



ASX ANNOUNCEMENT



03 MAY 2016

PROPOSED ACQUISITION OF AN ADVANCED LITHIUM DEPOSIT IN CANADA

Sayona Mining Limited (ASX: SYA) ("Sayona" or the "Company") is pleased to announce it has signed a binding term sheet, subject to completion of a 60-day due diligence, to acquire 100 per cent of the Authier lithium deposit in Quebec, Canada.

Attractions of the Authier acquisition, include:

- **Extensively drilled** - mineralisation hosted in a spodumene-bearing pegmatite intrusion with more than 15,000 metres of drilling in 123 holes;
- **Simple deposit** - 825 metres long with an average thickness of 25 metres dipping at 40 degrees, amenable to low-cost, open-cut mining techniques;
- **Defined resources** – foreign measured and indicated resources totalling 74,000 tonnes of contained Li_2O , with demonstrated economic viability. Additional inferred resources total 14,899 tonnes Li_2O - see Table 1 for details and cautionary statement;
- **Simple metallurgy** - extensive metallurgical testing and flowsheet designed to produce a 5-6% Li_2O concentrate at an 85% metallurgical recovery ;
- **Well studied** - a NI43-101 Technical Report – Preliminary Economic Assessment – completed in 2013, demonstrated the technical and commercial viability of developing the deposit, and selling lithium concentrates;
- **Excellent infrastructure** – situated 45 kilometres from mining support services, and links to road and rail networks, including the Quebec export port; and
- **Large sunk cost** – significant investment in drilling, geophysics and development studies.

The Company's strategy at the completion of the transaction, includes:

- Exploration and further drilling to target expanding the existing mineral resources;
- Identifying other resources in the tenement package and in the surrounding district to potentially expand the scale of the project; and
- Studying options for improving the project economics including, metallurgical optimisation and downstream processing options.

The Company believes the acquisition of Authier represents an excellent fit with the Company's capabilities and strategy of sourcing the raw materials required to produce lithium-ion batteries. Authier is a near-term development project and cashflow generation opportunity, being acquired at a very attractive valuation. The Company believes it will create significant share value-uplift potential for shareholders as the project is advanced towards development.

SAYONA MINING LIMITED

Phone: +61 7 3369 7058

Email: info@sayona.mining.com.au

Address: Suite 68, 283 Given Tce, Paddington QLD 4064

Post: PO Box 1357, Milton, Qld 4064, Australia

www.sayonamining.com.au

ASX Code: **SYA**

Authier Project Overview

Ownership and mineral rights

The Authier project is owned by TSX-V listed company, Glen Eagle Resources Inc ("Glen Eagle"). The project area comprises 19 mineral claims totalling 653 hectares, and extends 3.4 kilometres in an east-west, and 3.1 kilometres in a north-south direction, respectively. The mineral claims are located over Crown Lands.

Location

The Authier project is situated 45 kilometres northwest of the city of Val d'Or, a major mining service centre in the, Province of Quebec. Val d'Or is located approximately 466 kilometres north-east of Montreal. The project is easily accessed by a rural road network connecting to a national highway a few kilometres east of the project site.

Regional infrastructure

Val d'Or and other nearby cities have experienced mining work forces and other mining related support services. Regional support services, include:

- 5 kilometres by dirt road to a sealed highway connecting to Val d'Or;
- 2.5 kilometres from an electricity grid supplied by hydro-electric power; and
- 20 kilometres to rail facilities connecting to an export port.

Mineralisation

The deposit is hosted in a spodumene-bearing pegmatite intrusion. The deposit is 825 metres long, striking east-west, with an average thickness of 25 metres, minimum 4 metres and maximum 55 metres, dipping at 40 degrees to the north. The deposit is modelled down to 200 metres depth.

Historical drilling

The project has more than 15,000 metres of drilling in 123 diamond holes, and 2,143 assay samples. The project was initially drilled between 1991 and 1999, and then by Glen Eagle between 2010 and 2012.

Metallurgical

The project has been subject to two metallurgical test work programs in 1999 and 2012. Bumigeme Inc, processing consultants, conducted metallurgical testing on a 40 tonne sample and produced Li_2O concentrate grades between 5.78% and 5.89% at metallurgical recoveries between 67.52% and 70.19%, with an average head assay of 1.14% Li_2O . At an average head grade of 1.35% Li_2O , test work demonstrated a recovery of 75% and a concentrate grade of 5.96% Li_2O . In 2012, Glen Eagle completed further metallurgical testing and designed a flow sheet based on the concept of producing a 5-6% Li_2O concentrate at an 85% recovery rate using conventional processing routes.

Environment/cultural

There are not expected to be any environmental or cultural issues associated with a future project development.

Economic

Glen Eagle produced a NI43-101 Technical Report – Preliminary Economic Assessment – in 2013, demonstrating the technical and commercial viability of developing the deposit. The fundamentals for lithium have improved significantly since 2013 and this is being reflected in much higher prices for lithium than contemplated in the Glen Eagle NI43-101. Australian lithium concentrate producer, Galaxy Resources Ltd, announced in its March 2016 quarterly report that it had sold 60,000 tonnes of concentrate at US\$600/t (FOB, min 5.5%Li₂O).

Mineral resources

The Authier global mineral resource estimated was sourced from Glen Eagle Resources Inc, NI43-101 Technical Report, Preliminary Economic Assessment Report, effective date 22 January 2013. The report is available from the Glen Eagle Resources Inc website. The NI43-101 report was prepared by SGS Canada Inc and Burnigeme Inc for Glen Eagle.

Authier contains 73,999 tonnes of contained Li₂O in the measured and indicated resource categories, and 14,899 tonnes of contained Li₂O in the inferred category – see Table 1.

Table 1 - Authier Global Mineral Resources Estimate (0.5% Li ₂ O cut-off grade)			
Category	Tonnes	Grades Li ₂ O	Contained Li ₂ O
Measured	2,244,000	0.95%	21,318
Indicated	5,431,000	0.97%	52,681
Total	7,675,000	0.96%	73,999
Inferred	1,552,000	0.96%	14,899
<p style="text-align: center;">Cautionary Note</p> <p>National Instrument 43-101 is a national instrument for the Standards of Disclosure for Mineral Projects within Canada. The Mineral Resources stated are foreign estimates and are not reported in accordance with JORC Code. A competent person has not done sufficient work to classify the foreign estimates as Mineral Resources in accordance with the JORC Code. It is uncertain that following evaluation and/or further exploration work that the foreign estimates will be able to be reported as Mineral Resources in accordance with the JORC Code.</p>			

In order to verify the foreign estimate as a mineral resource in accordance with Appendix 5A of the Australian Securities Exchange Listing Rules, the Company intends to undertake a detailed audit of all the available data to verify the previous work and convert the foreign estimate to a JORC compliant estimate. The Company notes that the Canadian NI43-101 Standards of Disclosure system is broadly comparable to the JORC Code of reporting, and whilst the reporting methodologies are different, the actual mineral resources themselves are unlikely to be significantly different. Appendix A outlines compliance with Australian Securities Exchange Listing Rules Chapter 5.12.

Sayona's Project Development Strategy

The Company's strategy is to develop Authier in a staged approach, including:

- Converting the inferred mineral resources to measured and indicated through further drilling;
- Converting the mineral resources to reserves;
- Exploring for extensions to the existing mineral resources and other potential mineralisation within the tenement package;
- Consolidating other potential resources/mineralisation in the district;
- Studying options for improving the project economics, including:
 - operating and capital cost reductions (e.g. leasing and purchasing of second hand equipment);
 - metallurgical optimisation using latest technologies available like photometric sorting;
 - downstream processing options including the production of high-value lithium carbonate;
- Completion of an Environmental Impact Statement and Bankable Feasibility Study;
- Negotiating production off-take agreements; and
- Sourcing development finance and constructing the project.

Transaction Value Proposition

The Company believes the acquisition of Authier represents an excellent opportunity to create value-uplift potential for Sayona shareholders as the project is advanced towards development.

Key attractions of the acquisition, include:

- Large sunk cost in terms of exploration, drilling, metallurgical testing, and other economic studies;
- The price outlook for lithium is very strong. Lithium is a high-value product which is anticipated to be in tight supply as the demand for lithium-ion batteries continues to experience transformational growth due to use in the new green technology sectors;
- The Company becomes less exposed to the outcomes of early-stage exploration; and
- There is significant value-uplift potential for the Company when compared to the Australian Securities Exchange ("ASX") listed lithium explorers and producers when benchmarked by market capitalisations – see Figure 1 below. The Company is also acquiring Authier at a very attractive enterprise value per tonne of contained lithium multiple when compared to the trading multiples of the ASX peer group companies with resources.

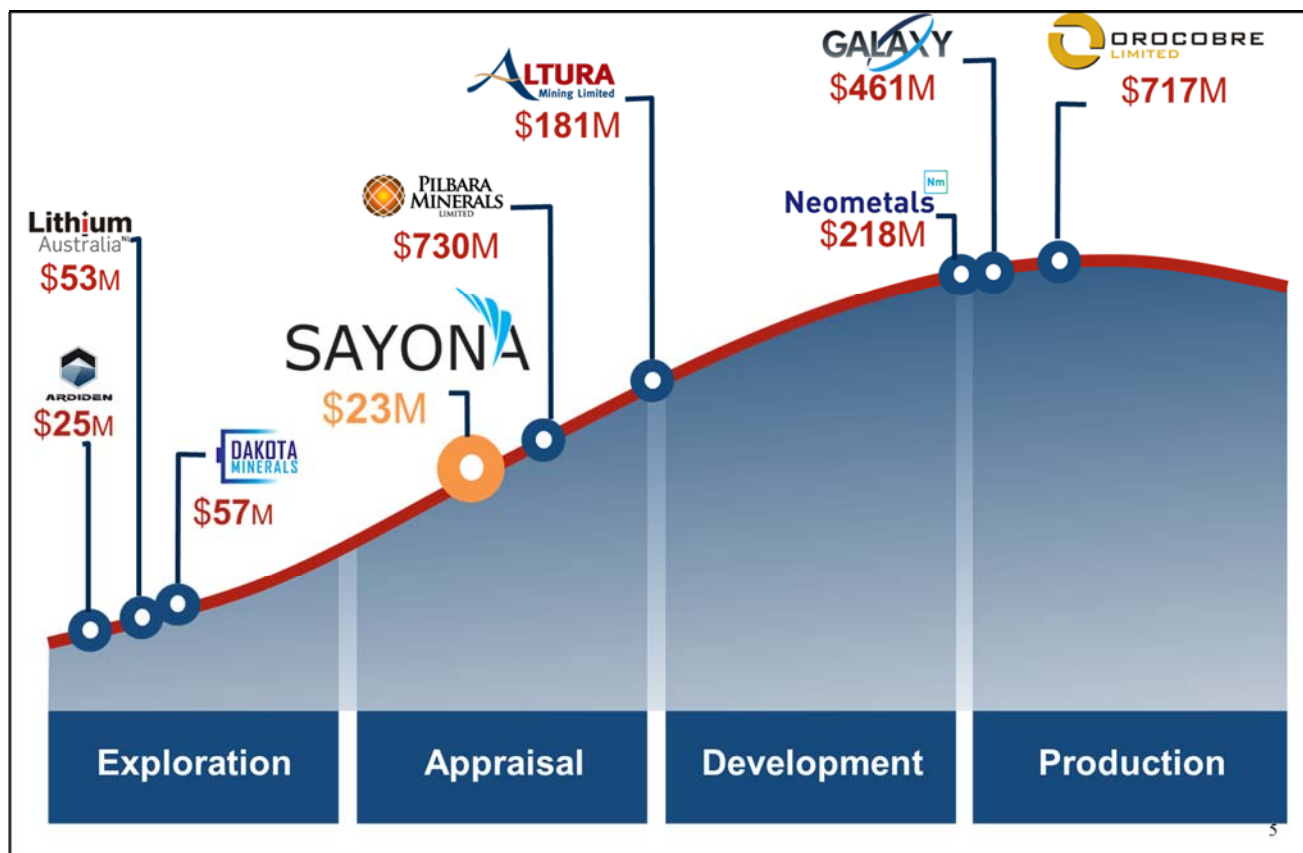


Figure 1: ASX listed company market capitalisations

Acquisition Terms

The Company has signed a Binding Term Sheet with Glen Eagle to acquire the Authier project for CAD\$4 million. The agreement is subject to Sayona's satisfactory completion of a 60-day due diligence period. The Company has paid Glen Eagle CAD\$50,000 for full exclusivity to the Authier project during the due diligence period.

During the due diligence period, the Company will confirm the tenure is in good standing, there are no major environmental or cultural issues, and complete independent technical reviews of the drilling and resource, and metallurgical test work.

The Company will investigate a number of different financing options to fund the acquisition price, including strategic investment in the project by potential product off-takers, equity, and royalty streams.

For more information, please contact:

Corey Nolan
Chief Executive Officer
Phone: +61 (7) 3369 7058
Email: info@sayonamining.com.au

Sayona Mining Limited is an Australian, 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. Please visit us as at www.sayonamining.com.au

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Dr Gustavo Delendatti, a member of the Australian Institute of Geoscientists. Dr Delendatti is an independent consultant, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which it is undertaking to qualify as a Competent Person as defined in the JORC Code (2012 Edition) of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Dr Delendatti, as competent person for this announcement, has consented to the inclusion of the information in the form and context in which it appears herein.

Appendix A - Australian Securities Exchange Listing Rules Chapter 5.12 - Reporting Requirements for a Foreign and/or Historical Estimate

Authier Deposit		
Criteria	JORC Code Explanation	Commentary
5.12.1	<ul style="list-style-type: none"> The source and date of the historical estimates or foreign estimates. 	<ul style="list-style-type: none"> The Authier Global Mineral Resource estimated was sourced from Glen Eagle Resources Inc, NI43-101 Technical Report, Preliminary Economic Assessment Report, effective date 22 January 2013. The report is available from the Glen Eagle Resources Inc website at www.gleneagleresources.ca. The NI43-101 report was prepared by SGS Canada Inc and Burnigeme Inc for Glen Eagle.
5.12.2	<ul style="list-style-type: none"> Whether the historical estimates of foreign estimates use categories of mineralization other than those defined in Appendix 5A (JORC Code) and if so an explanation of the differences. 	<ul style="list-style-type: none"> The Global Mineral Resource categories, Measured, Indicated and Inferred referred to in the report are all consistent with those defined in Appendix 5A of the Joint Ore Reserve Committee ("JORC") 2012 Guidelines.
5.12.3	<ul style="list-style-type: none"> The relevance and materiality of the historical estimates or foreign estimates to the entity. 	<ul style="list-style-type: none"> The foreign estimate is relevant as it pertains to a project that could be economically viable for the entity.
5.12.4	<ul style="list-style-type: none"> The reliability of the historical estimates or foreign estimates, including by reference to any of the criteria in Table 1 of Appendix 5A (JORC CODE) which are relevant to understanding the reliability of the historical estimates or foreign estimates. 	<ul style="list-style-type: none"> All criteria in Table 1 of Appendix 5A have been addressed in the foreign estimate.
5.12.5	<ul style="list-style-type: none"> To the extent known, a summary of the work programs on which the historical estimates or foreign estimates are based and a summary of the key assumptions, mining and processing parameters and methods used to prepare the historical estimates or foreign estimates. 	<ul style="list-style-type: none"> The Authier Resource was estimated using Ordinary Kriging methodology to estimate lithium grades. The Mineral Resources are based on 12,081 meters of drilling in 100 diamond drill holes. This includes 4,782m in 45 historical drill holes carried out before Glen Eagle started drilling in 2010. Geological boundaries were constructed using modern industry accepted software. The modelled geological boundaries were used to constrain grade estimations appropriately within each geological boundary. The mineral resource block model has been interpolated from a total of 751 three meters long analytical composites constrained within a 3D wireframe envelop of the mineralized pegmatite defined from drill hole geological interpretation as well as the mineralised

Authier Deposit		
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		<p>intercepts meeting the required criteria.</p> <ul style="list-style-type: none"> The mineral resource model is defined by block 5 m (east-west) by 5 m (north-south) by 5 m (elevation) in size, located below the bedrock/overburden interface. The deposit covers over 825 m on the EW direction. The average thickness is 25m with a minimum of 4 m and a maximum of 55 m. The deposit is dipping at 40° towards the N. The Authier pegmatite dip increases at depth of 100 m deep in average mostly to the eastern part of the deposit. The pegmatite deposit is modelled to a maximal depth of 220 m below surface. QA/QC programs were rigorously monitored to verify database integrity.
5.12.6	<ul style="list-style-type: none"> Any more recent estimates or data relevant to the reported mineralization available to entity. 	<ul style="list-style-type: none"> There are no more recent estimates relevant to the reported mineralisation.
5.12.7	<ul style="list-style-type: none"> The evaluation and/or exploration work that needs to be completed to verify the historical estimates or foreign estimates as mineral resources or ore reserves in accordance with Appendix 5A (JORC Code). 	<ul style="list-style-type: none"> The exploration work on the project has been completed to a level that is in accordance with Appendix 5A (JORC Code).
5.12.8	<ul style="list-style-type: none"> The proposed timing of any evaluation and/or exploration work that the entity intends to undertake and comment on how the entity intends to fund that work. 	<ul style="list-style-type: none"> Sayona is not aware of any exploration work or activities planned to be undertaken by the entity.
5.12.9	<ul style="list-style-type: none"> A cautionary statement proximate to, and with equal prominence as, the reported historical estimates or foreign estimates. 	<ul style="list-style-type: none"> Sayona cautions that the mineral resources for the project are not reported in accordance with the JORC Code. A competent person has not yet done sufficient work to classify the resources as mineral resources in accordance with JORC code. It is uncertain that following evaluation or further work that the foreign estimate will be able to be reported as mineral resources in accordance with JORC Code.
5.12.10	<ul style="list-style-type: none"> A statement by a named competent person or persons that the information in the market announcement provided under rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies for the material mining project. The statement must include the information referred to in rule 5.22(b) and (c). 	<ul style="list-style-type: none"> I, Gustavo L. Delendatti, confirm that I authored the information described under rules 5.12.2 to 5.12.7 and that the information is an accurate representation of all information and data to my knowledge. I am not an employee of Sayona nor do I hold any interest in any Sayona shares. I am an independent consultant based in San Juan, Argentina. I am a member of the Australian Institute of Geoscientist (MAIG 3552). I am a Competent Person under JORC 2012 Code & Guidelines.