

ASX Announcement

9 November 2023

STRATEGIC REVIEW AND OPERATIONAL UPDATE

- Strategic review focuses Sayona on becoming a leading global supplier of high-quality lithium chemicals, supporting global decarbonisation efforts and committing to downstream processing in Québec
- New five-pillar strategy to maximise long-term value creation for shareholders
- Board renewal process ongoing

North American lithium producer Sayona Mining Limited ("Sayona") (ASX:SYA; OTCQB:SYAXF) announced today the results of the Company's review of Sayona's strategy to become a leading global supplier of high-quality lithium chemicals, supporting global decarbonisation efforts and the energy transition.

As part of the strategic review, Sayona's Interim CEO and the Board of Directors toured operations at the North American Lithium project (SYA: 75%) and reviewed other exploration and development initiatives including the Moblan Lithium Project (SYA: 60%) in Québec, Canada, as well as assets in Western Australia, and engaged with joint venture and other strategic partners.

The review encompassed all facets of the Company, including operations and downstream processing, recognising Sayona's ability to take advantage of the continued drive for locally supplied, battery-grade lithium chemicals in North America.

The review addressed opportunities for partnerships to support growth and market access as well as the prospects for integrating downstream production. Areas have been identified where significant cost savings initiatives could be implemented in order to conserve cash resources in this current operating environment.

Following the strategic review, the Board approved the following five-pillar strategy:

1. **Optimise operations** – ramp up production at NAL to sustainably optimise production and maximise returns and cashflow generation.
2. **Expand resource base** – expand known mineral resources through drilling programs at NAL and Moblan and continue value accretive exploration in Québec and Western Australia.
3. **Develop assets** – Deliver portfolio potential through the development of upstream assets and pursue value accretive growth options.
4. **Integrate downstream** – evaluate and secure opportunities for downstream integration into higher value lithium carbonate and lithium hydroxide production.
5. **Explore strategic partnerships** – to lock in demand, access-end markets, establish a vertically-integrated supply chain, and fund the accelerated development of the Company with strict cash flow management.

Sayona's Interim CEO, James Brown, said: *"With the ramping up of spodumene production at NAL, and extensive opportunities to explore and develop premium hard rock assets at Moblan and elsewhere in Québec, Sayona is ideally positioned to benefit from the transition to a low-carbon electrified world by supplying battery and electric vehicle manufacturers in North America.*

"We remain committed to collaborating with our joint venture partners and the Québec government to develop a lithium carbonate facility at NAL. We are also focused on exploring additional strategic partnerships that enable Sayona to lock-in demand, integrate downstream into lithium hydroxide production, de-risk downstream funding exposure by partnering with well credentialed chemical converters and secure access to the rapidly growing electric vehicle market in North America.

"We are confident that this strategy will generate significant, long-term value for Sayona's shareholders, employees, joint venture partners and community stakeholders."

Operations – NAL

The ramp-up towards nameplate production at the Company's NAL operation continues, with a strong focus on cost management and resolving process limitations to allow the operation to maximise production and sales of lithium concentrate. During the course of the ramp-up process, the NAL team has identified bottlenecks and benchmarked operating costs.

The NAL team has compared the performance of the operations during the 2017-2019 period with the current production ramp. Historically, NAL averaged 2,700 tonnes per day (tpd) – the graph in Figure 1 shows the daily plant feed since project restart and the historical daily feed average from the 2017-2019 NAL operations. Although substantial process plant componentry upgrades were completed to enable the restart of the plant in March 2023, there remain residual limitations both in capacity and space in the existing plant, and resources are being applied to bridge these constraints.

Based on several months of operational data and downtime cause tracking, the majority of unplanned mill downtime is related to the crushing circuit and the limited ability of the fine ore bin to cover feed gaps between the crusher and the mill. Optimising feed stability is critical to improving mill utilisation and recovery. NAL is building a Crushed Ore Dome to act as a secondary supply source of crushed ore to enhance existing plant feed availability with completion expected by the end of March 2024. Vendor delays have resulted in the Crushed Ore Dome project not being available for the winter months, which could result in limitations on plant feed during that period.

To maximise feed sources prior to the completion of the Crushed Ore Dome, the NAL team is evaluating the addition of a refeed system to enable continued mill feed in the event that the primary crusher is offline. Substantial progress has been also made with product recovery optimisations and interstage high density conditioning which could provide up to 4% in recovery uplift. One of the key achievements during the September quarter was achieving target mill throughput rate in the month of August.

The Board is confident that the ramp-up plan is robust and focused on delivering optimal production outcomes in a reliable and measurable timeframe.

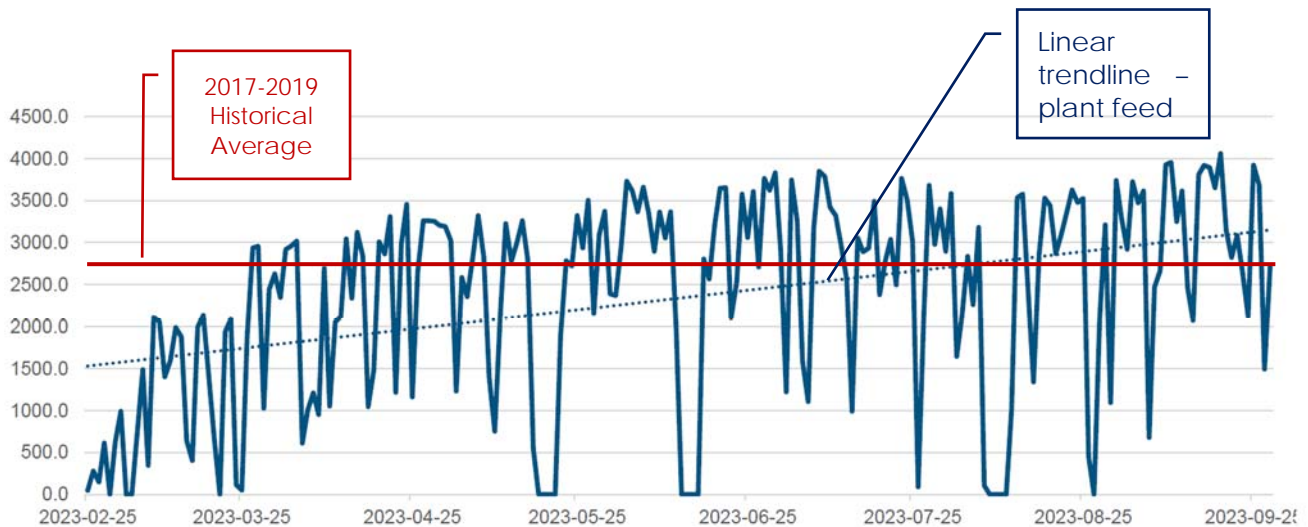


Figure 1 – NAL Ramp Up – Plant Feed (tonnes per day)

Offtake and sales – NAL

Following the first successful shipment to the international lithium market in August 2023, a further three shipments have been completed, with at least two further shipments pending for the remainder of the 2023 calendar year. Shipments are agreed by the joint venture partners on a forward-looking basis under an annual Lifting Schedule. It has been a focus of the NAL joint venture (75% Sayona; 25% Piedmont Lithium) to have the product processed at different conversion facilities as the NAL product is guided through a product accreditation process.

The NAL product has demonstrated consistency in product grade, moisture content and other elements in line with general market specifications. Moreover, the product is amenable to conventional material handling and shipping. Sayona has established an experienced in-house marketing and logistics team to manage inventory and book and load vessels from the port.

Sayona has attracted strong international interest in offtake from NAL, currently North America’s single largest source of hard-rock lithium production. Talks are continuing with a range of potential offtake partners, with a view to forming a longer-term contract. Sayona will keep the market fully informed of any significant developments. Preference for a strategic offtake partnership is a model that could link into the committed downstream plans for NAL.

Development – Moblan

The Moblan Lithium Project is an increasingly attractive and strategic high grade lithium asset, as highlighted by the latest drilling results (refer ASX release 23 October 2023). Assay results are pending from 170 drillholes totalling 35,459m, following one of Québec’s largest drilling programs in 2023, comprising around 60,000m of exploration and development drilling.

Sayona is committed to downstream processing in Québec, supporting the Québec Government’s plans to become a leader in the production, conversion and recycling of critical and strategic minerals, in partnership with local and Indigenous communities. The Board’s preference is to develop a downstream operating and supply model for Moblan that allows Sayona to produce the concentrate from the mine and link with an experienced chemical partner with demonstrated commercial technology. The addition of an end user for the chemicals would further enhance the offtake model. This model would minimise risk across the supply chain and allow positive financial returns from the downstream chemical exposure.

The Company is reviewing current timelines concerning production of lithium hydroxide derived from Moblan spodumene concentrate, which will take into consideration development activities, support from industry partners, regulatory approvals and the necessary financing. This is a highly complex process requiring expertise and support from leading players in the lithium chemicals industry, with Québec and Canada continuing to attract a number of leading international battery makers.

Board renewal process ongoing

Following the appointment of independent, Non-Executive Director Philip Lucas in August 2023, Sayona is continuing the process to renew its Board, including the appointment of an Independent Chairman and an additional independent director.

Mr Brown added: *“We are committed to appointing a suitably qualified Chairman and Non-Executive Director that have diverse skill sets to complement the Board’s considerable experience in mining operations and guide the next phase of Sayona’s development. This will strengthen our corporate governance and position Sayona to maximise the opportunities ahead of us and deliver long-term value creation for shareholders.”*

Lithium Market

During 2023 there has been an overall decline in lithium pricing globally with significant weighting of price outcomes directly related to the Chinese market in both spot and long-term contract pricing. More recently market dynamics have been influenced by reduced demand for feedstock as chemical inventory is drawn down.

The Lithium Index (Benchmark Mineral Intelligence) has fallen by 65% year to date (see Figure 2), while spodumene pricing has fallen by approximately 62% year to date.

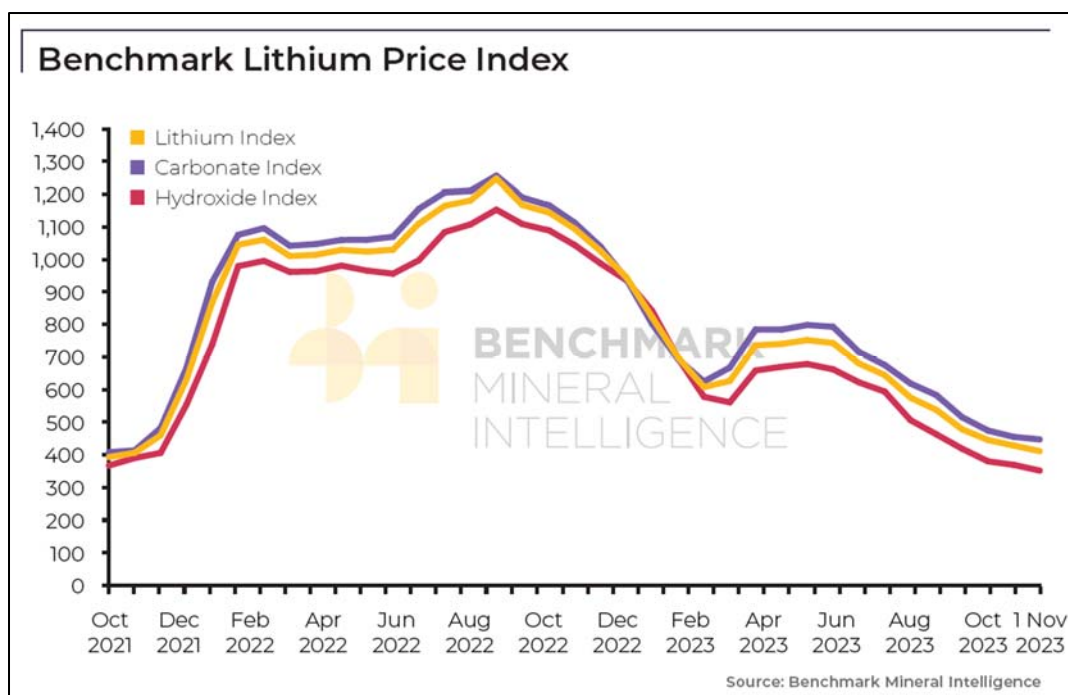


Figure 2 – Benchmark Lithium Price Index

Regardless of current trends, Sayona is confident that the market will stabilise and support existing operational plans. Despite significant progress in both the supply and demand model for global lithium, some stabilisation events are required to bring the market into a form of equilibrium.

Long-term demand for lithium remains strong as a key ingredient in the EV and battery market, necessary for global decarbonisation. North America continues to pursue the development of a local supply chain for battery metals, from mining to processing to end product.

Sayona is committed to partnership arrangements at each of its projects. These partnerships are aimed at delivering revenue from upstream sales of lithium concentrate and also the progressive integration of each upstream operation into downstream processing. This integrated approach should deliver commercial outcomes that are stable and help insulate the Company from swings in the lithium spot market as well as reducing risk in the company's downstream progression.

With this strategy in place the Company is confident of its long-term future as a leader in the supply of lithium chemicals to the North American EV and battery market.

Issued on behalf of the Board.

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About Sayona Mining

Sayona Mining Limited is a North American lithium producer (ASX:SYA; OTCQB:SYAXF), with projects in Québec, Canada and Western Australia.

In Québec, Sayona's assets comprise North American Lithium together with the Authier Lithium Project and its emerging Tansim Lithium Project, supported by a strategic partnership with American lithium developer Piedmont Lithium Inc. (Nasdaq:PLL; ASX:PLL). Sayona also holds a 60% stake in the Moblan Lithium Project in northern Québec.

In Western Australia, the Company holds a large tenement portfolio in the Pilbara region prospective for gold and lithium. Sayona is exploring for Hemi-style gold targets in the world-class Pilbara region, while its lithium projects include Company-owned leases and those subject to a joint venture with Morella Corporation (ASX:1MC).

For more information, please visit us at www.sayonamining.com.au

References to Previous ASX Releases

- New high-grade zones encountered in NAL drilling – 2 November 2023
- 2023 Annual Report – 31 October 2023
- Quarterly Activities Report – 30 October 2023
- Moblan drilling shows expansion potential – 23 October 2023
- First lithium shipment boosts NAL revenues – 6 September 2023
- Board of Director changes – 28 August 2023
- First shipment to launch NAL concentrate revenues – 2 August 2023
- Non-Executive Directors being recruited in governance revamp – 5 July 2023

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and all material assumptions and technical parameters continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Forward Looking Statements

This announcement contains certain forward-looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond Sayona's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement.

The inclusion of forward-looking statements in this announcement should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled.