

7 February 2019

Ms Clare Porta
Advisor, Listing Compliance
ASX Limited
20 Bridge Street
Sydney NSW 2000

By email: clare.porta@asx.com.au

Dear Ms Porta

Response to Appendix 5B Query

I refer to your letter dated 5 February 2019 in relation to SYA's Appendix 5B for the quarter ended 31 December 2018. Following are our responses to each of your questions.

1. *Does SYA expect that it will continue to have negative operating cash flows for the time being and, if not, why not?*

SYA expects it will continue to have negative operating cash flows. This is common with resource exploration and development companies. SYA expects that it will continue to have negative operating cash flows until such time as it is able to bring its Authier lithium mine into production.

2. *Has SYA taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?*

SYA is currently developing funding strategies that will provide the capital required to fund ongoing operations and develop the Company's Authier lithium mine in Quebec, Canada.

In December 2018, Sayona lodged a mining lease application for the Authier deposit. Whilst this application is being assessed by the relevant authorities, the Company will advance discussions with potential offtake partners and financiers, with a view to securing the funding required to develop the project.

SYA is confident that it will be successful in raising additional capital as required, subject to general conditions and investor sentiment.

3. *Does SYA expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?*

SYA expects to be able to continue its operations and to meet its business objectives on the basis of the information disclosed in 2 above.

In addition, SYA manages its expenditures and cash flows to ensure it maintains an appropriate balance between conserving cash and meeting permitting milestones to ensure the Authier project advances through the permitting process and is ready for development.

Expenditure over the last 12 months has been high while the Company focused on completion of the project feasibility statement, engineering design work and other studies required for permitting applications.

4. *Please provide any other information that SYA considers may be relevant to ASX forming an opinion on whether SYA is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).*

The Authier project is a hard rock spodumene lithium deposit scheduled for development as an open cut mine initially producing a 6% spodumene concentrate. Production is planned to commence in 2020.

On 24 September 2018, the Company announced a positive Definitive Feasibility Study (DFS) for the project. The DFS confirmed the project's potential to deliver a profitable and sustainable new lithium mine. The completion of the DFS is a transformative event for Sayona as it evolves to the development stage.

SYA has raised significant funding over recent years to pursue its business objectives. The Company considers that it is in compliance with Listing Rule 12.2.

5. *Please confirm that SYA is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.*

SYA confirms that it is in compliance with the Listing Rules, in particular Listing Rule 3.1.

There is no information about the Company's financial condition that has not already been released to the market.

6. *Please confirm that SYA's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of SYA with delegated authority from the board to respond to ASX on disclosure matters.*

We confirm that SYA's response to your questions have been authorised and approved by the SYA Board, in accordance with its published continuous disclosure policy.

Yours faithfully
Sayona Mining Limited



Paul Crawford
Director & Company Secretary



5 February 2019

Mr Paul Crawford
Executive Director and Company Secretary
Sayona Mining Limited
Unit 68
283 Given Terrace
Paddington QLD 4066

By email

Dear Mr Crawford,

Sayona Mining Limited ("SYA"): Appendix 5B Query

I refer to SYA's Appendix 5B quarterly report for the period ended 31 December 2018 lodged with ASX Market Announcements Platform on 31 January 2019 (the "Appendix 5B").

ASX notes that SYA has reported:

- negative net operating cash flows for the quarter of \$2,976,000;
- cash at the end of the quarter of \$4,496,000; and
- estimated cash outflows for the next quarter of \$2,400,000.

It is possible to conclude, based on the information in the Appendix 5B that if SYA were to continue to expend cash at the rate indicated by the Appendix 5B, SYA may not have sufficient cash to continue funding its operations. In view of that, ASX asks SYA to respond separately to each of the following questions and requests for information:

1. Does SYA expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has SYA taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does SYA expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that SYA considers may be relevant to ASX forming an opinion on whether SYA is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that SYA is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
6. Please confirm that SYA's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of SYA with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 9.30am AEDT on **Friday, 8 February 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in SYA's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, SYA's obligation is to disclose the

information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to SYA’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that SYA’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in SYA’s securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[Sent electronically without signature]

Clare Porta

Adviser, Listings Compliance (Sydney)