

## AUD \$8 MILLION NON-DILUTIVE CASH RAISED

### HIGHLIGHTS

- Arizona Lithium's 100% focus is to be on the development of the world class Prairie Lithium Project in Saskatchewan, Canada.
- Big Sandy Lithium Project ("Big Sandy") and the Lithium Research Center ("LRC"), as well as all obligations for both the Big Sandy Project and the LRC, to be sold for total consideration of US\$5 million (approximately A\$8 million) to Big Sandy Lithium, LLC and Advanced Lithium Research Centre, LLC respectively.
- Big Sandy is a competitive lithium sedimentary resource that could bring economic growth and development to the region and country, however it is located in a complicated regulatory jurisdiction that will likely take many years to fully navigate.
- The proceeds from the sale will be able to be invested into the Prairie Lithium Project that is in the development phase and therefore much closer to production.
- Arizona Lithium's attention will now be solely focused on the Prairie Lithium Project, which has been recently approved for Phase 1 production<sup>1</sup>.
- NTEC will remain AZL's largest shareholder and will benefit from the fast tracking of the Prairie Lithium Project.
- AZL will maintain the ability to use the world class LRC.

Arizona Lithium Limited (ASX: AZL, AZLO, OTC: AZLAF) ("Arizona Lithium", "AZL" or "the Company"), a company focused on the sustainable development of the Prairie Lithium Project ("Prairie"), is pleased to announce that it has entered into agreements where on completion it will raise cash proceeds of US\$5 million (approximately A\$8 million) by selling the Big Sandy Lithium Project and the Lithium Research Center.

Big Sandy Lithium, LLC and Advanced Lithium Research Center, LLC, are indirect subsidiaries of Navajo Transitional Energy Company ("NTEC"), AZL's largest shareholder.

The strategic sale and non-dilutive fundraising effort, combined with a recently announced Share Purchase Plan that was oversubscribed and raised approximately A\$4.25 million, will help to fund the development of the Prairie Lithium Project, that now becomes Arizona Lithium's 100% core focus.

While the Big Sandy Project remains a competitive lithium sedimentary project by resource metrics, the development hurdles encountered over the past 5 years are in stark contrast to the expedited permitting and production opportunities of the Prairie Lithium Project in Saskatchewan, Canada. The Company believes that the lithium sedimentary resource at Big Sandy should continue to be developed for the economic benefit of the region and the betterment of battery material supply chains in the United States. Given the regulatory environment, the development of the project may take an unforeseen amount of time, and therefore, the Company believes the team at Arizona Lithium can continue to focus its efforts and capital in the near-term producing asset on the Prairie Lithium Project. On 19 May 2025, Arizona Lithium announced it had received approval for Phase 1 production at the Prairie Lithium Project from the Ministry of Energy and Resources in Saskatchewan. The Company looks forward to more positive news on the Prairie Lithium Project in the coming months.

**Arizona Lithium Managing Director, Paul Lloyd, commented:** "This agreement is transformational for Arizona Lithium and the decision was not taken lightly by myself and the Board of Directors. As a company we had two world class assets – the Prairie Lithium Project and the Big Sandy Lithium Project. A company of our size is best placed focusing on and funding one key asset and the choice for us was a hard one but an obvious one given the Prairie Lithium Project is deep into its development and years closer to first production. We look forward to creating shareholder value and wealth as a fully focused lithium development company."

## Details of the Transaction

The material terms of the Asset Purchase Agreement are as follows:

- (a) **Parties:** AZL and Big Sandy Inc, as the Seller Parties and Big Sandy Lithium, LLC and Advanced Lithium Research Center, LLC (indirect subsidiaries of Navajo Transitional Energy Company, LLC) as the Buyer Parties.
- (b) **Purpose:** Sale of the Big Sandy Lithium Project (the “Project”) unpatented mining claims and operations, together with certain personal property related to the Project, assignment of the LRC Lease and sale of the LRC Assets.
- (c) **Consideration:** USD5,000,000.00
- (d) **Conditions:** There are no specific conditions precedent however there are conditions to Closing where both parties are required to deliver certain items as customarily required at Closing.
- (e) **Term and Termination:** In addition to customary breaches of representations, warranties, covenants or other agreements, either party may terminate the Agreement if any Governmental Entity issues a claim (which parties shall use reasonable efforts to lift) which permanently restrains, enjoins or otherwise prohibits the acquisition by the Buyer of any material portion of the Purchase Assets however only if the claim is final and cannot be appealed.
- (f) **Mining Services Agreement:** The Mining Services Agreement entered into between the Company and NTEC on 8 March 2024 will terminate on Closing and the remaining AZL shares subject to escrow will be released as full and final reimbursement for expenditures incurred by NTEC towards unsatisfied milestones which exceed the value of the shares released from escrow.
- (g) **Representations and Warranties:** Each of the Seller Parties and Buyer Parties provide representations and warranties that are considered to be customary. The Seller Parties representations and warranties have certain contractual time and basket caps (with carve-outs) which are likewise considered to be customary.

AZL retains its main undertaking, being the Prairie Lithium Project, therefore the sale of Big Sandy is not required to be subject to shareholder approval.

## About the Prairie Lithium Project

AZL’s Prairie Lithium Project is located in the Williston Basin of Saskatchewan, Canada (see Figure 1). Located in one of the world’s top mining friendly jurisdictions, the projects have easy access to key infrastructure including electricity, natural gas, fresh water, paved highways and railroads. The projects also aim to have strong environmental credentials, with Arizona Lithium targeting to use less use freshwater, land and waste, aligning with the Company’s sustainable approach to lithium development.



**Figure 1: Location of the Prairie Lithium Project**

This ASX announcement is authorised for release by the Board.

**For further information please contact:**

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**References:**

1. ASX Announcement "Prairie Project Production Approved & Project Updated" (19 May 2025)