



ASX ANNOUNCEMENT



14 JUNE 2016

AUTHIER LITHIUM PROJECT DUE DILIGENCE ADVANCED

Sayona Mining Limited (ASX: SYA) ("**Sayona**" or the "**Company**") is pleased to announce that due diligence on the proposed Authier lithium project acquisition in Canada is nearing completion.

The Company is actively working through a due diligence program covering all the legal and technical aspects of the proposed acquisition. The Company has commissioned independent assessments, including:

- **Resources** – an independent Competent Person has visited the Authier lithium project, completed a geological and historical drilling data review, and will shortly release a JORC Mineral Resource estimate;
- **Technical and economic** – SGS Canada Inc and Burnigeme Inc have completed an economic assessment, including updating all the mine, processing, administration operating and capital cost estimates previously disclosed in the Glen Eagle Resources 2013 NI-43101. In addition, SGS completed Whittle pit optimisations using the new operating and capital cost estimates, and revised spodumene concentrate pricing and exchange rate assumptions; and
- **Legal** – a review to confirm the tenure is in good standing and there are no major environmental or cultural issues that will affect a potential project development.

The Company has also commenced preliminary discussions with prospective financiers in regard to funding the acquisition, and has been encouraged by the response regarding the level and types of funding that could be available. Financing will be completed once all shareholder and regulatory approvals are completed.

The key attractions of the Authier lithium project 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 Appendix A 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;

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**

- **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.

Transaction Value Proposition

The Company believes the acquisition of Authier represents an excellent opportunity to create value-uplift potential for 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 will be less exposed to the outcomes of early-stage exploration with a defined Mineral Resource estimate;
- When benchmarked by market capitalisation, there is significant value-uplift potential for the Company when compared to the Australian Securities Exchange ("ASX") listed lithium explorers and producers – see Figure 1 below; and
- The Company is acquiring Authier at a very attractive enterprise value of \$44 per tonne of contained lithium resources when compared to the enterprise values per tonne of contained lithium of the ASX peer group companies.

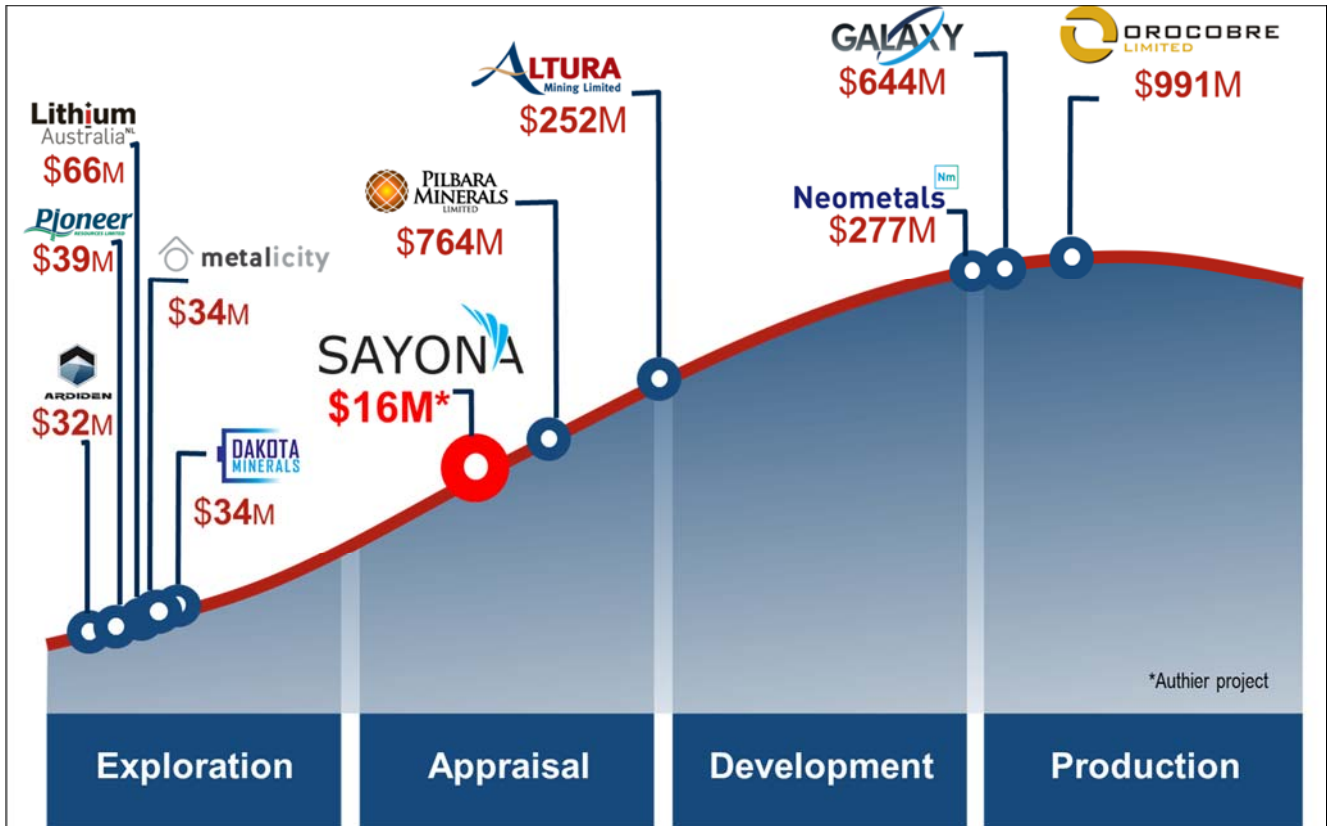


Figure 1: ASX lithium company market capitalisations (10 June 2016)

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.

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 at www.sayonamining.com.au

Appendix A – Foreign Mineral Resource Estimate

The Company has previously reported the Foreign Resource estimate in an ASX release titled “Acquisition of an advanced lithium project” 3 May 2016. The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resource information included in the ASX release, “Acquisition of an advanced lithium project”, 3 May 2016. The Company also confirms the form and context in which the Competent Person’s findings are presented have not been materially modified from the data of the announcement.

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

Cautionary Note

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.

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.