

\$21 MILLION INVESTMENT INCENTIVE FOR THE PRAIRIE PROJECT

HIGHLIGHTS

- Pad #1 has been conditionally approved for an investment incentive of up to \$21.6m under the Saskatchewan Government's Oil & Gas Processing Investment Incentive Program (OGPII).
- Well drilling and completion activities on Pad #1 have already commenced.
- Credits can be claimed at a rate of 20% in the first calendar year of operations, 30% in the second calendar year, and 50% in the third calendar year against government royalties, highlighting the Province of Saskatchewan's long-term commitment to bringing new lithium resources into production on Pad #1.
- As Arizona Lithium furthers the development of the Prairie Lithium Project, the OGPII will be a crucial component of its future funding and development.

Arizona Lithium Limited (ASX: AZL, AZLO, AZLOA, OTC: AZLAF) ("Arizona Lithium", "AZL" or "the Company"), a company focused on the sustainable development of two large lithium development projects in North America, the Big Sandy Lithium Project ("Big Sandy") and the Prairie Lithium Project ("Prairie"), is pleased to announce that Pad #1 has been conditionally approved for up to \$21.6 million in transferable royalty credits under the OGPII Program in Saskatchewan, highlighting the Province of Saskatchewan's long-term commitment to bringing new lithium resources into production.

The OGPII credits are earned on eligible expenditures and can only be claimed once the project becomes commercially operational. The credits are applied against crown royalties payable on production of lithium at a rate of 20% in the first calendar year of operations, 30% in the second calendar year, and 50% in the third calendar year, effectively reducing the Company's liability for crown royalties. As the credits are transferable, there is an opportunity for the Company to generate early cashflow by selling these credits to other companies that pay royalties in Saskatchewan.

Arizona Lithium Managing Director Paul Lloyd commented: "I am very pleased to share that Pad #1 at the Prairie Project has been conditionally approved for up to \$21.6 million in investment incentives. Saskatchewan is a top-ranked jurisdiction and is committed to responsible economic development of its resources. This conditional approval under the OGPII Program is a testament to how the province works with industry to find solutions to economic growth, and we are grateful to work with the governing bodies and operate our project there. This is one of the many development funding tools we have access too, which is a non-dilutive benefit to shareholders."

Saskatchewan Minister of Energy and Resources Jim Reiter commented: "I would like to congratulate Arizona Lithium for their conditional approval under the Oil and Gas Processing Investment Incentive. They are playing an important role in developing Saskatchewan's lithium sector and in contributing to the growth of critical minerals in the province."

About the Prairie Lithium Project

AZL's Prairie Lithium Project is located in the Williston Basin of Saskatchewan, Canada, and holds a resource of 6.3 MT of LCE, comprised of 4.5 MT LCE Indicated and 1.8 MT LCE Inferred¹. Located in one of the world's top mining friendly jurisdictions, the projects have easy access to key infrastructure including electricity, natural gas, fresh water, paved highways and railroads. The projects also aim to have strong environmental

¹ ASX Announcement – "6.3 Million Tonne Lithium Resource At Prairie" – 13 December 2023

credentials, with Arizona Lithium targeting to use less use freshwater, land and waste, aligning with the Company's sustainable approach to lithium development.

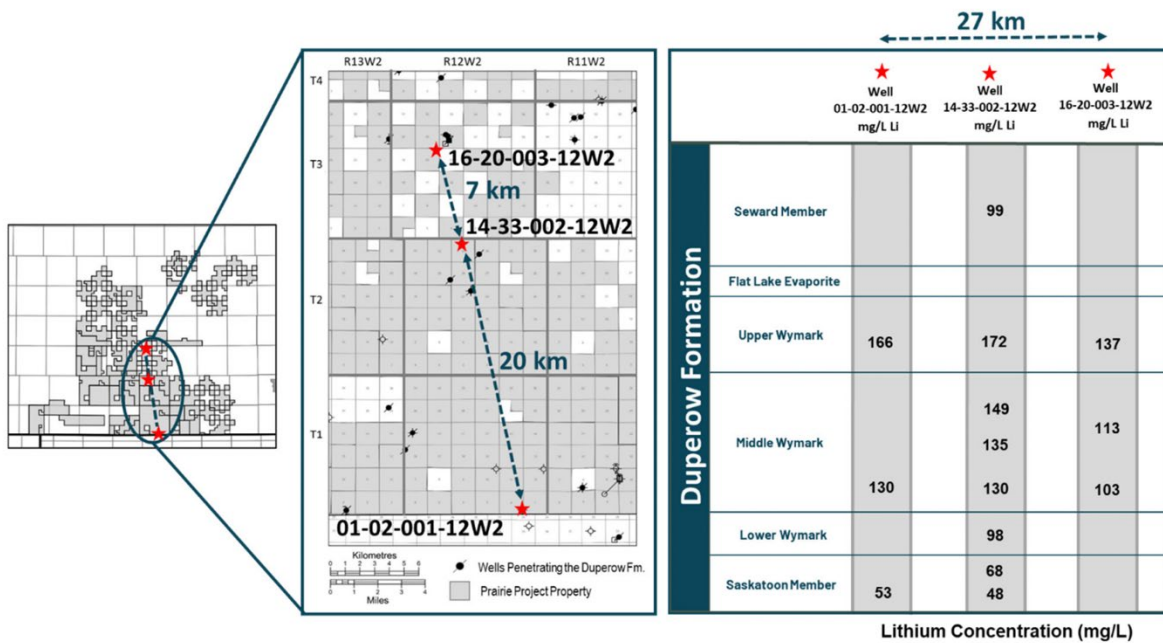


Figure 1: Location map and representative lithium concentrations from Arizona Lithium's test wells

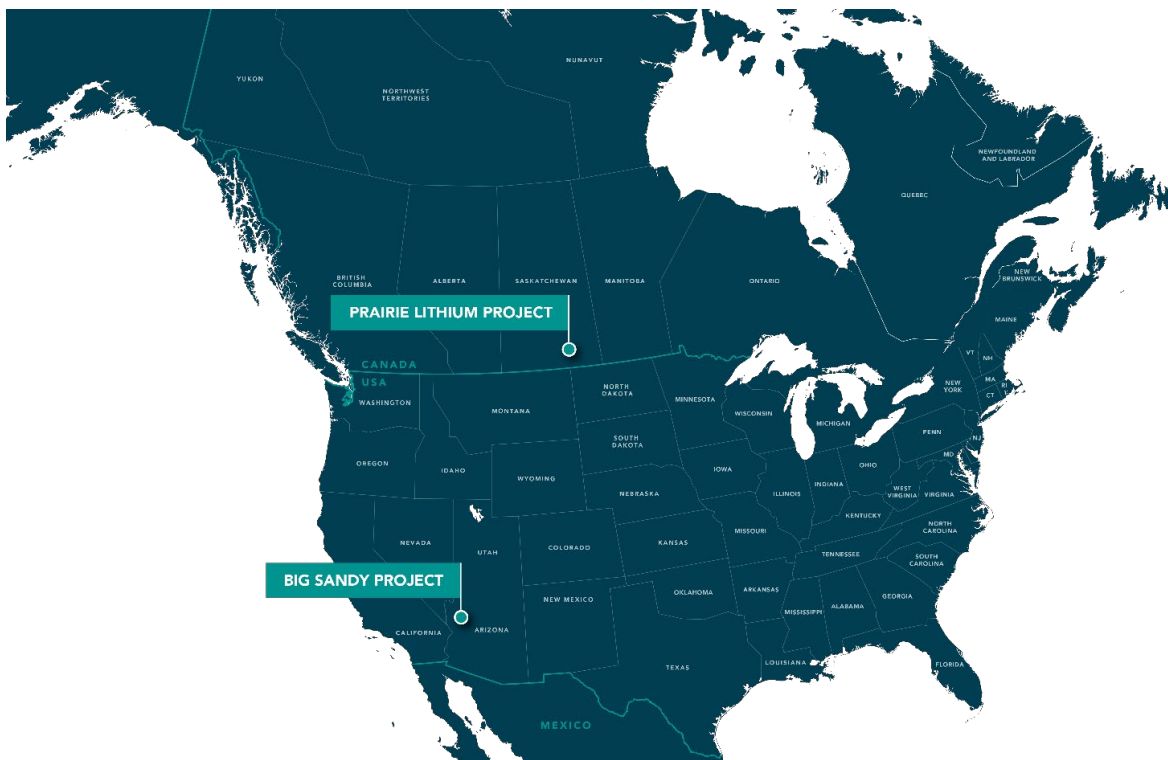


Figure 2: Location of Arizona Lithium's core projects

This ASX announcement is authorised for release by the Board.

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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 release. Mr. MacMillan is a member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA), which is ROPO accepted for the purpose of reporting in accordance with the ASX listing rules. Mr. MacMillan has been practising as a professional in hydrogeology since 2000 and has 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.