



# ASX ANNOUNCEMENT



11 January 2018

## SHAREHOLDER UPDATE

**Sayona Mining Limited (ASX: SYA) ("Sayona" or the "Company")** is pleased to provide shareholders an update of activities planned for 2018.

In 2017, the Company made substantial progress advancing Authier to the Definitive Feasibility Study ("DFS") stage. This included completing two resource and reserve upgrades, optimisation of the process flow sheet, completion of environmental field studies, advancing mining lease permitting, and completion of an Optimised Pre-Feasibility Study ("PFS"). The PFS demonstrated the opportunity to create substantial long-term sustainable shareholder value at a low capital cost - a pre-tax NPV<sub>8</sub> of C\$221m (AUD\$227m) based on a capital expenditure of C\$65 million.

In Western Australia, the Company has built a substantial portfolio of lithium prospective tenements totalling 2,000 km<sup>2</sup>, in the spodumene-rich, Pilgangoora district. A new pegmatite field containing spodumene was discovered at Mallina and will be the primary focus of exploration activities during 2018.

The lithium market ended 2017 very strongly, with demand driving robust spot and contract pricing. Galaxy Lithium announced extensions to contracts with Chinese buyers for the next five years at pricing for 2018 at similar pricing to the 2017 contracts (between US\$840 to US\$905/t for 6% Li<sub>2</sub>O concentrate).

### **Authier lithium project, Canada**

The Company's primary objective in early 2018 is to complete the studies required to commence the development of the project. Authier is a near-term development project and cash-flow generation opportunity. The Company believes it will create significant share value-uplift potential for shareholders as the project is advanced towards development.

The Phase 3 drilling program will re-commence in the second week of January. The objective of the drilling is to expand and optimise, the resource and reserve position for incorporation into the DFS. The program will target extending Authier mineralisation in the east and west at shallow levels, and at Authier North where a small JORC Mineral Resources was defined as part of the Optimised Pre-Feasibility Study

A pilot metallurgy program will commence in January utilising more than five tonnes of diamond drill core. Data from the pilot program will be incorporated into the engineering and design of the process plant, and concentrate produced will be used for marketing and downstream testing purposes.

BBA is making excellent progress on the DFS which is expected to be completed in the second quarter 2018. BBA have extensive experience in the Canadian mining industry and have been actively involved in Feasibility Studies for Quebec lithium projects including, Nemaska and the North American Lithium project.

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All of the base-line environmental field studies have been completed. Permitting activities including social and first nation consultation are underway. On completion of the DFS, the Company will lodge the final documentation required to secure a Mining Lease. Subject to the outcomes of the permitting and financing, the Company envisages commencing construction in the second half of 2018 and first production late in 2019.

The Company is actively engaged with a number of potential off-takers and financiers whilst also receiving strong interest from Chinese concentrate converters interested in purchasing Authier concentrates or value-adding in country. The Company recently announced a Memorandum of Understanding ("MOU") with Huan Changan Lico Co Ltd, a subsidiary of Fortune 500 Company, Minmetals Group. The MOU paves the way for advancing discussions to facilitate a development alliance exploring marketing, technical and financial opportunities for the Authier project, including, purchasing up to 100,000 tonnes of spodumene concentrate per annum. In addition, the Company is focused on financing Authier in way that minimises dilution to shareholders.

### **Western Australian Lithium**

The Company has built a large portfolio of lithium tenements in Western Australia and is excited by the prospectivity of the Mallina project where new spodumene bearing pegmatites have been recently identified. Further exploration and drilling is required to better understand the mineralisation within the complex rare metal pegmatites. Mallina is a very prospective province in close proximity to other major spodumene deposits including Pilgangoora and Wodgina.

### **Growth Opportunities**

The Company is examining a number of new growth opportunities in the lithium sector which it believes have the potential to enhance the value of the Company. These include new projects and value-adding of existing projects including the Authier downstream project which has demonstrated very robust economics.

We believe 2018 will be a transformative year for Sayona as it evolves from the exploration-stage to the development-stage at Authier. The Company will also continue to develop a pipeline of new opportunities by leveraging its lithium exploration and development experience, and expertise.

### **For more information, please contact:**

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Sayona Mining Limited is an Australian-based, ASX-listed (SYA) company focused on sourcing and developing the raw materials required to construct lithium-ion batteries for use in the rapidly growing new and green technology sectors. Sayona's primary objective is developing the Authier lithium project in Quebec, Canada. Authier is an advanced, near term development project, construction forecast to commence in the second half of 2018 and first production in late 2019. Please visit us at [www.sayonamining.com.au](http://www.sayonamining.com.au)