

AUD \$11 MILLION NON-DILUTIVE CASH RAISED

HIGHLIGHTS

- **Digitised Data and non-core undeveloped mineral title consisting of 40,000 Acres of Crown Mineral Title and 11,600 Net Acres of Freehold Mineral Title from the Prairie Project to be sold for a total non-dilutive cash consideration of AUD \$11 million to Homestead Energy Inc.**
- **AZL to realize funds on the sale of Data and non-core undeveloped property and deploy the funds towards developing the core project area.**

Arizona Lithium Limited (ASX: AZL, AZLO, OTC: AZLAF) (“Arizona Lithium”, “AZL” or “the Company”), a company focused on the sustainable development of two large lithium development projects in North America, the Prairie Lithium Project (“**Prairie**”) and the Big Sandy Lithium Project (“**Big Sandy**”), is pleased to announce it has entered into agreements where on completion it will raise cash proceeds of \$11 million by selling non-core acreage and data at the Prairie Lithium Project to Homestead Energy Inc (“**Homestead**”).

In total, AZL will divest approximately 40,000 acres of Crown Mineral Title and approximately 11,600 net acres of Freehold Mineral Title, alongside data from the Prairie Lithium Project (on completion). The divestment represents a small undeveloped portion of the 390,000 net acres that AZL holds as part of the Prairie Lithium Project owned by its controlled subsidiary, Prairie Lithium Corporation (“**Prairie Lithium**”).

The strategic sale of land and data does not affect AZLs near term development plan for the Prairie Lithium Project as the acreage was not core acreage. No shares will be issued in conjunction with this transaction.

Homestead Energy Ltd. is a Saskatchewan based privately owned and operated oil and gas company focused on acquiring, managing and developing fee title royalties, minerals and oil and gas assets in the Western Canadian Sedimentary Basin.

Arizona Lithium Managing Director, Paul Lloyd, commented: *“The sale of non-core acreage and data is an effective and efficient capital management tool as it provides \$11 million to the Company without diluting shareholders. The land component of the transaction is only a small part of our existing 390,000 net acres we held prior to the transaction. Proceeds from the transaction will be used to advance the development of our core acreage and undertake more work towards the stated goal of commercial production at the Prairie Lithium Project in 2025.”*

Details of the Transaction

The Company (via its controlled subsidiary, Prairie Lithium) has entered into 3 separate agreements to give effect to this transaction.

The first agreement is a conveyance agreement where Prairie Lithium has agreed to sell approximately 40,000 acres of Crown Mineral Title and approximately 11,600 net acres of Freehold Mineral Title as set out in the map in Annexure A (**Assets**) to Homestead.

Under the Conveyance Agreement, the key terms are summarised as follows:

- (a) Prairie Lithium sells and Homestead purchases the Assets (as set out in Annexure A to this announcement) and grants a licence to Homestead to the Licensed Data in accordance with the Licence Agreement set out below;
- (b) The sale is on an “as is where is” basis and only standard warranties and representations as to the status of the Assets are given by Prairie Lithium. The effect of the “as is where is” basis is that

Homestead assumes liability for all environmental and end of life liabilities (as defined in the Conveyance Agreement) attributable to the Assets whether or not within the knowledge or imputed knowledge of Prairie Lithium (or any of its representatives or contractors);

- (c) The closing of the transaction is subject to the receipt of any required approvals in respect of the conveyance or licence grant;
- (d) On signing, the parties agreed to deliver all necessary documents to effect the purchase and sale of the Assets and grant of the licence of the Licensed Data in escrow in accordance with the escrow agreement (“**Escrow Documents**”), including Homestead transferring the consideration to the escrow agent. The effect of this is to ensure the necessary closing documents and consideration is available on receipt of the required approvals in accordance with the escrow agreement; and
- (e) The Conveyance Agreement is otherwise on standard terms for a transaction of this nature.

The second agreement is a licence agreement where Prairie Lithium has granted an irrevocable, royalty-free, exclusive, sublicensable, worldwide, perpetual and fully paid-up licence to Homestead to utilise the associated data (“**Licence Agreement**”). The associated data includes the data owned by Prairie Lithium related to the land identified in blue on the map in Annexure A in existence on signing and includes modifications or improvements to that data and any new data relating to that area created or acquired from signing to 31 December 2025 (“**Licensed Data**”).

The consideration for the sale is a total of AUD \$11 million, divided as to AUD \$5,500,000 (CAD \$5,000,000) for the Assets and AUD \$5,500,000 (CAD \$5,000,000) for the Licensed Data.

The final agreement is an escrow agreement entered into by Prairie Lithium, Homestead and the escrow agent, Blake, Cassels & Graydon LLP. Homestead has transferred AUD \$11 million into an escrow account and these funds are being held in escrow together with the Escrow Documents. The funds and the Escrow Documents will be released when each of Prairie Lithium and Homestead give a written notice to the escrow agent directing the escrow agent to release the funds and the Escrow Documents.

Shareholder approval is not required for the sale and the sale will not result in a change of AZL’s board of directors or senior management.

The sale completed on 4 October 2024 (CST).

A map showing the locations of the divested area is set out in Annexure A.

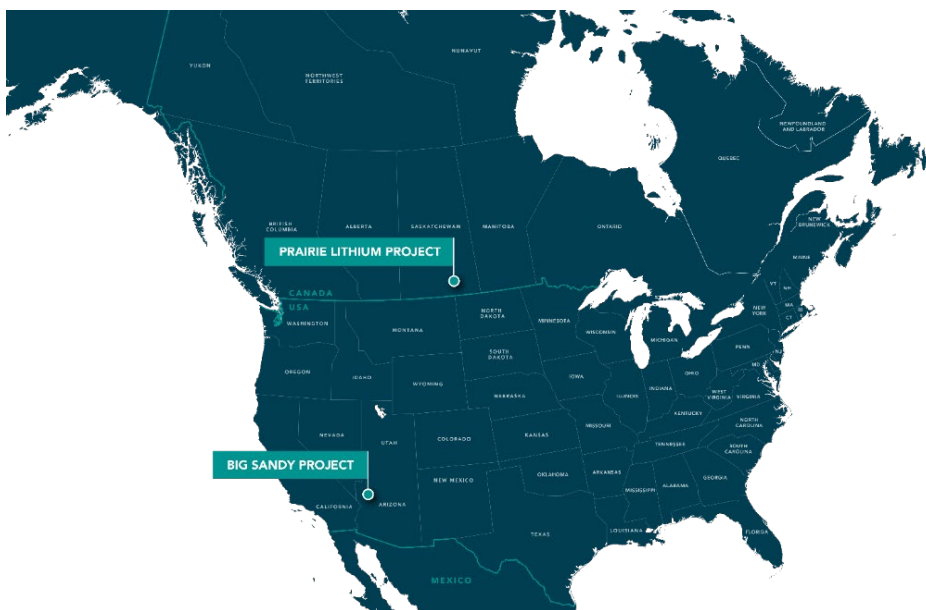


Figure 1: Location of Arizona Lithium's core projects

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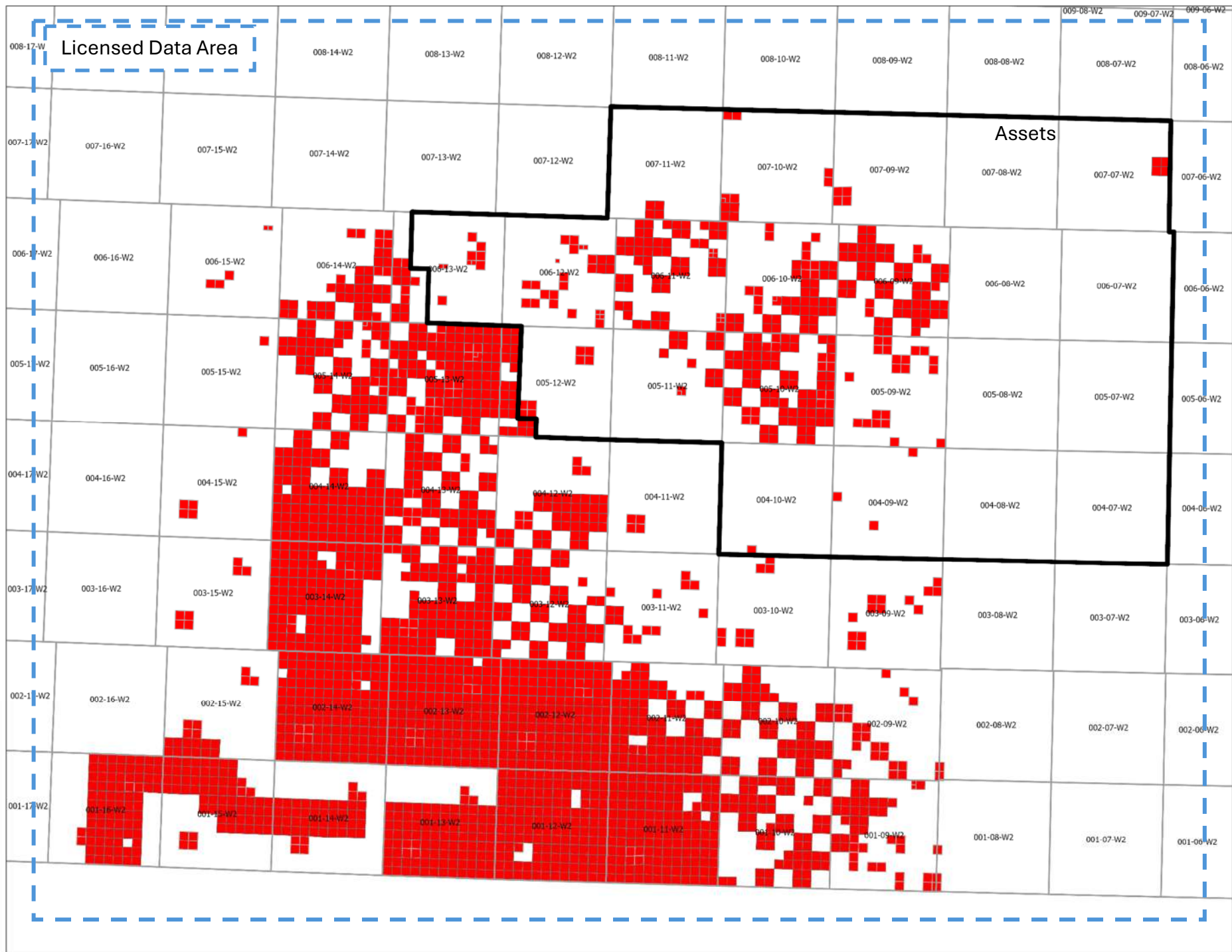
This ASX announcement is authorised for release by the Board.

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Annexure B

<i>Disposition number</i>	<i>Sale & Block</i>	<i>Owner</i>	<i>Lessor</i>	<i>Registered Interest Holder</i>	<i>Effective Date</i>	<i>Transfer</i>	<i>Ha</i>	<i>Ac</i>	<i>Work Commitment</i>
SMP008	S005-BK029	ARIZONA LITHIUM	Crown	PRAIRIE LITHIUM CORPORATION	2020-04-20	All	258.38	638.457	\$97,000.00
SMP044	S008-BK029	ARIZONA LITHIUM	Crown	PRAIRIE LITHIUM CORPORATION	2021-04-19	All	3807.55	9408.456	\$1,475,000.00
SMP058	S008-BK043	ARIZONA LITHIUM	Crown	PRAIRIE LITHIUM CORPORATION	2021-04-19	All	1876.44	4636.683	\$715,000.00
SMP059	S008-BK044	ARIZONA LITHIUM	Crown	PRAIRIE LITHIUM CORPORATION	2021-04-19	All	2539.88	6276.043	\$1,007,000.00
SMP061	S008-BK046	ARIZONA LITHIUM	Crown	PRAIRIE LITHIUM CORPORATION	2021-04-19	All	512.46	1266.289	\$196,000.00
SMP078	S008-BK064	ARIZONA LITHIUM	Crown	PRAIRIE LITHIUM CORPORATION	2021-04-19	All	1803.83	4457.264	\$1,203,000.00
SMP079	S008-BK065	ARIZONA LITHIUM	Crown	PRAIRIE LITHIUM CORPORATION	2021-04-19	All	1410.74	3485.939	\$538,000.00
SMP151	S009-BK025	ARIZONA LITHIUM	Crown	PRAIRIE LITHIUM CORPORATION	2021-08-23	All	1811.02	4475.03	\$697,000.00
SMP152	S009-BK027	ARIZONA LITHIUM	Crown	PRAIRIE LITHIUM CORPORATION	2021-08-23	All	516.90	1277.26	\$199,000.00
SMP153	S009-BK029	ARIZONA LITHIUM	Crown	PRAIRIE LITHIUM CORPORATION	2021-08-23	All	506.90	1252.55	\$199,000.00
SMP154	S009-BK031	ARIZONA LITHIUM	Crown	PRAIRIE LITHIUM CORPORATION	2021-08-23	All	1157.61	2860.454	\$472,000.00
M43399	-	ARIZONA LITHIUM	Canpar Holdings Ltd.	PRAIRIE LITHIUM CORPORATION	2023-11-15	Partial	129.057062	318.9	N/A
M43400	-	ARIZONA LITHIUM	Canpar Holdings Ltd.	PRAIRIE LITHIUM CORPORATION	2023-11-15	Partial	20.2610279	50.065	N/A
M43401	-	ARIZONA LITHIUM	Canpar Holdings Ltd.	PRAIRIE LITHIUM CORPORATION	2023-11-15	All	2307.526	5750.737	N/A
M43403	-	ARIZONA LITHIUM	Freehold Royalties Ltd.	PRAIRIE LITHIUM CORPORATION	2023-11-15	Partial	322.577904	797.09	N/A
M43404	-	ARIZONA LITHIUM	Freehold Royalties Ltd.	PRAIRIE LITHIUM CORPORATION	2023-11-15	All	674.777	1660.547	N/A
M43405	-	ARIZONA LITHIUM	Freehold Royalties Ltd.	PRAIRIE LITHIUM CORPORATION	2023-11-15	All	1263.105	3121.118	N/A

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