

QUARTERLY REPORT FOR THE PERIOD ENDING 31 MARCH 2025

HIGHLIGHTS

- Commercial Development Plan for North America's First Lithium Brine Production Facility and Koch Commercial Scale DLE to be deployed at the Prairie Project released.
- Recission of the Company's approved Plan of Operations for the Big Sandy Project following consultation with all stakeholders in order to form a mutually beneficial plan for the development of the Big Sandy Lithium Project with input from the Navajo Transitional Energy Company (NTEC), a major AZL shareholder.
- Approval to produce and dispose of brine for Phase 1 at the Prairie Project granted by the Water Security Agency in Saskatchewan.
- Successful Capital Raising of \$1.3 million (inclusive of costs) by the issue of 88 million fully paid ordinary shares at 1.48 cents. The funds raised will be put towards detailed engineering design of the first production facility at Pad #1 of the Prairie Project.
- Share Purchase Plan initiated to raise funds to advance the Prairie Project.

Arizona Lithium Limited (ASX: AZL, AZLO, OTC: AZLAF) ("Arizona Lithium", "AZL" or "the Company"), is pleased to provide an overview of the Company's activities for the period ending 31 March 2025 ("Quarter" or "Reporting Period") to accompany the Appendix 5B.

Arizona Lithium Managing Director, Paul Lloyd, commented:

"We have continued to develop and de-risk the Prairie Lithium brine project during the quarter while we keep an eye on the lithium market and the general sentiment for lithium in the capital markets. The Prairie Project is a world class deposit and will be fully funded and developed as the lithium market recovers in the near future. The recognition of the importance of North American lithium brine projects in an established oil and gas region, has only just commenced. AZL will be a significant part of this rapidly developing segment of the lithium industry by implementing innovative Direct Lithium Extraction technology (DLE) to produce a very high quality product at a very low operating cost. The significance of this future change is substantiated by the quality of the companies entering the race to be the first to commercially apply DLE technology. AZL is extremely well placed to benefit from a recovering lithium market."

Prairie Lithium Project

Commercial Development Plan

The Prairie Project will be put into production across three phases of development. Phases 1, 2, and 3 represent the methodical steps being taken to cost-effectively bring the project into production while minimising the risk associated with commercialising a first-of-its-kind process. Phase 1 will see the project go into production at Pad #1 using a commercial-scale Direct Lithium Extraction (“DLE”) unit capable of producing 150 Tonnes Per Annum (“TPA”) Lithium Carbonate Equivalent (“LCE”). The lithium produced will be used to de-risk end market opportunities where battery-grade samples are currently being tested by interested groups in Asia. Phase 1 will process brine at a rate of approximately 1,000m³ per day. It is critical to process raw brine at this commercial scale to de-risk the temperature, pressure and chemical constituents of the brine while feeding a commercial scale DLE unit 24 hours per day, 7 days a week.

This will represent one of the world's largest DLE facilities and provide the guidance required to scale up production cost-effectively across the Prairie Project shortly thereafter. Upon commissioning and operating at this scale, the Company will have significantly de-risked the process and proceed to Phase 2. Phase 2 will see the immediate expansion of production on Pad #1. Phase 2 expansion will highlight the benefits of modularised scale-up as additional commercial-scale DLE units will be rapidly deployed. Additional wells will also be drilled to maximise production from Pad #1. Phase 3 will see the replication of the wells and facility at Pad #2, Pad #3 and additional Pads that are currently being identified.

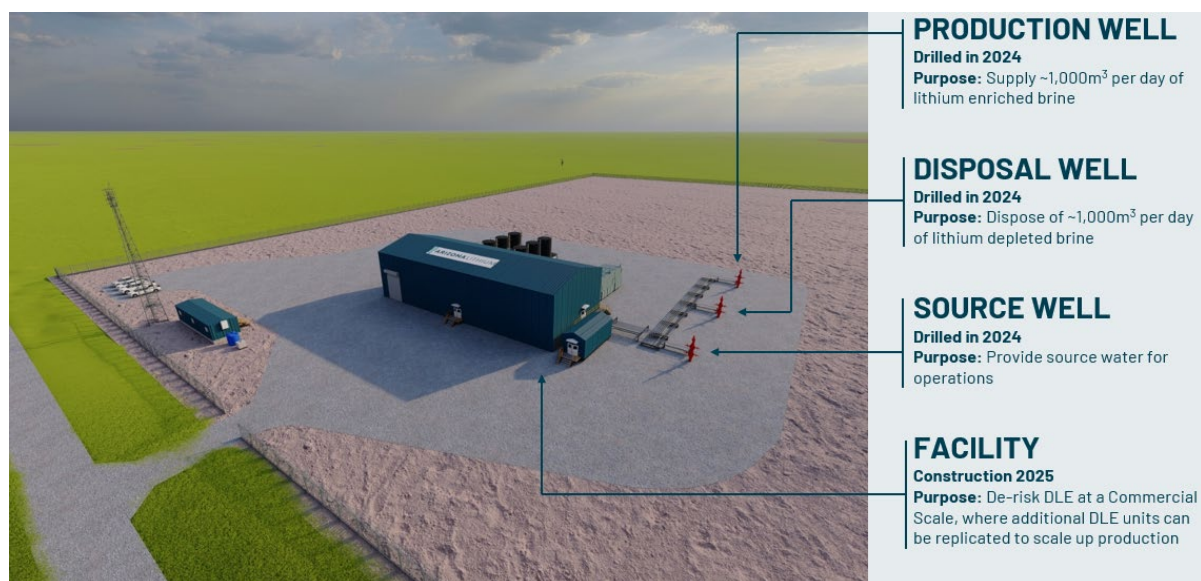


Figure 1: Rendering of site layout for Phase 1 at Pad #1

Koch DLE Technology

The Li-Pro unit is full commercial-scale, which allows production to be ramped up on Pad #1 by deploying additional units on a modular basis. The Li-Pro unit is being deployed to show commercial-scale brine production, DLE, and brine disposal at the Prairie Project. De-risking allows production to be increased by replication of additional units at Pad #1, followed by further deployment of commercial facilities at Pad #2, Pad #3, and additional pad locations that are currently being identified. The Li-Pro unit will process approximately 1,000 m³ of brine per day and produce a Lithium Chloride (“LiCl”). The lithium chloride will be further purified and concentrated onsite where it can then be converted into a battery-grade lithium carbonate. This will represent one of the world's largest known DLE facilities and provides the guidance required to scale up production cost-effectively across the Prairie Project shortly

thereafter. Upon commissioning and operating at this scale, the Company will have significantly de-risked the process and proceed to Phase 2.

Approval to Produce and Dispose of brine volumes for Phase 1 at Prairie Lithium project

The Prairie Project has received the Water Rights Licence and Approval to Construct Works from the Water Security Agency ("WSA") in Saskatchewan. Surrounding oil & gas companies have also granted their consent for the disposal of the lithium-depleted brine required for Phase 1. The approvals are the final step in submitting a Lithium Brine Project Application to the Ministry of Energy and Resources, which has now been submitted.

Big Sandy Lithium Project

Big Sandy Update

The Company advises that it has rescinded its approved Plan of Operations for the Big Sandy Exploration Project (phase 3) AZAZ106236937 (AZA-037487) as lodged on 26 April 2024 and approved by the Bureau of Land Management (BLM) on 9 July 2024. The Company plans to develop the Big Sandy Project in a slightly modified fashion, after input from all stakeholders, including the Navajo Transitional Energy Company (NTEC), a major AZL shareholder.

Capital Raising

At-the-Market Raise

On 17 January 2025, the Company raised \$1,300,000 (inclusive of costs) by issuing 88,000,000 fully paid ordinary shares at 1.48 cents under its At-the-Market Subscription Agreement with Acuity Capital. The funds raised will be put towards detailed engineering design of the first production facility at Pad #1 of the Prairie Project.

Share Purchase Plan

The Company announced the Share Purchase Plan ("Plan") on 19 March 2025, opening on 4 April 2025. The Prospectus was dispatched to shareholders on 9 April 2025 and closing date of the Offer is 14 May 2025. The Offer is subject to shareholder approval to be sought at a General Meeting to be held on 9 May 2025.

Under the Plan, Eligible Shareholders will have the opportunity to purchase up to \$30,000 worth of fully paid ordinary shares ("Shares") at a price of \$0.006 per Share with two free attaching options for every three Shares purchased exercisable at \$0.012 and expiring 3 years from issuance ("Options"). The Shares and Options issued under the Plan are subject to shareholder approval. All Directors intend to take up their full entitlement of \$30,000 and the majority of larger shareholders have expressed the intention to take up the full entitlement.

This ASX Announcement is authorised for release by the Board.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Managing Director
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Email: paul@arizonalithium.com

Cautionary Statement

The Proof of Concept Plan referred to in this announcement has been undertaken to de-risk the project by proving that LCE can be produced using a commercial-scale DLE unit. It is a preliminary technical assessment of the potential viability of the Prairie Project. It is based on technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further evaluation work and appropriate studies are required before the Company will be in a position to estimate any ore reserves or provide any assurance of an economic development case.

The Proof of Concept Plan is based on the material assumptions outlined above and in the Company's ASX Announcement released on 17 February 2025 "Updated Commercial Development Plan for North America's First Lithium Production Facility". These include assumptions about the availability of funding. While the Company considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Proof of Concept Plan will be achieved.

To achieve the outcomes indicated in the Proof of Concept Plan, funding in the order of AUD35m (USD22m) will likely be required. Investors should note that there is no certainty that the Company will be able to raise that amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of the Company's existing shares.

It is also possible that the Company could pursue other 'value realisation' strategies such as a sale, partial sale or joint venture of the project. If it does, this could materially reduce the Company's proportion ownership of the project.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Proof of Concept Plan.

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

Gordon MacMillan P. Geo., Principal Hydrogeologist of Fluid Domains, who is an independent consulting geologist of a number of brine mineral exploration companies and oil and gas development companies, reviewed and approves the technical information pertaining to the exploration results and mineral resource estimates within 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. He has sufficient experience relevant to qualify as a Competent Person as defined by the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012). Mr MacMillan consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

About Arizona Lithium

Arizona Lithium Limited is a lithium exploration & development company headquartered in Perth, Australia. The Company is currently exploring and developing its two main projects, the Prairie Lithium Project in Saskatchewan, Canada and the Big Sandy Project in Arizona, USA. The Company also has BLM claims for exploration near Lordsburg, New Mexico, USA. Arizona Lithium's main office and Lithium Research Center (LRC) in North America are located in Tempe, Arizona, with a field office in Saskatchewan.

Project Locations

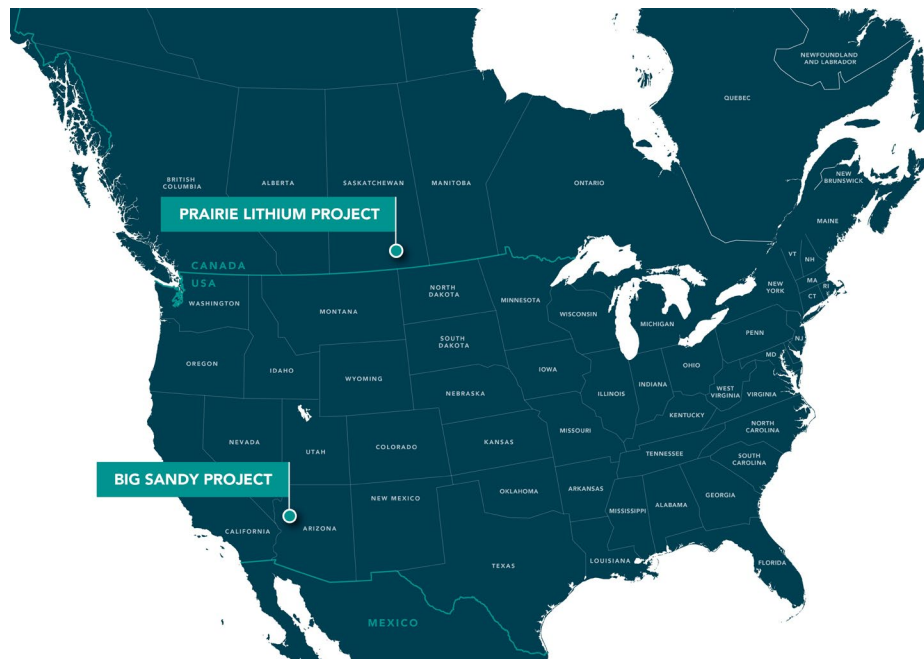


Figure 3: Arizona Lithium’s Project Locations

Appendix 1: Schedule of Mining Tenements

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 March 2025.

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-128	Arizona, USA	100%
Big Sandy	BSLII 009 to BSLII 035	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	S005/46-48, S005/58, S005/60	Saskatchewan, Canada	100%
Prairie Lithium	S008/31-35, S008/41, S008/49-54, S008/56, S008/69-74, S008/77, S008/86-99, S008/102-109	Saskatchewan, Canada	100%
Prairie Lithium	S009/19, S009/24, S009/35, S009/39, S009/41-44, S009/50-53	Saskatchewan, Canada	100%
Prairie Lithium	Canpar Holdings Ltd. File No. M043397, M043398, M043399, M043400 Freehold Royalties Ltd. File No. M043402, M043403	Saskatchewan, Canada	100%

There were no tenements acquired or relinquished during the Quarter.

Appendix 2: Exploration Expenditure and Payments to Related Parties

In line with its obligations under ASX Listing Rules 5.3.1 and 5.3.5, Arizona Lithium Limited notes the following in relation to the period ended 31 March 2025 as advised in the Appendix 5B:

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

Appendix 5B

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

Name of entity

ARIZONA LITHIUM LIMITED

ABN

15 008 720 223

Quarter ended ("current quarter")

31 MARCH 2025

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(474)	(2,042)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(662)	(2,182)
	(e) administration and corporate costs	(983)	(2,612)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	86
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	287
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	(2,116)	(6,463)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(19)	(365)
	(d) exploration & evaluation	(170)	(16,029)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	10,956
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(189)	(5,438)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,300	1,300
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(30)	(88)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – security bond refund	-	-
3.10	Net cash from / (used in) financing activities	1,270	1,212

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,286	11,984
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,116)	(6,463)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(189)	(5,438)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,270	1,212

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	4	(40)
4.6	Cash and cash equivalents at end of period	1,255	1,255

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,255	2,286
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,255	2,286

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	677
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other – equipment leases	207	207
7.4	Total financing facilities	207	207
7.5	Unused financing facilities available at quarter end		-
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Lenders: HYG Financial & Thermo Fisher Financial Services Interest rates: 5.5% & 4.99% Maturity dates: September 2025 to March 2028</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,116)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(170)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,286)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,255
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,255
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.5
	<p><i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i></p>	
8.8	<p>If item 8.7 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <p>Answer: No. The nature of exploration activity is that it is discretionary and fluctuates depending on the relevant exploration program being carried out.</p> <p>8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?</p> <p>Answer: On 19 March 2025, the Company announced plans to undertake a Share Purchase Plan to raise \$2 million. The Prospectus was lodged on 4 April 2025 and the closing date of the offer is 19 May 2025. In addition, the Company is considering a number of options that will be undertaken at the appropriate time to allow it to continue to fund its operations and the Board is comfortable that these initiatives will be successful.</p>	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes – conditional on the result of 2 above.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

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

Date: 30 April 2025

Authorised by: The Board of Arizona Lithium Limited

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

Notes

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