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Arizona Lithium Limited  
Annual Report

For the year ended 30 June 2022

ABN 15 008 720 223

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## Corporate Directory

### Directors

Mr Barnaby Egerton-Warburton - Non-Executive Chairman  
Mr Paul Lloyd - Managing Director  
Mr Matthew Blumberg - 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, 126 Phillip Street  
Sydney NSW 2000  
Tel: 02 9698 5414

### Auditor

HLB Mann Judd (WA Partnership)  
Level 4  
130 Stirling Street  
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

### Operational

During the 2022 Financial Year AZL achieved significant milestones, as the Company continued to advance the sustainable development of its Big Sandy Lithium Project in Arizona and Lordsburg Lithium Project in New Mexico.

#### Key Highlights included:

- Establishment of a world class Lithium Research Center in Tempe, Arizona, that will function as a technology incubator focused on the extraction of lithium from a variety of ores and brines, including the Big Sandy Project and the production of battery grade lithium chemicals.
- The completion of the Bench-Scale Test Program validating the initial Big Sandy Project design basis and flowsheet.
- Commencement of the scoping study for Big Sandy, with the Company engaging Tucson, Arizona-based engineering company to complete the study.
- Preparation for testing of the first Nikola battery electric vehicles (BEV) truck following a MOU with Nikola Corporation.
- Identification of three drill targets in a north trending basin at the Lordsburg Lithium Project located in southwest New Mexico, containing targets interpreted to represent potential lithium mineralised brines.
- A further 96 BLM claims staked, doubling the Lordsburg Lithium Project footprint to 192 claims (15.54km<sup>2</sup>).

### Corporate

- Successful spinout of the Company's interest in its gold and copper assets to Diablo Resources Limited (Diablo), transforming the Company into a dedicated lithium company.
- Brett Rabe appointed as Chief Technical Officer, with prior roles including VP of Engineering & Project Management at Lithium Americas Corp for the Thacker Pass in Nevada.
- Matthew Blumberg appointed an Executive Director in New York, currently holding the role as a Director of a NASDAQ-listed and US-based private equity firm.
- Retirement of Greg Smith as a Non-Executive Director, as one of the vendors of the Big Sandy Lithium Project and the first technical consultant to realise the massive potential of the project.
- Shaun Menezes appointed Company Secretary, an accounting and finance professional with over 20 years of experience.
- To fast track the development of Big Sandy, AZL undertook a strongly supported placement for \$23.2m (before costs) and a subsequent placement undertaken for \$12m (before costs) to institutional and sophisticated investors.

## Review of Operations

### BIG SANDY LITHIUM PROJECT

The Big Sandy Project in Arizona, is a very shallow, flat lying mineralised sedimentary lithium resource, and with the excellent available infrastructure, has the potential to be developed with a very low environmental footprint.

The Company's successful 2019 drill program at Big Sandy resulted in the estimation of a total Indicated and Inferred JORC resource of 32.5 million tonnes grading 1,850 ppm Li for 320,800 tonnes  $\text{Li}_2\text{CO}_3$ <sup>1</sup>. This represents 4% of the Big Sandy Project area that contains an estimated exploration target of between 271.1Mt to 483.15Mt at 1,000 - >2,000ppm  $\text{Li}^2$

The Permit of Exploration (POE) that includes 145 exploration holes and a bulk sample at the Company's Big Sandy Lithium project in Arizona is awaiting BLM approval. Community involvement is welcomed to ensure mutually beneficial outcomes for all stakeholders and the Company is very confident that a drilling program can be completed without environmental impact and to the satisfaction of all stakeholders.



**Figure 1 - Arizona Lithium Portfolio, including major Li-battery infrastructure in close proximity to Big Sandy and Lordsburg Lithium Projects**

<sup>1</sup> ASX Announcement Sept 26, 2019, Big Sandy Lithium Project, Maiden Mineral Resource

<sup>2</sup> ASX Announcement Nov 7, 2019, Big Sandy Lithium Project, Exploration Target Update

## Review of Operations

### World Class Lithium Research Center

Arizona Lithium signed a five-year lease to establish a world class Lithium Research Center located on a 9,700m<sup>2</sup> property in Tempe, Arizona, approximately 15km southwest of Phoenix Sky Harbor International Airport. The facility includes a 1,900m<sup>2</sup> building for R&D in addition to a 3,000m<sup>2</sup> secure lot for the fabrication of prototype processing equipment.

The Lithium Research Center will function as a technology incubator focused on the extraction of lithium from a variety of ores and brines, as well as the production of battery grade lithium chemicals for current and future battery technologies, showcasing all of the processing steps required for a lithium project, in particular AZL's Big Sandy and Lordsburg Projects.

The Research Center is spearheaded by AZL CTO, Brett Rabe, who has significant experience in lithium project management and engineering. Electric Vehicle OEMs, lithium resource owners, US based strategic investors and key government officials have all expressed interest in the Lithium Research Center.

### Bench-Scale Test Results & Commencement of Scoping Study

The final ore beneficiation, concentrate leaching and hydrometallurgy reports validated the initial Big Sandy design basis and flowsheet, including:

- Size-based concentration of 71% of the resource lithium content into a concentrate of 36% of the processed ore;
- A lithium leaching extraction from the concentrate of 88%;
- A reduction of processed ore sulfuric acid consumption in leaching at 490 kg/mt to less than 180 kg/mt;
- Production of at least 99.8% battery-grade lithium carbonate;
- Determination of critical reagent consumables;
- Production of bulk quantities of purified lithium sulfate solution for additional test work by recognised battery-grade lithium carbonate process technology vendors; and
- The basis for the mass and energy balance leading to its AACE Class 5 capital and O&M cost, and Class 1 schedule estimates for commercial project alternatives.

The Company has now commenced the scoping study for the Big Sandy Lithium Project, engaging a Tucson, Arizona-based engineering company to complete the study.

### Nikola Battery Electric Vehicles (BEV) Truck

AZL signed a Memorandum of Understanding with Nikola Corporation (NASDAQ: NKLA) to purchase Nikola Tre battery-electric vehicles (BEVs). The Tre BEVs will be utilised to support two stages of development for the Big Sandy Lithium Project in Arizona — the research facility phase and the processing facility phase.

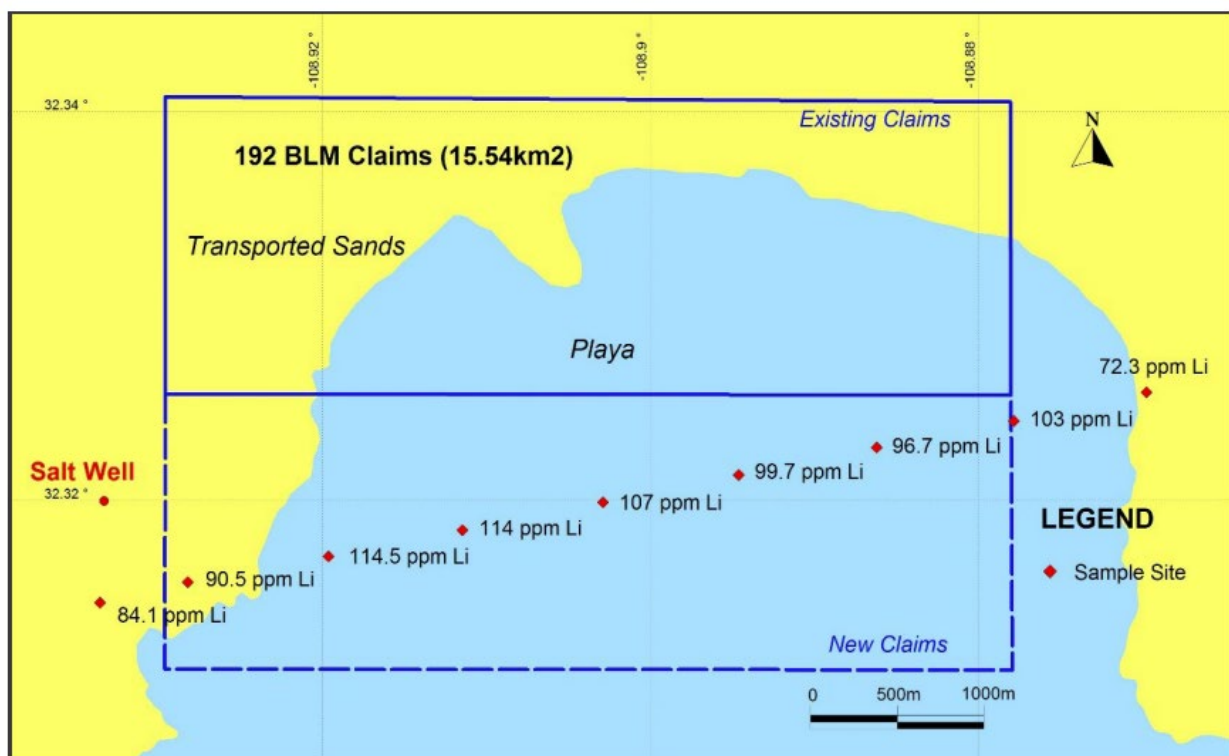
Preparation for testing of the first Nikola BEV truck is underway, as part of the AZL plan to become a net zero carbon lithium producer and following its aim of sourcing as many services and equipment as possible from inside the state of Arizona.

## Review of Operations

### LORDSBURG LITHIUM PROJECT

Following a strategic review of the Lordsburg Lithium Project, the Company staked a further 96 BLM claims, doubling the project's landholding to 15.54km<sup>2</sup>. The project is located in the southwest corner of the state of New Mexico and is easily accessed along the I-10 Interstate between Tucson (Arizona) and La Cruces (New Mexico) close to the New Mexico, Arizona border. Rail lines pass to the north of the Claim Block and through the lake system to the south. The Lordsburg Playa system is approximately 15km to the southwest of the town of Lordsburg and lies at an elevation of 1,200m above mean sea level.

The Lordsburg Project sits within the playa lake system at the northernmost end of the Animas Valley, southwest New Mexico. The basin is an elongated feature bounded to the west by the Peloncillo mountains and to the east by the Pyramid mountains. The basin comprises clays, silts and sands, similar to the lithological sequence in the Clayton Valley, host to the only producing lithium project in the US. Further there is anecdotal evidence that highly saline fluids were intersected in a historical stock water well located in the basin.



**Figure 2 - Lordsburg Project, Playa, Salt Well and Surface Sampling Results**

Historical surface sampling acquired by the Company returned values up to 114.5 ppm Li across the playa. This grade of lithium is in line with other Clayton Valley projects that show Li grades of 50-150 ppm.

Stock wells on the eastern Animas basin margin, south of the Project, intersected steam and hot springs essential in the development of lithium bearing brines. A 1954 US Geologic Survey map shows a windmill just west of the Project, on the western basin margin, labeled as a "salt well" demonstrating the presence of highly saline subterranean water.

Two of the large cost burdens of lithium brine projects are energy costs and transportation costs, however the Lordsburg Lithium Brine Project is located 16km from the 15MW Lightning Dock Geothermal Plant and conveniently located right next to key interstate highways.

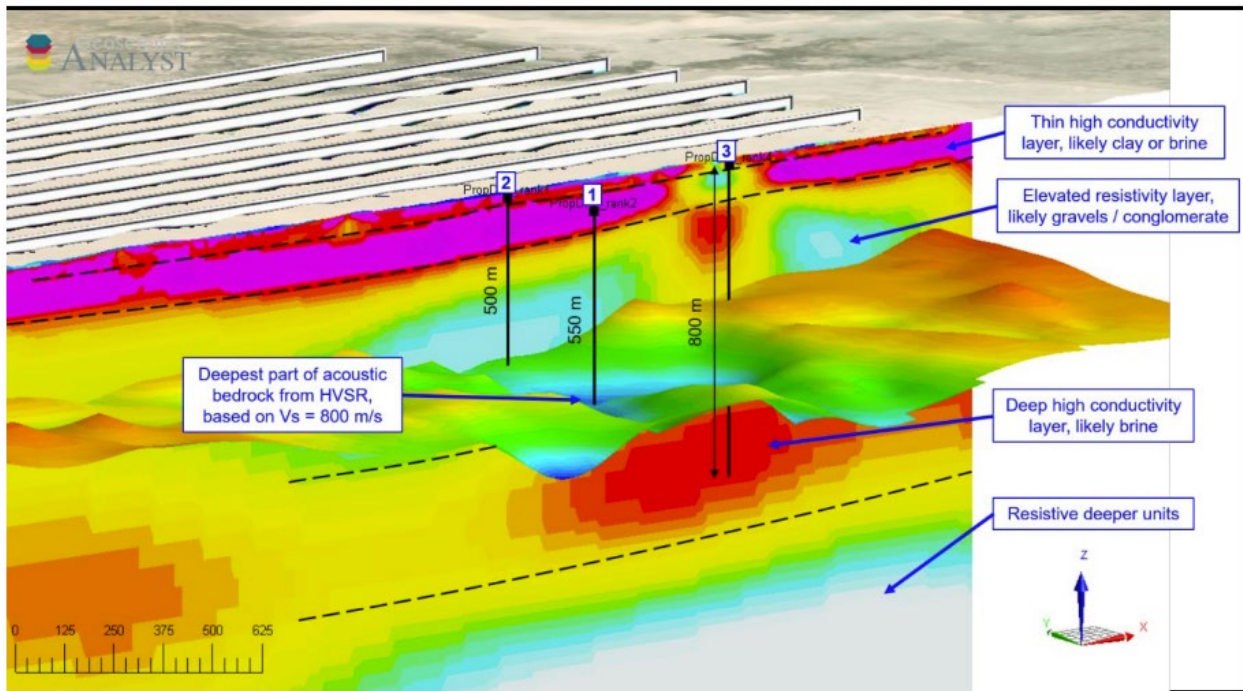
### Proposed Drill Holes

Based on the results of geophysical surveys conducted in consultation with Western Australian-based geophysical consultants, Resource Potentials, three drills holes have been proposed to test geophysical

## Review of Operations

anomalies within Magnetotelluric Titan (MT) data, as well as local deep anomalies on the acoustic bedrock derived from the passive seismic HVSR survey. These deep anomalies may relate to potentially lithium mineralised brines.

Figure 3, a 3D visualisation of the proposed drill holes, includes the MT resistivity inversion model. In the figure, the hotter colours (pinks) indicate high conductivity and cooler colours (whites) indicate higher resistivity as defined by the MT, whilst in the passive seismic HVSR, hotter colours (yellow to red) indicate shallower acoustic bedrock and cooler colours (green to blue) indicate deeper acoustic bedrock.



**Figure 3 - Geophysical Interpretation - Targets and Drill Holes**

- Hole 1 (550m): Tests both the shallow high conductivity layer (purple) in the MT resistivity model (interpreted as brine or clay) and a local acoustic bedrock low defined by the passive seismics (blue)
- Hole 2 (500m): Lies north of Hole 1 and targets the shallow high conductivity layer (purple) in the MT resistivity model (interpreted as brine or clay)
- Hole 3 (800m): Targets a deep, highly conductivity layer (red, likely brine) occurring in the deeper portion of the basin



## Review of Operations

### CORPORATE

#### Spin Out of Gold Assets

The Company completed the successful spinout of its interest in the Devil's Canyon Gold-Copper Project in Nevada, the Western Desert Gold-Copper Project in Utah, and the Lone Pine Gold Project including the King Solomon Project in Idaho, to Diablo Resources Limited (Diablo). This transformed the Company into a dedicated lithium company, focused on the sustainable development of the Big Sandy Sedimentary Lithium Project in Arizona, with the name change reflecting this shift in strategic direction.

#### Director Appointments / Resignations

Brett Rabe was appointed as Chief Technical Officer, with prior roles including VP of Engineering & Project Management at Lithium Americas Corp for the Thacker Pass in Nevada, the largest known lithium resource in the US, and the most comparable project to Big Sandy. He was instrumental in the running of the Pilot Plant and technical design documents for the Thacker Pass Project. Brett was most recently President of Project Development & Assessment Consultants LLC, specialising in project development and assessment for clients involved in the production of lithium battery chemicals, particularly in early stages of project development.

Matthew Blumberg was appointed an Executive Director in New York, currently a Director of NASDAQ-listed and US-based private equity firm, ALJ Regional Holdings, focused on Strategy and M&A. He has previously worked in investment-based roles in New York and Sydney. Matthew is focused on growing the Company's US investor base and building strategic partnerships with US based battery manufacturers or end users.

During the year, Greg Smith resigned as a Non-Executive Director. Greg was one of the vendors of the Big Sandy Lithium Project and the first technical consultant to realise the massive potential of the project.

Shaun Menezes an accounting and finance professional with over 20 years of experience, was appointed Company Secretary. He has worked in the capacity of Company Secretary and CFO 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.

#### Capital Raises

To fast track the development of Big Sandy, AZL undertook a strongly supported placement for \$23.2m (before costs), with a subsequent placement undertaken for \$12m (before costs) to institutional and sophisticated investors. The proceeds are being applied to the design and construction of the research facility for the Big Sandy Lithium Project, metallurgical test work, exploration drilling and the purchase of water rights.

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 26 September 2019. 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 2022.

### 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.

The table below sets out the maiden Mineral Resources at 30 June 2022 for the Big Sandy Sedimentary Lithium Project in Arizona, USA. There was no change from the Mineral Resources in the prior year.

### Big Sandy Project Resources as at 30 June 2022 and as at 30 June 2021 (rounding errors apply)

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)
<b>Indicated</b>	14.6	1,940	28,400	150,900
<b>Inferred</b>	17.9	1,780	31,900	169,900
<b>Total</b>	<b>32.5</b>	<b>1,850</b>	<b>60,300</b>	<b>320,800</b>

### 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.

## 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 2022, 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 and Lordsburg Projects in USA exploring for lithium.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In September 2021, the Company disposed of its gold projects in the USA via the demerger of Diablo Resources Limited. The shares received as consideration on the demerger were distributed in-specie to the Company's shareholders.

### SUMMARY OF RESULTS

The Group's loss attributable to members of the Company for the financial year ended 30 June 2022 was \$4,228,628 (2021: loss of \$3,455,913). The loss was largely due to the expensing of all mineral exploration expenditure including acquisition costs in accordance with the Group's accounting policy.

At 30 June 2022, the Group had net assets of \$42,816,149 (2021: \$4,869,228) and the Company had 2,233,496,990 (2021: 1,656,034,601) fully paid 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, appointed 11 October 2021)
- Greg Smith (Non-Executive Director, resigned 17 November 2021)

## Directors' Report

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

#### Mr Barnaby Egerton-Warburton – Non-Executive Chairman

Barnaby Egerton-Warburton is an experienced investment banker and corporate advisor who has held managing director and non-executive director positions in the investment banking, energy, technology and resource sectors.

Mr. Egerton-Warburton has over 25 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) Locality Planning Energy Holdings Ltd (since March 2020) 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)
Interests in Shares:	4,570,000
Interests in Options:	30,000,000
Interests in Performance Rights:	27,500,000

#### 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:	28,682,689
Interests in Options:	40,000,000
Interests in Performance Rights	60,000,000

#### Mr Matthew Blumberg – Executive Director (appointed 11 October 2021)

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 NASDAQ listed and US based private equity firm, ALJ Regional Holdings, focussing on Strategy and 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:	300,000
Interests in Options:	20,000,000
Interests in Performance Rights	24,000,000

## Directors' Report

### INFORMATION ON FORMER DIRECTORS

#### Mr Greg Smith – Non-Executive Director (resigned 17 November 2021)

Greg Smith has over 45 years of experience as an exploration/mine geologist across Australia, North America, Africa and South East Asia. He has also served as Arizona's Technical Manager and was responsible for the exploration program that defined a resource on the Company's Big Sandy Sedimentary Lithium Project located in Arizona, USA.

He previously held the role as exploration manager for Moto Gold Mines in the Democratic Republic of the Congo, leading the discovery of 22 million ounces of Gold (now Kibali Gold Mine, ranked world's 5th largest). He has also served as a managing director of several ASX listed companies.

### COMPANY SECRETARY

#### Mr Shaun Menezes – Company Secretary (appointed 30 June 2022)

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.

#### Ms Oonagh Malone – Company Secretary (resigned 30 June 2022)

Ms Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. She has over 10 years' experience in administrative and company secretarial roles for listed companies and is a member of the Governance Institute of Australia. She currently acts as company secretary for ASX-listed African Gold Ltd, Aston Minerals Limited, Benz Mining Corp, Caprice Resources Limited, Carbine Resources Limited, RareX Limited and Riversgold Limited. She is a non-executive director of Peak Minerals Limited.

### DIVIDENDS

No dividends were paid or are proposed to be paid during the financial year (2021: 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, other than:

- On 14 July 2022, shareholders at a general meeting of the Company approved the following resolutions:
  - Ratification of the issue of 86,666,709 Options issued in November 2021;
  - Ratification of the issue of 173,333,332 Shares issued in November 2021;
  - Ratification of the issue of 20,000,000 Options to the Joint Lead Managers issued in November 2021;
  - Ratification of the issue of 172,671,111 Shares at \$0.125 each representing Tranche 1 of the April 2022 placement pursuant to Listing Rule 7.1.
  - Ratification of the issue of 12,928,889 Shares at \$0.125 each representing Tranche 1 of the April 2022 placement pursuant to Listing Rule 7.1A.
  - Issue of 74,400,000 Shares at \$0.125 each representing Tranche 2 of the April 2022 placement.
  - Issue of 130,000,000 Options exercisable at \$0.18 each as part of the April 2022 placement.

## Directors' Report

- Issue of 25,000,000 Options exercisable at \$0.18 each expiring 2 years from date of issue to the Joint Lead Managers as part of the April 2022 placement.<sup>1</sup>
- Issue of Incentive Performance Rights to Mr Barnaby Egerton-Warburton, Mr Matthew Blumberg and Mr Paul Lloyd.
- 1. Subsequent to the general meeting, the Company negotiated with the Joint Lead Managers to receive only 18,000,000 Options exercisable at \$0.18 each expiring 2 years from the date of issue.
- On 25 July 2022, the Company issued 171,428,571 shares at \$0.07 each with a 1 for 2 free attaching listed option exercisable at \$0.18 expiring 2 years from the date of issue to raise \$12 million before costs.
- On 15 August 2022, the Company issued:
  - 221,514,286 quoted options exercisable at \$0.18 each expiring 15 August 2024, as part of the April and July 2022 placements;
  - 2,000,000 shares on exercise of share options with an exercise price of \$0.0353 each, raising \$70,600; and
  - 111,500,000 performance rights to directors which were approved by shareholders at the general meeting held on 14 July 2022.
- On 29 August 2022, the Company issued 3,000,000 shares as a result of an exercise of options with an exercise price of \$0.0353 each.

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## 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	
		2022	2021
7 September 2022	\$0.0353	-	52,250,000
7 September 2022	\$0.0453	-	47,250,000
30 December 2021	\$0.06	-	22,250,000
30 December 2021	\$0.07	-	12,500,000
29 April 2023	\$0.012	- <sup>1</sup>	82,500,000
10 November 2022	\$0.12	99,800,042 <sup>5</sup>	-
2 December 2022	\$0.0153	4,981,680 <sup>2</sup>	22,006,890 <sup>2</sup>
1 April 2023	\$0.0453	1,566,667 <sup>3</sup>	1,666,667 <sup>3</sup>
1 April 2023	\$0.0553	1,666,667 <sup>3</sup>	1,666,667 <sup>3</sup>
1 April 2023	\$0.0653	1,666,667 <sup>3</sup>	1,666,667 <sup>3</sup>
15 August 2024	\$0.18	221,514,286 <sup>4</sup>	-
11 October 2024	\$0.06	92,000,000	-
<b>Total</b>		<b>423,196,009</b>	<b>243,756,891</b>

<sup>1</sup> These options lapsed due to their inability to meet the milestones as the vesting conditions were associated with the gold projects that were sold to Diablo Resources Limited during the year.

<sup>2</sup> A total of 209,444,445 options were issued on 2 December 2020. 194,444,445 of these options were free attaching options issued as part of a capital raising. The balance of 15,000,000 options were issued to brokers in consideration for services related to the capital raising. 63,809,830 of these options have been exercised since 30 June 2022, leaving 22,006,890 on issue at the date of this report.

<sup>3</sup> 5,000,001 options issued under the Company's Employee Securities Incentive Plan on 1 April 2021.

<sup>4</sup> A total of 221,514,286 options were issued on 15 August 2022. 178,514,286 of those options were free attaching options issued as part of a capital raising. The balance of 43,000,000 options were issued to brokers in consideration for services related to the capital raising.

<sup>5</sup> A total of 106,666,709 options were issued on 10 November 2021. 86,666,709 of those options were free attaching options issued as part of a capital raising. The balance of 20,000,000 options were issued to brokers in consideration for services related to the capital raising.

### DIRECTORS' MEETINGS

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

Name	Directors' meetings	
	No. of meetings eligible to attend	No. of meetings attended
Barnaby Egerton-Warburton	3	3
Paul Lloyd	3	3
Matthew Blumberg (appointed 11 October 2011)	3	3
Greg Smith (resigned 17 November 2021)	-	-

### 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 20 April 2007 when shareholders approved an aggregate remuneration of \$250,000 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 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.

### 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 2022.

	2022	2021	2020	2019	2018
Loss after income tax attributable to shareholders (\$)	(4,228,628)	(3,455,913)	(3,490,190)	(12,621,063)	(1,255,408)
Share price at year end (\$)	0.082	0.025	0.013	0.021	0.034
Total dividends declared (cents per share)	-	-	-	-	-
Returns of capital (cents per share)	-	-	-	-	-
Basic (loss) per share (cents)	(0.19)	(0.24)	(0.41)	(2.37)	(0.45)

### Details of Remuneration – Service Agreements

Director	Position held as at 30 June 2022	Contract details (duration & termination)
Barnaby Egerton-Warburton	Non-Executive Chairman	Letter of appointment / In accordance with Constitution No termination benefits payable
Paul Lloyd	Managing Director	Service agreement Remuneration of \$300,000pa inclusive of statutory superannuation Termination without cause requires 6 months' notice or payment
Matthew Blumberg	Executive Director	Letter of appointment / In accordance with Constitution Remuneration of \$60,000pa inclusive of statutory superannuation No termination benefits payable

## Directors' Report

### Remuneration Details for the Year Ended 30 June 2022

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 \$250,000 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	2022	84,000	-	-	2,484,134	2,568,134	97%
	2021	67,897	2,603	-	28,268	98,768	29%
P Lloyd	2022	300,000	-	-	3,304,674	3,604,674	92%
	2021	270,946	10,173	-	43,972	325,091	14%
M Blumberg	2022 <sup>1</sup>	46,394	-	-	458,400	504,794	91%
G Smith	2022 <sup>2</sup>	13,700	-	-	-	13,700	-
	2021	36,000	-	7,000	31,408	74,408	42%
S Hardcastle	2021 <sup>3</sup>	1,500	-	-	-	1,500	-
<b>Total</b>	<b>2022</b>	<b>444,094</b>	<b>-</b>	<b>-</b>	<b>6,247,208</b>	<b>6,691,302</b>	<b>93%</b>
	2021	376,343	12,776	7,000	103,648	499,767	21%

<sup>1</sup> Appointed 11 October 2021.

<sup>2</sup> Resigned 17 November 2021.

<sup>3</sup> Resigned 14 July 2020.

### Director-related parties

Mr Lloyd is a related party of Coral Brook Pty Ltd. Coral Brook Pty Ltd was reimbursed administration fees of \$Nil for the year ended 30 June 2022 (2021: \$18,900) with an accrued liability of \$Nil for administration fees at 30 June 2022 (2021: \$Nil) and \$75,000 for director remuneration (2021: \$75,000) at year end.

## 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 2022	Balance at beginning of year or appointment	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
B Egerton-Warburton	4,570,000	-	-	-	4,570,000
P Lloyd	28,682,689	-	-	-	28,682,689
M Blumberg <sup>1</sup>	300,000	-	-	-	300,000
G Smith <sup>2</sup>	19,500,000	-	-	(19,500,000)	-

<sup>1</sup> Appointed 11 October 2021.  
<sup>2</sup> Resigned 17 November 2021.

30 June 2021	Balance at beginning of year or appointment	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
B Egerton-Warburton	4,570,000	-	-	-	4,570,000
P Lloyd	28,682,689	-	-	-	28,682,689
G Smith	19,500,000	-	-	-	19,500,000
S Hardcastle	-	-	-	-	-

### KMP Option Holdings

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 2022	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	34,250,000	30,000,000	-	(34,250,000)	30,000,000
P Lloyd	65,000,000	40,000,000	-	(65,000,000)	40,000,000
M Blumberg <sup>1</sup>	-	20,000,000	-	-	20,000,000
G Smith <sup>2</sup>	55,000,000	-	-	(55,000,000)	-

<sup>1</sup> Appointed 11 October 2021.  
<sup>2</sup> Resigned 17 November 2021.

30 June 2021	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	34,250,000	-	-	-	34,250,000
P Lloyd	65,000,000	-	-	-	65,000,000
G Smith	55,000,000	-	-	-	55,000,000
S Hardcastle <sup>3</sup>	4,000,000	-	-	(4,000,000)	-

<sup>3</sup> Resigned 14 July 2020.

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

There were no cash bonuses, or other short term performance related bonuses, made to any KMP in the financial years ended 30 June 2022 or 30 June 2021.

## Directors' Report

Details of options over ordinary shares in the Company provided as remuneration to KMP during 2022 as disclosed above are set out below. When exercised, each option is convertible into one ordinary share of Arizona Lithium Limited. 82,500,000 director options issued in a prior period were forfeited because the conditions had not been or had become incapable of being satisfied.

KMP	Grant date	Number granted	Exercise price (\$)	Value per option (\$)	Value of options granted (\$)	Issue date	Expiry date
B Egerton-Warburton	16/11/2021	30,000,000	0.06	0.08393	2,517,900	23/11/2021	11/10/2024
P Lloyd	16/11/2021	40,000,000	0.06	0.08393	3,357,200	23/11/2021	11/10/2024
M Blumberg	11/10/2021	20,000,000	0.06	0.02292	458,400	11/10/2021	11/10/2024
<b>Total</b>		<b>90,000,000</b>			<b>6,333,500</b>		

There were no options over ordinary shares provided as remuneration to any KMP in the financial year ended 30 June 2021.

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

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

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

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

**[END OF AUDITED REMUNERATION REPORT]**

## Directors' Report

### ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or 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

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 HLB Mann Judd during the year ended 30 June 2022 in relation to non-audit services.

### AUDITORS' INDEPENDENCE DECLARATION

The auditors' independence declaration for the year ended 30 June 2022 has been received and is included on page 21.

Signed in accordance with a resolution of the Directors:



**Mr Barnaby Egerton-Warburton**

Non-Executive Chairman

Dated at Perth this 16<sup>th</sup> day of September 2022

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the consolidated financial report of Arizona Lithium Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia  
16 September 2022



**L Di Giallonardo**  
Partner

**hlb.com.au**

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## Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2022

	Note	30 June 2022 \$	30 June 2021 \$
Revenue from continuing operations	3	28,498	26,702
Directors' fees	4(b)	(444,094)	(375,437)
Share based payment expense	25	(6,415,970)	(313,475)
Corporate and regulatory expenses		(803,736)	(456,746)
Exploration and evaluation	4(c)	(1,413,645)	(1,744,899)
Foreign exchange gain/(loss)		(72,959)	24,853
Administrative expenses	4(a)	(1,508,150)	(524,398)
Gain on / (impairment of) financial asset		5,683	(19,414)
Exploration and evaluation expenditure expensed on acquisition of mineral exploration interests		-	(48,065)
<b>Loss before income tax</b>		<b>(10,624,373)</b>	<b>(3,430,879)</b>
Income tax	6	-	-
<b>Loss after income tax from continuing operations attributable to members of the Company</b>		<b>(10,624,373)</b>	<b>(3,430,879)</b>
<b>Operations of disposal group (discontinued operation)</b>			
Exploration and evaluation	9	(426)	(25,034)
Gain on demerger of subsidiaries	26	6,396,171	-
<b>Profit/(loss) for the year from disposal groups</b>		<b>6,395,745</b>	<b>(25,034)</b>
<b>Loss attributable to members of the Company</b>		<b>(4,228,628)</b>	<b>(3,455,913)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign controlled entities, net of tax		53,318	(59,053)
<b>Other comprehensive income/(loss) for the year</b>		<b>53,318</b>	<b>(59,053)</b>
<b>Total comprehensive loss for the year</b>		<b>(4,175,310)</b>	<b>(3,514,966)</b>
<b>Loss per share attributable to the ordinary equity holders of the company</b>			
Basic loss per share in cents	20	<b>(0.19)</b>	<b>(0.24)</b>
Diluted loss per share in cents	20	<b>(0.19)</b>	<b>(0.24)</b>
<b>Loss per share from continuing operations attributable to the ordinary equity holders of the company</b>			
Basic loss per share in cents	20	<b>(0.48)</b>	<b>(0.24)</b>
Diluted loss per share in cents	20	<b>(0.48)</b>	<b>(0.24)</b>

The accompanying notes form part of these financial statements.

## Consolidated statement of financial position as at 30 June 2022

	Note	30 June 2022 \$	30 June 2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	42,983,007	4,951,159
Trade and other receivables	8	234,709	52,065
Prepayments		154,994	14,722
<b>TOTAL CURRENT ASSETS</b>		<b>43,372,710</b>	<b>5,017,946</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	12	119,035	-
Other financial assets	10	633,228	363,412
<b>TOTAL NON-CURRENT ASSETS</b>		<b>752,263</b>	<b>363,412</b>
<b>TOTAL ASSETS</b>		<b>44,124,973</b>	<b>5,381,358</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	524,152	512,130
Lease liability	12	13,083	-
Funds received in advance	7	715,385	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,252,620</b>	<b>512,130</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liability	12	56,204	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>56,204</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1,308,824</b>	<b>512,130</b>
<b>NET ASSETS</b>		<b>42,816,149</b>	<b>4,869,228</b>
<b>EQUITY</b>			
Contributed equity	13	113,594,860	79,616,174
Reserves	14	13,539,734	4,555,966
Accumulated losses		(84,318,445)	(79,302,912)
<b>TOTAL EQUITY</b>		<b>42,816,149</b>	<b>4,869,228</b>

The accompanying notes form part of these financial statements.



## Consolidated statement of changes in equity for the year ended 30 June 2022

	Issued Capital	Share based payment reserve	Foreign translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>71,841,949</b>	<b>6,383,622</b>	<b>(2,180,028)</b>	<b>(75,846,999)</b>	<b>198,544</b>
<b>Comprehensive Income</b>					
Loss for the year	-	-	-	(3,455,913)	(3,455,913)
Other comprehensive loss for the year	-	-	(59,053)	-	(59,053)
Exchange differences on translation of controlled entities	-	-	(59,053)	-	(59,053)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(59,053)</b>	<b>(3,455,913)</b>	<b>(3,514,966)</b>
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Equity instruments issued during the year	8,092,556	-	-	-	8,092,556
Recognition of share based payments	-	411,425	-	-	411,425
Share issue costs	(318,331)	-	-	-	(318,331)
<b>At 30 June 2021</b>	<b>79,616,174</b>	<b>6,795,047</b>	<b>(2,239,081)</b>	<b>(79,302,912)</b>	<b>4,869,228</b>

## Consolidated statement of changes in equity for the year ended 30 June 2022 (continued)

	Issued Capital	Share based payment reserve	Foreign translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	<b>79,616,174</b>	<b>6,795,047</b>	<b>(2,239,081)</b>	<b>(79,302,912)</b>	<b>4,869,228</b>
<b>Comprehensive Income</b>					
Loss for the year	-	-	-	(4,228,628)	(4,228,628)
Other comprehensive income for the year	-	-	53,318	-	53,318
Exchange differences on translation of controlled entities	-	-	53,318	-	53,318
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>53,318</b>	<b>(4,228,628)</b>	<b>(4,175,310)</b>
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Shares issued during the year	44,514,056	-	-	-	44,514,056
Share issue costs	(4,640,050)	2,514,480	-	-	(2,125,570)
Share-based payments	-	6,415,970	-	-	6,415,970
Capital distribution and demerger dividend (Note 26)	(5,895,320)	-	-	(786,905)	(6,682,225)
<b>At 30 June 2022</b>	<b>113,594,860</b>	<b>15,725,497</b>	<b>(2,185,763)</b>	<b>(84,318,445)</b>	<b>42,816,149</b>

The accompanying notes form part of these financial statements.

## Consolidated statement of cash flows for the year ended 30 June 2022

	Note	30 June 2022 \$	30 June 2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(4,895,804)	(3,176,112)
Interest received		28,497	2,439
Grant income		-	24,263
<b>Net cash used in operating activities</b>	22(b)	<b>(4,867,307)</b>	<b>(3,149,410)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash received from loan repayment		247,788	-
Payment for acquisition of plant and equipment		(72,279)	-
Payments for security bond		(285,639)	-
<b>Net cash used in investing activities</b>		<b>(110,130)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds of share issues		44,522,347	8,092,556
Proceeds of shares to be issued		715,385	-
Share issue costs		(2,229,615)	(220,381)
<b>Net cash generated by financing activities</b>		<b>43,008,117</b>	<b>7,872,175</b>
<b>Net increase in cash and cash equivalents</b>		<b>38,030,680</b>	<b>4,722,765</b>
Cash and cash equivalents at the beginning of the year		4,951,159	230,752
Effects of exchange rate changes on cash and cash equivalents		1,168	(2,358)
<b>Cash and cash equivalents at the end of the year</b>	7	<b>42,983,007</b>	<b>4,951,159</b>

The accompanying notes form part of these financial statements.

## Notes to the financial statements

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The significant 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 financial statements were authorised for issue by the Directors on the 16<sup>th</sup> of September 2022.

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) Exploration and evaluation expenditure

Exploration and evaluation expenditure in relation to all areas of interest, including acquisition costs, are expensed as incurred.

## Notes to the financial statements (continued)

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) 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. Adjustments are made to bring into line any dissimilar accounting policies that may exist. 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.

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.

## Notes to the financial statements (continued)

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) 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.

#### (e) 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

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.

#### (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 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit and loss is the tax payable on the taxable income using applicable income tax rates enacted or substantially enacted as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Where temporary differences exist in relation to investments in subsidiaries and associates, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Research and development expenditure tax offsets receivable under Section 73Q of the Income Tax Assessment Act are recognised upon lodgement of the income tax return, when the Company has made the required election.

#### (h) Share based payment transactions

The Group recognises the fair value of options 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 option pricing model.

#### (i) Provisions and contingencies

Provisions are recognised when the Group has a legal or constructive obligation, as a result of a past event, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

## Notes to the financial statements (continued)

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Financial Instruments

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and are solely principal and interest. All other financial instrument assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income.

For financial liabilities, the portion of the change in fair value that relates to the Group's credit risk is presented in other comprehensive income. Hedge accounting requirements align the accounting treatment with the Group's risk management activities. The Group does not currently have any impaired financial assets, financial liabilities with changes in fair value due to credit risk presented in other comprehensive income, or financial instruments requiring hedge accounting.

#### *Impairment of financial assets*

Financial assets may be impaired based on an expected credit loss model to recognise an allowance. Such impairment is measured in a way that reflects: (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (b) the time value of money; and (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

#### (k) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at bank, short term deposits with financial institutions maturing within less than three months and net of outstanding bank overdrafts.

#### (l) Revenue recognition

Revenue from the sale of goods and disposal of other assets is recognised when the Group has satisfied the performance obligation in relevant contracts by transferring the promised asset to a customer with the customer obtaining control of the asset.

#### (m) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### (n) 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.



## Notes to the financial statements (continued)

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) 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.

#### (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.

#### (q) 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.

#### (r) 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.

## Notes to the financial statements (continued)

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (s) Assets classified as held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss and other comprehensive income.

All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

#### (t) 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.

## Notes to the financial statements (continued)

### 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 the next annual reporting period 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 model.

##### *Recognition of disposal group and assets classified as held for sale*

In 2018, the Group classified the Kangwane South Project as an asset classified as held for sale, as disclosed in note 9, because the Group actively marketed this project and considered a sale highly likely. No comparative assets or liabilities are classified as a non-current asset held for sale, because the mining rehabilitation bond was expected to be replaced by a purchaser or otherwise treated in a manner outside the scope of the definition of assets classified as held for sale. There are no other assets or liabilities related to this asset that would form part of a disposal group because all administration functions are performed directly by the parent entity and no entity in the Group other than the parent operates bank accounts or processes accounts payable. Following difficulty selling the Kangwane South Project, the Directors have resolved to dispose of this project and South African subsidiaries, leading to recognition of a disposal group at 30 June 2021 and 30 June 2022.

##### *Impairment of security bond*

The Group paid a \$565,729 (ZAR 5,574,974) mining rehabilitation bond to secure access to the Kangwane South project in 2017. Following the decision to dispose of the Kangwane South Project and seek refund of this bond, the directors considered a range of potential scenarios and their associated probabilities and expected time frames before recognising a \$178,463 or 35.6% (2021: \$184,146 or 35.6%) impairment provision based on their best available estimate of the amount and timing of the potential refund, calculated in accordance with AASB 9 Financial Instruments. Recovery of this security bond is progressing with documents lodged with the South African government, but has been delayed in 2021 by issues associated with Covid-19 in South Africa.

##### *Fair value of demerger*

As set out in Note 26, there was a demerger of the Gold-Copper Projects in October 2021. The fair value of the Diablo demerger is based on the first five trading days after the demerger date volume weighted average price ("VWAP") of Diablo (\$0.1671) multiplied by the number of Diablo shares issued (40,000,000 ordinary shares). The demerger distribution is accounted for as a reduction in equity, split between share capital of \$5,895,320 and accumulated losses of \$786,905. The amount treated as a reduction in share capital has been calculated by reference to the market value of the Company's shares and the market value of Diablo's shares post demerger. The difference between the fair value of the distribution and the capital reduction amount is the demerger dividend.

## Notes to the financial statements (continued)

### 3 REVENUE

	2022 \$	2021 \$
Interest received	28,498	2,439
Government grants	-	24,263
<b>Total revenue</b>	<b>28,498</b>	<b>26,702</b>

### 4 LOSS BEFORE INCOME TAX

#### (a) Individually significant items in administrative expenses include:

Accounting and administration fees	69,229	99,035
Audit fees	39,104	33,941
Legal fees	1,066,258	151,066
Other	333,559	240,356
<b>Total</b>	<b>1,508,150</b>	<b>524,398</b>

#### (b) Directors' fees:

Director fees include annual leave accrual	444,094	362,661
Superannuation	-	12,776
<b>Total</b>	<b>444,094</b>	<b>375,437</b>

#### (c) Exploration and evaluation:

US Lithium exploration expenditure	218,255	344,247
Other US exploration expenditures	1,195,390	1,400,652
<b>Total</b>	<b>1,413,645</b>	<b>1,744,899</b>

### 5 AUDITORS' REMUNERATION

Remuneration of auditor for audit or review of the consolidated financial report of the Company:

HLB Mann Judd (WA Partnership)	39,104	31,441
Other services - compliance matters	-	3,500

## Notes to the financial statements (continued)

### 6 TAXATION

#### (a) Income tax expense/(benefit)

	2022 \$	2021 \$
Current tax	-	-
Deferred tax	-	-
	-	-

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

Loss before income tax expense	(4,228,628)	(3,455,913)
Tax at the Australian tax rate of 30% (2021: 30%)	(1,268,588)	(1,036,774)
Movement in unrecognised temporary differences	2,775,773	131,411
Deferred tax asset not brought to account on tax losses and temporary differences	(1,507,185)	905,363
Total income tax (benefit)	-	-

#### (c) Unrecognised deferred tax assets:

Timing differences	12,134,336	11,572,630
Tax losses - revenue	5,865,037	6,500,422
Tax losses - capital	(16,473)	16,473
Deferred tax assets not brought to account	5,848,564	18,089,525

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 unrecognised deferred tax assets are due to timing differences include balances from fully impaired investments in, and loans to, South African subsidiaries of \$9,092,052 (2020: \$9,092,052), and the fully expensed cost of US projects of \$2,175,000 (2020: \$2,579,533).

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

	2022 \$	2021 \$
Cash at bank	3,767,623	4,951,159
Funds held on trust <sup>1</sup>	715,385	-
Term deposits	38,500,000	-
	42,983,007	4,951,159

<sup>1</sup> Funds on trust relating to shares to be issued subsequent to balance date subject to shareholder approval.

### 8 TRADE & OTHER RECEIVABLES

#### CURRENT

Other receivables	234,709	52,065
	234,709	52,065

## Notes to the financial statements (continued)

### 9 DISPOSAL GROUP

	2022 \$	2021 \$
<b>Interest in Kangwane South Project</b>		
	-	-
	-	-

The Group is actively seeking to dispose of the Kangwane South Project. This is recognised as a disposal group, as it would involve disposal of subsidiaries with legal structures that meet the recognition criteria for assets, despite being measured at nil value. This also meets the definition of a discontinued operation.

The following exploration expenditure for the Kangwane South Project has been attributed to this disposal group.

#### Operations of disposal group (discontinued operation)

Exploration and evaluation	(426)	(25,034)
<b>Loss from disposal group</b>	<b>(426)</b>	<b>(25,034)</b>

Exploration expenditure for the Kangwane South Project has been classified as relating to the disposal group with the following required disclosures. No gain or loss has been recognised on remeasurement to fair value less cost to sell. No asset or liability is recognised in this disposal group because mineral exploration expenditure is fully expensed. Although the assets have nil value, they are presented because they are qualitatively material.

#### Kangwane South Project

Revenue	-	-
Exploration costs	(426)	(25,034)
Total expenses	(426)	(25,034)
Pre-tax loss from operation of disposal group	(426)	(25,034)
Income tax expense relating to operation of disposal group	-	-
Gain or loss recognised on the measurement to fair value less cost to sell	-	-
Income tax expense related to gain or loss on remeasurement	-	-
<b>Amount of income or loss from operation of disposal group attributable to owners of the parent</b>	<b>(426)</b>	<b>(25,034)</b>

#### Cash flow details

Net cash flow attributable to operating activity for disposal group	(426)	(25,034)
Net cash flow attributable to investing activity for disposal group	-	-
Net cash flow attributable to financing activity for disposal group	-	-
<b>Net cash flow attributable to operation of disposal group</b>	<b>(426)</b>	<b>(25,034)</b>

Although the mining rehabilitation bond of \$332,838 disclosed in note 10 is for the Kangwane South project, this has not been reclassified as relating to a disposal group both because this bond may be treated in a manner outside the scope of the definition of a disposal group, and because impairment considerations for this bond under AASB 9 Financial Instruments are clearer if this bond is disclosed separately. The bond has not been included as relating to the disposal group because it may be recovered in a separate transaction. There are no other assets or liabilities related to this asset that would form part of a disposal group because all administration functions are performed directly by the parent entity and no entity in the Group other than the parent operates bank accounts or processes accounts payable.

A foreign currency translation reserve balance of \$2,188,550 relates to this disposal group (30 June 2021: \$2,239,081), but this may only be reclassified to profit or loss on actual disposal.

## Notes to the financial statements (continued)

### 10 OTHER FINANCIAL ASSETS

	2022 \$	2021 \$
<b>NON CURRENT</b>		
Mining rehabilitation bond – South Africa	322,838	312,869
Mining rehabilitation bond – USA	-	30,543
Security bond – leased premises (see Note 24)	290,390	-
Other financial assets	20,000	20,000
	<b>633,228</b>	<b>363,412</b>

#### Mining rehabilitation bond – South Africa

In 2017, the Company paid a mining rehabilitation bond of \$570,933 (ZAR 5,574,974) to secure access to the Kangwane South Project. This was revalued to \$501,301 at 30 June 2022 (2021: \$497,015) due to movements in the AUD:ZAR exchange rate, before a \$178,463 (2021: \$184,146) loss allowance was recognised against this asset based on the Directors' estimate of losses following consideration of unbiased probability-weighted amounts that are determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### 11 TRADE AND OTHER PAYABLES

#### CURRENT

Unsecured liabilities:

Trade payables	295,848	363,851
Other payables	228,304	148,279
	<b>524,152</b>	<b>512,130</b>

### 12 LEASE LIABILITY

Carrying value	69,287	-
Current	13,083	-
Non-Current	56,204	-
	<b>69,287</b>	<b>-</b>

As part of the recognition of the lease liability for office premises, the Company recognise a right of use asset, classified as plant and equipment in the consolidated statement of financial position, totalling \$69,286.

### 13 CONTRIBUTED EQUITY

Contributed equity consists of the following:

Issued capital	113,594,860	79,616,174
<b>Total</b>	<b>113,594,860</b>	<b>79,616,174</b>

## Notes to the financial statements (continued)

### 13 CONTRIBUTED EQUITY (continued)

	Number of shares 2022	Number of shares 2021	2022 \$	2021 \$
<b>Opening balance (fully paid ordinary shares)</b>	1,656,034,601	1,064,073,442	79,616,174	71,841,949
Placement of 291,666,667 shares at an issue price of \$0.012	-	291,666,667	-	3,500,000
Shares issued under cleansing prospectus at \$0.012 per share	-	100	-	1
Issue of shares on exercise of options	-	300,294,392	-	4,592,555
Placement – November 2021	173,333,332	-	13,000,000	-
Placement – April 2022	185,600,000	-	23,200,000	-
Issue of shares on exercise of options	218,529,057	-	8,314,056	-
Capital reduction (Note 14)	-	-	(5,895,320)	-
Transaction cost of share issues	-	-	(4,640,050)	(318,331)
<b>Closing balance</b>	<b>2,233,496,990</b>	<b>1,656,034,601</b>	<b>113,594,860</b>	<b>79,616,174</b>

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 2022 there were 207,181,723 options to acquire fully paid ordinary shares in the Company (2021: 307,566,721).

#### 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 25 and 86,666,709 free attaching options exercisable at \$0.12 by 10 November 2022, which were part of the capital raising during the year.



## Notes to the financial statements (continued)

### 14 RESERVES

	2022	2021
	\$	\$
<b>Share-based payment reserve</b>		
Opening balance	6,795,047	6,383,622
Movement for the year	8,930,450	411,425
Closing balance	<b>15,725,497</b>	<b>6,795,047</b>
<b>Foreign translation reserve</b>		
Opening balance	(2,239,081)	(2,180,028)
Foreign translation difference on translation of controlled entities	53,318	(59,053)
Closing balance	<b>(2,185,763)</b>	<b>(2,239,081)</b>
	<b>13,539,734</b>	<b>4,555,966</b>

#### Share-based payment reserve:

The share-based payment reserve relates to shares and share options 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.

### 15 CONTROLLED ENTITIES

Parent entity	Percentage Interest		Country of incorporation
	2022	2021	
Arizona Lithium Limited			Australia
<b>Particulars in relation to controlled entities</b>			
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
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%	-	Australia
Trout Creek Ranch LLC	100%	-	United States
HWK Idaho Pty Ltd**	-	100%	Australia
Ounces High Exploration Inc**	-	100%	United States
HWK Utah Pty Ltd**	-	100%	Australia
Roughead Exploration Inc**	-	100%	United States
HWK Nevada Pty Ltd**	-	100%	Australia
HWK Nevada Inc**	-	100%	United States
Diablo Resources Limited***	-	100%	Australia

\* Included with the disposal group disclosed in note 9.

\*\*These companies were sold to Diablo Resources Limited as part of the demerger set out in Note 26.

\*\*\*Diablo Resources Limited was incorporated during the period to acquire the subsidiaries listed above (\*\*) as part of the demerger set out in Note 26.

## Notes to the financial statements (continued)

### 16 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

	2022 \$	2021 \$
Current assets	42,472,752	5,006,955
Non-current assets	392,588	363,412
<b>Total assets</b>	<b>42,865,340</b>	<b>5,370,367</b>
Current liabilities	524,153	512,130
<b>Total liabilities</b>	<b>524,153</b>	<b>512,130</b>
Contributed equity	113,594,860	79,616,174
Reserves	15,725,497	6,795,047
Accumulated losses	(86,979,170)	(81,552,984)
<b>Total equity</b>	<b>42,341,187</b>	<b>4,858,237</b>
Loss for the year	(5,426,186)	(3,463,911)
Other comprehensive income/ (loss) for the year	-	-
<b>Total comprehensive loss for the year</b>	<b>(5,426,186)</b>	<b>(3,463,911)</b>

(b) The parent entity had not provided any material guarantees as at 30 June 2022.

(c) The parent entity did not have any material contingent liabilities as at 30 June 2022.

(d) The parent entity did not have any material contractual commitments as at 30 June 2022.

### 17 SEGMENT INFORMATION

During the year, the Group's operations consisted of mineral exploration in USA, and corporate functions and South African exploration interests that were both managed from Australia. The South African interests do not separately meet the definition of an operating segment.

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 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 US mineral exploration interests and exploration expenditure incurred by the Company for US operations are allocated to the US segment.

## Notes to the financial statements (continued)

### 17 SEGMENT INFORMATION (continued)

#### (i) Segment performance

	Australia & South Africa		United States		Consolidated	
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
Interest revenue	28,498	2,439	-	-	28,498	2,439
Government grants	-	24,263	-	-	-	24,263
<b>Total revenue</b>	<b>28,498</b>	<b>26,702</b>	<b>-</b>	<b>-</b>	<b>28,498</b>	<b>26,702</b>
<b>Segment result:</b>						
Share based payment expense	(6,415,970)	(313,475)	-	-	(6,415,970)	(313,475)
Exploration and evaluation	(426)	(25,034)	(1,413,921)	(1,744,899)	(1,414,071)	(1,769,933)
Exploration and evaluation expensed on acquisition of subsidiaries	-	-	-	(48,065)	-	(48,065)
Administrative expenses	(587,735)	(471,980)	(920,416)	(52,418)	(1,508,151)	(524,398)
Other expenses	(1,286,331)	(799,711)	6,396,171	(331)	5,109,565	(800,042)
<b>Loss after income tax</b>	<b>(8,290,462)</b>	<b>(1,610,200)</b>	<b>4,061,834</b>	<b>(1,845,713)</b>	<b>(4,228,628)</b>	<b>(3,455,913)</b>

#### (ii) Segment financial position

	Australia & South Africa		United States		Consolidated	
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
Segment non-current assets	461,874	363,412	290,390	-	752,263	363,412
Segment assets	43,650,009	5,370,367	474,964	10,991	44,124,973	5,381,358
Segment liabilities	(1,308,824)	(512,130)	-	-	(1,308,824)	(512,130)
<b>Segment net assets</b>	<b>42,341,185</b>	<b>4,858,237</b>	<b>474,964</b>	<b>10,991</b>	<b>42,816,149</b>	<b>4,869,228</b>

### 18 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 2022.

	2022 \$	2021 \$
Short term employment benefit	444,094	383,343
Post-employment benefits	-	12,776
Share based payments	6,247,208	103,648
	<b>6,691,302</b>	<b>499,767</b>

## Notes to the financial statements (continued)

### 19 RELATED PARTY TRANSACTIONS AND BALANCES

Mr Lloyd is a related party of Coral Brook Pty Ltd. Coral Brook Pty Ltd was reimbursed administration fees of \$Nil for the year ended 30 June 2022 (2021: \$18,900) with an accrued liability owing of \$Nil for administration fees (2021: \$Nil) and \$75,000 for director remuneration (2021: \$75,000) at year end.

There were no other transactions with KMP.

### 20 LOSS PER SHARE

<b>Loss per share attributable to the ordinary equity holders of the company</b>	<b>2022</b>	<b>2021</b>
Basic/diluted loss per share in cents	(0.19)	(0.24)
Weighted average number of ordinary shares used in the calculation of basic/diluted loss per share	<b>2,214,837,838</b>	1,451,152,131
Basic/diluted loss	<b>(4,228,628)</b>	(3,455,913)
<b>Loss per share from continuing operations attributable to the ordinary equity holders of the company</b>		
Basic/diluted loss per share in cents from continuing operations	(0.48)	(0.24)
Weighted average number of ordinary shares used in the calculation of basic/diluted loss per share	<b>2,214,837,838</b>	<b>1,451,152,131</b>
Basic/diluted loss from continuing operations	<b>(10,624,373)</b>	<b>(3,430,879)</b>

The options on issue at 30 June 2022 were anti-dilutive, and therefore diluted loss per share was the same as basic loss per share.

### 21 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. The Group invests its cash in term deposits and other appropriate bank accounts to obtain market interest rates.

## Notes to the financial statements (continued)

### 21 FINANCIAL INSTRUMENTS (continued)

#### (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 13 and 14, 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 South African Rand (ZAR) and United States Dollars (USD). 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 dollar, was as follows:

	2022 \$	2021 \$
<b>Financial Assets</b>		
Cash and cash equivalents (USD)	-	10,491
Other financial assets (USD)	200,000	30,542
Other financial assets (ZAR)	322,838	312,869
<b>Financial Liabilities</b>		
Trade payables (USD)	229,922	222,664
Trade payables (ZAR)	4,674	5,205

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	Total
2022	318,164	(18,452)	299,713
2021	307,664	(181,631)	126,033

In respect of the above ZAR and USD 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:

ZAR:	AUD \$31,816 loss; AUD \$31,816 gain (2021: AUD \$30,766 loss; AUD \$30,766 gain)
USD:	AUD \$1,845 gain; AUD \$1,845 loss (2021: AUD \$18,163 gain; AUD \$18,163 loss)

## Notes to the financial statements (continued)

### 21 FINANCIAL INSTRUMENTS (continued)

#### (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 \$ Maturing within 12 months	Non-Bearing Interest \$	Total \$
<b>2022</b>					
<i>Financial assets</i>					
Cash at bank	0.07	3,767,622	38,500,000	-	<b>42,267,622</b>
Trade and other receivables		-	-	234,709	<b>234,709</b>
Other financial assets	0.01	-	20,000	613,228	<b>633,228</b>
		<b>3,767,622</b>	<b>38,520,000</b>	<b>847,937</b>	<b>43,135,559</b>
<i>Financial liabilities</i>					
Trade and other payables		-	-	524,152	<b>524,152</b>
Lease liability	6.00%	-	69,286	-	<b>69,286</b>
		-	<b>69,286</b>	<b>524,152</b>	<b>593,438</b>
<b>2021</b>					
<i>Financial assets</i>					
Cash at bank	0.30%	1,451,159	3,500,000	-	<b>4,951,159</b>
Trade and other receivables		-	-	52,065	<b>52,065</b>
Other financial assets	1.20%	-	20,000	343,412	<b>363,412</b>
		<b>1,451,159</b>	<b>3,520,000</b>	<b>395,477</b>	<b>5,366,636</b>
<i>Financial liabilities</i>					
Trade and other payables		-	-	512,130	<b>512,130</b>
		-	-	<b>512,130</b>	<b>512,130</b>

#### Sensitivity analysis

At 30 June 2022, 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:

	2022 Interest rate risk		2021 Interest rate risk	
	+ 0.5%	- 0.5%	+ 0.1%	-0.1%
<i>Financial assets</i>				
Cash at bank	<b>22,415</b>	<b>(22,415)</b>	4,951	(4,951)
Other financial assets	<b>100</b>	<b>(100)</b>	20	(20)
	<b>22,515</b>	<b>(22,515)</b>	4,971	(4,971)

## Notes to the financial statements (continued)

### 21 FINANCIAL INSTRUMENTS (continued)

#### (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 \$
<b>2022</b>			
<b>Non-derivatives</b>			
Trade and other payables	524,152	-	-
<b>Total non-derivatives</b>	<b>524,152</b>	<b>-</b>	<b>-</b>
<b>2021</b>			
<b>Non-derivatives</b>			
Trade and other payables	512,130	-	-
<b>Total non-derivatives</b>	<b>512,130</b>	<b>-</b>	<b>-</b>

#### (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, based on directors' view on credit risk, an appropriate provision for impairment is raised. At the end of the reporting period, examination of the Group's trade debtors ledger reveals no reason for an impairment adjustment.

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.

## Notes to the financial statements (continued)

### 21 FINANCIAL INSTRUMENTS (continued)

In 2017 the Group paid a \$565,729 (ZAR 5,574,974) mining rehabilitation bond to secure access to the Kangwane South project. Following the decision to dispose of the Kangwane South Project and seek refund of this bond, the directors considered a range of potential scenarios and their associated probabilities and expected time frames, before recognising a \$178,463 or 35.6% (2021: \$184,146 or 35.6%) impairment provision based on their best available estimate of the amount and timing of the potential refund, calculated in accordance with AASB 9 Financial Instruments. While this bond is held by a financial intermediary to mitigate against the risk of loss, this factor has been incorporated in the calculation of the impairment provision.

#### (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.

### 22 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:

	2022 \$	2021 \$
Cash	<b>42,983,007</b>	4,951,159

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

Loss after income tax	<b>(4,228,628)</b>	<b>(3,455,913)</b>
Add/(less) non-cash items:		
Net exchange differences	(72,085)	(82,750)
(Gain on) / Impairment of financial asset	(5,683)	19,414
Share based payment expense	6,415,970	313,475
Profit on demerger	(6,396,171)	-
Net cash used in operating activities before change in assets and liabilities	<b>(4,286,597)</b>	<b>(3,205,774)</b>
Change in assets and liabilities:		
(Increase)/Decrease in receivables	(182,644)	(41,210)
(Increase) in prepayments	(140,272)	(290)
(Increase) in other financial assets	(269,816)	-
(Decrease)/Increase in provisions	-	(14,513)
Increase/ (decrease) in payables	12,022	112,377
<b>Net cash (used in) operating activities</b>	<b>(4,867,307)</b>	<b>(3,149,410)</b>

#### (c) Non-cash Financing and Investing Activities

In 2022, options with a value of \$2,514,480 were issued in consideration of capital raising costs and options with a value of \$6,415,970 were issued to directors, employees and consultants for services rendered.

In 2021, options with a value of \$97,950 were issued in consideration of capital raising costs and options with a value of \$313,475 were issued to directors, employees and consultants for services rendered.



## Notes to the financial statements (continued)

### 22 NOTES TO STATEMENT OF CASH FLOWS (continued)

#### (d) Financing Facilities

There were no financing facilities in place at the end of the period (2020: 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.

### 23 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, other than:

- On 14 July 2022, shareholders at a general meeting of the Company approved the following resolutions:
  - Ratification of the issue of 86,666,709 Options issued in November 2021;
  - Ratification of the issue of 173,333,332 Shares issued in November 2021;
  - Ratification of the issue of 20,000,000 Options to the Joint Lead Managers issued in November 2021;
  - Ratification of the issue of 172,671,111 Shares at \$0.125 each representing Tranche 1 of the April 2022 placement pursuant to Listing Rule 7.1.
  - Ratification of the issue of 12,928,889 Shares at \$0.125 each representing Tranche 1 of the April 2022 placement pursuant to Listing Rule 7.1A.
  - Issue of 74,400,000 Shares at \$0.125 each representing Tranche 2 of the April 2022 placement.
  - Issue of 130,000,000 Options exercisable at \$0.18 each as part of the April 2022 placement.
  - Issue of 25,000,000 Options exercisable at \$0.18 each expiring 2 years from date of issue to the Joint Lead Managers as part of the April 2022 placement.<sup>1</sup>
  - Issue of Incentive Performance Rights to Mr Barnaby Egerton-Warburton, Mr Matthew Blumberg and Mr Paul Lloyd.
- <sup>1.</sup> Subsequent to the general meeting, the Company negotiated with the Joint Lead Managers to receive only 18,000,000 Options exercisable at \$0.18 each expiring 2 years from the date of issue.
- On 25 July 2022, the Company issued 171,428,571 shares at \$0.07 each with a 1 for 2 free attaching listed option exercisable at \$0.18 expiring 2 years from the date of issue to raise \$12 million before costs.
- On 15 August 2022, the Company issued:
  - 221,514,286 quoted options exercisable at \$0.18 each expiring 15 August 2024, as part of the April and July 2022 placements;
  - 2,000,000 shares on exercise of share options with an exercise price of \$0.0353 each, raising \$70,600; and
  - 111,500,000 performance rights to directors which were approved by shareholders at the general meeting held on 14 July 2022.
- On 29 August 2022, the Company issued 3,000,000 shares as a result of an exercise of options with an exercise price of \$0.0353 each.

### 24 CONTINGENT LIABILITIES AND COMMITMENTS

As a condition for the execution of the Kangwane South mining right, an environmental bond of ZAR5,574,974 (worth \$322,838 at 30 June 2022 after recognition of a \$178,463 impairment provision) was required by the South African Department of Mineral Resources prior to the commencement of mining activities on the tenement. This was paid on 17 February 2017 and is disclosed in note 10. However, no related liability is required or included in the Consolidated Statement of Financial Position at 30 June 2022. Following the cessation of exploration activity on the project by the Group and the intended disposal, this contingent liability has been replaced by the impairment provision.

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.

## Notes to the financial statements (continued)

### 24 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

#### a) Lease of Lithium Research Centre facility

In June 2022, the Company signed a 5-year lease agreement for a 9,700m<sup>2</sup> facility in Tempe, Arizona to establish a Lithium Research Centre. The facility includes a 1,900m<sup>2</sup> building for R & D in addition to a 3,000m<sup>2</sup> secure lot for the eventual fabrication of a prototype processing plant. A security deposit of \$US200,000 (\$A290,390) was paid in June 2022 as disclosed in Note 10. The lease commences on 1 July 2022 with a commencing monthly lease payment of \$US 35,875. Lease payments will increase by 3% on the 12 month anniversary of the commencement of the lease term during the term of the lease. The Company will record a right-of-use asset and corresponding lease liability as at 1 July 2022 in accordance with AASB 16 Leases. The Company will also be committing to capital expenditure in the next 12 months in relation to expanding the operation of the Centre.

#### b) Acquisition of Nikola battery electric vehicle (BEV) truck

In May 2022, the Company paid a deposit of \$US18,776 (\$A27,262) for the acquisition of a Nikola BEV truck. Upon delivery in August 2022, the balance of \$A447,321 was paid.

### 25 SHARE BASED PAYMENTS

	2022 \$	2021 \$
<b>Share based payments in the Statement of Profit or Loss and Other Comprehensive Income</b>		
Share based payments for directors expensed	(6,209,690)	(103,648)
Share based payments for other employees and advisors	(206,280)	(209,827)
<b>Total</b>	<b>(6,415,970)</b>	<b>(313,475)</b>
<b>Share based payments recognised as a capital raising cost</b>		
Issue of options to joint lead managers for the capital raisings	(2,514,480)	(97,500)

The following share options were issued and recognised during 2022:

- 29,000,000 \$0.06 share options expiring 11/10/2024 were issued to the executive director and management in October 2021. These options were valued at \$664,680 and were fully expensed (Series 1).
- 70,000,000 \$0.06 share options expiring 11/10/2024 were issued to the non-executive chairman and managing director in November 2021 following shareholder approval obtained at the 2021 Annual General Meeting. These options were valued at \$5,875,100 and were fully expensed (Series 2).
- 20,000,000 \$0.12 Lead manager options expiring 10/11/2022 with a total value of \$724,200 were recognised during the year as a capital raising cost and issued in November 2021 (Series 3).
- 18,000,000 \$0.18 Lead manager options expiring 15/08/2024 with a total value of \$1,790,280 were recognised during the year as a capital raising cost and issued in August 2022 (Series 4).

All share options issued during the half year vested immediately. During the year, there was an amount of \$123,810 previously expensed that was reversed relating to 82,500,000 director options issued in a prior period that were forfeited because the conditions have not been or have become incapable of being satisfied. This resulted in a total amount of \$6,415,970 (2020: \$118,148) being recognised as a share based payment expense and \$2,514,480 (2020: \$97,950) being recognised as a capital raising cost.

## Notes to the financial statements (continued)

### 25 SHARE BASED PAYMENTS(continued)

The following share options were issued and recognised during 2021:

- 5,000,000 \$0.04 options expiring 7 September 2022 to unrelated consultants for services rendered. The value of these options of \$65,900 have been recognised as a share based payment expense.
- 15,000,000 \$0.02 options expiring 2 December 2022 to a stockbroker for capital raising services. The value of these options of \$97,950 has been recognised as a capital raising cost in 2021.
- 1,666,667 \$0.05 options expiring 1 April 2023 to unrelated consultants for services rendered. The value of these options of \$49,873 have been recognised as a share based payment expense.
- 1,666,667 \$0.06 options expiring 1 April 2023 to unrelated consultants for services rendered. The value of these options of \$47,890 have been recognised as a share based payment expense.
- 1,666,667 \$0.07 options expiring 1 April 2023 to unrelated consultants for services rendered. The value of these options of \$46,163 have been recognised as a share based payment expense.

## Notes to the financial statements (continued)

### 25 SHARE BASED PAYMENTS (continued)

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

Issue Date	Expiry Date	Exercise Price (\$)	Balance 01/07/201	Granted during the year	Expired or change due to resigning	Balance 30/06/22	Number vested & exercisable
7/09/2018	7/09/2022	0.04	47,250,000	-	-	47,250,000	47,250,000
7/09/2018	7/09/2022	0.05	47,250,000	-	-	47,250,000	47,250,000
28/02/2019	30/12/2021	0.06	6,250,000	-	(6,250,000)	-	-
28/02/2019	30/12/2021	0.07	2,500,000	-	(2,500,000)	-	-
16/05/2019	30/12/2021	0.06	4,000,000	-	(4,000,000)	-	-
16/05/2019	30/12/2021	0.07	4,000,000	-	(4,000,000)	-	-
10/02/2020	30/12/2021	0.06	6,000,000	-	(6,000,000)	-	-
10/02/2020	30/12/2021	0.06	6,000,000	-	(6,000,000)	-	-
10/02/2020	30/12/2021	0.07	6,000,000	-	(6,000,000)	-	-
29/04/2020	29/04/2023	0.012	92,500,000	-	(82,500,000)	10,000,000	10,000,000
24/08/2020	7/9/2022	0.04	5,000,000	-	-	5,000,000	5,000,000
3/12/2020	2/12/2022	0.02	15,000,000	-	-	15,000,000	15,000,000
1/4/2021	1/4/2023	0.05	1,000,000	-	-	1,000,000	1,000,000
1/4/2021	1/4/2023	0.06	1,000,000	-	-	1,000,000	1,000,000
1/4/2021	1/4/2023	0.07	1,000,000	-	-	1,000,000	1,000,000
20/4/2021	1/4/2023	0.05	666,667	-	-	666,667	666,667
20/4/2021	1/4/2023	0.06	666,667	-	-	666,667	666,667
20/4/2021	1/4/2023	0.07	666,667	-	-	666,667	666,667
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	-	9,000,000	-	9,000,000	9,000,000
16/11/2021	11/10/2024	0.06	-	70,000,000	-	70,000,000	70,000,000
16/11/2021	11/10/2024	0.12	-	20,000,000	-	20,000,000	20,000,000
			246,750,001	119,000,000	(117,250,000)	248,500,000	283,250,001
Weighted average exercise price (\$)			0.0339	0.0701		0.0544	0.0555

The weighted average remaining contractual life of share-based payment options outstanding as at 30 June 2022 was 1.24 years (2021: 1.34 years).

The weighted average fair value of options outstanding as at 30 June 2022 was \$0.0386 (2021: \$0.0118).

## Notes to the financial statements (continued)

### 25 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
<b>Measurement date</b>	11/10/2021	16/11/2021	10/11/2021	8/4/2022
<b>Issue date</b>	11/10/2021	23/11/2021	11/11/2021	15/8/2022
<b>Expiry date</b>	11/10/2024	11/10/2024	10/11/2022	15/8/2024
<b>Expected volatility (%)</b>	100%	100%	100%	100%
<b>Risk-free interest rate (%)</b>	0.44%	0.44%	0.87%	2.15%
<b>Expected life of options (years)</b>	3.00	2.90	1.00	2.00
<b>Underlying share price</b>	\$0.042	\$0.115	\$0.105	\$0.185
<b>Option exercise price</b>	\$0.06	\$0.06	\$0.12	\$0.18
<b>Value of option</b>	\$0.02292	\$0.08393	\$0.03621	\$0.09946
<b>Number of options issued or expected to be issued</b>	29,000,000	70,000,000	20,000,000	18,000,000
<b>Value of options</b>	\$664,680	\$5,875,100	\$724,200	\$1,790,280
<b>Amount expensed during 2022</b>	\$664,680	\$5,875,100	-	-
<b>Amount recognised as capital raising cost during 2022</b>	-	-	\$724,200	\$1,790,280

## Notes to the financial statements (continued)

### 26 DISCONTINUED OPERATIONS

#### *Demerger – Gold-Copper Projects*

On 2 September 2021, shareholders approved:

- the sale the subsidiaries listed in Note 13 which owned of the Devil's Canyon Gold-Copper Project, the Western Desert Gold-Copper Project and the Lone Pine Gold Copper Project (together the "Gold-Copper Projects") to Diablo Resources Limited ("Diablo") for consideration of 40,000,000 fully paid shares in Diablo;
- the reduction in share capital of the Company without cancelling any shares by the market value of the 40,000,000 Diablo shares; and
- that the reduction be satisfied by the Company distributing and transferring the 40,000,000 Diablo Shares to the shareholders of the Company on a pro rata basis.

The transaction was completed on 6 October 2021 and Diablo was admitted to the Official List of the ASX on 12 October 2021, following the successful completion of an initial public offering raising \$6.5 million before costs.

Following the demerger, the Company is a US focussed lithium company, with the Big Sandy and Lordsburg Projects. Corporately, the Company retains its board, management team and cash holdings.

The Gold-Copper Projects were demerged with their explorations assets and no debt.

The Group recognised a net fair value gain on demerger as follows:

	<b>31 December 2021</b>
	<b>\$</b>
Fair value of Gold-Copper Projects demerger <sup>(i)</sup>	6,682,225
Carrying value of net assets	(286,054)
Net fair value gain	<u>6,396,171</u>

<sup>(i)</sup> The fair value of the Diablo demerger is based on the first five trading days after the demerger date volume weighted average price ("VWAP") of Diablo (\$0.1671) multiplied by the number of Diablo shares issued (40,000,000 ordinary shares). The demerger distribution is accounted for as a reduction in equity, split between share capital of \$5,895,320 and accumulated losses of \$786,905. The amount treated as a reduction in share capital has been calculated by reference to the market value of the Company's shares and the market value of Diablo's shares post demerger. The difference between the fair value of the distribution and the capital reduction amount is the demerger dividend.

## Directors' Declaration

- 1) In the opinion of the Directors of Arizona Lithium Limited:
  - a) the financial statements and notes, set out on pages 22 to 53 are in accordance with the Corporations Act 2001, including:
    - (i) compliance with Accounting Standards, which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Reporting Standards (IFRS); and
    - (ii) giving a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Group;
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2) The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors:



**Mr Barnaby Egerton-Warburton**

Non-Executive Chairman

Dated at Perth this 16<sup>th</sup> day of September 2022

## 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 controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 2022 and of its financial performance for the year then ended; 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* ("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.

#### *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.

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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
<p><b>Demerger of Diablo Resources Limited</b> Refer to Note 26</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- We reviewed the demerger implementation deed and various other agreements related to the implementation of the demerger;</li> <li>- We reviewed the demerger workings prepared by management;</li> <li>- We considered the treatment of the demerger accounting entries with respect to Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i> and AASB 13 <i>Fair Value Measurement</i>;</li> <li>- We considered the reduction in equity split between the capital reduction and demerger dividend;</li> <li>- We reviewed the fair value of the demerged assets, the associated carrying value and demerger costs incurred; and</li> <li>- We ensured the disclosure in the financial statements was appropriate.</li> </ul>
<p>During the financial year, the Group completed the demerger of its gold-copper projects, namely Devil's Canyon, Western Desert and Lone Pine to Diablo Resources Limited ("Diablo").</p> <p>The demerger involved the sale of the subsidiaries that owned the projects to Diablo for consideration being shares in the Company, the distribution and transfer of those shares to Diablo shareholders, and the reduction in the Company's share capital by the market value of those shares.</p> <p>The demerger of Diablo resulted in recognition of a net gain on demerger of \$6,396,171, as well as the recording of the reduction in share capital and demerger dividend.</p> <p>We consider the demerger accounting to be a key audit matter as it was complex in nature, highly material in terms of the users' understanding of the financial statements and involved a significant degree of audit effort and communication with those charged with governance.</p>	

*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 2022, 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 accordingly 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.

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### *Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Arizona Lithium Limited for the year ended 30 June 2022 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.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**16 September 2022**



**L Di Giallonardo**  
**Partner**

## 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 (4<sup>th</sup> Edition).

The 2022 corporate governance statement was approved by the Board on 16 September 2022 and is current as at 16 September 2022. 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/](http://www.arizonalithium.com/corporate-governance/).

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## ASX ADDITIONAL INFORMATION

The following information is based on share registry information processed up to 12 September 2022.

### Ordinary Share Capital

2,409,925,561 shares are held by 19,633 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

The Company has no restricted securities on issue.

### Distribution of Holders of Equity Securities – Fully Paid Ordinary Shares

Holdings Range	Holders	Number of Shares
1 – 1,000	246	50,237
1,001 – 5,000	2,232	8,351,495
5,001 – 10,000	3,211	25,157,235
10,001 – 100,000	10,555	410,734,256
100,001 and over	3,389	1,965,632,338
<b>Total</b>	<b>19,633</b>	<b>2,409,925,561</b>

### Distribution of Holders of Equity Securities – Listed Options at \$0.12 expiring 10 November 2022

Holdings Range	Holders	Number of Options
1 – 1,000	3	10
1,001 – 5,000	3	14,300
5,001 – 10,000	17	129,943
10,001 – 100,000	163	7,872,566
100,001 and over	153	91,783,223
<b>Total</b>	<b>339</b>	<b>99,800,042</b>

### Distribution of Holders of Equity Securities – Listed Options at \$0.18 expiring 15 August 2024

Holdings Range	Holders	Number of Options
1 – 1,000	2	3
1,001 – 5,000	2	9,994
5,001 – 10,000	4	36,891
10,001 – 100,000	80	4,396,989
100,001 and over	156	217,070,409
<b>Total</b>	<b>244</b>	<b>221,514,286</b>

### Unmarketable Parcels

Holders: 2,981  
Units: 11,140,491

### On-market Buy Back

There is no current on-market buy-back.

### Substantial Shareholders

There are no substantial shareholders.

## ASX ADDITIONAL INFORMATION

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

	Holder Name	Holding	% Issued Capital
1	MR DANNY ALLEN PAVLOVICH <PAVLOVICH FAMILY SPEC 2 A/C>	79,015,269	3.28%
2	YALLINGUP INVEST PTY LTD	51,888,888	2.15%
3	CITICORP NOMINEES PTY LIMITED	51,345,806	2.13%
4	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	50,102,408	2.08%
5	CORAL BROOK PTY LTD <LLOYD SUPER FUND A/C>	28,682,690	1.19%
6	SUPERHERO SECURITIES LIMITED <CLIENT A/C>	21,704,512	0.90%
7	MR ANDREW WILLIAM SPENCER & MRS BENEDICTE MARIE FRANCOISE SPENCER <SPENCER SF A/C>	20,930,804	0.87%
8	MR AVDO TABAKOVIC	20,000,000	0.83%
9	MR TIM POWE	18,000,000	0.75%
10	MR HIEN QUANG TRINH <TRIVEST CAPITAL A/C>	16,603,714	0.69%
11	CITYLIGHT ASSET PTY LTD <GRAHAM SUPER FUND A/C>	16,548,159	0.69%
12	MR ZHAOYANG LIU	12,599,472	0.52%
13	MRS DANIELLE SIMONE MCDONALD	12,500,000	0.52%
14	MR MARK RONALD WILKINSON	11,208,331	0.47%
15	DR JILU MIAO	10,665,395	0.44%
16	HAWKS BURN CAPITAL PTE LTD <METHUSELAH STRATEGIC FND A/C>	10,378,825	0.43%
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,025,982	0.42%
18	GOLD SHORE INVESTMENTS PTY LTD <M R DAY SUPERFUND A/C>	9,446,999	0.39%
19	COMSEC NOMINEES PTY LIMITED	9,073,750	0.38%
20	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	8,618,646	0.36%
	<b>Total</b>	<b>469,339,650</b>	<b>19.48%</b>

## ASX ADDITIONAL INFORMATION

### Twenty Largest Holders of Quoted Options at \$0.12 expiring 10 November 2022 (Grouped)

	Holder Name	Holding	% Issued Capital
1	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	10,382,494	10.40%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	6,666,668	6.68%
3	TWIN OAKS SUPER PTY LTD <TWIN OAKS SUPER FUND A/C>	3,615,741	3.62%
4	SISTACO PTY LTD	3,545,814	3.55%
5	MR LANG XU	3,079,989	3.09%
6	MR SCOTT IRVINE STEELE	3,000,000	3.01%
7	MR GRANT GASNIER <G A GASNIER FAMILY A/C>	2,320,335	2.33%
8	DR GARY OWEN ROOKE	2,000,000	2.00%
9	MR GRANT ANTHONY GASNIER <GASNIER S/F A/C>	1,817,000	1.82%
10	MRS AYSHA SIDDIQUA MOHAMED YASIN	1,607,758	1.61%
11	MR MARIO PIGNATIELLO <MARIOPIGNATIELLO FAMILY A/C>	1,514,879	1.52%
12	MRS FATEMA ALALLAYAH	1,501,999	1.51%
13	MR ANDREW WILLIAM SPENCER <THE AJ FAMILY A/C>	1,406,101	1.41%
14	MR CRAIG ANDREW STEVENS	1,384,397	1.39%
15	SAWANA PTY LTD <OMBOK HYBRID UNIT A/C>	1,243,037	1.25%
16	MR CRAIG RUSSELL STRANGER	1,095,350	1.10%
17	BNP PARIBAS NOMS PTY LTD <DRP>	1,076,000	1.08%
18	MS KATHY XIAO LIU	1,000,000	1.00%
19	MR SERGIO PANSOY ADAG	975,600	0.98%
20	D & J WATSON PTY LTD <WATSON FAMILY S/F A/C>	971,428	0.97%
	<b>Total</b>	<b>50,204,590</b>	<b>50.31%</b>

## ASX ADDITIONAL INFORMATION

### Twenty Largest Holders of Quoted Options at \$0.18 expiring 15 August 2022 (Grouped)

	Holder Name	Holding	% Issued Capital
1	EVOLUTION CAPITAL PTY LTD	26,250,000	11.85%
2	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	18,564,396	8.38%
3	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED <MLPRO A/C>	17,278,155	7.80%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	16,773,978	7.57%
5	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	16,618,026	7.50%
6	MR WENSLEY CARROLL <ZIPP 2001 SUPER FUND A/C>	9,999,900	4.51%
7	MR GRANT GASNIER <G A GASNIER FAMILY A/C>	9,645,500	4.35%
8	MR CRAIG RUSSELL STRANGER	5,200,000	2.35%
9	EMERGING EQUITIES PTY LTD	4,200,000	1.90%
10	PAC PARTNERS SECURITIES PTY LTD	3,579,451	1.62%
11	BNP PARIBAS NOMS PTY LTD <DRP>	3,140,923	1.42%
12	MR PHILIP JOHN CAWOOD	3,125,000	1.41%
13	MR DANNY ALLEN PAVLOVICH <PAVLOVICH FAMILY SPEC 2 A/C>	2,796,523	1.26%
14	MR GRANT ANTHONY GASNIER <GASNIER S/F A/C>	2,742,970	1.24%
15	TWIN OAKS SUPER PTY LTD <TWIN OAKS SUPER FUND A/C>	2,500,000	1.13%
16	UBS NOMINEES PTY LTD	2,427,077	1.10%
17	MISHTALEM PTY LTD	2,342,031	1.06%
18	MR JOSHUA GORDON	2,045,000	0.92%
19	MR MATTHEW DAVID ROBERTS	2,011,700	0.91%
20	ADDITIONAL HOLDINGS PTY LTD <FILIPPOU FAMILY A/C>	2,004,643	0.91%
	<b>Total</b>	<b>153,245,273</b>	<b>69.18%</b>

### Unquoted Securities

Class	Number
Options exercisable at \$0.02 each on or before 2 December 2022	4,981,680
Options exercisable at \$0.05 each on or before 1 April 2023	1,566,667
Options exercisable at \$0.06 each on or before 1 April 2023	1,666,667
Options exercisable at \$0.07 each on or before 1 April 2023	1,666,667
Options exercisable at \$0.06 each on or before 11 October 2024	92,000,000
Performance Rights – Class A	26,000,000
Performance Rights – Class B	28,500,000
Performance Rights – Class C	28,500,000
Performance Rights – Class D	28,500,000



## ASX ADDITIONAL INFORMATION

### Unquoted Securities >20% Holders

<b>Class</b>	<b>Holder</b>	<b>Number</b>	<b>Percentage</b>
Options exercisable at \$0.05 each on or before 1 April 2023	Pitts and Associates LLC	1,566,667	94%
Options exercisable at \$0.06 each on or before 1 April 2023	Pitts and Associates LLC	1,666,667	100%

### Company Secretary

Shaun Menezes

### Registered Office in Australia

Level 2, 10 Outram Street  
West Perth WA 6005

### Share Registry

Automic Registry Services  
Level 5, 126 Phillip Street  
Sydney NSW 2000  
Tel: 1300 288 664

## ASX ADDITIONAL INFORMATION

### Schedule of Mining Tenements

<b>Project</b>	<b>Claim Number</b>	<b>Location</b>	<b>Interest</b>
Big Sandy	WIK-001 to WIK-112	Arizona, USA	100%
Big Sandy	BSL-001 to BSL-146	Arizona, USA	100%
Big Sandy	BSLII 001 to BSLII 053	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%
Kangwane South	N/A	Mpumulanga Province, South Africa	70%

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