Arizona Lithium Limited
Annual Report

For the year ended 30 June 2024

ABN 15 008 720 223

Contents

Corporate Directory

Directors	Mr Barnaby Egerton-Warburton - Non-Executive Chairman Mr Paul Lloyd - Managing Director Mr Matthew Blumberg - Executive Director Mr Zachary Maurer - Executive Director Mr LaVern Lund - Non-executive Director
Company Secretary	Mr Shaun Menezes
Registered Office	Level 2, 10 Outram Street West Perth WA 6005
Share Registry	Automic Registry Services Level 5, 191 St Georges Terrace Perth WA 6000 Tel: 02 8072 1400
Auditor	Grant Thornton Audit Pty Ltd Level 43 152-158 St Georges Terrace Perth WA 6000
Securities Exchange Listing	Australian Securities Exchange Level 40, Central Park 152 – 158 St Georges Terrace Perth WA 6000 Code: AZL

Review of Operations

The following is a Review of Operations for the year ended 30 June 2024 ("**2024 Financial Year**"). During the 2024 Financial Year, Arizona Lithium made significant and meaningful progress across the portfolio of projects.

PRAIRIE LITHIUM PROJECT (100%)

The Prairie Lithium Project ("**Prairie Project**" or "**Prairie**") is located in the Williston Basin of Saskatchewan, Canada, and holds a resource of 6.3 million tonnes ("**Mt**") of Lithium Carbonate Equivalent ("**LCE**"), comprised of 4.5 Mt LCE Indicated and 1.8 Mt LCE Inferred. Arizona Lithium is fast tracking towards the commercialisation of the Prairie Project with commercial production anticipated in 2025.

Resource Upgrade

In August 2023, Arizona Lithium increased the resource at the Prairie project from 4.1Mt of inferred resource to a total of 5.7Mt, with 4.0Mt being an Indicated Resource and 1.7Mt being an Inferred Resource. This made the Prairie Project Resource the highest grade Indicated lithium brine resource in Canada, with the majority of the Indicated resource having a grade of approximately 127mg/L Lithium.

In December 2023 Arizona Lithium increased its mineral title interest by 39,331 net acres (approximately 159km^2) at the Prairie Project, increasing the total mineral title interest to over 390,000 acres. A resource upgrade on the newly leased land was completed in December 2023, resulting in a total resource increase for the Prairie Project to 6.3 Mt LCE, from the previous 5.7 Mt LCE held at Prairie. The new resource comprises 4.5Mt LCE Indicated and 1.8Mt Inferred.

The new resource of 6.3 Mt LCE at Prairie represents 9 years of 2022 global LCE consumption.

Preliminary Feasibility Study

A positive Preliminary Feasibility Study ("**PFS**") was released in December 2023 based on Phase One production of 6,000 tonnes per annum ("**tpa**") of Lithium Carbonate Equivalent (LCE) and confirmed excellent economics for the Prairie Lithium Project. Average annual operating costs of US$2,819/t over the operating life of the project make the Prairie Project one of the lowest cost global projects. The PFS detailed a modular production approach where each 2,000tpa would come online at a total installed cost of US$70 million. The PFS showed a a base Net Present Value of US$448 million and an IRR of 23.9%.

Pilot Plant

In October 2023 Arizona Lithium successfully produced high grade Lithium Carbonate in its 100% owned Lithium Research Centre, using brine from the Prairie Lithium project. The high impurity rejection and high lithium extraction percentage was the precursor to pilot plant operations in Saskatchewan.

In November 2023, Arizona Lithium confirmed the commissioning of the pilot plant at the Prairie Project in Saskatchewan.

The pilot plant completed its final phase of operation in February 2024, with over 200,000 litres of brine being processed, producing 13,500 litres of high purity lithium concentrate.

The operations over the 4-month period from November 2023 to February 2024 produced very high quality and consistent results. In April 2024, Arizona Lithium confirmed the pilot plant achieved an average lithium recovery rate of 95% and average impurity rejections of 99.99% for sodium and 99.98% for calcium.

Construction Commencement at Prairie Project

In November 2023 construction commenced on the Prairie Lithium Project with the ground that will hold the wells for the Direct Lithium Extraction (**"DLE"**) facility being permitted and cleared.

In November 2023 Arizona Lithium received government approval to drill its first well at Pad #1 of its Prairie Lithium Project.

Review of Operations

In February 2024 Arizona Lithium formally appointed Rhythm Engineering as the contractor for its Drilling and Completion Engineering work, as well as for supervision services.

In February 2024 Arizona Lithium received government approval to drill its second well at Pad #1 of its Prairie Lithium Project.

In May 2024 Arizona Lithium commenced drilling on Pad #1 at the Prairie Lithium Project with drilling and completion activities on the wells ongoing into the next fiscal year. Production testing commenced in June 2024. The rig was delivered to site on time and successfully commenced drilling a fully funded operation that included over 40 service providers and hundreds of support workers.

BIG SANDY LITHIUM PROJECT (100%)

The Big Sandy Lithium Project ("**Big Sandy**"), 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.

BLM POE Approval

Arizona Lithium received approval from the US Bureau of Land Management ("**BLM**") for the Permit of Exploration ("**POE**") at the Big Sandy Lithium Project in June 2024.

This POE includes 131 exploration holes and a bulk sample. The aim of the drill program is to expand the total Indicated and Inferred JORC Resource of 32.5 million tonnes ("**Mt**") grading 1,850 parts per million ("**ppm**") lithium ("**Li**") for 320,800 tonnes of contained Lithium Carbonate Equivalent ("**LCE**") (Table 1).

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

Table 1: Big Sandy Mineral Statement (above 800 ppm Li cut-off)

The drill program will be managed by Navajo Transitional Energy Company ("**NTEC**") as part of the Mining Services Agreement. NTEC is responsible for managing the permitting requirements, additional exploration drilling, mine design, environmental assessments, and development to the commencement of mining for the Big Sandy Lithium Project.

Mining Services Agreement

Arizona Lithium entered into a Mining Services Agreement with NTEC, wholly owned by the Navajo Nation, in March 2024.

Under the Mining Services Agreement, NTEC will apply their extensive experience in permitting and mining operations to the development of the Big Sandy Lithium Project in Arizona, and subsequent lithium production at the project. Vern Lund, CEO of NTEC joined the AZL Board with over 25 years of experience in mining operational management, business development and new project development.

BLM Claims Dispute

In February 2024, Arizona Lithium announced the settlement of the Big Sandy BLM claims dispute with Bradda Head Lithium.

The outstanding mining claim amendments and claim exchange outlined under the Settlement Agreement were finalised with the recording of such amendment and conveyance documentation in the Mohave County, Arizona public records.

Review of Operations

This followed a previous announcement in March 2023 that the mediation had concluded and resulted in execution of a final binding confidential settlement agreement and mutual release concerning a dispute regarding certain federal unpatented mining claims located in Mohave County, Arizona with Bradda Head Lithium.

Lithium Research Centre

The Lithium Research Centre ("**LRC**"), a world class test facility focused on the extraction of lithium from both the Prairie Project in Saskatchewan and the Big Sandy Project in Arizona was officially opened in May 2024. The opening event included Federal & State government officials, State economic development officers and leading experts across a range of disciplines. The event Partner was the Arizona Commerce Authority (ACA).

LORDSBURG LITHIUM PROJECT (100%)

The Lordsburg Lithium Project comprises about 291 BLM claims covering approximately 25 square kilometres and is located in the southwest corner of the state of New Mexico and is accessed along the I10 Interstate between Tucson and La Cruces close to the New Mexico, Arizona border.

The Lordsburg Lithium Project lies within the playa lake system at the northernmost end of the Animas Valley, New Mexico. The basin is an elongated sediment filled graben (valley) surrounded by tertiary volcanic rocks, a similar setting to the Clayton Valley, host to the only producing lithium project in the USA.

CORPORATE

At-The-Market Agreement

In May 2024, Arizona Lithium confirmed it had entered into an At-the-Market Subscription Agreement ("**ATM**") with Acuity Capital. The ATM provides Arizona Lithium with up to $10 million of standby equity capital over the coming period to 31 January 2029.

Importantly, Arizona Lithium has full discretion as to whether or not to utilise the ATM, the maximum number of shares to be issued, the minimum issue price of shares and the timing of each subscription (if any).

Placements

On 28 July 2023, the Company received firm commitments to raise $10 million (before costs) via a Placement to institutional and sophisticated investors to advance the Prairie Project.

On 18 December 2023, Arizona Lithium confirmed it had received firm commitments to raise $16.5 million (before costs) via a Flow Through Financing Placement to institutional and sophisticated investors, to further advance the Prairie Project.

Appointment(s)

On 5 June 2024, Mr Vern Lund was appointed to the AZL Board. Mr Lund is currently Chief Executive Officer of AZL's partner in the Big Sandy Lithium Project, NTEC, a US Tribally owned mining company.

The exploration results in this report were reported by the Company in accordance with ASX Listing Rule 5.7. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcements.

The mineral resource estimates in this report were reported by the Company in accordance with ASX Listing Rule 5.8 on 13 December 2023. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcement and that all material assumptions and technical parameters underpinning the estimates in the previous announcement continue to apply and have not materially changed.

Mineral Resources Statement

The following information is provided in accordance with Listing Rule 5.21 as at 30 June 2024.

Mineral Resource Estimation Governance Statement

Arizona Lithium Limited ensures that the Mineral Resource estimates are subject to appropriate levels of governance and internal controls. The Mineral Resources have been generated by independent external consultants and internal employees who are experienced in best practices in modelling and estimation methods. Where applicable, the consultants have also undertaken review of the quality and suitability of the underlying information used to generate the resource estimations. The Mineral Resource estimates follow standard industry methodology using geological interpretation and assay results from samples won through drilling.

Arizona Lithium Limited reports its Mineral Resources in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code) (2012 Edition). Competent Persons named by the Company qualify as Competent Persons as defined in the JORC Code.

Big Sandy Project Resources as at 30 June 2024 and as at 30 June 2023 (rounding errors apply)

The table below sets out the maiden Mineral Resources at 30 June 2024 for the Big Sandy Sedimentary Lithium Project in Arizona, USA. There was no change from the Mineral Resources in the prior year.

Total Indicated and Inferred Resources of 32.5 Million Tonnes (Mt) grading 1,850 parts per million (ppm) Li or 320,800 tonnes Lithium Carbonate Equivalent (LCE), reported above an 800 ppm Li cut-off.

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

COMPETENT PERSON'S STATEMENT

The information in this Review of Operations that relates to the Big Sandy Sedimentary Lithium Project 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 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. The Company confirms that the material assumptions and technical parameters underpinning the Resource estimate and exploration target, which were announced to the ASX on 26 September 2019 and 7 November 2019 respectively, have not materially changed.

Mineral Resources Statement

Prairie Lithium Project Resources as at 13 December 2023

The table below sets out the Mineral Resources at 13 December 2023 for the Prairie Lithium Project in Saskatchewan, Canada.

	Representative Lithium Concentration (mg/L)		Li Mass (tonnes)		LCE Mass (tonnes)		
Producing Formations	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
Total	101	106	340,000	850,000	1,800,000	4,500,000	6,300,000

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

Gordon MacMillan P.Geo., Principal Hydrogeologist of Fluid Domains, 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.

Information in this announcement that relates to Mineral Resources have been extracted from the Company's announcement released to ASX on 13 December 2023.

The announcement is available to view on the Company's website: www.arizonalithium.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of these Mineral Resources, 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 announcement.

Directors' Report

The Directors present their report on the consolidated group consisting of Arizona Lithium Limited and the entities it controlled (referred to hereafter as "the Group" or "Arizona") for the year ended 30 June 2024, as well as the consolidated financial report and the Auditor's Report thereon.

PRINCIPAL ACTIVITIES OF THE GROUP

Arizona Lithium Limited ("the Company" or "parent entity") is a mineral exploration company focusing on the Big Sandy, Prairie Lithium and Lordsburg Projects in North America exploring for lithium.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 4 August 2023, the Company completed a placement raising of $10,000,000 by the issue of 400,000,000 ordinary shares at $0.025 each with a 1:1 attaching option exercisable at $0.05 expiring two years from the date of issue.

On 21 December 2023, the Company completed a flow-through capital raising of $16,690,573 (C$14.8 million) by the issue of 328,356,469 ordinary shares at an average price of $0.0508 each with a 1:2 attaching option exercisable at $0.05 expiring on 10 August 2025.

On 2 May 2024, the Company issued 424,242,424 ordinary shares at $0.024 each to Navajo Transitional Energy Company ("NTEC") which are subject to the achievement of various milestones including full permitting of the Big Sandy Lithium Project.

OPERATING AND FINANCIAL REVIEW

The Group's loss attributable to members of the Company for the financial year ended 30 June 2024 was $22,817,088 (2023: loss of $14,361,706). The loss was largely due to the expensing of all mineral exploration expenditure and share-based payments in accordance with the Group's accounting policy.

At 30 June 2024, the Group had net assets of $83,082,700 (2023: $76,868,520) and the Company had 4,473,814,528 (2023: 2,749,676,710) fully paid shares and nil (2023: 251,538,925) exchangeable shares on issue.

DIRECTORS

The Directors of Arizona Lithium Limited in office at any time during, or since the end of, the year are set out below. Directors were in office for the entire period unless otherwise stated.

- Barnaby Egerton-Warburton (Non-Executive Chairman)
- Paul Lloyd (Managing Director)
- Matthew Blumberg (Executive Director)
- Zachary Maurer (Executive Director)
- LaVern Lund (Non-Executive Director, appointed 5 June 2024)

Directors' Report

INFORMATION ON CURRENT DIRECTORS (including interests in securities at the date of this report)

Mr Barnaby Egerton-Warburton – Non-Executive Chairman

Mr. Egerton-Warburton has over 30 years of investment banking, international investment and market experience with positions at JP Morgan (New York, Sydney, Hong Kong) BNP Equities (New York) and Prudential Securities (New York). An experienced investment banker and corporate advisor, having held managing director and non-executive director positions in the investment banking, technology, energy and resource sectors. He holds a degree in economics and is a graduate of the Australian Institute of Company Directors.

Other Current Listed Directorships:	Lord Resources Limited (since March 2015) NSX Limited (since April 2022) Pantera Minerals Limited (since December 2020) Diablo Resources Limited (since April 2021)
Former Directorships in Last Three Years:	Invictus Energy Limited (July 2016 – October 2021), Southern Cross Payments Limited (April 2015 – August 2022) Locality Planning Energy Holdings Ltd (March 2020 – February 2024)
Interests in Shares:	52,736,666
Interests in Options:	30,000,000
Interests in Performance Rights:	60,000,000

Mr Paul Lloyd – Managing Director

Paul Lloyd is a Chartered Accountant with over thirty years' commercial experience. Mr Lloyd operates his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. Mr Lloyd has been responsible for a number of IPOs, RTOs, project acquisitions and capital raisings for ASX listed public companies.

Other Current Listed Directorships:	BPM Minerals Limited (since October 2020) Diablo Resources Limited (since April 2021) Lord Resources Limited (since February 2021)
Former Directorships in Last Three Years:	None
Interests in Shares:	94,349,355
Interests in Options:	40,000,000
Interests in Performance Rights	95,000,000

Mr Matthew Blumberg – Executive Director

Matthew Blumberg holds a Master of Business Administration (MBA) from Yale University and a double degree in Engineering (First Class Honours) and Commerce from University of Western Australia. Mr Blumberg is currently a director of a US based private equity firm, ALJ Regional Holdings, focussing on Mergers & Acquisitions. He has previously worked in investment-based roles in New York and Sydney.

Other Current Listed Directorships:	None
Former Directorships in Last Three Years:	None
Interests in Shares:	36,966,666
Interests in Options:	20,000,000
Interests in Performance Rights	48,000,000

Directors' Report

Mr Zachary Maurer – Executive Director

Zach Maurer has over 10 years of experience in North America's energy sector. His experience spans production, environmental and hydrogeologic projects in Canada and the United States. In 2019, he founded and incorporated Prairie Lithium. As CEO of Prairie Lithium, he led multiple rounds of private equity funding while advancing lithium extraction technology and brine resource exploration in Saskatchewan, Canada. In 2023, he led Prairie Lithium through the successful acquisition by Arizona Lithium. He holds a B.Sc. in Geology from the University of Regina and a Diploma in Exploration Information Technology from the South Alberta Institute of Technology (SAIT).

Other Current Listed Directorships:	None
Former Directorships in Last Three Years:	None
Interests in Shares:	51,099,591
Interests in Options:	11,000,000

Mr LaVern Lund – Non-Executive Director (appointed 5 June 2024)

Mr Vern Lund commenced his career at North American Coal, where he worked for over 25 years, holding various technical, operational management, and executive positions. He graduated from North Dakota State University with a B.S. in Civil Engineering, and from Auburn University with an MBA.

Mr Lund is a seasoned coal executive with more than 25 years of experience in operational management, business development, and new project development. Prior to joining NTEC, Mr Lund served as Vice President of Engineering and Business Development for North American Coal from 2017 – 2021. Mr Lund is registered as a professional engineer. In addition to executive roles, Mr Lund has extensive field experience at five different mining operations. He is experienced in all aspects of operations; business development/contract negotiations; new project development including engineering design, permitting, and construction; mine management; and executive oversight of multiple operations.

Other Current Listed Directorships:	Texas Minerals Resource Corp (OTCQB: TMRC) (since May 2022)
Former Directorships in Last Three Years:	None

COMPANY SECRETARY

Mr Shaun Menezes – Company Secretary

Mr Menezes is an accounting and finance professional with over 20 years experience. He has worked in the capacity of Company Secretary and Chief Financial Officer of a number of ASX and SGX listed companies, held a senior management role within an ASX 200 listed company and was an executive director at a leading international accounting firm. He is a member of the Governance Institute of Australia and Chartered Accountants Australia and New Zealand.

DIVIDENDS

No dividends were paid or are proposed to be paid during the financial year (2023: Nil).

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Future developments for the Group depend on activity regarding the Company's exploration projects.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

No events that would have a significant effect on the financial report have occurred since the end of the reporting period.

Directors' Report

OPTIONS

Unissued ordinary shares of Arizona Lithium Limited under option at the date of this report are as follows:

Expiry date	Exercise price	Number under option 2024
11 October 2024	$0.06	92,000,000
10 August 2025	$0.05	590,178,235
27 March 2027	$0.12	20,750,000
19 May 2027	$0.12	9,750,000
1 March 2027	$0.04	65,750,000
Total		**778,428,235**

DIRECTORS' MEETINGS

During the financial year, five meetings of Directors were held and thirty two circular resolutions signed. Attendances by each Director during the year were as follows:

	Directors' meetings	
Name	**No. of meetings eligible to attend**	**No. of meetings attended**
Barnaby Egerton-Warburton	5	5
Paul Lloyd	5	5
Matthew Blumberg	5	5
Zachary Maurer	5	5
LaVern Lund	-	-

AUDIT COMMITTEE

The Company does not have a formally constituted audit committee. The Board considers that the Company's current position in respect of the composition of the Board, the size of the Company and the minimal complexities involved in its financial activities at present, the Company is not in a position to justify the establishment of an audit committee. The full Board performs the duties of this committee.

Directors' Report

REMUNERATION REPORT (AUDITED)

The remuneration report outlines the remuneration arrangements for the Key Management Personnel ("KMP") of the Group, being the Company's Board members, and is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Remuneration committee and board charter
3. Details of remuneration

Principles Used to Determine the Nature and Amount of Remuneration

In determining competitive remuneration rates, the Board seeks independent advice as required on local and international trends among comparative companies and industry generally. Independent advice may be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Board recognises that the Company operates in a global environment. To prosper in this environment it must attract, motivate and retain key executive staff.

The principles supporting the remuneration policy are as follows:

- reward reflects the competitive global market in which the Company operates;
- rewards to executives are linked to creating value for shareholders;
- remuneration arrangements are equitable and facilitate the development of senior management across the Company;
- where appropriate, senior managers receive a component of their remuneration in equity to align their interests with those of the shareholders; and
- long term incentives are used to ensure that remuneration of KMP reflects the Group's financial performance, with particular emphasis on the Group's earnings and the consequence of the Group's performance on shareholder wealth.

Fees and payments to directors reflect the demands which are made on, and the responsibilities of, the directors. Directors' fees and payments are reviewed annually by the Board. The Board also ensures that directors' fees and payments are appropriate and in line with the market.

There are no retirement allowances or other benefits paid to directors.

Remuneration Committee and Board Charter

The Charter of the Remuneration Committee extends the duties to that of a Nominations Committee. The Board considers that given the Company's current position in respect of the composition of the Board and the size of the Company, the Company is not in a position to justify the establishment of a Remuneration Committee and the full Board performs the duties of this committee, with members abstaining from discussions and decisions as appropriate.

The Remuneration Committee is responsible for making recommendations on remuneration policies and packages applicable to Board members and for approval of remuneration for executive officers of the Company taking into account the financial position of the Company. The broad remuneration policy per the formal Charter is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Directors' Report

It is the Remuneration Committee's policy to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities though taking into account the financial position of the Company and the Company's shareholder-approved limits. The Constitution of the Company specifies that the aggregate remuneration of directors, other than salaries paid to executive directors, shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is divided between those directors as they agree. The latest determination was at the Annual General Meeting held on 30 November 2022 when shareholders approved an aggregate remuneration of $500,000 per year.

The Board as a whole determines the amount of the fees paid to each non-executive director. All Directors may be allocated options and performance rights to acquire shares in the Company under the Director and Employee Share Option Plan approved by shareholders from time to time.

The Board approves remuneration packages for executive officers based on performance criteria and the Group's financial performance. Other employee remuneration packages are determined and approved by the Board based on salary market rate indicators, press advertisements, performance criteria and against the Group's financial state of affairs.

Employee Share Option Plan

The Group has an established Employee Share Scheme Plan (ESS) that entitles eligible employees, including directors, to purchase shares in the Company. Under the plan, the Board may issue convertible securities to acquire shares in the future at an exercise price fixed by the Board on grant of options. The vesting of all convertible securities is subject to service conditions being met whereby the recipient must meet the eligible employee criteria as defined in the plan, unless determined otherwise by the Board. The vesting of convertible securities may be subject to achievement of performance hurdles, as determined by the Board.

Additional information for consideration of shareholder wealth

This table summarises the earnings of the Group and other factors that are considered to affect shareholder wealth for the 5 years to 30 June 2024.

	2024	2023	2022	2021	2020
Loss after income tax attributable to shareholders ($)	(22,817,088)	(14,361,706)	(4,228,628)	(3,455,913)	(3,490,190)
Share price at year end ($)	0.019	0.032	0.082	0.025	0.013
Total dividends declared (cents per share)	-	-	-	-	-
Returns of capital (cents per share)	-	-	-	-	-
Basic (loss) per share (cents)	(0.65)	(0.58)	(0.19)	(0.24)	(0.41)

Directors' Report

Details of Remuneration – Service Agreements

Director	Position held as at 30 June 2024	Contract details (duration & termination)
Barnaby Egerton-Warburton	Non-Executive Chairman	Letter of appointment / In accordance with Constitution No notice period No termination benefits payable
Paul Lloyd	Managing Director	Service agreement Remuneration of $400,000pa inclusive of statutory superannuation (effective 1 January 2024); $300,000pa inclusive of statutory superannuation (1 July 2023 to 31 December 2023) Termination without cause requires 6 months' notice or payment
Matthew Blumberg	Executive Director	Letter of appointment / In accordance with Constitution Remuneration of US$90,000pa inclusive of benefits (effective 1 January 2024); US$60,000pa inclusive of benefits (1 July 2023 to 31 December 2023) No termination benefits payable
Zachary Maurer	Executive Director	Employment agreement Remuneration of C$300,000 Termination without cause requires 2 weeks notice for each year of service up to a maximum of 36 weeks; plus a payment equal to 10% of the notice payment for lost benefits; plus unused annual leave and any other minimum entitlements required by legislation.
LaVern Lund	Non-Executive Director	Letter of appointment / In accordance with Constitution No notice period No termination benefits payable

Remuneration Details for the Year Ended 30 June 2024

The following table sets out remuneration details in respect to the financial year, and the components of remuneration for each member of the KMP of the Group. The aggregate remuneration of non-executive directors was less than the approved aggregate remuneration of $500,000 per year.

		Short-term Benefits Cash salary and fees $	Post Employment Benefits Super-annuation $	Consulting fees $	Share based payments Options/ Rights $	Total $	Proportion of remuneration performance related %
B Egerton-Warburton	**2024**	**84,000**	**-**	**-**	**2,653,392**	**2,737,392**	**97**
	2023	84,000	-	-	1,290,879	1,374,879	94
P Lloyd	**2024**	**350,000**	**-**	**-**	**3,780,721**	**4,130,721**	**92**
	2023	300,000	-	-	2,496,121	2,796,121	89
M Blumberg	**2024**	**92,252**	**-**	**-**	**2,068,285**	**2,160,537**	**96**
	2023	62,419	-	-	1,068,227	1,130,646	94
Z Maurer	**2024**	**344,720**	**26,801**	**-**	**127,043**	**498,564**	**25**
	2023[2]	85,279	8,878	-	132,287	226,444	59
V Lund	**2024[1]**	**2,667**	**-**	**-**	**-**	**2,667**	**-**
Total	**2024**	**873,639**	**26,801**	**-**	**8,629,441**	**9,529,881**	**91**
	2023	531,698	8,878	-	4,987,514	5,528,090	90

[1] Appointed 5 June 2024.
[2] Appointed 24 March 2023.

Directors' Report

KMP Shareholdings

The number of ordinary shares in Arizona Lithium Limited held by each KMP of the Company, as disclosed to the ASX, during the financial year is as follows:

30 June 2024	Balance at beginning of year or appointment	Granted as remuneration during the year	Issued on exercise of performance rights / exchangeable shares during the year	Other changes during the year	Balance at end of year
B Egerton-Warburton	12,736,666	-	40,000,000	-	52,736,666
P Lloyd	44,349,355	-	50,000,000	-	94,349,355
M Blumberg	6,966,666	-	30,000,000	-	36,966,666
Z Maurer	-	-	51,099,591	-	51,099,591
V Lund[1]	-	-	-	-	-

[1] Appointed 5 June 2024.

On the 17 August 2023, 36,000,000 Class B performance rights issued in March 2023 were exercised as the following vesting condition has been met: Announcement to the ASX of the completion of a profitable Preliminary Feasibility Study (PFS) for the Prairie Lithium project.

On the 31 October 2023, 51,099,591 exchangeable shares that had been issued to Z Maurer converted to ordinary shares.

On 29 December 2024, 84,000,000 Class A performance rights issued in March 2023 were exercised as the following vesting condition has been met: 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.

KMP Option Holding

The number of share options in Arizona Lithium Limited held by each KMP of the Company, as disclosed to the ASX, during the financial year is as follows:

30 June 2024	Balance at beginning of year or appointment	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year
B Egerton-Warburton	30,000,000	-	-	-	30,000,000
P Lloyd	40,000,000	-	-	-	40,000,000
M Blumberg	20,000,000	-	-	-	20,000,000
Z Maurer	11,000,000	-	-	-	11,000,000
V Lund	-	-	-	-	-

On 11 October 2021, 20,000,000 unquoted options were issued to M Blumberg, exercisable at $0.06 expiring on 11 October 2024. An implied service condition of continuous service is attached to these options.

On 16 October 2021, 70,000,000 unquoted options were issued to B Egerton-Warburton and P Lloyd, exercisable at $0.06 expiring on 11 October 2024. An implied service condition of continuous service is attached to these options.

On 24 March 2023, 11,000,000 unquoted options were issued to Z Maurer, exercisable at $0.12 expiring 4 years from issue date. An implied service condition of continuous service is attached to these options.

Details of all options held by KMP, at the date of this report, are shown below.

Directors' Report

KMP	Grant date	Number granted	Value of options granted ($)	Issue date	Expiry date	Vested (%)
B Egerton-Warburton	16/11/2021	30,000,000	2,517,900	23/11/2021	11/10/2024	100
P Lloyd	16/11/2021	40,000,000	3,357,200	23/11/2021	11/10/2024	100
M Blumberg	11/10/2021	20,000,000	458,400	11/10/2021	11/10/2024	100
Z Maurer	24/03/2023	11,000,000	269,940	27/03/2023	27/03/2027	75

KMP Performance Rights Holdings

The number of performance rights in Arizona Lithium Limited held by each KMP of the Company, as disclosed to the ASX, during the financial year is as follows:

30 June 2024	Balance at beginning of year or appointment	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year
B Egerton-Warburton	100,000,000	-	(40,000,000)	-	60,000,000
P Lloyd	145,000,000	-	(50,000,000)	-	95,000,000
M Blumberg	78,000,000	-	(30,000,000)	-	48,000,000
Z Maurer	-	-	-	-	-
V Lund[1]	-	-	-	-	-

[1] Appointed 5 June 2024.

On the 17 August 2023, 36,000,000 Class B performance rights issued in March 2023 were exercised as the following vesting condition has been met: Announcement to the ASX of the completion of a profitable Preliminary Feasibility Study (PFS) for the Prairie Lithium project.

On 29 December 2024, 84,000,000 Class A performance rights issued in March 2023 were exercised as the following vesting condition has been met: 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.

Details of all performance rights held by KMP, at the date of this report, are shown below.

KMP	Class	Issue	Grant date	Number granted	Expiry date	Vested (%)
B Egerton-Warburton	A	B	15/08/2022	5,000,000	15/08/2025	-
B Egerton-Warburton	C	B	15/08/2022	7,500,000	15/08/2026	-
B Egerton-Warburton	D	B	15/08/2022	7,500,000	15/08/2027	-
B Egerton-Warburton	C	A	14/03/2023	20,000,000	27/03/2027	-
B Egerton-Warburton	D	A	14/03/2023	20,000,000	27/03/2028	-
P Lloyd	A	B	15/08/2022	15,000,000	15/08/2025	-
P Lloyd	C	B	15/08/2022	15,000,000	15/08/2026	-
P Lloyd	D	B	15/08/2022	15,000,000	15/08/2027	-
P Lloyd	C	A	14/03/2023	25,000,000	27/03/2027	-
P Lloyd	D	A	14/03/2023	25,000,000	27/03/2028	-
M Blumberg	A	B	15/08/2022	6,000,000	15/08/2025	-
M Blumberg	C	B	15/08/2022	6,000,000	15/08/2026	-
M Blumberg	D	B	15/08/2022	6,000,000	15/08/2027	-
M Blumberg	C	A	14/03/2023	15,000,000	27/03/2027	-
M Blumberg	D	A	14/03/2023	15,000,000	27/03/2028	-

Directors' Report

Issue A

240,000,000 performance rights were issued to directors on 27/03/2023 following shareholder approval at a general meeting held on 14/03/2023 as follows:

Tranche	# Performance Rights	Vesting Condition	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
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
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
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

120,000,000 Class A & Class B performance rights have vested during the year, leaving 120,000,000 outstanding as at 30 June 2024.

Issue B

111,500,000 performance rights were issued to directors on 15/08/2022 following shareholder approval at a general meeting held on 14/07/2022 as follows:

Tranche	# Performance Rights	Vesting Condition	Expiry Date
Class A	26,000,000	Successful commercial operation of the research facility in Phoenix, Arizona to process ore from the Big Sandy Lithium Project and produce lithium to a market acceptable standard with a minimum production of 20kgs of LCE per month for two consecutive months.	3 years from the date of issue
Class B	28,500,000	Completion of a successful Scoping Study for the Big Sandy Lithium Project	3 years from the date of issue
Class C	28,500,000	Announcement to the ASX of the completion of a profitable Preliminary Feasibility Study for the Big Sandy Lithium Project	4 years from the date of issue
Class D	28,500,000	Announcement to the ASX of the completion of a profitable Bankable Feasibility Study for the Big Sandy Lithium Project	5 years from the date of issue

28,500,000 Class B performance rights have vested during the prior year, leaving 83,000,000 outstanding as at 30 June 2024.

Cash Bonuses, Performance-Related Bonuses and Share-Based Payments

There were no options or performance rights issues, cash bonuses, or other short term performance related bonuses, made to any KMP in the financial years ended 30 June 2024.

Directors’ Report

Payments before taking office

There were no payments made to directors prior to appointment made during the year.

Loans to Directors and other KMP

There were no loan balances with directors or other KMP during the financial year ended 30 June 2024.

[END OF AUDITED REMUNERATION REPORT]

Directors' Report

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental regulations under either United States of America, Canada or their local State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements in other jurisdictions and is not aware of any breach of those environmental requirements as they apply to the Group.

INDEMNIFYING OFFICERS OR AUDITORS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by them in their capacity as Officer, or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The Company has agreed to pay a premium for Directors and Officers Insurance.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. The Company has not paid a premium in respect of a contract to insure the auditor of the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

In August 2024, the Company was provided with a copy of a "complaint" by the Hualapai Tribe lodged in the United States District Court for the District of Arizona. The Company was not a party to the complaint however the Company's motion to intervene was successful and it has been added as a party to the action and can assist with the defence of the complaint.

The Court has granted an order that temporarily halts the authorisation granted by the Bureau of Land Management ("BLM") until the outcome of an evidentiary hearing held on 17 September 2024 is released. As at the date of this report, the Court has not released its findings.

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

No fees were paid or payable to Grant Thornton during the year ended 30 June 2024 in relation to non-audit services.

AUDITORS' INDEPENDENCE DECLARATION

The auditors' independence declaration for the year ended 30 June 2024 has been received and is included on page 20.

Signed in accordance with a resolution of the Directors:

Mr Barnaby Egerton-Warburton
Non-Executive Chairman
Dated at Perth this 27th day of September 2024

Grant Thornton

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Auditor’s Independence Declaration

To the Directors of Arizona Lithium Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Arizona Lithium Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B P Steedman
Partner – Audit & Assurance

Perth, 27 September 2024

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2024

	Note	30 June 2024 $	30 June 2023 $
Other Income	3	2,152,895	950,043
Share based payment expense	29	(10,575,108)	(5,833,932)
Corporate and regulatory expenses		(1,627,581)	(1,625,653)
Exploration and evaluation	4(b)	(7,706,845)	(3,507,010)
Foreign exchange loss		(280,704)	(43,801)
Administrative expenses	4(a)	(3,224,542)	(3,996,142)
Loss on financial asset	13	(1,555,203)	(305,211)
Loss before income tax		**(22,817,088)**	**(14,361,706)**
Income tax	6	**-**	**-**
Loss attributable to members of the Company		**(22,817,088)**	**(14,361,706)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign controlled entities, net of tax		(3,326,334)	3,475,963
Other comprehensive income/(loss) for the year		**(3,326,334)**	**3,475,963**
Total comprehensive loss for the year		**(26,143,422)**	**(10,885,743)**
Loss per share attributable to the ordinary equity holders of the company			
Basic loss per share in cents	24	**(0.65)**	**(0.58)**
Diluted loss per share in cents	24	**(0.65)**	**(0.58)**

The accompanying notes form part of these financial statements.

Consolidated statement of financial position as at 30 June 2024

	Note	30 June 2024 $	30 June 2023 $
CURRENT ASSETS			
Cash and cash equivalents	7	11,952,889	3,303,842
Trade and other receivables	8	61,597	1,144,810
Prepayments	9	261,259	176,382
TOTAL CURRENT ASSETS		**12,275,745**	**4,625,034**
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	10	68,346,093	67,875,471
Plant and equipment	11	7,569,058	3,711,793
Right of use assets	12	1,828,535	2,484,427
Other financial assets	13	714,844	2,427,726
TOTAL NON-CURRENT ASSETS		**78,458,530**	**76,499,417**
TOTAL ASSETS		**90,734,275**	**81,124,451**
CURRENT LIABILITIES			
Trade and other payables	14	2,227,129	1,559,303
Lease liability	15	700,808	646,451
Provisions		34,298	-
Other	16	3,138,883	-
TOTAL CURRENT LIABILITIES		**6,101,118**	**2,205,754**
NON-CURRENT LIABILITIES			
Lease liability	15	1,550,457	2,050,177
TOTAL NON-CURRENT LIABILITIES		**1,550,457**	**2,050,177**
TOTAL LIABILITIES		**7,651,575**	**4,255,931**
NET ASSETS		**83,082,700**	**76,868,520**
EQUITY			
Contributed equity	17	173,583,426	152,030,292
Reserves	18	30,996,513	23,518,379
Accumulated losses		(121,497,239)	(98,680,151)
TOTAL EQUITY		**83,082,700**	**76,868,520**

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity for the year ended 30 June 2024

	Issued Capital $	Share based payment reserve $	Foreign translation reserve $	Accumulated losses $	Total $
Balance at 1 July 2023	**152,030,292**	**22,228,179**	**1,290,200**	**(98,680,151)**	**76,868,520**
Comprehensive Income					
Loss for the year	-	-	-	(22,817,088)	(22,817,088)
Other comprehensive income for the year Exchange differences on translation of controlled entities	-	-	(3,326,334)	-	(3,326,334)
Total comprehensive loss for the year	**-**	**-**	**(3,326,334)**	**(22,817,088)**	**(26,143,422)**
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	35,415,853	-	-	-	35,415,853
Exchangeable shares retracted during the year	(12,576,946)	-	-	-	(12,576,946)
Share issue costs	(1,562,337)	-	-	-	(1,562,337)
Share-based payments	-	11,081,032	-	-	11,081,032
Shares released from Escrow	276,564	(276,564)	-	-	-
At 30 June 2024	**173,583,426**	**33,032,647**	**(2,036,134)**	**(121,497,239)**	**83,082,700**

Consolidated statement of changes in equity for the year ended 30 June 2024 (continued)

	Issued Capital $	Share based payment reserve $	Foreign translation reserve $	Accumulated losses $	Total $
Balance at 1 July 2022	**113,594,860**	**15,725,497**	**(2,185,763)**	**(84,318,445)**	**42,816,149**
Comprehensive Income					
Loss for the year	-	-	-	(14,361,706)	(14,361,706)
Other comprehensive income for the year Exchange differences on translation of controlled entities	-	-	3,475,963	-	3,475,963
Total comprehensive loss for the year	**-**	**-**	**3,475,963**	**(14,361,706)**	**(10,885,743)**
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	27,284,125	-	-	-	27,284,125
Exchangeable shares issued during the year	12,576,946	-	-	-	12,576,946
Share issue costs	(1,425,639)	668,750	-	-	(756,889)
Share-based payments	-	5,833,932	-	-	5,833,932
At 30 June 2023	**152,030,292**	**22,228,179**	**1,290,200**	**(98,680,151)**	**76,868,520**

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows for the year ended 30 June 2024

	Note	30 June 2024 $	30 June 2023 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(11,157,236)	(8,325,500)
Grant income		1,402,508	-
Security bond refund		645,032	-
Interest received		417,726	945,000
Net cash used in operating activities	26(b)	**(8,691,970)**	**(7,380,500)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of Prairie Lithium Corporation		-	(43,956,044)
Payment for acquisition of plant and equipment		(4,931,875)	(2,877,234)
Proceeds on disposal of plant and equipment		562,123	-
Proceeds on disposal of non-current assets		196,862	-
Payments for exploration and evaluation		(3,492,104)	-
Payments for other financial assets		-	(1,949,653)
Cash acquired on acquisition of Prairie Lithium Corporation		-	3,173,157
Net cash used in investing activities		**(7,664,994)**	**(45,609,774)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of share issues		26,666,669	14,139,390
Share issue costs		(1,327,538)	(889,341)
Repayment of borrowings		(18,567)	-
Proceeds from borrowings		224,055	-
Net cash generated by financing activities		**25,544,619**	**13,250,049**
Net increase/(decrease) in cash and cash equivalents		**9,187,655**	**(39,740,225)**
Cash and cash equivalents at the beginning of the year		3,303,842	42,983,007
Effects of exchange rate changes on cash and cash equivalents		(538,608)	61,060
Cash and cash equivalents at the end of the year	7	**11,952,889**	**3,303,842**

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 STATEMENT OF MATERIAL ACCOUNTING POLICIES

The financial statements include the consolidated financial statements and notes of Arizona Lithium Limited ("the Company") and controlled entities ("the Group").

The material accounting policies which have been adopted in the preparation of the financial statements are set out below.

(a) Basis of preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements of the Group comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs. The financial statements are presented in Australian dollars.

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The consolidated financial statements are presented in AUD, which is also the functional currency of the parent company. The financial statements were authorised for issue by the Directors on the 27th of September 2024.

Arizona Lithium Limited is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

(b) Going Concern

This financial report has been prepared on the basis of going concern.

The Group incurred a net loss of $22,817,088 (2023: loss of $14,361,706), operating cash outflows of $8,691,970 (2023: outflow of $7,380,500) and investing cash outflows of $7,664,994 (2023: $45,609,774). These cash outflows were funded by existing cash and financing cash inflows of $25,544,619 (2022: $13,250,049). The cash flow projections of the Group indicate that it may require additional capital to meet planned but uncommitted exploration and investment activities.

To meet the capital and operating expenditure budgets for the next twelve month the Directors intend to raise further capital for the Group. The directors believe that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable given its past history of successfully raising new equity and current market capitalisation of the Company.

Should the Company be unable to raise the required capital to fund the next 12 months planned capital and operating expenditure, there is material uncertainty on its ability to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

Notes to the financial statements (continued)

1 STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(c) New Accounting Standards for application in future periods

The Directors have reviewed all of the new and revised Standards and interpretations in issue that are relevant to the Group and effective for future reporting periods. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on issue and not yet adopted by the Group and therefore no material change is necessary to Group accounting policies.

(d) New and Amended Accounting Policies adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Arizona Lithium Limited and entities (including special purpose entities) controlled by Arizona Lithium Limited (its subsidiaries).

Control is achieved when the Company:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the Group. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:
- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Notes to the financial statements (continued)

1 STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Acquisitions of subsidiaries

Business combinations

In each transaction that results in the acquisition of a subsidiary, the Company determines if AASB 3 ‘Business Combinations’ shall apply to the transaction by assessing if the Company has acquired “business”. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. . If the Company determines that the acquisition results in the acquisition of a business, then the Company applies the requirements of AASB 3 to the acquisition.

Asset acquisitions

If the Company determines that the acquired subsidiary does not constitute a business, then the transaction is accounted for as an acquisition of an asset (or group of assets) that do not constitute a business combination within the scope of AASB 3. In the acquisition of a group of assets, the cost of the acquisition is allocated between the individual assets and liabilities in the group based on their relative fair values at the date of acquisition.

(f) Foreign currency transactions

The Group’s consolidated financial statements are presented in Australian dollars, which is also the parent company’s functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting dates. The revenues and expenses of foreign operations are translated into Australian dollars using average exchange rates, which approximate exchange rates at the dates of transactions, for the period. All resulting exchange rate differences are recognised in other comprehensive income through the foreign translation reserve in equity.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group’s entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Notes to the financial statements (continued)

1 STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(g) Exploration and evaluation expenditure

Exploration costs are incurred to discover mineral resources. Evaluation costs are incurred to assess the technical feasibility and commercial viability of resources found.

Exploration and evaluation expenditure is charged to the income statement as incurred, except in the following circumstances in which case the expenditure may be capitalised:

- the exploration activity is within an area of interest that was previously acquired as part of an asset acquisition or business combination and measured at fair value on acquisition; or
- the existence of a commercially viable mineral deposit has been established.

A regular review of each area of interest is undertaken to determine the appropriateness of continuing to carry forward costs in relation to that area. Capitalised costs are only carried forward to the extent that they are expected to be recovered through successful exploitation of the area of interest or alternatively by its sale. To the extent that capitalised expenditure is no longer expected to be recovered, it is charged to the income statement.

(h) Impairment of assets

At the end of the reporting period, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Building improvements - lease term
Right of use assets - lease term
Plant and equipment - 5 to 7 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial period end.

Derecognition and disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

Notes to the financial statements (continued)

1 STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(j) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and usually paid within 30 days of recognition.

(k) Leases

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

i. fixed lease payments less any lease incentives;
ii. variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
iii. the amount expected to be payable by the lessee under residual value guarantees;
iv. the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
v. payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(l) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Government grants and assistance

The Group makes periodic applications for financial assistance under available Canadian government incentive programs and Scientific Research & Experimental Development ("SR&ED") grant. The funding is provided for non-capital expenditures relating to research and development projects. This assistance is recognized as income 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.

Notes to the financial statements (continued)

1 STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(n) Share based payment transactions

The Group recognises the fair value of options and performance rights granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

The Group provides benefits to directors, employees and consultants of the Group in the form of share based payment transactions, whereby directors, employees and consultants render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with directors, employees and consultants is measured by reference to fair value at the date they are granted. The fair value is determined using the Black-Scholes or Monte Carlo option pricing model.

(o) Flow-through shares

Flow-through shares may be issued to finance a portion of an exploration program. A flow-through share agreement transfers the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company divides the flow-through shares into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognised as a liability, and ii) issued capital. Upon expenses being incurred, the Company derecognises the liability and the premium is recognised in other income. The exploration spend also gives rise to a deferred tax liability which is recognised as the difference between the carrying value and tax base of the qualifying expenditure for the tax reduction renounced to investors.

(p) Classification of comparatives

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these Financial Statements the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

Significant accounting estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within this financial report are:

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Fair values of share options are determined using the Black-Scholes and Monte Carlo model.

Notes to the financial statements (continued)

3 INCOME

	Note	2024 $	2023 $
Interest received		**430,033**	945,940
Sale of rights to tax deductions	(i)	**712,788**	-
Mining rehabilitation bond – South Africa	(ii)	**645,032**	-
Government grants		**362,367**	-
Other		**2,675**	4,103
Total revenue		**2,152,895**	950,043

(i) Sale of rights to tax deductions generated in connection with flow-through share issuances

On 18 December 2023 the Company entered into a flow through share arrangement with sophisticated and institutional investors. $14,800,001 (CAD) was received and refundable to the investor except to the extent that eligible expenses are incurred. Upon expenses being incurred, the Company derecognises the liability and the premium is recognised in other income. Refer to Note 16 for recognition of the liability.

(ii) Mining rehabilitation bond – South Africa

On 6 June 2024, the Company recovered a South African mining rehabilitation bond that had been impaired in the prior period.

4 LOSS BEFORE INCOME TAX

	2024 $	2023 $
(a) Individually significant items in administrative expenses include:		
Accounting and administration fees	244,887	74,422
Audit fees	87,033	223,262
Legal fees	586,787	1,433,117
Depreciation	1,325,481	796,964
Other	980,354	1,468,377
Total	3,224,542	3,996,142
(b) Exploration and evaluation:		
US Lithium	56,756	73,350
Big Sandy Project	2,941,829	2,021,815
Prairie Lithium Project	4,708,260	1,411,845
Total	7,706,845	3,507,010

5 AUDITORS' REMUNERATION

	2024 $	2023 $
Remuneration of auditor for audit or review of the consolidated financial report of the Company:		
- Grant Thornton Australia Pty Ltd	**92,844**	83,840
Other services		
- compliance matters	**-**	124,583

Notes to the financial statements (continued)

6 TAXATION

(a) Income tax expense/(benefit)

	2024 $	2023 $
Current tax	**-**	-
Deferred tax	**-**	-
	-	-

(b) Reconciliation of income tax expense to prima facie tax payable:

	2024 $	2023 $
Loss before income tax expense	**(22,817,088)**	(13,071,508)
Tax at the Australian tax rate of 30% (2023: 30%)	**(6,845,126)**	(3,921,452)
Movement in unrecognised temporary differences	**3,041,615**	968,500
Tax effect of current year tax losses for which no deferred tax asset has been recognised/(utilisation of losses)	**3,803,511**	2,952,952
Total income tax (benefit)	**-**	-

(c) Unrecognised deferred tax assets:

	2024 $	2023 $
Timing differences	**10,284,349**	10,362,988
Tax losses – revenue (Australia)	**11,203,920**	7,385,268
Tax losses – revenue (USA)	**3,757,595**	1,720,781
Tax losses – revenue (Canada)	**1,761,450**	563,496
Tax losses - capital	**-**	-
Deferred tax assets not brought to account	**27,007,314**	20,031,533

An Australian income tax rate of 30% has been used because the Company is not expected to be a base rate entity when it has future taxable profits. The Group has not recognised any deferred tax assets except to the extent that they offset deferred tax liabilities.

The ability of the Group to utilise the tax losses is subject to the Company satisfying either the continuity of ownership test or the same business test.

(d) Franking credits

The Company has no franking credits available.

7 CASH AND CASH EQUIVALENTS

	2024 $	2023 $
Cash at bank	**4,279,133**	3,303,842
Term deposits	**7,673,756**	-
	11,952,889	3,303,842

Term deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8 TRADE & OTHER RECEIVABLES

CURRENT

Other receivables	**61,597**	1,144,810
	61,597	1,144,810

9 PREPAYMENTS

Current	**261,259**	176,382
	261,259	176,382

Notes to the financial statements (continued)

10 EXPLORATION AND EVALUATION EXPENDITURE	2024 $	2023 $
Balance at the beginning of the period	**67,875,471**	-
Capitalised	**3,492,104**	-
Acquisition of Prairie Lithium (Note 30)	**-**	64,827,147
Foreign exchange gain/(loss)	**(3,021,482)**	3,048,324
	68,346,093	67,875,471

Effective 1 January 2024 Management determined that the Prairie Lithium project has commercially viable mineral deposits that will provide future economic benefits to the Group. From this date all exploration costs associated with project have been capitalised to exploration and evaluation.

The value of the exploration tenements carried forward is dependent upon:
(a) The continuance of the Consolidated Entity's rights to tenure of the area of interest;
(b) The results of future exploration; and
(c) The recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.
All of these criteria have been met.

11 PLANT AND EQUIPMENT	2024 $	2023 $
Building improvements		
Cost	**673,375**	535,301
Accumulated depreciation	**(171,541)**	(40,897)
	501,834	494,404
Plant and equipment		
Cost	**2,767,313**	2,698,233
Accumulated depreciation	**(677,585)**	(218,086)
	2,089,728	2,480,147
Capital work-in-progress		
Cost	**4,977,496**	737,242
Total Plant and Equipment	**7,569,058**	3,711,793
Movement in:		
Building improvements		
Balance at the beginning of the period	**494,404**	49,749
Additions	**142,927**	485,552
Depreciation expense	**(132,549)**	(40,897)
Foreign exchange movement	**(2,948)**	-
Balance at the end of the period	**501,834**	494,404
Plant and equipment		
Balance at the beginning of the period	**2,480,147**	-
Additions	**732,728**	2,698,233
Disposals	**(501,065)**	-
Depreciation expense	**(543,563)**	(218,086)
Foreign exchange movement	**(78,519)**	-
Balance at the end of the period	**2,089,728**	2,480,147

Notes to the financial statements (continued)

12 RIGHT OF USE ASSET	2024 $	2023 $
Cost	**3,369,279**	3,399,475
Accumulated depreciation	**(1,540,744)**	(915,048)
	1,828,535	2,484,427
Movement in right of use asset:		
Balance at the beginning of the period	**2,484,427**	69,286
Additions	**-**	3,330,189
Depreciation expense	**(625,696)**	(915,048)
Foreign exchange movement	**(30,196)**	-
Balance at the end of the period	**1,828,535**	2,484,427

13 OTHER FINANCIAL ASSETS

	2024 $	2023 $
NON CURRENT		
Security bond – leased premises	**300,394**	458,073
Unlisted investment at fair value (i)	**394,450**	1,949,653
Other financial assets	**20,000**	20,000
	714,844	2,427,726

(i) Unlisted investment
As at 30 June 2024, the Group holds 2,049,181 shares in Midwest Lithium Limited (“Midwest”). Whether the 11.5% equity investment in Midwest is a financial asset or associate is a key judgment. The Directors have determined that the Company does not have significant influence over Midwest and has been accounted for as a financial asset. The carrying value of the investment represents its fair value using Level 2 inputs as defined by *AASB 13 Fair Value Measurement*. Due to material decreases in the price of lithium during the year the fair value of the investment declined by $1,552,503 at 30 June 2024.

14 TRADE AND OTHER PAYABLES

CURRENT Unsecured liabilities:	2024 $	2023 $
Trade payables	**2,058,782**	1,212,021
Other payables	**168,347**	347,282
	2,227,129	1,559,303

15 LEASE LIABILITY Carrying value	2024 $	2023 $
Current	**700,808**	646,451
Non-Current	**1,550,457**	2,050,177
	2,251,265	2,696,628

The Group has leases for the corporate offices, lithium research centre and mobile equipment. Each lease is reflected in the consolidated statement of financial position as a fixed asset or right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or rate are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its plant and equipment (see note 12).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase

Notes to the financial statements (continued)

the underlying asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over the lithium research centre, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure right-of-use assets and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the consolidated statement of financial position at 30 June 2024:

Right-of-use asset	No of right-of-use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to an index	No of leases with termination options
Corporate office	1	3 years	3 years	-	-	1	1
Lithium Research Centre	1	3 years	3 years	1	-	1	1
Mobile Equipment	3	1 to 3.5 years	2.3 years	-	4	-	-

The lease liabilities are secured by the related underlying assets. Future lease payments at 30 June 2024 are set out in note 25.

16 OTHER LIABILITIES

CURRENT	2024 $	2023 $
Flow-through share premium liability	**3,138,883**	-

The flow-through share premium liability has been recognised as a current liability as management estimate sufficient qualifying resource expenditure will occur within 12 months to recognise the premium as income. Refer to Note 3 for recognition of Other Income.

17 CONTRIBUTED EQUITY

Contributed equity consists of the following:		
Issued capital	**183,488,680**	139,453,346
Exchangeable shares (ii)	**-**	12,576,946
Total	**183,488,680**	152,030,292

Notes to the financial statements (continued)

17 CONTRIBUTED EQUITY (continued)

Ordinary shares	Number of shares 2024	Number of shares 2023	2024 $	2023 $
Opening balance	2,749,676,710	2,233,496,990	139,453,340	113,594,860
Issue of shares on exercise of options	-	7,079,078	-	219,070
Placement – July 2022	-	171,428,571	-	12,000,000
Acquisition of Prairie Lithium (Note 30)	-	248,461,073	-	12,423,054
Share purchase plan	-	58,710,998	-	2,641,995
Issue of shares on exercise of performance rights	120,000,000	30,500,000	-	-
Placement – August 2023	400,000,000	-	10,000,000	-
Placement – December 2023	328,356,469	-	12,838,913	-
Issue of shares for NTEC Mining Services Agreement released from escrow (i)	11,523,491	-	276,564	-
Issue of shares on retraction of Exchangeable Shares (ii)	251,538,925	-	12,576,946	-
NTEC Escrowed Shares on issue	412,718,933	-	-	-
At-the-market share issue	200,000,000	-	-	-
Transaction cost of share issues	-	-	(1,562,337)	(1,425,639)
Closing balance	**4,473,814,528**	**2,749,676,710**	**173,583,426**	**139,453,340**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of the winding up of the Company ordinary shareholders rank after creditors and are fully entitled to any net proceeds on liquidation. Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital. At 30 June 2024 there were 1,059,942,521 options to acquire fully paid ordinary shares in the Company (2023: 344,014,286).

(i) Issue of shares for NTEC Mining Services Agreement released from escrow

On 2 May 2024, the Company issued 424,242,424 ordinary shares to Navajo Transitional Energy Company ("NTEC") which are subject to the achievement of various milestones including full permitting of the Big Sandy Lithium Project. NTEC are contracted to complete the exploration programme and their contract has a series of milestones to complete. As each milestone is achieved, the value of the shares released from escrow are expensed as exploration expenditure. During the year, Milestones 1 and 2 were achieved resulting in 11,523,491 shares released from escrow and $276,564 recognised as exploration expenditure and the fair value of the services performed to date.

Notes to the financial statements (continued)

17 CONTRIBUTED EQUITY (continued)

Exchangeable shares	Number of shares 2024	Number of shares 2023	2024 $	2023 $
Opening balance	251,538,925	-	12,576,946	-
Acquisition of Prairie Lithium (Note 30)	-	251,538,925	-	12,576,946
Retraction for ordinary shares (ii)	(251,538,925)	-	(12,576,946)	-
Closing balance	**-**	**251,538,925**	**-**	**12,576,946**

(ii) Exchangeable Shares

Each Exchangeable Share will be exchangeable into an Ordinary Share at no cost to the holder at the option of the holder. Upon conversion, application for the quotation of these Ordinary Shares was made as follows:

On 15 May 2024 7,826,577 ordinary shares were issued in exchange for the exchangeable shares.
On 29 March 2024 30,328,060 ordinary shares were issued in exchange for the exchangeable shares.
On 23 February 2024 24,972,428 ordinary shares were issued in exchange for the exchangeable shares.
On 2 February 2024 29,574,163 ordinary shares were issued in exchange for the exchangeable shares.
On 24 November 2023 25,728,383 ordinary shares were issued in exchange for the exchangeable shares.
On 31 October 2023 88,096,346 ordinary shares were issued in exchange for the exchangeable shares.
On 25 August 2023 31,702,852 ordinary shares were issued in exchange for the exchangeable shares.
On 21 July 2023 1,507,705 ordinary shares were issued in exchange for the exchangeable shares.
On 11 July 2023 11,802,411 ordinary shares were issued in exchange for the exchangeable shares.

Special Voting Share

The Company has issued one Special Voting Share to a trustee which will hold the Special Voting Share on behalf of all holders of Exchangeable Shares in order that holders of Exchangeable Shares will be able to vote at the Company's shareholder meetings. The Special Voting Share will carry as many votes at shareholder meetings of the Company as there are exchangeable shares on issue at the voting eligibility cut-off time of the meeting. The Special Voting Share is not transferable, will not be listed and will cease to have any voting rights at meetings of the Company's shareholders once all Exchangeable Shares have been converted into Ordinary Shares.

Options

Options issued during the year comprise those representing share based payments, which were issued to directors, consultants and brokers as set out in note 29 and 564,178,235 free attaching options exercisable at $0.05 by 10 August 2025, which were part of the capital raising during the year.

Notes to the financial statements (continued)

18 RESERVES

Share-based payment reserve	2024 $	2023 $
Opening balance	22,228,179	15,725,497
Movement for the year	10,804,468	6,502,682
Closing balance	**33,032,647**	**22,228,179**
Foreign translation reserve		
Opening balance	1,290,200	(2,185,763)
Foreign translation difference on translation of controlled entities	(3,326,334)	3,475,963
Closing balance	**(2,036,134)**	**1,290,200**
	30,996,513	**23,518,379**

Share-based payment reserve:
The share-based payment reserve relates to shares and share options and performance rights granted by the Company to its employees under its employee share plan and other suppliers in consideration for services rendered.

Foreign translation reserve:
Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign translation reserve. Exchange differences previously accumulated in the foreign translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

Notes to the financial statements (continued)

19 CONTROLLED ENTITIES

Parent entity	Percentage Interest 2024	2023	Country of incorporation
Arizona Lithium Limited			Australia
Particulars in relation to controlled entities			
USA Lithium Limited	100%	100%	Australia
US Lithium Pty Ltd	100%	100%	Australia
New Mexico Lithium Pty Ltd	100%	100%	Australia
Big Sandy Inc	100%	100%	United States
Lordsburg Resource Inc	100%	100%	United States
Trout Creek Ranch Pty Ltd	100%	100%	Australia
Trout Creek Ranch LLC	100%	100%	United States
Broadford Stables Pty Ltd	100%	100%	Australia
Prairie Lithium Corporation	100%	100%	Canada
2477827 Alberta Corporation	100%	100%	Canada
2477955 Alberta Corporation	100%	100%	Canada
ZYL Mining (SA) Proprietary Limited	100%	100%	South Africa
Oakleaf Investment Holdings (Proprietary) Limited	100%	100%	South Africa
Altius Trading 404 (Proprietary) Limited	70%	70%	South Africa

20 PARENT ENTITY DISCLOSURES

The following details information related to the parent entity, Arizona Lithium Limited. The information presented has been prepared using consistent accounting policies as stated in note 1.

(a) Summary financial information

	2024 $	2023 $
Current assets	38,544,083	15,194,291
Total assets	124,973,201	96,030,123
Current liabilities	3,546,460	604,593
Total liabilities	3,574,028	646,907
Contributed equity	183,488,680	152,030,292
Reserves	33,032,647	22,228,179
Accumulated losses	(123,533,373)	(97,389,951)
Total equity	**92,987,954**	**76,868,520**
Profit/(Loss) for the year	(23,577,262)	(24,041,563)
Other comprehensive income/ (loss) for the year	-	-
Total comprehensive loss for the year	**(23,577,262)**	**(24,041,563)**

(b) The parent entity had not provided any material guarantees as at 30 June 2024.

(c) The parent entity did not have any material contingent liabilities as at 30 June 2024.

(d) The parent entity did not have any material contractual commitments as at 30 June 2024.

Notes to the financial statements (continued)

21 SEGMENT INFORMATION

During the year, the Group's operations consisted of mineral exploration in North America and corporate functions.

The Board is the chief operating decision maker. All amounts reported to the Board are determined in accordance with accounting policies that are consistent with financial reporting requirements. Intra-group loans are valued in Australian or Canadian dollars with no interest charged. There are no intragroup eliminations because assets are used across the Group and all trade payables are paid by Australian entities, with all assets, liabilities and transactions controlled from Australia. Costs of acquiring North American mineral exploration interests and exploration expenditure incurred by the Company for North American operations are allocated to the North American segments respectively.

(i) Segment performance

	Australia		North America		Consolidated	
	2024 $	2023 $	2024 $	2023 $	2024 $	2023 $
Interest income	77,624	950,043	352,410	-	430,033	950,043
Other	1,357,820	-	365,041	-	1,722,862	-
Total revenue	**1,435,444**	**950,043**	**717,451**	**-**	**2,152,895**	**950,043**
Segment result:						
Share based payment expense	(10,575,108)	(5,833,932)	-	-	(10,575,108)	(5,833,932)
Exploration and evaluation	-	-	(7,706,845)	(3,507,010)	(7,706,845)	(3,507,010)
Administrative expenses	(737,358)	(1,234,472)	(2,487,185)	(2,761,670)	(3,224,542)	(3,996,142)
Other expenses	(3,361,610)	(1,024,622)	(101,878)	-	(3,463,487)	(1,024,622)
Loss after income tax	**(13,238,632)**	**(8,093,026)**	**(9,578,457)**	**(6,268,680)**	**(22,817,088)**	**(14,361,706)**

(ii) Segment financial position

	Australia		North America		Consolidated	
	2024 $	2023 $	2024 $	2023 $	2024 $	2023 $
Segment assets	11,643,371	4,695,171	88,996,158	76,429,280	100,639,529	81,124,451
Segment liabilities	(3,574,028)	(646,906)	(4,077,547)	(3,609,025)	(7,651,575)	(4,255,931)
Segment net assets	**8,069,343**	**4,048,262**	**84,918,611**	**72,820,255**	**92,987,954**	**76,868,520**

Notes to the financial statements (continued)

22 KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation of key management personnel

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2024.

	2024 $	2023 $
Short term employment benefit	**873,639**	444,094
Post-employment benefits	**26,801**	7,203
Share based payments	**8,629,441**	4,987,514
	9,529,881	5,526,415

23 RELATED PARTY TRANSACTIONS AND BALANCES

The Group's main related parties are as follows:

a. Subsidiaries
Interest in subsidiaries are set out in Note 19.

b. Key management personnel
Disclosures relating to key management personnel are set out in note 22.

c. Transactions with related parties:
During the year, options and performance rights were issued to directors. Disclosures relating to share based payments are set out in note 29.

Other than as set out above, there were no other transactions with KMP's during the year.

24 LOSS PER SHARE

Loss per share attributable to the ordinary equity holders of the company	2024	2023
Basic/diluted loss per share in cents	**(0.65)**	(0.58)
Weighted average number of ordinary shares used in the calculation of basic/diluted loss per share	**3,525,123,463**	2,485,012,578
Basic/diluted loss	**(22,817,088)**	(14,361,706)

The options on issue at 30 June 2024 were anti-dilutive, and therefore diluted loss per share was the same as basic loss per share.

Notes to the financial statements (continued)

25 FINANCIAL INSTRUMENTS

The Group has exposure to various risks from the use of financial instruments. The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

(a) Financial risk exposure and management

Financial risks including credit risk, liquidity risk, and market risk (interest rate risk, and foreign currency risk) are managed such to maintain on optimal capital structure. The Group does not enter into derivative transactions to manage financial risks. In the current period, the Group's financial risk arises principally from cash financial assets, trade receivables and investments in unlisted entities. The Group invests its cash in term deposits and other appropriate bank accounts to obtain market interest rates.

(b) Capital risk management

The Group consistently monitors expenditure and adjusts expenditure and raises capital as required. The capital of the Group now consists of equity of the Group (comprising issued capital and reserves as detailed in notes 17 and 18, and accumulated losses).

(c) Market rate risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk in relation to the acquisition of goods and services in United States Dollars (USD) and Canadian Dollars (CAD). The Group does not hedge this exposure by using financial instruments. The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2024 $	2023 $
Financial Assets		
Cash and cash equivalents (USD)	522,894	417,626
Cash and cash equivalents (CAD)	10,331,857	300,181
Trade and other receivables (USD)	-	62,359
Trade and other receivables (CAD)	-	1,013,917
Other financial assets (USD)	149,948	301,659
Other financial assets (CAD)	150,447	156,414
Financial Liabilities		
Trade payables (USD)	311,981	411,098
Trade payables (CAD)	1,674,658	311,266
Trade payables (ZAR)	-	8,687
Financial liabilities (USD)	263,791	89,810

Notes to the financial statements (continued)

25 FINANCIAL INSTRUMENTS (continued)

The following tables show the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the presentation currency.

	Net Financial Assets/(Liabilities) in $AUD			
	ZAR	**USD**	**CAD**	**Total**
2024	-	97,070	8,807,646	8,904,716
2023	(8,687)	308,187	(11,085)	288,415

In respect of the above USD and CAD foreign currency risk exposure in existence at the reporting date a sensitivity of 10% lower (or a relative strengthening of the Australian dollar) and 10% higher (or a relative weakening of the Australian dollar) has been applied. With all other variables held constant, post tax loss and equity would have been affected as follows:

USD: AUD $9,707 gain; AUD $9,707 loss (2023: AUD $30,819 gain; AUD $30,819 loss)

CAD: AUD $880,765 gain; AUD $880,746 loss; (2023: AUD $1,108 gain; AUD $1,108 loss)

(ii) Interest rate risk

The following table details the Group's exposure to interest rate risk at the end of the reporting period.

	Average Interest Rate %	Floating Interest Rate $	Fixed Interest Rate $	Non-Bearing Interest $	Total $
			Maturing within 12 months		
2024					
Financial assets					
Cash at bank	1.41	4,279,133	7,673,756	-	**11,952,889**
Trade and other receivables		-	-	61,597	**61,597**
Other financial assets		-	20,000	694,844	**714,844**
		4,279,133	**7,693,756**	**756,441**	**12,729,330**
Financial liabilities					
Trade and other payables		-	-	2,227,129	**2,227,129**
Lease liability	6.00	-	42,314	-	**42,314**
Flow-through share premium liability		-		3,138,883	**3,138,883**
		-	**42,314**	**5,366,012**	**5,408,326**
2023					
Financial assets					
Cash at bank	3.00	3,303,842	-	-	**3,303,842**
Trade and other receivables		-	-	1,144,810	**1,144,810**
Other financial assets	-	-	20,000	2,407,726	**2,427,726**
		3,303,842	**20,000**	**3,552,536**	**6,876,378**
Financial liabilities					
Trade and other payables		-	-	1,559,304	**1,559,304**
Lease liability	5.50	-	56,204	-	**56,204**
		-	**56,204**	**1,559,304**	**1,615,508**

Notes to the financial statements (continued)

25 FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis
At 30 June 2024, the effect on the Group's loss and equity as a result of changes in the interest rates, with all other variables remaining constant, would be as follows:

	2024 Interest rate risk		2023 Interest rate risk	
	+ 1.0%	-1.0%	+ 1.0%	-1.0%
Financial assets				
Cash at bank	**42,791**	**(42,791)**	33,038	(33,038)
Other financial assets	**200**	**(200)**	200	(200)
	42,991	**(42,991)**	33,238	(33,238)

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that it will have sufficient cash to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities or other fund raising initiatives.

Maturities of financial liabilities
The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities:

Contractual maturities of financial liabilities	Less than 6 months $	6-12 months $	Over 12 months $
2024			
Non-derivatives			
Trade and other payables	2,227,129	-	-
Lease liability	350,404	350,404	1,550,457
Flow-through share premium liability	-	-	3,138,883
Total non-derivatives	2,577,533	350,404	4,689,340
2023			
Non-derivatives			
Trade and other payables	1,559,303	-	-
Lease liability	323,225	323,225	2,050,177
Total non-derivatives	**1,882,528**	**323,225**	**2,050,177**

Notes to the financial statements (continued)

25 FINANCIAL INSTRUMENTS (continued)

(e) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, trade and other receivables, and other financial assets. The maximum exposure to credit risk, excluding the value of any collateral or other security, at the end of the reporting period to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Any term deposits are to be held by at least AA rated banks thereby mitigating the risk of default on these deposits. The Group's policy is to review all outstanding debtors at the end of the reporting period and an expected credit losses provision is raised. At the end of the reporting period, no expected credit losses provision was raised.

The Group does not have any material credit risk exposure to any single receivable or Company or any receivables under financial instruments entered into by the Group.

(f) Net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements is considered a reasonable approximation of their respective net fair values.

Notes to the financial statements (continued)

26 NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purpose of the statement of cash flow, cash includes cash on hand and at bank.

Cash at the end of the financial year is reconciled to the related items in the statement of financial position as follows:

	2024 $	2023 $
Cash	**11,952,889**	3,303,842

(b) Reconciliation of (Loss) After Income Tax to Net Cash (Used In) Operating Activities

	2024 $	2023 $
Loss after income tax	**(22,817,088)**	**(14,361,706)**
Add/(less) non-cash items:		
Net exchange differences	(538,608)	(177,881)
(Gain on) / Impairment of financial asset	1,555,203	305,211
Share based payment expense	10,575,108	5,833,932
Depreciation	699,158	796,964
Finance expense	133,798	157,547
Net cash used in operating activities before change in assets and liabilities	**(10,392,429)**	**(7,445,933)**
Change in assets and liabilities:		
(Increase)/Decrease in receivables	1,083,213	(910,101)
(Increase) in prepayments	(84,877)	(21,388)
Increase in payables	667,825	1,035,152
Increase in provisions	34,298	-
Increase in other liabilities		-
Net cash (used in) operating activities	**(8,691,970)**	**(7,342,270)**

(c) Financing Facilities

There were no financing facilities in place at the end of the period (2023: Nil) other than a credit card facility with a $20,000 limit that is repaid in full monthly and secured by a $20,000 deposit.

Notes to the financial statements (continued)

27 EVENTS OCCURRING AFTER THE REPORTING PERIOD

No events that would have a significant effect on the financial report have occurred since the end of the reporting period.

28 CONTINGENT LIABILITIES AND COMMITMENTS

There are no annual exploration expenditure commitments on the Group's exploration tenements however the Group is required to pay an annual renewal fees of $601,203 (2023: $465,950).

Except for the above, as at the end of the reporting period, the Directors were not aware of any other contingent liabilities or contingent assets.

29 SHARE BASED PAYMENTS

	2024 $	2023 $
Share based payments in the Statement of Profit or Loss and Other Comprehensive Income		
Share based payments for directors expensed	**(8,629,441)**	(4,987,514)
Share based payments for other employees and advisors	**(1,945,667)**	(177,668)
Total	**(10,575,108)**	(5,833,932)
Share based payments recognised as a capital raising cost		
Issue of options to joint lead managers for the capital raisings	**(229,360)**	(668,750)
Share based payments recognised as exploration expensed (Note 17(i))	**(276,564)**	-

The following share options were issued and recognised during 2024:

- 26,000,000 $0.05 Lead Manager options expiring 10/08/2025 with a total value of $229,360 were recognised during the year as a capital raising cost, vesting immediately.

- 125,750,000 $0.04 employee and advisor options expiring 1/3/2027 with a total value of $2,086,192 were recognised during the year as a share based payment expense, vesting over 2 years. With $1,041,191 recognised during the year.

The following share options were issued and recognised during 2023:

- 25,000,000 $0.18 Lead Manager options expiring 15/08/2024 with a total value of $668,750 were recognised during the prior year as a capital raising cost.

- 11,000,000 $0.12 options expiring 27/03/2027 were issued to the executive director in March 2023. These options were valued at $269,987 of which $127,043 was expensed in 2024 in accordance with the vesting periods.

- 9,750,000 $0.12 options expiring 27/03/2027 were issued to management in April 2023. The options were valued at $223,973 of which $116,585 was expensed in 2024 in accordance with the vesting periods.

- 9,750,000 $0.12 options expiring 19/05/2027 were issued to management in May 2023. The options were valued at $270,978 of which $115,231 was expensed in 2024 in accordance with the vesting periods.

Notes to the financial statements (continued)

29 SHARE BASED PAYMENTS (continued)

Set out below are the summaries of Options issued as share based payments.

Issue Date	Expiry Date	Exercise Price ($)	Balance 01/07/2023	Granted during the year	Expired or change due to resigning	Balance 30/06/24	Number vested & exercisable
11/10/2021	11/10/2024	0.06	20,000,000	-	-	20,000,000	20,000,000
11/10/2021	11/10/2024	0.06	2,000,000	-	-	2,000,000	2,000,000
16/11/2021	11/10/2024	0.06	70,000,000	-	-	70,000,000	70,000,000
15/8/2022	15/5/2024	0.18	18,000,000	-	-	18,000,000	18,000,000
15/8/2022	15/5/2024	0.18	25,000,000	-	-	25,000,000	25,000,000
27/3/2023	27/3/2027	0.12	11,000,000	-	-	11,000,000	2,750,000
28/4/2023	27/3/2027	0.12	9,750,000	-	-	9,750,000	2,437,500
19/5/2023	19/5/2027	0.12	9,750,000	-	-	9,750,000	2,437,500
4/08/2023	10/08/2025	0.05	-	16,000,000	-	16,000,000	16,000,000
21/12/2023	10/08/2025	0.05	-	10,000,000	-	10,000,000	10,000,000
1/03/2024	1/03/2027	0.04	-	125,750,000	-	125,750,000	41,916,668
			165,500,000	151,750,000	-	337,250,000	245,791,668
Weighted average exercise price ($)			0.0977	0.0417	-	0.0725	0.0821

The weighted average remaining contractual life of share-based payment options outstanding as at 30 June 2024 was 1.44 years (2023: 1.24 years).

The weighted average fair value of options outstanding as at 30 June 2024 was $0.0375 (2023: $0.0545).

Notes to the financial statements (continued)

29 SHARE BASED PAYMENTS (continued)

Fair values of share options issued are determined using the Black-Scholes model based on information available as at the measurement date, considering the exercise price, term of option, the share price at grant date, expected price volatility of the underlying share, expected yield and the risk-free interest rate for the term of the option. Parameters for valuations of all share options issued during the year or prior year that affects the current year expense were as below, with nil dividend yield expected:

	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6	Total
Measurement date	27/3/2023	26/4/2023	15/5/2023	4/8/2023	21/12/2023	1/3/24	
Issue date	27/3/2023	28/4/2023	19/5/2023	10/8/2023	21/12/2023	1/3/24	
Expiry date	27/3/2027	27/3/2027	19/5/2023	10/8/2025	10/8/2025	1/3/27	
Expected volatility (%)	100%	100%	100%	100%	100%	100%	
Risk-free interest rate (%)	2.21%	2.77%	3.09%	4.07%	3.90%	3.71%	
Expected life of options (years)	4.00	4.00	4.00	2.02	1.64	3.00	
Underlying share price	$0.046	$0.044	$0.05	$0.019	$0.034	$0.029	
Option exercise price	$0.12	$0.12	$0.12	$0.05	$0.05	$0.04	
Value of option	$0.02297	$0.02297	$0.02779	$0.0596	$0.0134	$0.0166	
Number of options issued or expected to be issued	11,000,000	9,750,000	9,750,000	16,000,000	10,000,000	125,750,000	
Value of options	$269,940	$223,957	$270,952	$95,350	$134,000	$2,086,192	
Amount expensed during 2024	$127,043	$116,585	$155,232	-	-	$1,041,191	$1,440,051
Amount recognised as capital raising cost during 2024	-	-	-	$95,360	$134,000	-	$229,360

Notes to the financial statements (continued)

29 SHARE BASED PAYMENTS (continued)

The following performance rights were issued and recognised during 2023:

- 30,000,000 performance rights were issued to employees on 22/09/2022 as follows:

Tranche	# Performance Rights	Vesting Condition	Expiry Date
Class A	10,000,000	Successful commercial operation of the research facility in Phoenix, Arizona to process ore from the Big Sandy Lithium Project and produce lithium to a market acceptable standard with a minimum production of 20kgs of LCE per month for two consecutive months.	15 August 2025
Class B	2,000,000	Completion of a successful Scoping Study for the Big Sandy Lithium Project	15 August 2025
Class C	9,000,000	Announcement to the ASX of the completion of a profitable Preliminary Feasibility Study for the Big Sandy Lithium Project	15 August 2026
Class D	9,000,000	Announcement to the ASX of the completion of a profitable Bankable Feasibility Study for the Big Sandy Lithium Project	15 August 2027

These performance rights were valued at $2,234,000 of which $632,659 was expensed for employees in 2024 in accordance with the vesting periods.

2,000,000 Class B performance rights have vested during the prior year, leaving 28,000,000 outstanding as at 30 June 2024.

- 111,500,000 performance rights were issued to directors on 15/08/2022 following shareholder approval at a general meeting held on 14/07/2022 as follows:

Tranche	# Performance Rights	Vesting Condition	Expiry Date
Class A	26,000,000	Successful commercial operation of the research facility in Phoenix, Arizona to process ore from the Big Sandy Lithium Project and produce lithium to a market acceptable standard with a minimum production of 20kgs of LCE per month for two consecutive months.	3 years from the date of issue
Class B	28,500,000	Completion of a successful Scoping Study for the Big Sandy Lithium Project	3 years from the date of issue
Class C	28,500,000	Announcement to the ASX of the completion of a profitable Preliminary Feasibility Study for the Big Sandy Lithium Project	4 years from the date of issue
Class D	28,500,000	Announcement to the ASX of the completion of a profitable Bankable Feasibility Study for the Big Sandy Lithium Project	5 years from the date of issue

These performance rights were valued at $7,055,000 of which $1,830,440 was expensed for directors in 2024 in accordance with the vesting periods.

28,500,000 Class B performance rights have vested during the prior year, leaving 83,000,000 outstanding as at 30 June 2024.

Notes to the financial statements (continued)

29 SHARE BASED PAYMENTS (continued)

- 240,000,000 performance rights were issued to directors on 27/03/2023 following shareholder approval at a general meeting held on 14/03/2023 as follows:

Tranche	# Performance Rights	Vesting Condition	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
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
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
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

These performance rights were valued at $11,346,000 of which $6,671,957 was expensed for directors in 2024 in accordance with the vesting periods.

120,000,000 Class A & Class B performance rights have vested during the year, leaving 120,000,000 outstanding as at 30 June 2024.

Notes to the financial statements (continued)

29 SHARE BASED PAYMENTS (continued)

Set out below are the summaries of performance rights issued as share based payments.

Tranche	Issue Date	Expiry Date	Balance 01/07/2023	Granted during the year	Exercised	Balance 30/06/24	Number vested & exercisable	Fair value
A	15/08/2022	15/08/2025	26,000,000	-	-	26,000,000	-	$0.085
C	15/08/2022	15/08/2026	28,500,000	-	-	28,500,000	-	$0.085
D	15/08/2022	15/08/2027	28,500,000	-	-	28,500,000	-	$0.085
A	23/09/2022	15/08/2025	10,000,000	-	-	10,000,000	-	$0.083
C	23/09/2022	15/08/2026	9,000,000	-	-	9,000,000	-	$0.083
D	23/09/2022	15/08/2027	9,000,000	-	-	9,000,000	-	$0.083
A	27/03/2023	14/03/2026	84,000,000	-	(84,000,000)	-	-	$0.05
B	27/03/2023	14/03/2026	36,000,000	-	(36,000,000)	-	-	$0.05
C	27/03/2023	14/03/2027	60,000,000	-	-	60,000,000	-	$0.0391
D	27/03/2023	14/03/2028	60,000,000	-	-	60,000,000	-	$0.05
			351,000,000	-	(120,000,000)	231,000,000	-	

The weighted average remaining contractual life of share-based payment performance rights outstanding as at 30 June 2024 was 2.36 years (2023: 3.36 years).

The weighted average fair value of performance rights outstanding as at 30 June 2024 was $0.064 (2023: $0.059).

The fair values of the performance rights issued is the underlying share price on the date of approval with the exception of Tranche C (expiring 14/03/2027) which was valued using the binomial model to take into account the market-based vesting condition.

Notes to the financial statements (continued)

30 ACQUISITION OF PRAIRIE LITHIUM PLC

On 24 March 2023, the Company acquired all the issued capital of Prairie Lithium Corporation ("Prairie"), a Canadian registered company.

Consideration
As consideration for the acquisition, the Company agreed to issue the shareholders of Prairie:
- Canadian dollars 40,000,000 cash;
- 248,461,073 fully paid ordinary shares; and
- 251,538,925 Exchangeable Shares (refer note 15 for terms and conditions).

Some shareholders of Prairie were subject to the following voluntary escrow requirements:
- Three, six and nine months for one-third of shareholding each; or
- Twelve months for the full shareholding.

Accounting standard applied
The acquisition of Prairie has been accounted for as an asset acquisition. The acquisition does not meet the definition of a business in accordance with AASB 3 Business Combinations on the basis that the main assets are exploration tenements in the same geographic area, not revenue generating and, no internal processes As such the acquisition has been accounted for as a share-based payment transaction whereby fair value of consideration is allocated to net identifiable asset acquired on a relative fair value basis.

The Company determined that they could not readily estimate the fair value of the asset acquired. The acquisition was measured in reference to the shares issued using market value of shares at acquisition date being $0.05 each.

The fair value of the consideration paid and allocation to net identifiable assets is as follows:

	A$
Fair value of consideration paid:	
248,461,073 Ordinary Fully Paid Shares	12,423,054
251,538,925 Exchangeable Shares	12,576,946
Cash (CAD 40 million)	43,956,044
	68,956,044
Fair value of net identifiable assets acquired:	
- Cash	3,173,157
- Other assets	955,740
- Exploration and evaluation expenditure	64,827,147
	68,956,044

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Basis of preparation
The consolidated entity disclosure statement (CEDS) has been prepared in accordance with subsection 295(3A)(a) of the Corporations Act 2001. The entities listed in the statement are Arizona Lithium Ltd and all the entities it controls in accordance with *AASB 10 Consolidated Financial Statements*

Name of entity	Type of entity	Trustee, partnership or participant in joint venture	% of share capital held	Country of incorporation	Australian resident or foreign resident (for tax purposes)	Foreign tax jurisdiction(s) of foreign residents
Arizona Lithium Limited	Body corporate	n/a	n/a	Australia	Australia and Foreign	Australia and Canada
USA Lithium Limited	Body corporate	n/a	100%	Australia	Australia	Australia
US Lithium Pty Ltd	Body corporate	n/a	100%	Australia	Australia	Australia
New Mexico Lithium Pty Ltd	Body corporate	n/a	100%	Australia	Australia	Australia
Big Sandy Inc	Body corporate	n/a	100%	United States	Foreign	United States
Lordsburg Resource Inc	Body corporate	n/a	100%	United States	Foreign	United States
Trout Creek Ranch Pty Ltd	Body corporate	n/a	100%	Australia	Australia	Australia
Trout Creek Ranch LLC	Body corporate	n/a	100%	United States	Foreign	United States
Broadford Stables Pty Ltd	Body corporate	n/a	100%	Australia	Australia	Australia
Prairie Lithium Corporation	Body corporate	n/a	100%	Canada	Foreign	Canada
2477827 Alberta Corporation	Body corporate	n/a	100%	Canada	Foreign	Canada
2477955 Alberta Corporation	Body corporate	n/a	100%	Canada	Foreign	Canada
ZYL Mining (SA) Proprietary Limited	Body corporate	n/a	100%	South Africa	Foreign	South Africa
Oakleaf Investment Holdings (Proprietary) Limited	Body corporate	n/a	100%	South Africa	Foreign	South Africa
Altius Trading 404 (Proprietary) Limited	Body corporate	n/a	70%	South Africa	Foreign	South Africa

Directors' Declaration

In accordance with a resolution of the directors of Arizona Lithium Limited, I state that:

1. In the opinion of the directors:

   (a) the financial statements and notes of the Group for the financial year ended 30 June 2024 are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial positions as at 30 June 2024 and of its performance for the year ended on that date; and

      (ii) complying with Australian Accounting Standards and Corporations Regulations 2001;

   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a);

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

   (d) the consolidated entity disclosure statement is true and correct.

2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and the chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2024.

On behalf of the Board

Mr Barnaby Egerton-Warburton
Non-Executive Chairman
Dated at Perth this 27th day of September 2024

Grant Thornton

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Independent Auditor's Report

To the Members of Arizona Lithium Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Arizona Lithium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(b) in the financial statements, which indicates that the Group incurred a net loss of $22,817,088 during the year ended 30 June 2024, and as of that date, the Group's net cash outflows from operating and investing activities totalled $16,356,964. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Exploration and Evaluation (Note 10)	
At 30 June 2024, the carrying value of exploration and evaluation assets was $68,346,093. In accordance with *AASB 6 Exploration for and Evaluation of Mineral Resources*, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.	Our procedures included, amongst others: • Obtaining management's reconciliation of capitalised exploration and evaluation expenditure and comparing movements by area of interest to the prior period; • Undertaking a detailed review of management's assessment of impairment trigger events with AASB 6, including: - Tracing projects to statutory registers, exploration licences and third-party confirmations to determine whether rights to tenure exist; - Enquiring of management regarding their intention to conduct exploration and evaluation activity in the relevant exploration areas, including reviewing managements budgeted expenditure; - Understanding whether any data exists to suggest the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; and • Assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of the Directors for the financial report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (other than the consolidated entity disclosure statement); and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf.This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 12 to 18 of the Directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Arizona Lithium Limited, for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B P Steedman
Partner – Audit & Assurance

Perth, 27 September 2024

Corporate Governance

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

The 2024 corporate governance statement was approved by the Board on 27th September 2024 and is current as at 27th September 2024. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.arizonalithium.com/corporate-governance/.

The following information is based on share registry information processed up to 17 September 2024.

Ordinary Share Capital

4,473,814,528 shares are held by 17,000 individual holders.

Voting Rights

The voting rights attaching to ordinary shares are that on a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote. Options do not carry any voting rights.

Restricted Securities

Class	Number	Escrow End Date
Shares	412,718,933	Achievement of relevant Milestone

Distribution of Holders of Equity Securities – Fully Paid Ordinary Shares

Holdings Range	Holders	Number of Shares
1 – 1,000	283	55,963
1,001 – 5,000	1,613	6,005,181
5,001 – 10,000	2,421	18,924,003
10,001 – 100,000	8,850	352,811,105
100,001 and over	3,833	4,096,018,276
Total	**17,000**	**4,473,814,528**

Distribution of Holders of Equity Securities – Listed Options at $0.05 expiring 10 August 2025

Holdings Range	Holders	Number of Options
1 – 1,000	3	13
1,001 – 5,000	1	2,941
5,001 – 10,000	-	-
10,001 – 100,000	29	2,320,613
100,001 and over	192	587,854,668
Total	**225**	**590,178,235**

Unmarketable Parcels

Holders: 8,822
Units: 111,938,822

On-market Buy Back

There is no current on-market buy-back.

Substantial Shareholders

	Ordinary Shares	
	No.	**%**
Navajo Transitional Energy Co LLC	437,242,424	9.77

Corporate Governance

Twenty Largest Holders of Quoted Fully Paid Ordinary Shares (Grouped)

	Holder Name	Holding	% Issued Capital
1	NAVAJO TRANSITIONAL ENERGY CO LLC	437,242,424	9.77%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	198,572,897	4.44%
3	ACUITY CAPITAL INVESTMENT MANAGEMENT PTY LTD <ACUITY CAPITAL HOLDINGS A/C>	185,900,000	4.16%
4	ALE PROPERTY INVESTMENTS PTY LTD	145,000,000	3.24%
5	CITICORP NOMINEES PTY LIMITED	141,361,462	3.16%
6	CORAL BROOK PTY LTD <LLOYD SUPER FUND A/C>	94,349,356	2.11%
7	MR DANNY ALLEN PAVLOVICH <PAVLOVICH FAMILY SPEC 2 A/C>	90,368,211	2.02%
8	MR LEENDERT HOEKSEMA	64,000,000	1.43%
9	YALLINGUP INVEST PTY LTD	51,888,888	1.16%
10	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	47,776,438	1.07%
11	WHISTLER STREET PTY LTD <WARBURTON DISCRETIONARY A/C>	40,000,000	0.89%
12	FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C>	39,074,158	0.87%
13	MATTHEW BLUMBERG	36,000,000	0.80%
14	BNP PARIBAS NOMS PTY LTD	30,601,067	0.68%
15	PARANOID ENTERPRISES PTY LTD	27,912,550	0.62%
16	HOOKS ENTERPRISES PTY LTD <HOEKSEMA SUPERFUND A/C>	27,000,000	0.60%
17	MAVERICK AG LTD	26,326,843	0.59%
18	MR ANDREW WILLIAM SPENCER & MRS BENEDICTE MARIE FRANCOISE SPENCER <SPENCER SF A/C>	20,106,472	0.45%
19	MR CORNELIS JOHANNUS VERDOUW	20,000,000	0.45%
20	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	17,259,034	0.39%
	Total	**1,740,739,800**	**38.91%**

Twenty Largest Holders of Quoted Options at $0.05 expiring 10 August 2025 (Grouped)

	Holder Name	Holding	% Issued Capital
1	ALE PROPERTY INVESTMENTS PTY LTD	148,410,999	25.15%
2	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	30,399,999	5.15%
3	CITICORP NOMINEES PTY LIMITED	30,013,343	5.09%
4	MR PETER ANDREW PROKSA	30,000,000	5.08%
5	MR AVDO TABAKOVIC	17,000,000	2.88%
6	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	15,635,342	2.65%
7	UBS NOMINEES PTY LTD	14,821,952	2.51%
8	PARANOID ENTERPRISES PTY LTD	14,000,000	2.37%
9	MR PASQUALE BEVILACQUA	11,000,000	1.86%
10	MR PAUL HUGHAN	9,000,000	1.53%
10	MR GRANT GASNIER <G A GASNIER FAMILY A/C>	9,000,000	1.53%
11	PAC PARTNERS SECURITIES PTY LTD	8,550,000	1.45%
12	MR CRAIG ANDREW NELMES	8,413,995	1.43%
13	MR DANNY ALLEN PAVLOVICH <PAVLOVICH FAMILY SPEC 2 A/C>	7,676,471	1.30%
14	MRS DEEPA RANI	7,613,851	1.29%
15	VNJ ASSOCIATES PTY LTD	7,000,000	1.19%
16	MR MATTHEW DAVID ROBERTS	6,600,000	1.12%
17	MR GRANT ANTHONY GASNIER <GASNIER S/F A/C>	5,896,000	1.00%
18	GIANT SKY ASIA PACIFIC LIMITED	5,814,934	0.99%
19	HAWKSBURN CAPITAL PTE LTD <METHUSELAH STRATEGIC FND A/C>	5,629,412	0.95%
20	MR WENSLEY CARROLL <ZIPP 2001 SUPER FUND A/C>	5,439,398	0.92%
	Total	**397,915,696**	**67.42%**

Corporate Governance

Unquoted Securities

Class	Number
Options exercisable at $0.06 each on or before 11 October 2024	92,000,000
Options exercisable at $0.12 each on or before 27 March 2027	20,750,000
Options exercisable at $0.12 each on or before 19 May 2027	9,750,000
Options exercisable at $0.04 each on or before 1 March 2027	65,750,000
Directors Performance Rights – Class C expiring 27 March 2027	60,000,000
Directors Performance Rights – Class D expiring 27 March 2028	60,000,000
Performance Rights – Class A	26,000,000
Performance Rights – Class C	28,500,000
Performance Rights – Class D	28,500,000

Schedule of Mining Tenements at 30 June 2024

Project	Claim Number	Location	Interest
Big Sandy	WIK 21 to WIK 24	Arizona, USA	100%
Big Sandy	WIK 32 to WIK 35	Arizona, USA	100%
Big Sandy	WIK 43 to WIK 46	Arizona, USA	100%
Big Sandy	WIK 53 to WIK 112	Arizona, USA	100%
Big Sandy	BSL-001 to BSL-146	Arizona, USA	100%
Big Sandy	BSLII 009 to BSLII 035	Arizona, USA	100%
Big Sandy	RL001 to RL099	Arizona, USA	100%
Big Sandy	Z-5 to Z-12	Arizona, USA	100%
Big Sandy	Z-17 to Z-24	Arizona, USA	100%
Big Sandy	Z-29 to Z-36	Arizona, USA	100%
Big Sandy	Z-41 to Z-71	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%
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	• Canpar Holdings Ltd. File No. M043397	Saskatchewan, Canada	100%

Corporate Governance

Project	Claim Number	Location	Interest
	• Canpar Holdings Ltd. File No. M043398 • Canpar Holdings Ltd. File No. M043399 • Canpar Holdings Ltd. File No. M043400 • Canpar Holdings Ltd. File No. M043401 • Freehold Royalties Ltd. File No. M043402 • Freehold Royalties Ltd. File No. M043403 • Freehold Royalties Ltd. File No. M043404 • Freehold Royalties Ltd. File No. M043405		