

News

MINING SERVICES AGREEMENT WITH NTEC FOR DEVELOPMENT & PRODUCTION AT BIG SANDY

March 11, 2024

HIGHLIGHTS

- AZL has entered into a binding Mining Services Agreement for Big Sandy with Navajo Transitional Energy Company ("NTEC"), wholly owned by the Navajo Nation.
- NTEC will be responsible for managing the permitting requirements, additional exploration drilling, mine design, environmental assessments, and development to the commencement of mining for the Big Sandy Lithium Project.
- NTEC is a world class mining and energy company with extensive experience in both permitting and mining operations, owns the Navajo Mine and operates mines in Montana and Wyoming.
- Vern Lund, CEO of NTEC, to join the AZL Board with over 25 years of experience in mining operational management, business development and new project development.
- NTEC's remuneration is via the issue of 424,242,424 AZL shares at 7.5 cents, which are subject to the achievement of various milestones including full permitting of the Big Sandy Lithium Project and shareholder approval.
- NTEC has an outstanding safety record and environmental record in previous operations and will apply these to the Big Sandy Lithium Project.
- AZL to maintain 100% ownership of the Big Sandy Lithium Project.

Arizona Lithium Limited (ASX: AZL, AZLO, AZLOA, OTC: AZLAF) ("Arizona Lithium", "AZL" or "the Company"), a company focused on the sustainable development of two large lithium development projects in North America, the Big Sandy Lithium Project ("Big Sandy") and the Prairie Lithium Project ("Prairie"), is pleased to announce that it has entered into a Mining Services Agreement ("Mining Services Agreement") with Navajo Transitional Energy Company ("NTEC"), wholly owned by the Navajo Nation.

Under the Mining Services Agreement, NTEC will apply their extensive experience in permitting and mining operations to the development of the Big Sandy Lithium Project in Arizona, and subsequent lithium production at the project.

Arizona Lithium Managing Director, Paul Lloyd, commented: *"We are very pleased to have signed a Mining Services Agreement with NTEC, which formalises the terms initially agreed to under the Strategic Alliance Term Sheet announced in December 2022."*

NTEC is the ideal operating partner for Big Sandy and will take over the operational development of Big Sandy being responsible for managing the permitting requirements, exploration drilling, mine design, environmental assessments, and development through to commencement of mining operations for the project.

Big Sandy represents a substantial development opportunity holding 320,800 tonnes of LCEI, with only 4% of the project drilling, providing significant exploration upside once permitted.

We look forward to welcoming Vern Lund to the AZL Board and working closely with NTEC to realise the full potential of the Big Sandy Project."

In December 2022, Arizona Lithium announced that it had entered a Strategic Alliance Term Sheet with NTEC, with the Mining Services Agreement formalising the initially agreed terms.

NTEC has significant experience in mining and energy project operations, owns the Navajo Mine, currently holds a 7% interest in the Four Corners Power Plant, and also operates mines in Montana and Wyoming. NTEC's sole shareholder is the Navajo Nation and was formed with the purpose of promoting the development of the Navajo Nations resources and new sources of energy, power and transmission.

Material terms of the Mining Services Agreement

- (a) **Parties:** AZL and NTEC.
- (b) **Purpose:** AZL has engaged the services and expertise of NTEC to undertake various work requirements and activities to progress exploration and development of the Big Sandy, including but not limited to, community engagement, obtaining permitting requirements, mine design, exploration drilling, baseline studies, environmental assessments, construction and contract mining operations (**Work Requirements**).
- (c) **Consideration:** AZL has agreed to issue NTEC 424,242,424 fully paid ordinary shares in AZL (Shares) at a deemed issue price of \$0.075 per Share, which will be subject to escrow and other restrictions pursuant to a voluntary escrow deed executed by NTEC and AZL. Upon the relevant milestone completion date for a Work Requirement, AZL will release that number of Shares from escrow corresponding to the relevant Work Requirement in accordance with the Mining Services Agreement.
- (d) **Conditions Precedent:** The Mining Services Agreement is subject to and conditional upon:
- (i) AZL obtaining shareholder approval under ASX Listing Rule 7.1 for the issue of the Shares to NTEC; and
 - (ii) NTEC completing procedures to grant limited waivers of sovereign immunity to AZL.
- (e) **Term and Termination:** The Mining Service Agreement will remain in force from the date of execution until the earlier of (a) the date that is 5 years from the date of execution and for so long as NTEC continues to perform the Work Requirements, and (b) the termination of the Mining Services Agreement.

The Mining Services Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties, confidentiality provisions and change of control provisions).

NTEC Board Representative

Under the Mining Services Agreement, Vern Lund, CEO of NTEC will join the AZL Board with over 25 years of experience in mining operational management, business development and new project development including leading NTEC, a diversified energy company and the 3rd largest US thermal coal producer with 1,400 employees and operations both on and off the Navajo Nation.

Mr. Lund is a retired professional engineer and in addition to executive roles, he holds extensive mining experience including greenfield development and has worked across all aspects of operations, including business development and contract negotiations, new project development including engineering design, permitting and construction, as well mine management and executive oversight of multiple operations.

NTEC holds an outstanding safety and environmental record and was the first company to be awarded both the "Sentinels of Safety" award from the National Mining Association for outstanding safety performance, and the National Award for Excellence in Surface Mining Reclamation from the Office of Surface Mining Reclamation and Enforcement (OSMRE) at the same mine and in the same year. Both of these prestigious awards underscore NTEC's commitment to the people and environment of the Navajo Nation, and to creating energy options that will provide sustainable resources for the community.

Importantly, both NTEC and AZL understand the cultural significance of the land near the proposed mining site and have already commenced the critically important community engagement process to ensure the development of Big Sandy prioritises appropriate cultural and environmental safeguards throughout the process.

FOR FURTHER INFORMATION PLEASE CONTACT:

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1 ASX Announcement – "Big Sandy Lithium Project, Maiden Mineral Resource" – 26 September 2019

2 ASX Announcement – "Strategic Alliance with Navajo Nation Mining Company" – 5 December 2022



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A conscientious company founded on our rich energy legacy, with strategic, diversified assets to serve the Navajo people, our employees, and our communities.

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