

**31 July 2020**

**JUNE 2020 QUARTERLY ACTIVITIES REPORT**

**Quarter Highlights**

- **Momentum builds for Sayona's bid for North American Lithium (NAL), amid transformation of broader Québec lithium sector and Government support for industry's development**
- **Authier Lithium Project's approval process on track, with no 'show stoppers' in EIS feedback from Ministry of the Environment and the Fight against Climate Change**
- **In Western Australia, Sayona advancing lithium and gold exploration portfolio under earn-in agreement with Altura Mining**
- **Investors support Sayona's growth strategy, with renounceable rights issue securing A\$2.57 million and subsequent heavily oversubscribed placement of shortfall raising A\$2.75 million in the face of extreme market volatility; early close-out of Obsidian Global convertible securities facility**

**Emerging lithium miner Sayona Mining Limited** (ASX:SYA,OTC:DMNXF) announced today its activities report for the June quarter 2020, as it continues to advance its lithium projects in Canada and Australia amid growing demand for the metal of the 21st century.

**North American Lithium (NAL) bid**

In February 2020, Sayona submitted its official bid for North American Lithium (NAL) with the court-appointed monitor (administrator), Raymond Chabot Inc.

NAL has a lithium mine and concentrator located in Abitibi, near the established mining district of Val d'Or, Québec. Sayona considers NAL a near-term growth opportunity, given its proximity to the Company's flagship Authier Lithium Project. It provides Sayona with the unique competitive advantage of being able to combine ore produced from Authier with ore produced at NAL, facilitating a significant improvement in plant performance and economics.

Sayona has assembled a world-class bid support team to ensure a successful turnaround operation. The team comprises environmental, engineering and financial expertise and includes former NAL management.

In early July, subsequent to period end, Sayona announced the addition of Evercore Group LLC (Evercore) to the bid team. Evercore is a global banking advisory firm with a strong track record of advising corporations and investors on acquisitions and investments amounting to billions of dollars of transactions since its founding in 1995.

However, the continued impact of the COVID-19 pandemic in Québec has caused delays to the bidding process, which was extended by the administrator to the end of July, pending any mutual agreement for a further extension. This comes amid broader industry restructuring, including Nemaska Lithium, which had its bidding process similarly extended under a court-administered process.

A successful bid for NAL would fast-track the Company to becoming a world-scale spodumene producer, advancing from junior explorer to mid-tier miner with potentially three operating mines supplying a central concentrator. It would also secure local jobs and investment and support Québec's plans for a clean energy future based on the development of its own battery industry.

As highlighted in a recent investor presentation at the Noosa Mining Virtual conference (refer ASX release 17 July 2020), Québec is the economic, strategic and green supplier of choice for the North American battery industry, which continues to show rapid growth in line with the acceleration of the electric vehicle (EV) and battery storage industry.

### **Authier Lithium Project**

The Company's flagship project, the Authier Lithium Project in Québec is a hard rock spodumene lithium deposit scheduled for development as an open cut mine.

A revised definitive feasibility study (DFS) announced last year (refer ASX announcement 11 November 2019) showed its potential to become a sustainable and profitable new mine, with an estimated NPV of C\$216 million, a pre-tax IRR of 33.9% and estimated capital payback within 2.7 years. It also showed its potential to generate up to 176 new jobs for the benefit of the local community.

Pending the necessary stakeholder support and regulatory approval, which is expected by late 2020 or early 2021, construction could commence as early as 2021, with the start of mining operations the following year.

### **Approval process**

The Authier project is subject to the environmental impact assessment and review procedures under the BAPE (bureau d'audiences publiques en environnement). Under this process, Sayona is seeking approval to process in the order of 2,600 tonnes per day, providing for an approximate mine life of 14 years and estimated annual average spodumene concentrate production of around 115,000 tonnes (at 6% Li<sub>2</sub>O).

As part of the approval process, Sayona submitted a revised environmental impact statement (EIS) to Québec's Ministry of the Environment and the Fight against Climate Change (MELCC) in January 2020.

Significantly for the local community, the EIS reaffirmed the project would have no impact on the St-Mathieu-Berry esker where the esker is used to pump drinking water. The protection of the esker has been a key focus for Sayona due to its importance to the people of La Motte and Abitibi, as well as the broader community.

In early April 2020, the MELCC provided feedback on the EIS by way of queries on a range of categories including flora and fauna, impact on air quality, roads, traffic and water management. Such queries are normal for projects of this type and will allow Sayona to further fine-tune the project to satisfy community and government expectations.

The Company is in the process of responding to the Ministry's queries. Following this, the EIS will be submitted to the Public Hearings Office for further public hearings and review, ultimately leading to an expected recommendation for project approval under the BAPE later this year or early next year, barring any delays due to the COVID-19 pandemic.

Meanwhile, Sayona continues to engage closely with all stakeholders, including local municipalities, landowners, First Nations communities, non-governmental organisations and other stakeholders, with the engagement effort led by its local team in Québec.

Should the Company's bid for NAL prove successful, Authier's development would be integral in ensuring a significant improvement in plant performance and economics at NAL.

### Tansim Project

The Tansim Project (Tansim) is situated south-west of the Authier project in Québec and is prospective for lithium, tantalum and beryllium. In late July, post period end, Sayona announced an application for an additional 2,200 hectares adjacent to the Company's existing tenements spanning 8,500 ha, with the project seen having the potential to become a valuable new lithium deposit.

Tansim, in conjunction with the Authier Project and, potentially, NAL (subject to a successful bid) would enable Sayona to become a world-scale producer with three spodumene mines supplying a central concentrator to feed the North American battery markets.

The main prospects at Tansim are Viau-Dallaire, Viau and Vezina. Drilling conducted last year resulted in an Exploration Target (ref Note below) for the Viau-Dallaire prospect of between 5 million and 25 million tonnes, at an estimated grade of 1.2 – 1.3% Li<sub>2</sub>O (refer ASX release 19 November 2019).

*Note: The potential quantity and grade of the Exploration Target is conceptual in nature and is therefore an approximation. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.*

### Québec's strategic position

Québec's lithium industry has become an increasingly strategic asset, particularly in the wake of the COVID-19 pandemic which has resulted in a push towards the localisation of global supply chains. In addition, the United States has increasingly targeted the supply of critical battery minerals, with Québec located in close proximity to North American battery markets.

The Québec Government has flagged plans to further support the sector, with its "Green Plan 2030" reportedly set to be unveiled in the Northern Hemisphere autumn. According to a 19 June 2020 report by *Radio Canada*, the plan includes measures for the electrification of transport, including cars, buses and trucks, together with a development strategy for the battery industry, from mining of battery minerals such as lithium to the production of EVs, benefitting from its hydroelectricity and strategic alliances with other provinces and north-eastern USA.

Québec is also cementing its position as a leader in the battery materials and energy storage sector, with the appointment by Investissement Québec (IQ) of Dr Karim Zaghbi, an internationally renowned researcher in lithium-ion batteries. As a strategic adviser to the government investment arm, Dr Zaghbi will support IQ in its development strategy for the lithium sector, from the extraction of ore to the production and recycling of batteries, aiming to make the Canadian province a leader in the fast-growing EV and energy storage industry.

Sayona is fully aligned with Québec's strategy of developing a complete lithium value chain, from mining through to downstream processing. The Company has proposed the creation of lithium hubs in the Abitibi and James Bay regions, feeding lithium concentrators to achieve world-class economies and scale, while also establishing a world-scale lithium hydroxide facility.

With the backing of the Québec Government and other key stakeholders, this strategy offers a feasible solution that would benefit not only Sayona but also Québec in its drive towards a clean energy future.

### Western Australian Projects

Sayona's leases in Western Australia cover 1,141 sq km and comprise lithium tenure in the Pilbara and Yilgarn areas and graphite tenements in the East Kimberley.

In August 2019, Sayona announced an earn-in agreement with leading listed lithium producer, Altura Mining Limited (Altura). This will enable the Company to maximise the value of its Western Australia exploration assets.

Under the terms of the agreement, Altura will spend A\$1.5 million on exploration across the Pilgangoora project portfolio over a three-year period, earning a 51% interest. Sayona will retain the remaining project interest and the right to contribute to project evaluation and development in the future to participate in the upside potential.

The Pilbara regional project covers 971 sq km and is centred in the world-class Pilgangoora lithium district. The project is prospective for hard rock spodumene mineralisation, associated with fractionated albite – spodumene pegmatite systems.

Recently, the gold potential of the Pilbara tenement package has become apparent following the Hemi gold discovery by De Grey Mining Limited. The Sayona / Altura earn-in tenure includes gold rights to eight leases covering 808sq km.

The Pilbara leases are displayed in the figure below:

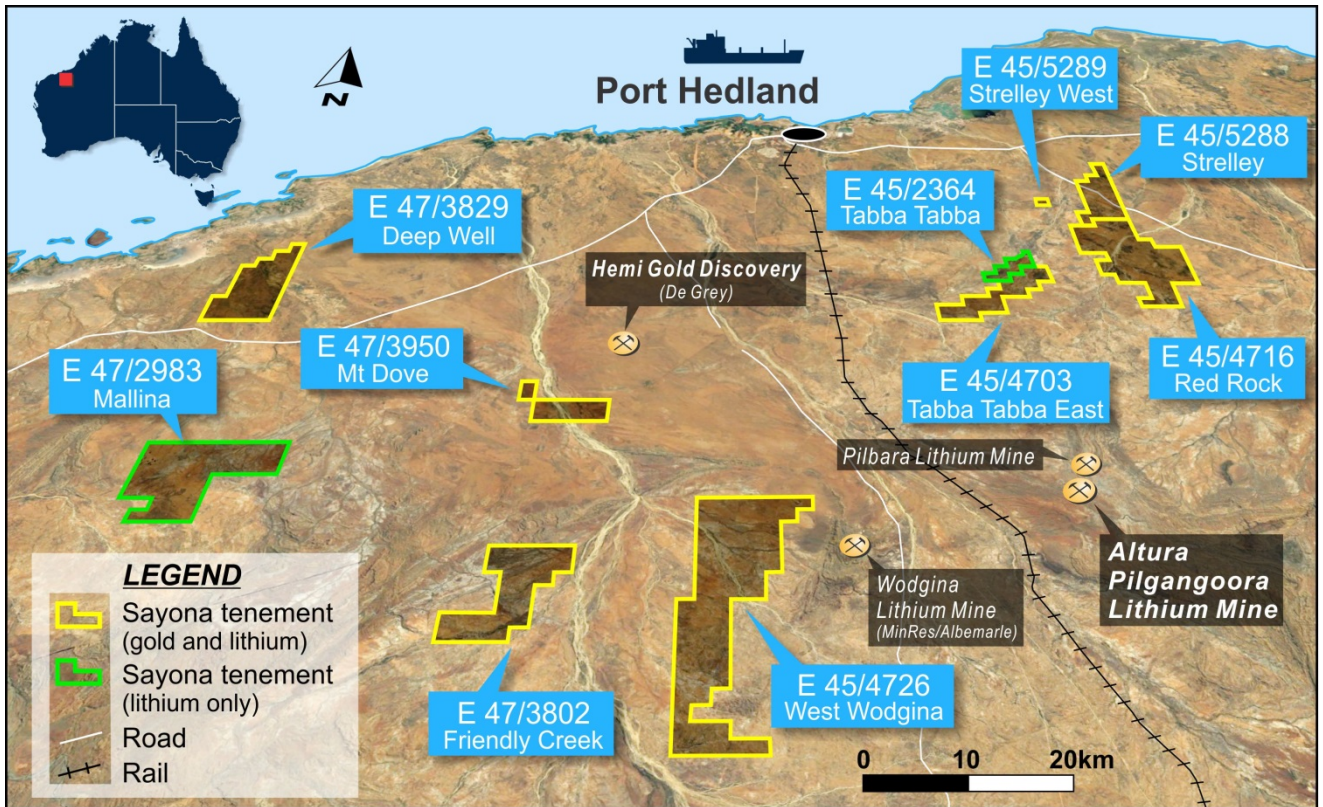


Figure 1: Sayona Tenements in Western Australia

### Strategic Review

During the quarter a strategic review of Western Australian assets was completed and has led to a focus of exploration efforts on projects within the world-class Pilgangoora lithium district (refer ASX announcement 4 June 2020). This area is home to Altura’s producing Pilgangoora mining operation and other major spodumene deposits.

With a focus on maximising the value of its Western Australian assets, Sayona will retain the 10 most prospective Pilbara lithium tenements, spanning 971 sq km and located in close proximity to Altura’s Pilgangoora mine. Other regional earn-in projects include the Mt Edon lithium project. The East Kimberley graphite project is now excluded from the earn-in agreement and is retained 100% by Sayona.

Whilst some tenements were relinquished following the strategic review, the key terms of the earn-in agreement with Altura remain unchanged.

### Altura Earn-In Leases

During the quarter Altura progressed work on the earn-in assets, completing a field mapping and sampling program over the Mallina (E47/2983), Deep Well (E47/3829), Tabba Tabba (E45/2364) and Red Rock (E45/4716) tenement areas. Results of the mapping and sampling work are currently being compiled and will be reviewed in the September quarter.

## Gold Potential

During the review of the Pilbara projects, the gold potential of leases around the recent Hemi gold discovery (see Figure 1 above for location) has become apparent. The De Grey Hemi discovery comprises the Aquila, Brolga and Crow gold systems and has the potential to be a world class discovery.

The Sayona –Altura earn-in tenure includes gold rights to eight tenements covering 808sq km. The project includes the Mt Dove lease, E47/3950, which is centrally located and only 12km to the south west of the Hemi mineralisation. De Grey Mining has also identified gold targets less than 3km to the north, east and west of the Mt Dove tenement boundary.

A review of the gold tenure is underway to identify Hemi style targets within the tenement package and options for value-adding.

## Other Western Australian Projects

### Mt Edon Lithium Project

No exploration was carried out at the Mt Edon lithium project during the quarter.

### Corkwood Graphite Project

Sayona is reviewing the Corkwood project to see the best way of maximising the value of its 100% held interest. No fieldwork was carried out during the quarter.

## Corporate

### Rights Issue and Placement Shortfall

On 27 April, Sayona announced its renounceable rights issue (refer ASX announcement 12 March 2020) had raised A\$2.57 million (before costs) to support its Québec growth strategy. This was a remarkable achievement in the current environment and reflects the ongoing support for the Company by shareholders, directors and new investors.

Sayona's Managing Director, Brett Lynch and Sayona Québec CEO, Guy Laliberté, also committed to subscribe for an additional A\$400,000 from any shortfall. The issue was partially underwritten to A\$1.5 million by leading investment advisory firm, Mahe Capital Pty Ltd.

Subsequent to period end, in late July, Sayona announced a further A\$2.75 million was secured in a heavily oversubscribed placement shortfall (refer ASX announcement 22 July 2020). Reaffirming his confidence in the Company's growth strategy, Mr Lynch agreed to subscribe for a further A\$100,000 in the oversubscription placement.

Funds raised will support development of Sayona's lithium projects in Canada and tenement exploration in Western Australia.

### Repayment of Convertible Note

On 7 May, the Company announced it had undertaken an early redemption of 491,400 unlisted convertible notes (SX:SYAAB) held by Obsidian Global GP, LLC, for an amount of US\$594,594. Repayment of the notes was identified as a planned use of funds in the Prospectus prepared for the recent renounceable rights issue. The Company has no debt following repayment of the notes.

### Appendix 5B Disclosures

During the quarter, the Company made payments of \$129,732 to related parties (item 6.1), representing director remuneration.

During the quarter, the Company spent \$936,000 on exploration and project development costs, primarily on its Quebec lithium projects. Details of activity have been outlined above.

This announcement is authorised by Sayona's Board of Directors.

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### About Sayona Mining

Sayona Mining Limited is an emerging lithium miner (ASX:SYA), with projects in Québec, Canada and Western Australia. In Québec, Sayona is progressing a bid for the North American Lithium mine with the backing of a world-class support team, while advancing its flagship Authier Lithium Project and its emerging Tansim Project.

In Western Australia, the Company has an earn-in agreement with leading lithium producer Altura Mining concerning its lithium and gold exploration portfolio in the Pilbara.

For more information, please visit us at [www.sayonamining.com.au](http://www.sayonamining.com.au)

## Reference to Previous ASX Releases

This report refers to the following previous ASX releases:

- Revised Authier DFS Shows Boost to Profitability – 11 November 2019
- Potential for New Lithium Deposit at Viau-Daillaire – 19 November 2019
- EIS lodged as Sayona Advances Authier Approvals – 22 January 2020
- Managing Director’s Update – Sayona’s Québec Lithium Strategy – 19 February 2020
- Sayona Submits Bid for North American Lithium – 24 February 2020
- Sayona Launches \$4.3m Renounceable Rights Issue – 12 March 2020
- MD Update – Sayona Backs Québec Plans to Boost Lithium Sector - 25 March 2020
- Authier Approval Process on Track – 9 April 2020
- Managing Director’s Update: Québec Prepares for Post-Pandemic Future – 16 April 2020
- Rights Investors Back Sayona’s Growth Strategy – 27 April 2020
- Repayment of Convertible Notes – 7 May 2020
- Bid Deadline Extended for North American Lithium – 11 May 2020
- Strategic Review of WA Assets to Maximise Value - 4 June 2020
- Sayona Momentum Builds as Bidding Process Extended for NAL – 16 June 2020
- Sayona Strengthens NAL Bid as Evercore Joins Advisory Team – 2 July 2020
- Presentation to Noosa Mining Virtual Conference – 17 July 2020
- Sayona Raises \$2.75m in Shortfall Placement – 22 July 2020

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.

## Competent Person Statement

### Exploration Targets

The information in this report that relates to Exploration Targets 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 being undertaken 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.



## Tenement Schedules

Australian Tenement Schedule				
Tenement	Name	Status	Interest at Beginning of Quarter	Interest at end of Quarter
E59/2092	Mt Edon	Granted	80% of pegmatite minerals	80% of pegmatite minerals*
E59/2055	Mt Edon West	Granted	100% (pegmatite minerals)	100% (pegmatite minerals)*
E45/2364	Tabba Tabba	Granted	100% (pegmatite minerals)	100% (pegmatite minerals)*
E45/4703	Tabba Tabba East	Granted	100%	100%*
E45/4716	Red Rock	Granted	100%	100%*
E45/4726	West Wodgina	Granted	100%	100%*
E45/4738	Cooglegong	Relinquished	100%	0%
E45/4775	Carlindie	Relinquished	100%	0%
E80/4511	Western Iron	Granted	100%	100%*
E80/4949	Corkwood	Granted	100%	100%*
E47/3802	Friendly Creek	Granted	100%	100%*
E47/3829	Deep Well	Granted	100%	100%*
E47/3950	Mt Dove	Granted	100%	100%*
E45/5288	Strelley	Application	100%	100%*
E45/5289	Strelley West	Application	100%	100%*
E47/2983	Mallina	Granted	100% (pegmatite minerals)	100%* (pegmatite minerals)
E45/4721	Moolyella	Relinquished	100%	0%
E45/4727	Moolyella	Relinquished	100%	0%
E45/4700	Moolyella	Relinquished	100%	0%

Note; \*Tenement subject to Altura Farm-In Agreement

**Canadian Tenement Schedule**

<b>Tenement</b>	<b>Location</b>	<b>Interest in Tenement</b>
2116146	Authier, Québec	100%
2116154	Authier, Québec	100%
2116155	Authier, Québec	100%
2116156	Authier, Québec	100%
2183454	Authier, Québec	100%
2183455	Authier, Québec	100%
2187651	Authier, Québec	100%
2187652	Authier, Québec	100%
2192470	Authier, Québec	100%
2192471	Authier, Québec	100%
2194819	Authier, Québec	100%
2195725	Authier, Québec	100%
2219206	Authier, Québec	100%
2219207	Authier, Québec	100%
2219208	Authier, Québec	100%
2219209	Authier, Québec	100%
2240226	Authier, Québec	100%
2240227	Authier, Québec	100%
2247100	Authier, Québec	100%
2247101	Authier, Québec	100%
2472424	Authier, Québec	100%
2472425	Authier, Québec	100%
2480180	Authier, Québec	100%
2507910	Authier, Québec	100%

<b>Tenement</b>	<b>Location</b>	<b>Interest in Tenement</b>
1133877	Tansim, Québec	50%
2415443	Tansim, Québec	50%
2415444	Tansim, Québec	50%
2436732	Tansim, Québec	50%
2436733	Tansim, Québec	50%
2436734	Tansim, Québec	50%
2438472	Tansim, Québec	50%
2438473	Tansim, Québec	50%
2438474	Tansim, Québec	50%
2438475	Tansim, Québec	50%
2438476	Tansim, Québec	50%
2438477	Tansim, Québec	50%
2438478	Tansim, Québec	50%
2438723	Tansim, Québec	50%
2440836	Tansim, Québec	50%
2440837	Tansim, Québec	50%
2440838	Tansim, Québec	50%
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2440843	Tansim, Québec	50%
2440844	Tansim, Québec	50%
2440845	Tansim, Québec	50%
2440846	Tansim, Québec	50%
2440847	Tansim, Québec	50%
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2440849	Tansim, Québec	50%

<b>Tenement</b>	<b>Location</b>	<b>Interest in Tenement</b>
2440850	Tansim, Québec	50%
2440851	Tansim, Québec	50%
2440852	Tansim, Québec	50%
2440853	Tansim, Québec	50%
2440854	Tansim, Québec	50%
2440855	Tansim, Québec	50%
2440856	Tansim, Québec	50%
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2440907	Tansim, Québec	50%
2440908	Tansim, Québec	50%
2440909	Tansim, Québec	50%
2440919	Tansim, Québec	50%

<b>Tenement</b>	<b>Location</b>	<b>Interest in Tenement</b>
2440920	Tansim, Québec	50%
2440925	Tansim, Québec	50%
2440930	Tansim, Québec	50%
2440935	Tansim, Québec	50%
2440936	Tansim, Québec	50%
2440991	Tansim, Québec	100%
2440992	Tansim, Québec	100%
2440993	Tansim, Québec	50%
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2519268	Tansim, Québec	100%
2519269	Tansim, Québec	100%

<b>Tenement</b>	<b>Location</b>	<b>Interest in Tenement</b>
2519270	Tansim, Québec	100%
2519271	Tansim, Québec	100%
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2519296	Tansim, Québec	100%
2519297	Tansim, Québec	100%
2519298	Tansim, Québec	100%

<b>Tenement</b>	<b>Location</b>	<b>Interest in Tenement</b>
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2519300	Tansim, Québec	100%
2519301	Tansim, Québec	100%
2519302	Tansim, Québec	100%
2519303	Tansim, Québec	100%
2519304	Tansim, Québec	100%
2519305	Tansim, Québec	100%
2519306	Tansim, Québec	100%
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2519318	Tansim, Québec	100%
2519319	Tansim, Québec	100%
2519320	Tansim, Québec	100%
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