



# ASX ANNOUNCEMENT



22 DECEMBER 2016

## OPTION EXERCISE AND PROGRESS UPDATE

Sayona Mining Limited (ASX: SYA) ("Sayona" or the "Company") is pleased to announce that it has secured another \$1.07 million of funding from an extension of the previously announced underwriting agreement with SMSF Specialists (SA) Pty Ltd and further exercise of 3 cent options expiring on the 30 December 2016 ("Options").

The new funds, include option exercise by:

- Directors totaling \$145,000;
- Other supportive option and shareholders totaling \$805,000; and
- Underwriting agreement extension from \$450,000 to \$570,000.

Total proceeds to date from Option Exercise and Underwriting Agreement total \$1.52 million.

The additional underwriting is an extension of the agreement previously announced to the ASX on the 12<sup>th</sup> December 2016 and is on the same terms and conditions. The agreement has been entered into with SMSF Specialists (SA) Pty Ltd and provides that the Underwriter will underwrite the exercise of \$570,000 of Options, by subscribing for shares in Sayona at 3 cents each (the same terms as the Options that are not exercised) following the expiry of the Options on the 30 December 2016. The agreement provides for the payment of an underwriting fee of 6% of the value of the underwritten amount.

The proceeds from the option exercise and underwriting, together with existing cash reserves, will be used to accelerate the development of the Authier project, including the planned drilling program for early 2017, and completion of the Pre-Feasibility Study.

The Company is very pleased with the substantial progress made at the Authier project since completing the acquisition in late July 2016, including:

- Completion of a drilling program that substantially increased the level of JORC resources (see Table 1). The deposit remains open in all directions and the Company believes the resource can be significantly expanded in the planned early 2017 drilling program;
- Comprehensive metallurgical testing program using drill core representative of the entire deposit geometry;
- Advanced progress towards completing a Pre-Feasibility Study to assess the Authier project economics and optimisation potential;
- Received a very positive response from potential lithium carbonate converters for sale of the concentrates produced from a future operation; and
- Progression of permitting and environmental activities.

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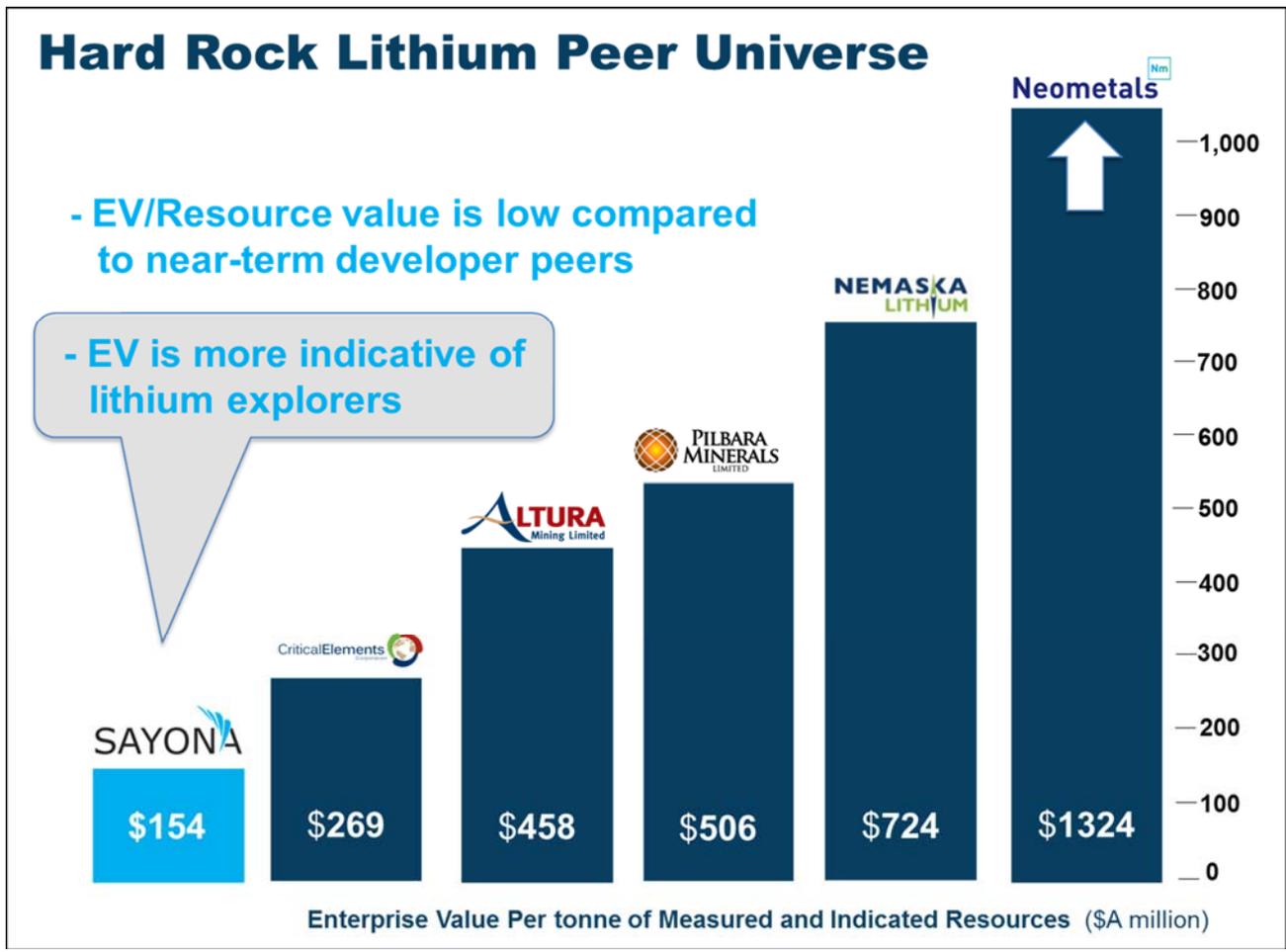
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The Company also notes that the lithium pricing environment has changed dramatically with the recent announcement by Galaxy Resources Ltd ("Galaxy") on pricing for lithium concentrates in 2017. Galaxy announced it entered into contracts for all of 2017 production of 120,000 tonnes at a base price of US\$830 per tonne FOB for 5.5% Li<sub>2</sub>O concentrate. The contract terms provided a payment bonus of US\$15 per tonne for every 0.1% improvement in the concentrate grade above the 5.5% Li<sub>2</sub>O base rate or US\$905 per tonne FOB for a 6% Li<sub>2</sub>O concentrate. The new pricing regime reflects the much tighter market for concentrates as new projects commission slower than forecast and financing constraints slow the planned development timetables for other advanced projects.

Despite the solid progress in 2016, the Company still trades on one of the lowest enterprise value per tonne of Measured and Indicated Resource multiples in the global sector - \$154 per tonne, which is more in line with lithium explorers than an advanced project. The Company sees significant re-rating potential as the pre-feasibility study comes out and phase II drilling commences in early 2017.



The Company is also committed to building a strong lithium exploration portfolio in Western Australia. On 21 December 2016, The Company announced the option to acquire 871 km<sup>2</sup> package of tenements in the world-class Pilgangoora lithium district of Western Australia. Recent reconnaissance exploration conducted on the Mallina tenement has located significant zones of visible spodumene mineralisation within a pegmatite. Sample results include rock chip assays up to 2.13% Li<sub>2</sub>O within a pegmatite

which has been mapped over 500 metres of strike extent. The average of the 10 rock chip samples collected to date is 1.28% Li<sub>2</sub>O. The Mallina area is a new spodumene discovery and has never been previously explored for its lithium potential. The new project compliments the Company's other 1,000 km<sup>2</sup> lithium exploration portfolio in the Pilbara region.

**For more information, please contact:**

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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.

The Company's primary focus is the development of the advanced stage Authier lithium project in Quebec, Canada. Authier mineralisation is hosted in a spodumene-bearing pegmatite intrusion with more than 18,000 metres of drilling in 139 holes.

The Authier JORC (2012) compliant Mineral Resource estimate is tabulated below at a 0.5% Li<sub>2</sub>O cut-off grade.

<b>Table 1 – Authier JORC Mineral Resources Estimate (0.5% Li<sub>2</sub>O cut-off grade)</b>			
<b>Category</b>	<b>Million Tonnes</b>	<b>Grades Li<sub>2</sub>O</b>	<b>Contained Li<sub>2</sub>O</b>
<b>Measured</b>	4.72	1.03%	48,519
<b>Indicated</b>	7.13	1.10%	78,280
<b>Inferred</b>	1.90	1.05%	19,901
<b>Total</b>	<b>13.74</b>	<b>1.07%</b>	<b>146,700</b>

Authier is amenable to simple open-cut mining and processing methods, and is situated in close proximity to development infrastructure. The Company is currently completing a pre-feasibility study due for completion in early 2017.

In addition, the Company controls a portfolio of lithium and graphite exploration projects in Western Australia.

**Please visit us as at [www.sayonamining.com.au](http://www.sayonamining.com.au)**

**Reference to Previous ASX Releases**

This presentation refers to the following previous ASX releases:

- "Option to Acquire New Pilbara Spodumene Discovery", 21 December 2016
- "Authier Expanded JORC Resource", 21 November 2016
- "Drill Results Demonstrate Potential to Expand JORC Resource", 17 November 2016
- "High-Grade Lithium Intersections Extends Mineralisation Zone", 3 November 2016

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.