

DRILLING COMMENCED TO CREATE PRODUCTION UNIT AT PRAIRIE

HIGHLIGHTS

- Well #2 was successfully drilled as a vertical exploration well into the Dawson Bay Formation at Pad #1 and converted into a disposal well. The exploration and disposal results are being analysed and will be released upon completion of analysis.
- Drilling on Well #3 at Pad #1 has commenced. Well #3 is being drilled as an exploration well. Having three wells in place on Pad #1 means the company will have a production well, a disposal well and a brackish water source well.
- As noted in the company's Pre-Feasibility Study, the company requires production wells, disposal wells and brackish water source wells for its commercial operations.¹
- This provides all the initial well infrastructure necessary for the company to deploy Direct Lithium Extraction (DLE) at commercial scale on Pad #1 and look to facility construction and ultimately Lithium production in 2025.

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 that it has commenced drilling Well #3 at Pad #1 at its Prairie Project. Well #2 on Pad #1 was previously successfully drilled as an exploration well into the Dawson Bay Formation and converted into a disposal well. The exploration and disposal results are being analysed and will be released upon completion of analysis.

Well #3 is being drilled as an exploration well. As noted in the company's Pre-Feasibility Study, the company requires production wells, disposal wells and brackish water source wells for its commercial operations. Having three wells drilled on Pad #1 means the company will have all of the necessary well infrastructure to support the company going into production on Pad #1 in 2025.



Figure 1: Drilling Well #3 on Pad #1. Well #1 and Well #2 can be seen in the foreground of the drilling rig

¹ ASX Announcement – “Prairie Lithium PFS Confirms Extremely Low Operating Cost” – 29 December 2023

Arizona Lithium Managing Director, Paul Lloyd, commented: “We are excited to announce that we have started drilling the 3rd well on Pad #1. Having the first 3 wells in place on Pad #1 allows us to finalise facility design, look to facility construction in H1 2025 and production of Lithium brines shortly thereafter. Having these wells in place is another significant milestone on our path to production of lithium on Pad #1 in 2025.”

About the Prairie Lithium Project

AZL’s Prairie Lithium Project is located in the Williston Basin of Saskatchewan, Canada, and holds a resource of 6.3 MT of LCE, comprised of 4.5 MT LCE Indicated and 1.8 MT LCE Inferred². 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.

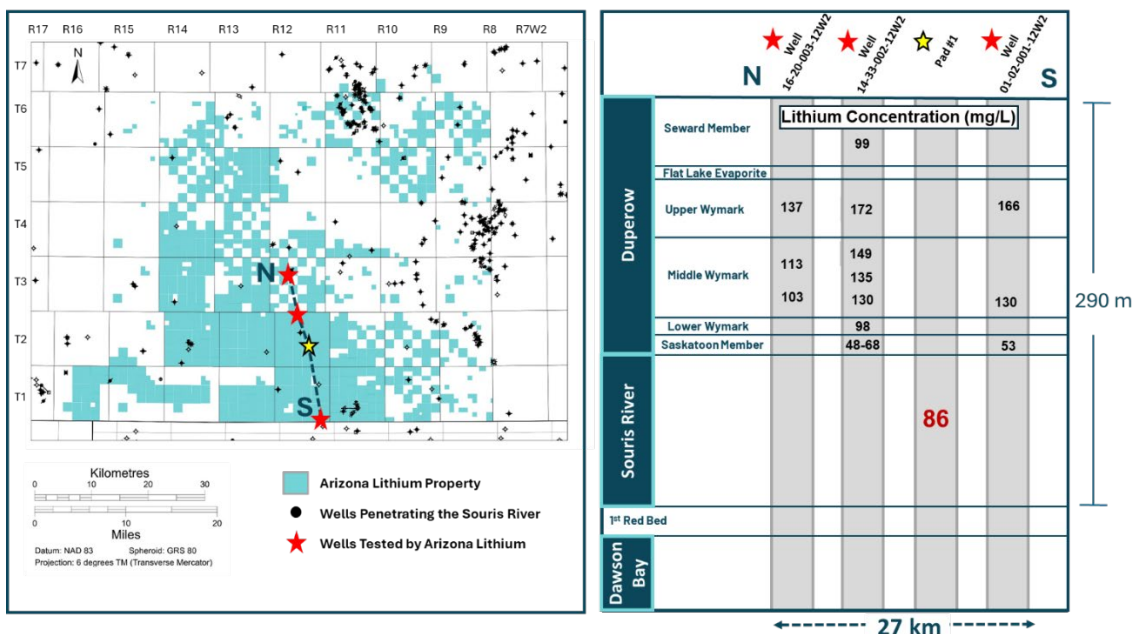


Figure 2: Location map and representative lithium concentrations from Arizona Lithium's test wells

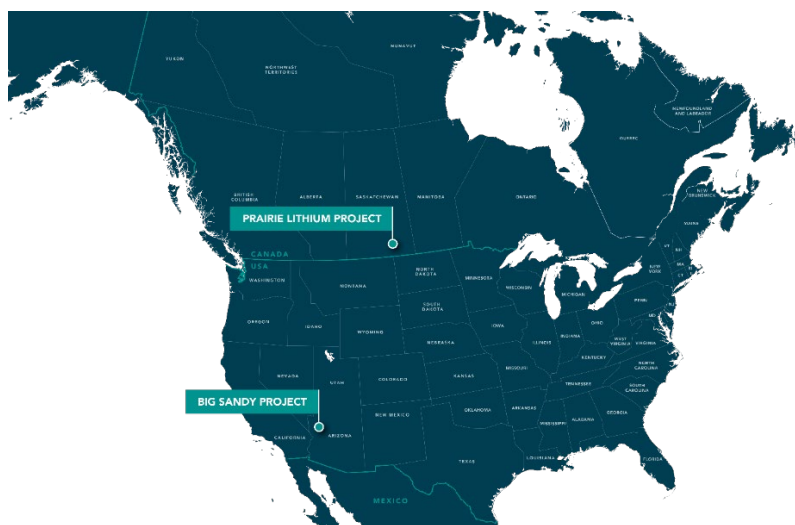


Figure 3: Location of Arizona Lithium's core projects

² ASX Announcement – “6.3 Million Tonne Lithium Resource At Prairie” – 13 December 2023

This ASX announcement is authorised for release by the Board.

For further information please contact:

Mr. Paul Lloyd
Managing Director
Tel. +61 419 945 395
paul@arizonalithium.com

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

Gordon MacMillan P.Geol., 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.