

## QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2023

### HIGHLIGHTS

- **Prairie Project total resource increased to 6.3 Million Tonnes (MT) Lithium Carbonate Equivalent (LCE)<sup>1</sup>, from the previous resource of 5.7 MT LCE.<sup>2</sup>**
  - The new resource of 6.3 MT LCE at Prairie comprises of 4.5 MT LCE Indicated and 1.8 MT LCE Inferred.
- **Increased landholding interest by 11% with an extra 39,331 net acres at Prairie, increasing the project's total mineral title interest to over 390,000 acres.**
- **Received Positive Preliminary Feasibility Study (PFS) confirming extremely low operating costs of US\$2,819 per tonne, making the Prairie Project one of the lowest cost global projects.**
- **Commissioned the pilot plant at the Prairie Project in Saskatchewan with operations underway processing brine and producing lithium concentrate.**
  - **At the one-third point of the scheduled test duration, AZL had processed over 80,000 L (Litres) of brine and produced over 6,000 L of lithium concentrate concluding the tuning phase of testing.**
  - **Remarkable steady-state of 95.6% Li (Lithium) extraction established at an average feed concentration of 118 mg/L, with no single-point exceedance below 94% recovery.**
  - **Baseline steady-state rejection rate of impurities was 99.9%,**
- **Successfully converted a lithium precursor involving Direct Lithium Extraction (DLE) and Cross Flow Reverse Osmosis (CFRO) technology to a variety of high purity battery chemicals at the Lithium Research Centre (LRC).**
- **Commenced construction and received well licence approval for the first commercial pad at the Prairie Lithium Project, in Saskatchewan, Canada.**
- **\$16.5m raised via a Placement to institutional and sophisticated investors, with funds being used for drilling in 2024 at the Prairie Project into the Dawson Bay and Souris River Formations at various locations.**

Arizona Lithium Limited (**ASX:AZL**) ("**AZL**", **Arizona Lithium**" or the "**Company**") is pleased to provide an overview of the Company's activities for the period ending 31 December 2023 ("**Quarter**", "**Reporting Period**") to accompany the Appendix 5B.

**Arizona Lithium Managing Director, Paul Lloyd, commented:** *"The December quarter was a period of significant achievements for Arizona Lithium, as we continued to rapidly advance our Prairie Lithium Project towards production.*

<sup>1</sup> ASX Announcement – "6.3 Million Tonne Lithium Resources at Prairie" – 13 December 2023

<sup>2</sup> ASX Announcement – "Prairie Project Resource Upgraded 39%" – 17 August 2023

*During the Quarter, AZL increased both the Project's resource size and landholding, with a new resource of 6.3 MT LCE announced comprising of 4.5 MT LCE Indicated and 1.8 MT LCE Inferred, with an 11% increase in landholding taking the total mineral interest title to over 390,000 acres.*

*We also completed and released the PFS during the Quarter, which confirmed Prairie as one of the lowest cost projects globally. With a world class lithium resource and an extremely low operating cost of US\$2,819 per tonne, Arizona Lithium is strongly positioned to capitalise on this significant development opportunity.*

*As a key step in advancing towards production, following the commissioning of the Pilot Plant in Saskatchewan in November 2023, we achieved exceptional results with a steady-state of 95.6% Li (Lithium) extraction established at an average feed concentration of 118 mg/L, with no single-point exceedance below 94% recovery. Importantly the Baseline steady-state rejection rate of impurities was 99.9%.*

*The pilot plant testwork was subsequent to AZL's Chief Technical Officer, Brett Rabe, successfully having converted a lithium precursor involving Direct Lithium Extraction (DLE) and Cross Flow Reverse Osmosis (CFRO) technology to a variety of high purity battery chemicals, including 99%+ lithium carbonate.*

*As one of the most experienced people in North American lithium processing, Brett continues to deliver outstanding work both at the Pilot and Lithium Research Centre, and we look forward to further utilising his expertise as we continue to rapidly advance Prairie into production.*

*During the Quarter, AZL also commenced construction and received well license approval for the first commercial pad at Prairie, with drilling expected to commence in the first half of 2024.*

*To fund further drilling at Prairie, in December AZL completed a successful \$16.5m raise via a Flow Through Financing Placement, with the proceeds being applied to drilling in 2024 at the Prairie Project into the Dawson Bay and Souris River Formations at various locations.*

*We look forward to an exciting 2024, as we continue to advance the world class Prairie Lithium Project towards production."*

## 6.3 MILLION TONNE LITHIUM RESOURCE AT PRAIRIE

In December 2023, Arizona Lithium announced that it had completed the resource upgrade on the newly leased land, resulting in a total resource increase for the Prairie Project to 6.3 MT LCE<sup>3</sup>, from the previous 5.7 MT LCE held at Prairie<sup>4</sup>.

The new resource of 6.3 MT LCE at Prairie comprises of 4.5 MT LCE Indicated and 1.8 MT LCE Inferred. Prairie is the first lithium brine resource to be upgraded to Indicated in Saskatchewan and represents the highest-grade Indicated lithium brine resource in Canada.

The additional mineral title is being leased from a large title holder in locations surrounding, and within, Prairie's existing landholding, that are strategic to commercial development and have the potential to improve economics for future production.

It should be noted that the 6.3 MT of LCE held at Prairie represents 9 years of 2022 global LCE consumption<sup>5</sup>

The additional 600,000 tonnes LCE were added from the AZL's newly leased lands as outlined below<sup>6</sup>, with approximately 500,000 tonnes LCE classified as Indicated.

<sup>3</sup> ASX Announcement – "6.3 Million Tonne Lithium Resources at Prairie" – 13 December 2023

<sup>4</sup> ASX Announcement – "Prairie Project Resource Upgraded 39%" – 17 August 2023

<sup>5</sup> <https://www.mckinsey.com/industries/metals-and-mining/our-insights/australias-potential-in-the-lithium-market>

<sup>6</sup> ASX Announcement – "Landholding Increased by 11% at Prairie Lithium Project" – 11 December 2023

## INCREASE IN PRAIRIE LANDHOLDING

In December 2023, Arizona Lithium announced the acquisition of an additional interest in 39,331 net acres (approx. 159km<sup>2</sup>) for the Prairie Project in Saskatchewan, Canada, representing an 11% increase. The leases were acquired from a strategic freehold mineral title holder who holds land across the Prairie project area and under the agreement, Arizona Lithium has leased the lithium rights within specific formations on the acquired properties. The increase in the resource size is subsequent to the Company initiating resource assessment work on the land to understand the resource size.

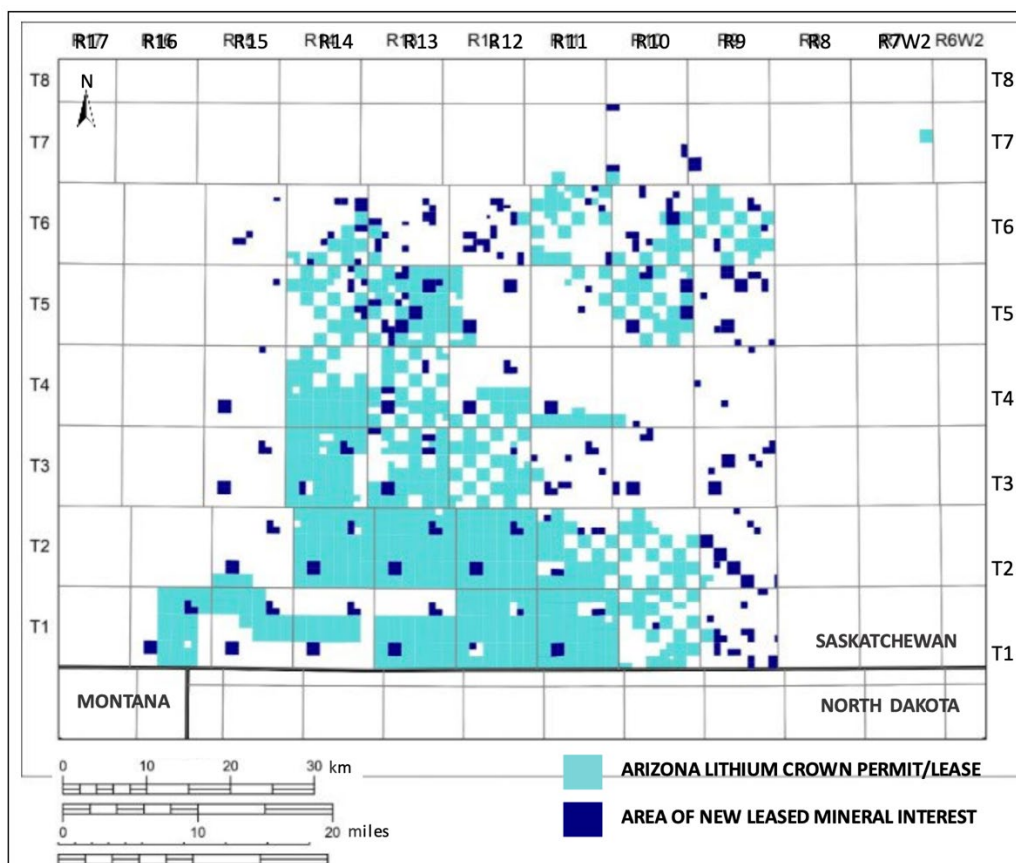


Figure 1 - Prairie Lithium Project Landholding Map

Producing Formations	Representative Lithium Concentration (mg/L)		Li Mass (tonnes)		LCE Mass (tonnes)		
	Inferred	Indicated	Inferred	Indicated	Inferred	Indicated	Total
Seward	98	98	23,887	65,872	127,151	350,637	477,787
Flat Lake	95	95	2,131	5,789	11,343	30,815	42,158
Upper Wymark	142	159	46,366	113,482	246,806	604,065	850,871
Middle Wymark	120	127	181,550	457,630	966,391	2,435,964	3,402,355
Lower Wymark	93	96	37,188	102,663	197,952	546,475	744,427
Saskatoon	55	56	44,358	111,562	236,118	593,845	829,962
<b>Total</b>	<b>101</b>	<b>106</b>	<b>340,000</b>	<b>850,000</b>	<b>1,800,000</b>	<b>4,500,000</b>	<b>6,300,000</b>

Figure 2 - Prairie Project Updated Resource Summary

## PRAIRIE PFS CONFIRMS EXTREMELY LOW OPERATING COSTS

During the Quarter, AZL announced the results of a positive Preliminary Feasibility Study (“PFS”) for the 100% owned Prairie Lithium Project<sup>7</sup>. Global engineering group Samuel Engineering was the lead consultant for the PFS and was responsible for the estimates in the study. All financial inputs were provided to Samuel Engineering by appropriate parties and pricing data was supplied by Global Lithium LLC, the preeminent lithium pricing provider.

The PFS was based on Phase One production of 6,000 tonnes per annum (tpa) of Lithium Carbonate Equivalent (LCE) and confirms excellent economics for the Prairie Lithium Project in the Williston Basin of Saskatchewan, Canada. Average annual operating costs of US\$2,819/t over the operating life of the project makes the Prairie Project one of the lowest cost global projects.

Base case pre-tax Net Present Value (NPV) of US\$448 million and IRR of 23.9% indicate exceptional economics for the project assuming a discount rate of 8% and a conservative long-term price of US\$21,000/t based on comprehensive analysis provided by Global Lithium LLC (Mr. Joe Lowry). Recent resource upgrades<sup>8</sup> means the modelled 20-year commercial operating life is less than 3% of the Indicated Resource of 4.5 million tonnes of LCE.

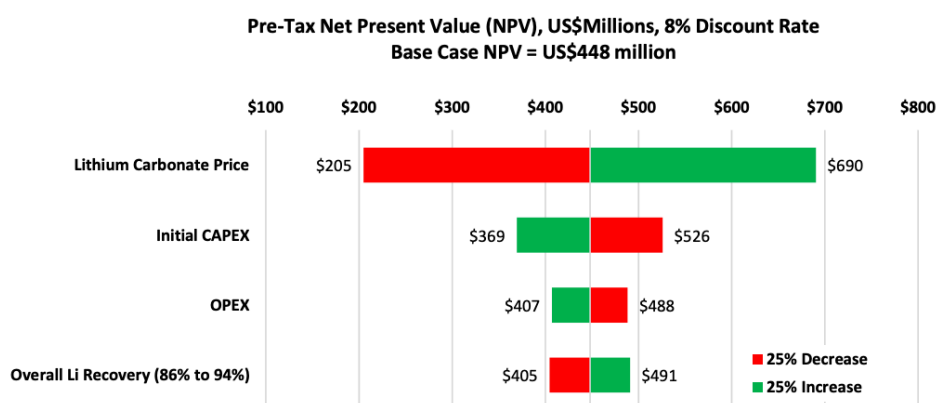


Figure 3 - Prairie Lithium Project PFS Key Financial Highlights

	Units	PFS Result
Production Rate	Years	20
Production Commencement	Tonnes per annum	6,000
Indicated Mineral Resource - Lithium Carbonate	Contained ('000t)	4,500
Recovery - Direct Lithium Extraction	%	90
<b>Key Financial Parameters</b>	<b>Units</b>	<b>PFS Result</b>
Capital Cost (excluding contingency)	\$US Million	290
C1 Operating Costs	US\$/t LCE	2,819
Price - Lithium Carbonate	\$US/tonne	21,000
Payback Period	\$US Million	2.2
IRR - pre-tax	%	23.9
IRR - after-tax	%	20.4
NPV8 pre-tax	\$US Million	448
NPV8 after-tax	\$US Million	312

Figure 4 - Prairie Lithium Project Key Parameters and Outcomes

<sup>7</sup> ASX Announcement – “Prairie Lithium PFS Confirms Extremely Low Operating Cost” – 29 December 2023

<sup>8</sup> ASX Announcement – “6.3 Million Tonne Lithium Resource at Prairie” - 13 December 2023

## PILOT PLANT & LITHIUM PROCESSING UPDATES

### Pilot Update 95.6% Li Recovery 99.9% Impurities Rejected

In December, AZL announced that at the one-third point of the scheduled test duration, the Pilot had processed over 80,000 L of brine and produced over 6,000 L of lithium concentrate at 1,328 mg/L lithium, with a remarkable steady-state of 95.6% Li (Lithium) extraction established at an average feed concentration of 118 mg/L, with no single-point exceedance below 94% recovery.

However, perhaps the most noteworthy achievement to date with far-reaching impact to downstream operations is the rejection of impurities. The baseline steady-state rejection rate of impurities was 99.9%, with the most concentrated cation (sodium) being reduced from 95,640 mg/L in the feed to 61 mg/L in the concentrate.

This result is nearly 3x lower than previous testing, which has potential to have a considerable impact on reducing downstream processing and conversion cost as well as improving product quality.

The remainder of the test schedule, which will conclude in February, is focused on developing control limits and process capability indexes for lithium recovery and rejection of impurities, that will be used as the basis for design and economic evaluation for the commercial-scale facility scheduled for production in 2025.

The lithium concentrate produced over the duration of the pilot, has been transported to AZL's Lithium Research Centre in Tempe, Arizona, where it will be processed and converted to approximately 100 kg of lithium carbonate (or other lithium chemicals) using AZL's new cross flow reverse osmosis (CFRO) and crystallization equipment scheduled for installation in Q1 2024.



Figure 5 - Tote of Produced Lithium Concentrate from Pilot Plant

### High Grade Lithium Produced at the Lithium Research Centre

The successful production of high grade lithium from the Pilot outlined above follows the Company's ASX Announcement dated 30 October 2023, whereby AZL's Chief Technical Officer, Brett Rabe, successfully converted a lithium precursor involving Direct Lithium Extraction (DLE) and Cross Flow Reverse Osmosis (CFRO) technology to a variety of high purity battery chemicals, including 99%+ lithium carbonate.

The development was significant as it demonstrated that a highly automated extraction and concentration process, located remotely on a well pad, has the potential to produce a variety of high purity lithium chemicals at significantly lower CAPEX and OPEX than conventional technology.

With further learnings from the Pilot, AZL plans to leverage the new design and production philosophy to rapidly bring the Prairie Lithium Project into production, with a study underway to develop final design details.

The majority of the targeted resource resides in the Middle Wymark Unit with a representative concentration of 127 mg/L Li in the indicated resource area (Figure 7).



Figure 6 - High grade Lithium carbonate from Prairie Brine

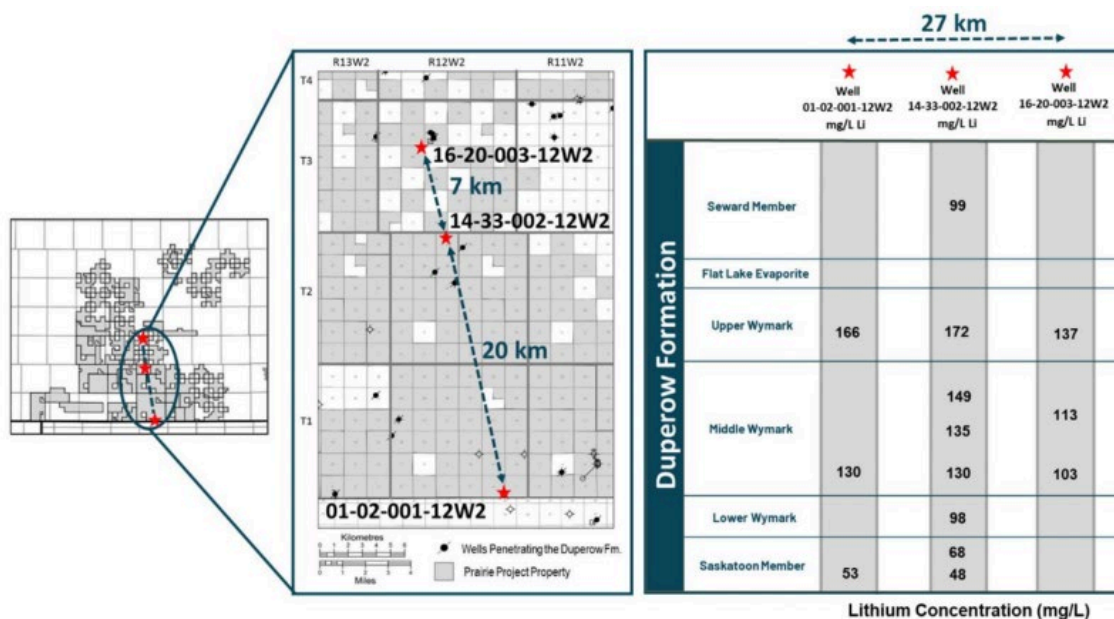
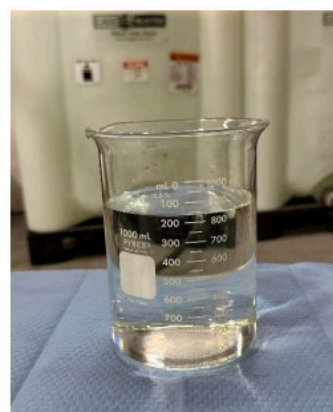


Figure 7 - Location map and representative lithium concentrations from Arizona Lithium's test wells

### Commissioning of Prairie Pilot Plant

Prior to commencing testing, on 10 November 2023 AZL announced that the Company has commissioned the pilot plant at the Prairie Project in Saskatchewan. The commissioning followed the pilot plant being delivered to site, as per ASX Announcement dated 3 November 2023.



Figures 8 & 9 - AZL Pilot Facility in Saskatchewan and Lithium Concentrate product.

### COMMENCED CONSTRUCTION OF COMMERCIAL PAD

During the Quarter, AZL announced that the Company commenced construction of the first commercial pad at its Prairie Project, in Saskatchewan, Canada.

The construction was completed during the Quarter on the portion of ground that will hold the wells for the first DLE facility. Based on the Company's recently released PFS, this well pad will target production rates of approximately 2,000 Tonnes Per Annum (TPA) Lithium Carbonate Equivalent (LCE). With the well pad built now, AZL will quickly advance from pilot operations to commercialization of the first facility via the drilling of wells. Applications have been submitted to licence the initial two wells for this pad.



Figures 10 & 11 - Pad Construction at the Prairie Lithium Project in Saskatchewan, Canada.

## LITHIUM DRILLING APPROVAL RECEIVED

During the Quarter, AZL successfully received approval for its first well at Pad #1 of the Prairie Lithium Project. Construction of the well pad was completed during the Quarter, with the well on track to be drilled in the first half of 2024. Pilot plant testing of Prairie brine is currently underway with a very selective and efficient third-party DLE technology.

Through the recent Pilot, AZL has produced high purity lithium using the third party DLE technology that will be used for commercial production. Pilot plant testing of Prairie brine material will complete the third and final phase of the evaluation of the DLE technology.



Figure 12 - 2022 Drilling on Prairie Lithium project.

## \$16.5M PLACEMENT TO ADVANCE PRAIRIE LITHIUM PROJECT

During the Quarter, the Company completed a successful capital raise for \$16.5m (before costs) via a Flow Through Financing Placement to institutional and sophisticated investors, to further advance the Prairie Project.

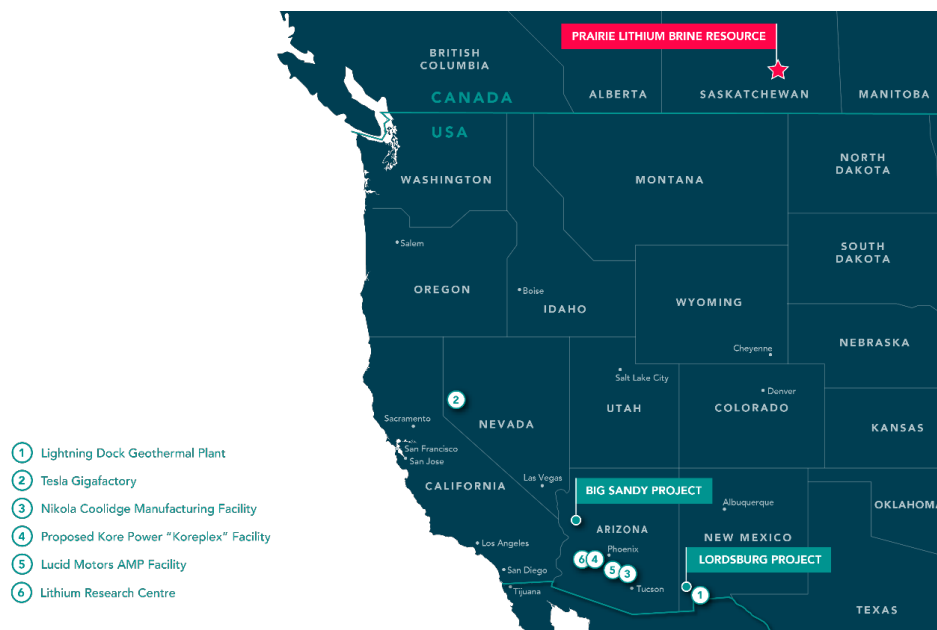
The raise was undertaken through a strongly supported share placement to institutional and professional investors, with AZL receiving an average price of \$0.051 per newly issued share (“New Shares”) with one free attaching option (AZLO) per two New Shares (“Placement”). The options will be ASX listed and add to the currently listed AZLO class. The Options are exercisable at \$0.05 each expiring 10 August 2025 (“Options”).

The proceeds from the Placement have further strengthened the Company’s balance sheet and allowed Arizona Lithium to continue work on the Prairie Project, specifically with drilling in the Dawson Bay and Souris River Formations. Following this, the Company will use its existing funds to complete the wells in preparation to move into production in the first half of 2025. All activities are outlined in the Preliminary Feasibility Study (PFS) which was released on 29 December 2023.

**FOR FURTHER INFORMATION PLEASE CONTACT:**

Mr Paul Lloyd  
 Managing Director  
 Arizona Lithium Limited  
 Tel. +61 419 945 395  
[paul@arizonalithium.com](mailto:paul@arizonalithium.com)

**Project Locations**



**Figure 13 – Prairie Lithium’s resource further diversifies AZL into Canada and brines**



### Lithium Research Centre

As announced on 20 June 2022, Arizona Lithium signed a 5-year lease to establish a world class Lithium Research Centre (LRC) to be located on a 9,700m<sup>2</sup> property in Tempe, Arizona, approximately 15km southwest of Phoenix Sky Harbor International Airport.

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

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

### Big Sandy Lithium Project (Arizona)

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

### JORC Mineral Resource Estimate

Arizona Lithium's successful 2019 drill program at Big Sandy (37 HQ diamond holes totalling 2,881m) resulted in the estimation of a total Indicated and Inferred JORC resource of 32.5 million tonnes grading 1,850 ppm Li for 320,800 tonnes Li<sub>2</sub>CO<sub>3</sub><sup>9</sup> (Table 1).

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

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

This represents 4% of the Big Sandy Project area that contains an estimated exploration target of between 271.1Mt to 483.15Mt at 1,000 - >2,000ppm Li<sup>10</sup> (Table 2).

### Exploration Target

Exploration on the Big Sandy Lithium Project including geological mapping, drilling and surface sampling in Blocks B, C and D in the Northern Mineralised Zone (NMZ) and geological mapping and surface sampling in Blocks SMZ 1 and SMZ 2 in the Southern Mineralised Zone (SMZ), have resulted in the identification of the potential for between 271.1Mt to 483.15Mt at 1,000 - >2,000ppm Li as summarised in Table 3 below.

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

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

<sup>9</sup> Announcement Sept 26, 2019, Big Sandy Lithium Project, Maiden Mineral Resource

<sup>10</sup> Announcement Nov 7, 2019, Big Sandy Lithium Project, Exploration Target Update

**Table 2 – Summary of Exploration Target**

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

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

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

#### **Competent Persons Statement**

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

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

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

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

Gordon MacMillan P.Geol., Principal Hydrogeologist of Fluid Domains, who is an independent consulting geologist of a number of brine mineral exploration companies and oil and gas development companies, reviewed and approves the technical information pertaining to the resource provided in the PFS release and JORC Code – Table 1 attached to the PFS release. Mr. MacMillan is a member of the Association of Professional Engineers and

Geoscientists of Alberta (APEGA), which is ROPO accepted for the purpose of reporting in accordance with the ASX listing rules. Mr. MacMillan has been practicing as a professional in hydrogeology since 2000 and has 24 years of experience in mining, water supply, water injection, and the construction and calibration of numerical models of subsurface flow and solute migration. Mr. MacMillan is also a Qualified Person as defined by NI 43-101 rules for mineral deposit disclosure.

Kyle Gramly PE, Sr. Process Engineer for Samuel Engineering, reviewed and approves the technical information pertaining to DLE test work and processing provided in the PFS release and JORC Code – Table 1 attached to the PFS release. He is a registered Professional Engineer (Chemical) with the Colorado Department of Regulatory Agencies (No. 0058009) since 2020 and has worked in the engineering field on a variety of mining projects for 15 years since graduating from Colorado School of Mines. Mr. Gramly is a Qualified Person as defined by 17 CFR § 229.1302 - (Item 1302) and has been involved in several pilot test programs and engineering design studies regarding the commodity discussed in this release.

Information in this announcement that relates Exploration Results or to Mineral Resources have been extracted from the Company's announcement released to ASX on 29 December 2023. The announcement is available to view on the Company's website: [www.arizonalithium.com](http://www.arizonalithium.com). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which Mr MacMillan's and Mr Gramly's findings are presented have not been materially modified from the original market announcement.

## Appendix 1: Schedule of Mining Tenements

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 December 2023.

Project	Claim Number	Location	Interest
Big Sandy	WIK-001 to WIK-112	Arizona, USA	100%
Big Sandy	BSL-001 to BSL-146	Arizona, USA	100%
Big Sandy	BSLII 001 to BSLII 053	Arizona, USA	100%
Big Sandy	RL001 to RL099	Arizona, USA	100%
Lordsburg	LLP-211 to LLP-274	New Mexico, USA	100%
Lordsburg	LLP-283 to LLP-298	New Mexico, USA	100%
Lordsburg	LLP-307 to LLP-322	New Mexico, USA	100%
Lordsburg	LLP2-1 to LLP2-96	New Mexico, USA	100%

Project	Public Offering Number / Block	Location	Interest
Prairie Lithium	S002/1	Saskatchewan, Canada	100%
Prairie Lithium	S004/5	Saskatchewan, Canada	100%
Prairie Lithium	S005/29, S005/46-48, S005/58, S005/60	Saskatchewan, Canada	100%
Prairie Lithium	S008/29, S008/31-35, S008/41, S008/43-44, S008/46, S008/49-54, S008/56, S008/64-65, S008/69-74, S008/77, S008/86-89	Saskatchewan, Canada	100%
Prairie Lithium	S009/19, S009/24-25, S009/27, S009/29, S009/31, S009/35, S009/39, S009/41-44, S009/50-53	Saskatchewan, Canada	100%
Prairie Lithium	<ul style="list-style-type: none"> <li>Canpar Holdings Ltd. File No. M043397</li> <li>Canpar Holdings Ltd. File No. M043398</li> <li>Canpar Holdings Ltd. File No. M043399</li> <li>Canpar Holdings Ltd. File No. M043400</li> </ul>	Saskatchewan, Canada	100%

Project	Public Offering Number / Block	Location	Interest
	<ul style="list-style-type: none"> <li>• Canpar Holdings Ltd. File No. M043401</li> <li>• Freehold Royalties Ltd. File No. M043402</li> <li>• Freehold Royalties Ltd. File No. M043403</li> <li>• Freehold Royalties Ltd. File No. M043404</li> <li>• Freehold Royalties Ltd. File No. M043405</li> </ul>		

New tenements acquired during the Quarter are as follows:

Project	Public Offering Number / Block	Location	Interest
Prairie Lithium	<ul style="list-style-type: none"> <li>• Canpar Holdings Ltd. File No. M043397</li> <li>• Canpar Holdings Ltd. File No. M043398</li> <li>• Canpar Holdings Ltd. File No. M043399</li> <li>• Canpar Holdings Ltd. File No. M043400</li> <li>• Canpar Holdings Ltd. File No. M043401</li> <li>• Freehold Royalties Ltd. File No. M043402</li> <li>• Freehold Royalties Ltd. File No. M043403</li> <li>• Freehold Royalties Ltd. File No. M043404</li> <li>• Freehold Royalties Ltd. File No. M043405</li> </ul>	Saskatchewan, Canada	100%

There were no tenements disposed of during the Quarter.

## Appendix 2: Exploration Expenditure and Payments to Related Parties

In line with its obligations under ASX Listing Rules 5.3.1 and 5.3.5, Arizona Lithium Limited notes the following in relation to the period ended 31 December 2023 as advised in the Appendix 5B:

- exploration and evaluation expenditure primarily relates to work undertaken on the Prairie Lithium project and the setup and operating costs of the Lithium Research Centre; and
- the only payments to related parties of the Company pertain to payments to an executive director for salary and superannuation, non-executive director fees and consultancy fees.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

**Name of entity**

ARIZONA LITHIUM LIMITED

**ABN**

15 008 720 223

**Quarter ended ("current quarter")**

31 DECEMBER 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,750)	(3,136)
(b) development	-	-
(c) production	-	-
(d) staff costs	(650)	(1,355)
(e) administration and corporate costs	(838)	(2,184)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	33	54
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	36	1,403
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,169)</b>	<b>(5,218)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(963)	(1,469)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	554	554
	(d) investments	-	-
	(e) other non-current assets	147	197
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(262)</b>	<b>(718)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	16,667	26,667
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(313)	(984)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>16,354</b>	<b>25,683</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	10,067	3,267
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,169)	(5,218)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(262)	(718)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	16,354	25,683



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(397)	(421)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>22,593</b>	<b>22,593</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	19,293	10,067
5.2	Call deposits	3,300	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>22,593</b>	<b>10,067</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	222
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Amounts shown at item 6.1 comprise of payments to related parties (or their associates) for director and administration fees paid during the quarter, including fees for services performed.

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	-	-
<b>7.5 Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,169)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(3,169)
8.4 Cash and cash equivalents at quarter end (item 4.6)	22,593
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	22,593
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>7</b>
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2024

Authorised by: The Board of Arizona Lithium Limited

(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.