise the Retraction Call Right. If AZL or CallCo delivers the Call Notice within such five Business Day period, and provided that the Retraction Request is not revoked by the holder in the manner specified in Section 6(g), the Retraction Request shall thereupon be considered only to be an offer by the holder to sell the Retracted Shares to AZL or CallCo, as applicable, in accordance with the Retraction Call Right. In such event, CanCo shall not redeem the Retracted Shares and AZL or CallCo, as applicable, shall purchase from such holder and such holder shall sell to AZL or CallCo, as applicable on the Retraction Date the Retracted Shares for a purchase price (the “**Purchase Price**”) per share equal to the Retraction Price per share. To the extent that AZL or CallCo, as applicable, pays the Dividend Amount in respect of the Retracted Shares, CanCo shall no longer be obligated to pay any declared and unpaid dividends on such Retracted Shares. For the purpose of completing a purchase pursuant to the Retraction Call Right, on the Retraction Date, AZL or CallCo shall transfer or cause to be issued or transferred to the holder of the Retracted Shares the AZL Shares to which such holder is entitled. Provided that AZL or CallCo, as applicable, has complied with the immediately preceding sentence and Section 6(d) hereof, the closing of the purchase and sale of the Retracted Shares pursuant to the Retraction Call Right shall be deemed to have occurred as at the close of business on the Retraction Date and, for greater certainty, no redemption by CanCo of such Retracted Shares shall take place on the Retraction Date. In the event that AZL and CallCo do not deliver a Call Notice within such five Business Day period, and provided that the Retraction Request is not revoked by the holder in the manner specified in Section 6(g), CanCo shall redeem the Retracted Shares on the

Retraction Date and in the manner otherwise contemplated in this Section 6. For greater certainty, only one Call Notice may be given by either AZL or CallCo in respect of each Retraction Request and, in the event that each of AZL and CallCo each give a Call Notice to CanCo, only the Call Notice first received by CanCo shall be valid.

- (d) CanCo, AZL or CallCo, as the case may be, shall deliver or cause the Transfer Agent to deliver to the relevant holder written evidence of the book entry issuance in uncertificated form of AZL Shares (which shares shall be fully paid and non-assessable), and, if applicable and on or before the payment date therefor, a cheque payable at par at any branch of the bankers of CanCo, AZL or CallCo, as applicable, representing the aggregate Dividend Amount, in payment of the Retraction Price or the Purchase Price, as the case may be, and such delivery of such AZL Shares and cheques by CanCo, AZL or CallCo, as the case may be, or by the Transfer Agent shall be deemed to be payment of and shall satisfy and discharge all liability for the Retraction Price or Purchase Price, as the case may be, to the extent that the same is represented by such share certificates and cheques.
- (e) On and after the close of business on the Retraction Date, the holder of the Retracted Shares shall cease to be a holder of such Retracted Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof (including any rights under the Voting and Exchange Agency Agreement), other than the right to receive the Retraction Price or Purchase Price, as the case may be, without interest, upon presentation and surrender of certificates, if any, in accordance with the foregoing provisions, unless upon having made such presentation and surrender of certificates, payment of the Retraction Price or the Purchase Price, as the case may be, shall not be made as provided in Section 6(d) hereof, in which case the rights of such holder shall remain unaffected until the Retraction Price or the Purchase Price, as the case may be, has been paid in the manner hereinbefore provided. On and after the close of business on the Retraction Date, provided that presentation and surrender of certificates and payment of the Retraction Price or the Purchase Price, as the case may be, has been made in accordance with the foregoing provisions, the holder of the Retracted Shares so redeemed by CanCo or purchased by AZL or CallCo shall thereafter be a holder of the AZL Shares delivered to it.
- (f) Notwithstanding any other provision of this Section 6, CanCo shall not be obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent that such redemption of Retracted Shares would be contrary to solvency requirements or other provisions of applicable law. If CanCo believes that on any Retraction Date it would not be permitted by any of such provisions to redeem the Retracted Shares tendered for redemption on such date, if any, and provided that AZL or CallCo shall not have exercised the Retraction Call Right with respect to the Retracted Shares, CanCo shall only be obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent of the maximum number that may be so redeemed (rounded down to a whole number of shares) as would not be contrary to such provisions and shall notify the holder and the Agent at least two Business Days prior to the Retraction Date as to the number of Retracted Shares which will not be redeemed by CanCo. In any case in which the redemption by CanCo of Retracted Shares would be contrary to solvency requirements or other provisions of applicable law, and provided that the Retraction Call Right has not been exercised by AZL or CallCo, CanCo shall redeem Retracted Shares in accordance with Section 6(b) of these share provisions on a pro rata basis and shall issue to each holder of Retracted Shares a new certificate representing the Retracted Shares not redeemed by CanCo pursuant to Section 6(b) hereof. If CanCo would otherwise be obligated to redeem the Retracted Shares pursuant to Section 6(b) of these share provisions but is not obligated to do so as a result of solvency requirements or other provisions of applicable law, the holder of any such Retracted Shares not redeemed by CanCo pursuant to this Section 6(f) as a result of solvency requirements or other provisions of applicable law shall be deemed by giving the Retraction Request to have instructed the Transfer Agent to require AZL to purchase such Retracted Shares from such holder on the Retraction Date or as soon as practicable thereafter on payment by AZL to such holder of the Purchase Price for each such Retracted Share, all as more specifically provided for in the Voting and Exchange Agency Agreement.
- (g) A holder of Retracted Shares may, by notice in writing given by the holder to CanCo before the close of business on the Business Day immediately preceding the Retraction Date, withdraw its Retraction Request, in which event such Retraction Request shall be null and void and, for greater certainty, the revocable offer constituted by the Retraction Request to sell the Retracted Shares to AZL or CallCo shall be deemed to have been revoked.
- (h) Notwithstanding any other provision of this Section 6, if:
 - (i) exercise of the rights of the holders of the Exchangeable Shares, or any of them, to require CanCo to redeem any Exchangeable Shares pursuant to this Section 6 on any Retraction Date

would require listing particulars or any similar document to be issued in order to obtain the approval of the ASX to the listing and trading (subject to official notice of issuance) of, the AZL Shares that would be required to be delivered to such holders of Exchangeable Shares in connection with the exercise of such rights; and

- (ii) as a result of (a) above, it would not be practicable (notwithstanding the reasonable endeavours of AZL) to obtain such approvals in time to enable all or any of such AZL Shares to be admitted to listing and trading by the ASX (subject to official notice of issuance) when so delivered,

that Retraction Date shall, notwithstanding any other date specified or otherwise deemed to be specified in any relevant Retraction Request, be deemed for all purposes to be the earlier of (i) the second Business Day immediately following the date the approvals referred to in Section 6(h)(i) are obtained, and (ii) the date which is 30 Business Days after the date on which the relevant Retraction Request is received by CanCo, and references in these share provisions to such Retraction Date shall be construed accordingly.

7. Redemption of Exchangeable Shares by CanCo

- (a) Subject to applicable law, and provided neither AZL nor CallCo has exercised the Redemption Call Right, CanCo shall on the Redemption Date redeem all but not less than all of the then outstanding Exchangeable Shares for an amount per share (the “**Redemption Price**”) equal to the Current Market Price of an AZL Share on the last Business Day prior to the Redemption Date plus the Dividend Amount, which shall be satisfied in full by CanCo causing to be delivered to each holder of Exchangeable Shares one AZL Share for each Exchangeable Share held by such holder, together with an amount equal to the Dividend Amount.
- (b) In any case of a redemption of Exchangeable Shares under this Section 7, CanCo shall, at least 30 days before the Redemption Date (other than a Redemption Date established in connection with an AZL Control Transaction, an Exchangeable Share Voting Event or an Exempt Exchangeable Share Voting Event), send or cause to be sent to each holder of Exchangeable Shares a notice in writing of the redemption by CanCo or the purchase by AZL or CallCo under the Redemption Call Right, as the case may be, of the Exchangeable Shares held by such holder. In the case of a Redemption Date established in connection with an AZL Control Transaction, an Exchangeable Share Voting Event or an Exempt Exchangeable Share Voting Event, the written notice of the redemption by CanCo or the purchase by AZL or CallCo, as applicable, under the Redemption Call Right will be sent on or before the Redemption Date, on as many days prior written notice as may be determined by the Board to be reasonably practicable in the circumstances. In any such case, such notice shall set out the formula for determining the Redemption Price or the Redemption Call Purchase Price, as the case may be, the Redemption Date and, if applicable, particulars of the Redemption Call Right.
- (c) On or after the Redemption Date and provided that the Redemption Call Right has not been exercised by AZL or CallCo, as applicable, CanCo shall pay or cause to be paid to the holders of the Exchangeable Shares to be redeemed the Redemption Price for each such Exchangeable Share, upon presentation and surrender at the registered office of CanCo or at any office of the Transfer Agent as may be specified by CanCo in such notice of the certificates, if any, representing such Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the ABCA and the Articles of CanCo and such additional documents, instruments and payments as the Transfer Agent and CanCo may reasonably require. Payment of the Redemption Price for such Exchangeable Shares shall be made by transferring or causing to be issued or transferred to each holder the AZL Shares to which such holder is entitled and by delivering to such holder, on behalf of CanCo, written evidence of the book entry issuance in uncertificated form of AZL Shares (which shares shall be fully paid), and, if applicable, a cheque of CanCo payable at par at any branch of the bankers of CanCo in payment of the Dividend Amount. On and after the Redemption Date, the holders of the Exchangeable Shares called for redemption shall cease to be holders of such Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof (including any rights under the Voting and Exchange Agency Agreement), other than the right to receive the Redemption Price without interest upon presentation and surrender of certificates, if any, in accordance with the foregoing provisions, unless, upon having made such presentation and surrender of certificates, payment of the Redemption Price for such Exchangeable Shares shall not be made, in which case the rights of the holders shall remain unaffected until the Redemption Price has been paid in the manner hereinbefore provided. CanCo shall have the right at any time after the sending of notice of its intention to redeem the Exchangeable Shares as aforesaid to transfer or cause to be issued or transferred to, and deposited with, the Agent named in such notice the Redemption Price for the

Exchangeable Shares so called for redemption, or of such of the said Exchangeable Shares represented by certificates that have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, such aggregate Redemption Price to be held by the Agent as trustee for and on behalf of, and for the use and benefit of, such holders. Upon the later of such deposit being made and the Redemption Date, the Exchangeable Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or Redemption Date, as the case may be, shall be limited to receiving their proportionate part of the aggregate Redemption Price for such Exchangeable Shares, without interest, and when received by the Agent, all dividends and other distributions with respect to the AZL Shares to which such holder is entitled with a record date after the later of the date of such deposit and the Redemption Date and before the date of transfer of such AZL Shares to such holder, against presentation and surrender of the certificates, if any, for the Exchangeable Shares held by them in accordance with the foregoing provisions.

8. Purchase for Cancellation

Subject to applicable law, CanCo may at any time and from time to time purchase for cancellation all or any part of the Exchangeable Shares by private agreement with the holder thereof.

9. Voting Rights

Except as required by applicable law and by Section 12 hereof, the holders of the Exchangeable Shares shall not be entitled as such to receive notice of or to attend any meeting of the shareholders of CanCo or to vote at any such meeting. Without limiting the generality of the foregoing, the holders of the Exchangeable Shares shall not have class votes except as required by applicable law.

10. Specified Amount

The amount specified in respect of each Exchangeable Share for the purposes of subsection 191(4) of the Tax Act shall be an amount equal to the Current Market Price of one AZL Share as of the close of business of the last Business Day immediately prior to the Closing Date.

11. Amendment and Approval

- (a) The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares may be added to, changed or removed only with the approval of the holders of the Exchangeable Shares given as hereinafter specified.
- (b) Any approval given by the holders of the Exchangeable Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Exchangeable Shares or any other matter requiring the approval or consent of the holders of the Exchangeable Shares in accordance with applicable law shall be deemed to have been sufficiently given if it shall have been given in accordance with applicable law, subject to a minimum requirement that such approval be evidenced by resolution passed by not less than two-thirds of the votes cast on such resolution at a meeting of holders of Exchangeable Shares duly called and held at which the holders of at least 10% of the outstanding Exchangeable Shares at that time are present or represented by proxy; provided that if at any such meeting the holders of at least 10% of the outstanding Exchangeable Shares at that time are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than five days thereafter and to such time and place as may be designated by the Chairman of such meeting. At such adjourned meeting the holders of Exchangeable Shares present or represented by proxy thereat may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than two-thirds of the votes cast on such resolution at such meeting shall constitute the approval or consent of the holders of the Exchangeable Shares.

12. Reciprocal Changes, etc. in Respect of AZL Shares

- (a) Each holder of an Exchangeable Share acknowledges that the Support Agreement provides, in part, that so long as any Exchangeable Shares not owned by AZL or its affiliates are outstanding, AZL will not without the prior approval of CanCo and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 11(b) of these share provisions:
 - (i) issue or distribute AZL Shares (or securities exchangeable for or convertible into or carrying rights to acquire AZL Shares) to the holders of all or substantially all of the then outstanding AZL Shares by way of stock dividend or other distribution, other than an issue of AZL Shares (or securities exchangeable for or convertible into or carrying rights to acquire AZL Shares) to

holders of AZL Shares (i) who exercise an option to receive dividends in AZL Shares (or securities exchangeable for or convertible into or carrying rights to acquire AZL Shares) in lieu of receiving cash dividends, or (ii) pursuant to any dividend reinvestment plan or similar arrangement;

(ii) issue or distribute rights, options or warrants to the holders of all or substantially all of the then outstanding AZL Shares entitling them to subscribe for or to purchase AZL Shares (or securities exchangeable for or convertible into or carrying rights to acquire AZL Shares); or

(iii) issue or distribute to the holders of all or substantially all of the then outstanding AZL Shares:

(A) shares or securities of AZL of any class (other than AZL Shares or securities convertible into or exchangeable for or carrying rights to acquire AZL Shares);

(B) rights, options or warrants other than those referred to in Section 12(a)(ii) above;

(C) evidence of indebtedness of AZL; or

(D) assets of AZL,

unless the economic equivalent on a per share basis of such rights, options, warrants, securities, shares, evidences of indebtedness or other assets is issued or distributed simultaneously to holders of the Exchangeable Shares and at least 7 days prior written notice thereof is given to the holders of Exchangeable Shares; provided that, for greater certainty, the above restrictions shall not apply to any securities issued or distributed by AZL in order to give effect to and to consummate, in furtherance of or otherwise in connection with the transactions contemplated by, and in accordance with, the Pre-Acquisition Agreement and the Offer.

(b) Each holder of an Exchangeable Share acknowledges that the Support Agreement further provides, in part, that so long as any Exchangeable Shares not owned by AZL or its affiliates are outstanding, AZL will not without the prior approval of CanCo and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 11(b) of these share provisions:

(i) subdivide, redivide or change the then outstanding AZL Shares into a greater number of AZL Shares;

(ii) reduce, combine, consolidate or change the then outstanding AZL Shares into a lesser number of AZL Shares; or

(iii) reclassify or otherwise change the AZL Shares or effect an amalgamation, merger, reorganization or other transaction affecting the AZL Shares,

unless the same or an economically equivalent change shall simultaneously be made to, or in the rights of the holders of, the Exchangeable Shares and at least 10 days prior written notice is given to the holders of Exchangeable Shares, provided that, for greater certainty, the above restrictions shall not apply to any securities issued or distributed by AZL in order to give effect to and to consummate, in furtherance of or otherwise in connection with the transactions contemplated by, and in accordance with, the Pre-Acquisition Agreement and the Offer. The Support Agreement further provides, in part, that the aforesaid provisions of the Support Agreement shall not be changed without the approval of the holders of the Exchangeable Shares given in accordance with Section 11(b) of these share provisions.

(c) Notwithstanding the foregoing provisions of this Section 12, in the event of an AZL Control Transaction:

(i) in which AZL merges or amalgamates with, or in which all or substantially all of the then outstanding AZL Shares are acquired by one or more other corporations to which AZL is, immediately before such merger, amalgamation or acquisition, related within the meaning of the Tax Act (otherwise than virtue of a right referred to in paragraph 251(5)(b) thereof);

(ii) which does not result in an acceleration of the Redemption Date in accordance with paragraph (b) of the definition of such term in Section 1(a) of the share provisions; and

- (d) in which all or substantially all of the then outstanding AZL Shares are converted into or exchanged for shares or rights to receive such shares (the “Other Shares”) of another corporation (the “Other Corporation”) that, immediately after such AZL Control Transaction, owns or controls, directly or indirectly, AZL;

then all references herein to “AZL” shall thereafter be and be deemed to be references to “**Other Corporation**” and all references herein to “**AZL Shares**” shall thereafter be and be deemed to be references to “**Other Shares**” (with appropriate adjustments, if any, as are required to result in a holder of Exchangeable Shares on the exchange, redemption or retraction of shares pursuant to these share provisions or Sections 15-17 of the Offer or exchange of shares pursuant to the Voting and Exchange Agency Agreement immediately subsequent to the AZL Control Transaction being entitled to receive that number of Other Shares equal to the number of Other Shares such holder of Exchangeable Shares would have received if the exchange, option or retraction of such shares pursuant to these share provisions or Sections 15-17 of the Offer, or exchange of such shares pursuant to the Voting and Exchange Agency Agreement had occurred immediately prior to the AZL Control Transaction and the AZL Control Transaction was completed) without any need to amend the terms and conditions of the Exchangeable Shares and without any further action required.

13. Actions by CanCo under Support Agreement

- (a) CanCo will take all such actions and do all such things as shall be necessary to perform and comply with and to ensure performance and compliance by AZL, CallCo and CanCo with all provisions of the Support Agreement applicable to AZL, CallCo and CanCo, respectively, in accordance with the terms thereof including taking all such actions and doing all such things as shall be necessary to enforce for the direct benefit of CanCo all rights and benefits in favour of CanCo under or pursuant to such agreement.
- (b) CanCo shall not propose, agree to or otherwise give effect to any amendment to, or waiver or forgiveness of its rights or obligations under, the Support Agreement without the approval of the holders of the Exchangeable Shares given in accordance with Section 11(b) of these share provisions other than such amendments, waivers and/or forgiveness as may be necessary or advisable for the purposes of:
 - (i) adding to the covenants of the other parties to such agreement for the protection of CanCo or the holders of the Exchangeable Shares thereunder;
 - (ii) making such amendments or modifications not inconsistent with such agreement as may be necessary or desirable with respect to matters or questions arising thereunder which, in the opinion of CanCo, it may be expedient to make, provided that the Board shall be of the good faith opinion, that such amendments and modifications will not be materially prejudicial to the interests of the holders of the Exchangeable Shares; or
 - (iii) making such changes in or corrections to such agreement for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained therein, provided that the Board shall be of the good faith opinion that such changes or corrections will not be materially prejudicial to the rights or interests of the holders of the Exchangeable Shares.

14. Legend; Call Rights; Withholding Rights

- (a) The certificates evidencing the Exchangeable Shares, if any, shall contain or have affixed thereto a legend with respect to the Support Agreement, the provisions of Offer relating to the Liquidation Call Right, the Redemption Call Right and the Change of Law Call Right (as defined in the Offer), the Voting and Exchange Agency Agreement (including the provisions with respect to the voting rights and Automatic Exchange Right thereunder) and the Retraction Call Right.
- (b) Each holder of an Exchangeable Share, whether of record or beneficial, by virtue of becoming and being such a holder shall be deemed to acknowledge each of the Liquidation Call Right, the Retraction Call Right, the Redemption Call Right and the Change of Law Call Right and the overriding nature thereof in connection with the liquidation, dissolution or winding-up of CanCo or any other distribution of the assets of CanCo among its shareholders for the purpose of winding up its affairs, or the retraction or redemption of Exchangeable Shares, as the case may be, and to be bound thereby in favour of AZL or CallCo as therein provided.
- (c) Notwithstanding any other provisions of these share provisions, CanCo, CallCo, AZL and the Transfer Agent shall be entitled to deduct and withhold from any dividend, distribution, consideration, purchase price or amounts otherwise payable to any holder of Exchangeable Shares such amounts as CanCo, CallCo, AZL or the Transfer Agent is required to deduct and withhold with respect to such payment under the Tax Act or United States tax laws or any provision of provincial, territorial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the Exchangeable Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing Governmental Authority. To the extent that the amount so required to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to the holder, CanCo, CallCo, AZL and the Transfer Agent are hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to CanCo, CallCo, AZL or the Transfer Agent, as the case may be, to enable it to comply with such deduction or withholding requirement and CanCo, CallCo, AZL or the Transfer Agent shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale.

15. Notices

- (a) Any notice, request or other communication to be given to CanCo by a holder of Exchangeable Shares shall be in writing and shall be valid and effective if given by first class mail (postage prepaid) or by delivery to the registered office of CanCo and addressed to the attention of the Chief Executive Officer of CanCo. Any such notice, request or other communication, if given by mail, telecopy or delivery, shall only be deemed to have been given and received upon actual receipt thereof by CanCo.
- (b) Any presentation and surrender by a holder of Exchangeable Shares to CanCo or the Transfer Agent of certificates representing Exchangeable Shares in connection with the liquidation, dissolution or winding-up of CanCo or the retraction or redemption of Exchangeable Shares shall be made by first class mail (postage prepaid) or by delivery to the registered office of CanCo or to such office of the Transfer Agent as may be specified by CanCo, in each case, addressed to the attention of the Chief Executive Officer of CanCo. Any such presentation and surrender of certificates shall only be deemed to have been made and to be effective upon actual receipt thereof by CanCo or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by first class mail (postage prepaid) shall be at the sole risk of the holder mailing the same.
- (c) Any notice, request or other communication to be given to a holder of Exchangeable Shares by or on behalf of CanCo shall be in writing and shall be valid and effective if given by first class mail (postage prepaid) or by delivery to the address of the holder recorded in the register of shareholders of CanCo or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, shall be deemed to have been given and received on the third Business Day following the date of mailing and, if given by delivery, shall be deemed to have been given and received on the date of delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Exchangeable Shares shall not invalidate or otherwise alter or affect any action or proceeding to be taken by CanCo pursuant thereto.
- (d) In the event of any interruption of mail service immediately prior to a scheduled mailing or in the period following a mailing during which delivery normally would be expected to occur, CanCo shall make reasonable efforts to disseminate any notice by other means, such as press release.
- (e) Notwithstanding any other provisions of these share provisions, notices, other communications and deliveries need not be mailed if CanCo determines that delivery thereof by mail may be delayed. Persons entitled to any deliveries (including certificates and cheques) which are not mailed for the foregoing reason may take delivery thereof at the office of the Transfer Agent to which the deliveries were made, upon application to the Transfer Agent, until such time as CanCo has determined that delivery by mail will not longer be delayed. CanCo will provide notice of any such determination not to mail made hereunder as soon as reasonably practicable after the making of such determination and in accordance with this Section 15(d). Such deliveries in such circumstances will constitute delivery to the persons entitled thereto.

16. Disclosure of Interests in Exchangeable Shares

CanCo shall be entitled to require any holder of an Exchangeable Share or any person who CanCo knows or has reasonable cause to believe holds any interest whatsoever in an Exchangeable Share to confirm that fact or to give such details as to whom has an interest in such Exchangeable Share as would be required (if the Exchangeable Shares were a class of “equity shares” of CanCo) under National Instrument 62-104 – *Takeover Bids and Issuer Bids* or as would be required under the Articles of AZL or any laws or regulations, or pursuant to the rules or regulations of any regulatory Governmental Authority, if the Exchangeable Shares were AZL Shares.

SCHEDULE 2 – TERMS AND CONDITIONS OF THE SPECIAL VOTING SHARE

- (a) Article 3 of the Voting Agreement provides for AZL to issue the Special Voting Share to the agent, being Automic Group (**Automic Agent**). The definition of "Special Voting Share" in the Voting Agreement details that the Special Voting Share entitles the holder to a number of votes at AZL shareholders meetings equal to the number of Exchangeable Shares on issue at any given time.
- (b) Under Article 2 of the Voting Agreement which establishes the agency relationship, Automic Agent is to hold the Special Voting Share in order to enable Automic Agent to exercise the voting rights attached to those shares as agent for the registered holders of Exchangeable Shares from time to time which are not AZL or its affiliates (**Beneficiaries**) (for example, if the Exchangeable Shares are transferred back to AZL under the arrangements then, prior to them being cancelled, the right to vote an equivalent number of votes attaching to the Special Voting Share lapses; refer also to the definition of "Beneficiaries" in the Voting Agreement). Accordingly, it is the voting rights that Automic Agent holds as agent for the Beneficiaries.
- (c) Under Article 4.1 of the Voting Agreement, the Automic Agent can only exercise those voting rights on the basis of instructions from the Beneficiaries (and cannot exercise or permit the exercise of those rights in the absence of instructions). Furthermore, under Article 4.2 of the Voting Agreement, the voting rights attaching to the Special Voting Share which may be voted at a AZL Shareholders meeting are to equal the number of Exchangeable Shares on issue to the Beneficiaries (that is, to equal the number of Exchangeable Shares on issue which are not owned by AZL or its affiliates).
- (d) Accordingly, as Exchangeable Shares are exchanged for AZL Shares over the life of the agency relationship (which will automatically terminate where there are no Exchangeable Shares outstanding other than those which may be held by AZL or its affiliates; refer to Article 12 of the Voting Agreement), the voting rights held as agent for the Beneficiaries will decrease proportionately. Importantly, where the Exchangeable Shares are held by AZL or its affiliates for any reason, the voting rights which otherwise would be exercisable by the holder of those Exchangeable Shares cannot be exercised by Automic Agent, ensuring that at all times the number of votes which may be exercised through the Automic Agent by holders of Exchangeable Shares (but not AZL or its affiliates) aligns with the number of Exchangeable Shares on issue (which are not owned by AZL or its affiliates).
- (e) Additionally, no dividends or other distributions are payable to Automic Agent (or any other entity, including the holder of Exchangeable Shares) under the Voting Agreement. The terms of the Special Voting Share will explicitly prevent dividends or distributions being paid on those shares.
- (f) To facilitate the exercise of voting rights by holders of Exchangeable Shares at AZL meetings, Automic Agent is obligated to use reasonable efforts to send all relevant materials concerning voting to the holders of Exchangeable Shares and AZL is obligated to provide this information to Automic Agent (refer to Articles 4.3, 4.4 and 4.5 of the Voting Agreement). Again, the principle is to put the holder of Exchangeable Shares in the same voting position in AZL as the holder of fully paid ordinary shares. This is in accordance with the principle behind the structure that a holder of an Exchangeable Share in totality has the same economic and voting rights as the holder of an AZL Share, though these rights

are enjoyed through the Exchangeable Share and the separate though related right to instruct Automatic Agent how to vote the Special Voting Share.

1. Full terms of the Special Voting Share

(a) Designation and Amount

Pursuant to a special resolution by shareholders of the Company at general meeting on 14 March 2023, one (1) preferred share is hereby constituted as a share of the Company which shall be designated as the "Special Voting Share" (Special Voting Share), the preferences and relative, optional and other special rights of which and the qualifications, limitations or restrictions of which shall be as set forth herein.

(b) Dividends and Distributions

The holder of the Special Voting Share shall not be entitled to receive any portion of any dividend or distribution at any time.

(c) Voting Rights

The holder of the Special Voting Share shall have the following voting rights:

- (i) The Special Voting Share shall entitle the holder thereof to an aggregate number of votes equal to the number of Exchangeable Shares, of CanCo outstanding from time to time which are not owned by the Company or any of its direct or indirect subsidiaries.
- (ii) Except as otherwise provided herein or by law, the holder of the Special Voting Share and the holders of Ordinary Shares shall vote in person or by proxy together as one class on all matters, questions, proposals or propositions whatsoever that may properly be submitted to a vote of shareholders of the Company.
- (iii) Except to the extent it is entitled to vote with holders of Ordinary Shares as set forth herein, the holder of the Special Voting Share shall have no special rights and its consent shall not be required for taking any corporate action.

(d) Additional Provisions

- (i) The holder of the Special Voting Share is entitled to exercise the voting rights that exist thereto in such manner as such holder desires.
- (ii) At such time as:
 - (A) the Special Voting Share entitles its holder to a number of votes equal to zero because there are no Exchangeable Shares of CanCo outstanding which are not owned by the Company or any of its direct or indirect subsidiaries, and

- (B) there is no share of stock, debt, option or other agreement, obligation or commitment of CanCo which could by its terms require CanCo to issue any Exchangeable Shares to any person other than the Company or any of its direct or indirect subsidiaries,

then the Special Voting Share shall thereupon be retired and cancelled promptly thereafter. The Special Voting Share shall upon its cancellation, and upon the taking of any action required by applicable law, become an authorised but unissued preferred share and may be reissued as part of a new series of preferred shares to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

(b) **Re-acquired Shares**

If the Special Voting Share should be purchased or otherwise acquired by the Company in any manner whatsoever, then the Special Voting Share shall be retired and cancelled promptly after the acquisition thereof. The Special Voting Share shall upon its cancellation, and upon the taking of any action required by applicable law, become an authorised but unissued preferred share and may be reissued as part of a new series of preferred shares to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

(c) **Liquidation, Dissolution or Winding Up**

Upon any liquidation, dissolution or winding up of the Company, the holder of the Special Voting Share shall not be entitled to any portion of any distribution.

(d) **No Redemption or Conversion**

The Special Voting Share shall not be redeemable or convertible.

SCHEDULE 3 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

(a) Vesting Conditions and Expiry Dates

The Performance Rights shall be subject to the following **Vesting Conditions** and shall have the following **Vesting Periods** and **Expiry Dates**:

Class of Performance Rights	Number of Performance Rights	Vesting Conditions	Vesting Period	Expiry Date
Class A	84,000,000	Announcement to the ASX of the completion of a profitable Preliminary Feasibility Study (PFS) for the Prairie Lithium project.	3 years from the date of issue	3 years from the date of issue
Class B	36,000,000	Announcement of an upgraded resource of at least 1 million tonnes of Lithium Carbonate Equivalent (LCE) over the Prairie Lithium project from an inferred to an indicated resource.	3 years from the date of issue	3 years from the date of issue
Class C	60,000,000	Market capitalisation of the Company to exceed 500 million AUD based on a 20 day VWAP.	4 years from the date of issue	4 years from the date of issue
Class D	60,000,000	Announcement to the ASX of the production of a minimum of 1,000kgs of LCE from the Prairie Lithium project.	5 years from the date of issue	5 years from the date of issue

20-day VWAP means a volume weighted average price for Shares over 20 consecutive trading days on which Shares have actually traded on ASX.

(b) Notification to holder

The Company shall notify the holder in writing when the relevant Vesting Condition has been satisfied.

(c) Conversion

Subject to paragraph (o), upon satisfaction of the applicable Vesting Condition, each Performance Right will, at the election of the holder, convert into one Share.

(d) Lapse of a Performance Rights

Any Performance Right that has not been converted into a Share prior to the Expiry Date specified in paragraph (a) will automatically lapse.

(e) Fraudulent or dishonest action

If the holder (or the person who nominated the holder to receive the Performance Rights) ceases to be an employee or Director of the Company in circumstances where the cessation or termination is specifically referenced to the holder (or such person) having been found to have acted fraudulently or

dishonestly in the performance of his or her duties, then the Board must deem any Performance Rights (including any vested but unexercised Performance Rights) of the holder to have immediately lapsed and be forfeited.

(f) Ceasing to be an employee or Director

If a holder (or the person who nominated the holder to receive the Performance Rights) ceases to be an employee or Director of the Company in circumstances where the cessation or termination arises because the holder (or such person):

- (i) voluntarily resigns his or her position (other than to take up employment with a subsidiary of the Company);
- (ii) wilfully breaches the terms of the engagement of the holder or any policy of the Company's published policies regulating the behaviour of holder (or such person);
- (iii) is convicted of a criminal offence which, in the reasonable opinion of the Company, might tend to injure the reputation or the business of the Company; or
- (iv) is found guilty of a breach of the Corporations Act and the Board considers that it brings the holder or the Company into disrepute,

then:

- (v) unless the Board decides otherwise in its absolute discretion, will deem any Performance Rights of the holder to have immediately lapsed and be forfeited; and
- (vi) any Performance Rights that have vested will continue in existence in accordance with their terms of issue only if the relevant Vesting Conditions have previously been met and any Shares issued on satisfaction of the applicable Vesting Conditions will remain the property of the holder.

(g) Other circumstances

The Performance Rights will not lapse and be forfeited where the holder ceases to be an employee or Director of the Company for one of the following reasons:

- (i) death or total permanent disability (in respect of total permanent disability being that because of a sickness or injury, the holder is unable to work in his or her own or any occupation for which they are suited by training, education, or experience for a period beyond one year);
- (ii) redundancy (being where the holder ceases to be an employee or Director due to the Company no longer requiring the holder's position to be performed by any person); or
- (iii) any other reason, other than a reason listed in rules (f) and (g) (not including (g)(i), in which case the Board may exercise its absolute discretion to allow the resigned to retain their Performance Rights), that the Board determines is reasonable to permit the holder to retain his or her Performance Rights,
- (iv) and in those circumstances the Performance Rights will continue to be subject to the applicable Vesting Conditions.

(h) **Share ranking**

All Shares issued upon the conversion of Performance Rights on satisfaction of the applicable Vesting Condition will upon issue rank pari passu in all respects with other Shares.

(i) **Application to ASX**

The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

(j) **Timing of issue of Shares on Conversion**

Within 10 business days after the date that Performance Rights are converted, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Performance Rights converted;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the conversion of the Performance Rights.

If a notice delivered under (j)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(k) **Transfer of Performance Rights**

Upon issue the Performance Rights are not transferable.

(l) **Participation in new issues**

A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(m) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation (including any relevant share price milestone where applicable).

(n) **Dividend and voting rights**

The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(o) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Right would result in any person being in contravention of section 606(1) of the Corporations Act 2001 (Cth) (General Prohibition) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition;
- (ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (o)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

(p) **No rights to return of capital**

A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(q) **Rights on winding up**

A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(r) **Conversion on change of control**

Subject to paragraph (o) above and notwithstanding the relevant Vesting Condition has not been satisfied, upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's Shares on issue and being declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

the Performance Rights shall automatically convert into Shares, provided that if the number of Shares that would be issued upon such conversion is greater than 10% of the Company's Shares on issue as at the date of conversion, then that number of Performance Rights that is equal to 10% of the Company's Shares on issue as at the date of conversion under this paragraph will automatically

convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Performance Rights then on issue as well as on a pro rata basis for each holder of Performance Rights. Performance Rights that are not converted into Shares under this paragraph will continue to be held by the holders on the same terms and conditions.

(s) **No other rights**

A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(t) **ASX Listing Rule compliance**

The Board reserves the right to amend any term of the Performance Rights to ensure compliance with the ASX Listing Rules.

SCHEDULE 4 – VALUATION OF PERFORMANCE RIGHTS

The Performance Rights to be issued to the Related Parties pursuant to Resolutions 3 to 5 have been valued by internal management.

Based on the assumptions set out below, the Performance Rights were ascribed the following value:

Item	Total	Class A	Class B	Class C	Class D
Value of the underlying Shares	\$0.068	\$0.068	\$0.068	\$0.068	\$0.068
Valuation date	10/01/2023	10/01/2023	10/01/2023	10/01/2023	10/01/2023
Commencement of performance/vesting period	Date of issue	Date of issue	Date of issue	Date of issue	Date of issue
Performance measurement/vesting date	On satisfaction of relevant Vesting Condition	On satisfaction of relevant Vesting Condition	On satisfaction of relevant Vesting Condition	On satisfaction of relevant Vesting Condition	On satisfaction of relevant Vesting Condition
Expiry date		3 years from the date of issue	3 years from the date of issue	4 years from the date of issue	5 years from the date of issue
Term of the Performance Right		3 years	3 years	4 years	5 years
Total Value of Incentive Performance Rights	\$16,320,000	\$5,712,000	\$2,448,000	\$4,080,000	\$4,080,000
- Mr Barnaby Egerton-Warburton (Resolution 5)	\$5,440,000	\$1,904,000	\$816,000	\$1,360,000	\$1,360,000
- Mr Matthew David Blumberg (Resolution 4)	\$4,080,000	\$1,428,000	\$612,000	\$1,020,000	\$1,020,000
- Mr Paul Geoffrey Lloyd (Resolution 3)	\$6,800,000	\$2,380,000	\$1,020,000	\$1,700,000	\$1,700,000

Note: The valuation noted above is not necessarily the market price that the Performance Rights could be traded at and is not automatically the market price for taxation purposes.

SCHEDULE 5 – NOTES TO THE UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

The unaudited pro forma condensed balance sheet has been prepared using accounting policies consistent with those described in Arizona's annual audited financial statements. In preparing the unaudited pro forma condensed balance sheet, a review was undertaken to identify any material accounting policy differences between Arizona and Prairie and any differences identified and new policies not previously adopted by Arizona are set out in Note 2.

The unaudited pro forma condensed balance sheet is presented in Australian dollars, the functional currency of Arizona. Canadian dollar balance sheet amounts of Prairie have been translated to Australian dollar based on the 30 June 2022 closing rate of 0.9095.

The unaudited pro forma condensed balance sheet as at 30 June 2022 has been prepared from the audited financial statements of Arizona and the unaudited management accounts of Prairie and reflect the completion of the Acquisition.

2. Accounting Policies

(a) Accounting policy difference – Exploration and evaluation expenditure

There is an accounting policy difference for exploration and evaluation expenditure between Arizona and Prairie. For the purposes of the pro forma, the accounting policy of Arizona has been adopted and is set out as follows:

Exploration and evaluation expenditure in relation to all areas of interest, including acquisition costs, are expensed as incurred.

(b) *Accounting policies adopted for the purposes of the Pro Forma*

(i) Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization on intangible assets is recognized on a straight-line basis over their estimated useful lives, with the exception of software, which is recognized using diminishing balance. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally generated intangible assets arising from development (or from the development phase of an internal project) is recognized if, and only if, the Company can demonstrate the following:

- (A) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

- (B) Its intention to complete the intangible asset and use or sell it.
- (C) Its ability to use or sell the intangible asset.
- (D) Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- (E) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (F) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, the development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Due to the rapidly changing technological environment, management uses the patent life to amortize the life of the internally generated intangible asset over using a straight line basis. Amortization will begin on the patent has been approved.

Computer software	Diminishing balance	100%
Internally generated intangible assets	Straight line	20 years
Patent assets	Straight line	20 years

Half-year rule is taken in the year of acquisition on computer software.

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

(ii) Government grants and assistance

The Company makes periodic applications for financial assistance under available Canadian government incentive programs and Scientific Research & Experimental Development ("SR&ED") tax credits. The funding is provided for non-capital expenditures relating to research and development projects. This assistance is recognized as income within Government Funding when there is reasonable assurance that the Company has complied and will continue to comply with all of the conditions and is recognized in the period incurred.

The Company received funding from Western Economic Diversification Canada for the Regional Relief and Recovery Fund ("RRRF"). The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

The Company received funding from Saskatchewan Advantage Innovation Fund ("SAIF"). This assistance provides non-repayable grants to projects that address a specific industry challenge targeting research and development. This was recognized as government funding.

3. Purchase Consideration Allocation

Arizona does not consider that the Acquisition meets the definition of a business combination in accordance with AASB 3 Business Combinations as the acquired assets are not deemed to be a business for accounting purposes, therefore the Acquisition has been provisionally accounted for as an asset acquisition. A summary of the acquisition details with respect to the Acquisition, is set out below. The details have been determined for the purposes of the pro forma adjustments as at 30 June 2022, however will require re-determination as at the successful acquisition date which may result in changes to values set out below.

Purchase consideration comprises:	A\$
Issue of 500,000,000 Arizona Shares	35,000,000
Cash - CAD40,000,000	43,980,209
Total consideration	78,980,209
<i>Allocation to fair value of assets and liabilities acquired:</i>	
Cash and cash equivalents	1,804,375
Other receivables and prepayments	1,086,302
Property, plant and equipment	936,245
Exploration and evaluation expenditure (i)	75,401,551
Intangible assets	1,173,461
Trade and other payables	(750,140)
Government loans	(377,589)
Lease liability	(167,057)
Provisions	(126,939)
Value of net assets	78,980,209

(i) Under Arizona's accounting policy, this amount is expensed on acquisition.

Pro Forma Assumptions and Adjustments

- (a) To transact the effect of the acquisition as if it happened on 30 June 2022, an issue of 500,000,000 Arizona shares is represented in the unaudited pro forma balance sheet as at 30 June 2022. Given that the transaction is subject to approval by shareholders and regulatory agencies, for Arizona's accounting purposes, the value of the shares will be determined at closing date. For the purposes of the unaudited pro forma balance sheet, management have assumed a share price of A\$0.07 representing the Arizona closing share price as quoted on ASX on 21 December 2022, being the date the acquisition was announced.

500,000,000 ordinary fully paid shares of Arizona at \$0.07: \$35,000,000

This figure represents both shares and exchangeable shares (and corresponding number of voting rights attaching to the special voting share) to be issued as consideration for the acquisition of Prairie.

- (b) The consideration for the acquisition of Prairie includes a cash payment of C\$40,000,000 and estimated transactions costs of A\$1.2 million incurred by Arizona and Prairie.
- (c) The fair value of exploration and evaluation expenditure, including costs capitalised by Prairie has been expensed on acquisition in accordance with Arizona's accounting policy.
- (d) It is assumed that the convertible securities in Prairie have been exercised or converted into ordinary shares in Prairie prior to the Acquisition, in accordance with Conditions to the Acquisition.
- (e) On 25 July 2022, Arizona undertook a placement to raise \$12 million before costs by the issue of 171,428,571 shares at \$0.07. Net proceeds were \$11.278 million.

4. Pro Forma Share Capital

The unaudited pro forma share capital as at 30 June 2022 has been determined as follows:

	Number of Shares	Amount A\$
Number of Arizona ordinary shares outstanding	2,233,496,990	113,594,860
Number of Arizona ordinary shares issued in consideration	500,000,000	35,000,000
<i>Subsequent event</i>		
Number of Arizona shares issued pursuant to the July 2022 placement	171,428,571	12,000,000
Unaudited pro forma balance at 30 June 2022	2,904,925,561	160,594,860

SCHEDULE 6 – TERMS AND CONDITIONS OF OPTIONS

The terms and conditions of the Incentive Options are as follows:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.12 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date that is 4 years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Vesting conditions**

The Options will vest and become exercisable on the following dates:

(ii) 2,750,000 Options – on the commencement date of Zach Maurer's appointment as a Director of the Company (**Commencement Date**);

(iii) 2,750,000 Options – on the 6-month anniversary of the Commencement Date;

(iv) 2,750,000 Options – on the 12-month anniversary of the Commencement Date; and

(v) 2,750,000 Options – on the 18-month anniversary of the Commencement Date,

(together, the **Vesting Conditions**).

(e) **Exercise Period**

Once the Options have vested, they are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(f) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

Holder Number:

Your proxy voting instruction must be received by **10:00am (WST) on Sunday, 12 March 2023**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at
<https://investor.automic.com.au/#/loginsah>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBSITE: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

