

ASX ANNOUNCEMENT



5 JULY 2018

COMPLETION OF AUTHIER ENVIRONMENTAL STUDIES AND PERMITTING UPDATE

- All major base-line environmental studies completed and no significant environmental issues identified
- Technical studies determined that the Authier project is located downstream from the Esker and that no impact is anticipated on the groundwater quality in the Esker
- Company has been following applicable laws related to the development of projects that process less than 2,000tpd of ore. This law has been in place since 2013. No attempts have been made to short cut the process
- The law was amended in March 2018 to allow the Minister to recommend projects be subjected to a BAPE process in exceptional circumstances
- Company undertaking best practice environmental management. Significant resources have been allocated to permitting and public consultation
- The definitive feasibility study is currently being prepared and expected to be completed within the month
- Authier will generate significant benefits to the community through job creation, investment and taxes

Sayona Mining Limited (ASX: SYA) ("Sayona" or the "Company") is pleased to announce that it has completed all of the major environmental studies for the Authier lithium project in Quebec, Canada. In addition, the Company provides the following update on permitting activities for the project.

Completion of Major Environmental Studies

The Company commissioned a number of environmental studies to examine whether the Authier mine has any physical, biological or social impacts on the environment and communities. The studies were undertaken by highly reputable independent consultants with extensive experience and expertise in the region, including SNC Lavalin, Lamont Inc, Hydrogeology Richelieu and Groupe DDM.

Authier has now been the subject of a number of detailed environmental studies. In 2010, a comprehensive base-line environmental study was completed by environmental consultancy group, Dessau. Since the Company's acquisition of the Authier project in late 2016, all of the environmental studies have been updated, including:

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- Vegetation inventory, including wetlands and species with special status;
- Inventory of fish and fish habitats;
- Inventories of wildlife species with special status;
- Assessment of surface and ground water quality; and
- Hydrogeological and hydrological baseline conditions.

The reports are available on the Company's website. In addition to these studies, a dust and noise analysis survey is underway and should be completed in September.

The studies have not identified any potential environmental issues at the Authier project or any major impact on the local communities. The Authier project is planned to be an operation processing 1,900 tonnes of ore per day which is significantly smaller than other operations in the district.

Permitting Process Update

The Company's strategy is to initially develop Authier and sell lithium concentrates whilst it completes the test work, permitting and feasibility study for a downstream processing facility producing lithium carbonate and/or hydroxide. The strategy is analogous to other lithium developers in Quebec including Nemaska Lithium and North American Lithium.

The Company has been completing the permitting activities required by both the Ministry of Energy and Natural Resources ("MERN") and the Ministry of Sustainable Development, Environment and the Fight against Climate Change ("MDDELCC").

MERN Authorisation

Mining lease applications are submitted to the MERN pursuant to Section V (articles 100 to 126) of the Mining Act (Québec). A mining lease can only be granted after the following conditions are fulfilled:

- Completion of a feasibility study (in progress and due for completion July 2018);
- Completion of a scoping and marketing study for processing within Quebec (in progress);
- Rehabilitation and restoration plans have been submitted to the Government;
- The MDDELCC authorization required under the Environment Quality Act has been issued for the project (in progress);
- A consultation report (in progress); and
- A survey plan has been approved by the Office of the Surveyor-General of Québec (in progress).

Before a mining lease can be granted for a mine that has a production capacity of less than 2,000 metric tons per day, a public consultation initiated by the proponent must be held in the region in which the mine will be located.

The Company has now facilitated 5 public consultation sessions and more than 40 information meetings with different stakeholders located near the Project including the La Motte and Amos municipalities, and the Pikogan First Nations. Further information sessions are planned during follow-up meetings in September 2018. The purpose of the meetings is to present the results of the environmental studies and address any stakeholder concerns about the project. Community concerns are being addressed and implemented in the ongoing development plans. Examples include:

- Assessing the potential for utilisation of waste rock as a construction material in the local district;
- Implementing strategies for minimising dust emissions during operation;
- Locating plant and infrastructure to avoid impacting on the wetlands habitat;
- Developing blasting practises that minimise noise; and
- Designing the waste rock storage areas to have minimum visual impact.

In addition, the Company has an active communication strategy and has been engaging with the broader community outside the immediate project area. Meetings have been held with regional councils, other mining companies successfully operating in the region, Government organisations, and other key business stakeholders in the region.

The Company is aware that some members of the community (and from non-related different localities) do not support mining projects and have expressed their opposition at the consultation meetings. There has also been concern that the project could impact the nearby Esker which is a source of potable water. This has been addressed through the environmental studies undertaken by highly-regarded hydrogeologist. The results showed that the Authier project is located downstream from the Esker and that no impact is anticipated on the groundwater quality in the Esker, under any conditions. Appendix A outlines a number of the environmental protection strategies the Company will implement into its future development plans.

MDDELCC Authorisation

The project is subject to various environmental laws and must be authorized by the MDDELCC pursuant to the Environment Quality Act. This permitting process involves the filing of various documents and environmental studies, including potential environmental impacts of the project and related monitoring and mitigation measures.

In March 2018, amendments to the Environment Quality Act came into force allowing the Government, in exceptional circumstances, on the recommendation of the Minister of MDDELCC, to submit a project to the environmental impact assessment and review procedure if in the Government's opinion the project may raise major environmental issues and public concern warrants it.

The Company believes its environmental studies have demonstrated that Authier will have minimal impact on the environment and community. As such, it was planning to submit its

application to obtain the MDDELCC project development authorisation in August 2018, with the objective of obtaining key project development authorisation in early 2019.

However, on 29th June 2018, the MDDELCC issued a press release indicating that the Ministry intended to recommend to the Government that the Company's Authier mining project be submitted to the environmental impact assessment and review procedure, unless the Company undertakes to file an application to give the Office of Public Hearings (Bureau d'audiences publiques sur l'environnement –BAPE) the mandate to hold a public hearing. Authier was being developed outside the BAPE process due its planned production rate of less than 2,000 tonnes of ore per day as defined by the Environment Quality Act.

The Company will be meeting with MDDELCC on 10 July 2018 to address this request and to assess the most optimal path forward for the project development.

The BAPE is a public, neutral body reporting to the Minister of MDDELCC. It allows interested parties to learn about and exercise their right to speak about projects that could have an impact on the environment and their quality of life. More specifically, the BAPE's mission is to inform government decision-making by providing to the Minister of MDDELCC with analyses and opinions that take into account the sixteen principles of the Sustainable Development Act. To fulfil its mission, the BAPE disseminates to the public all relevant information available on a project or a question submitted to it by the Minister and takes into account the concerns and suggestions submitted to it. The opinions of the BAPE are the result of rigorous analysis and investigation that integrate the ecological, social and economic issues of the projects.

In the event the Company elected to proceed down the BAPE approval path, the Company believes it can complete all the environmental work required for a full Environmental Impact Assessment standard as required by the Environment Quality Act within several months. The initial phase of the BAPE takes two months, and the inquiry and public hearing process of the BAPE takes place over a period of no more than four months, followed by approval of the Minister.

Authier Project Provides Significant Benefits to the Local Community

The Authier project will create significant sustainable benefits to the community and Quebec, including:

- The mine will create up to 130 jobs in the district for the project life of 17-years;
- Contracts will be available for service providers in the district;
- Employment and contract opportunities with the First Nations community; and
- Generation of taxes and benefits for the Province of Quebec.

Directors have Successful Track Record of Low Impact Project Development

Three of the Company's directors are also directors of Altura Mining Limited, an Australian-based lithium company that has successfully completed all the technical and environmental studies, permitting, indigenous agreements, financing, construction and operation of the Pilgangoora

spodumene project. The AUD\$150 million Altura project will process 1.54 million tonne per year of ore to produce 230,000 tonnes per annum of SC6 spodumene concentrate. The project has been developed in accordance with strict environmental compliance, impeccable safety record and minimal impact on the communities it works within. The Directors of Sayona believe they bring world's best practice to the development of lithium projects and will apply their experience and expertise to the development of Authier.

Dan O'Neill, Managing Director, commented " *The Company is very pleased to scientifically demonstrate the low environmental impact of the Authier project. The Company now has a large database of scientific data collated and will continue its monitoring programs throughout the project life. Finalisation of the studies represents another major step forward in the development of the Authier project and paves the way for completing the public consultation and advancing the permitting process on completion of the Definitive Feasibility Study in July 2018.*

Whilst the Company is disappointed by the announcement from the Quebec Minister of Sustainable Development, Environment and the Fight Against Climate Change, it can assure shareholders that it has been following the applicable permitting laws developed by the Quebec Government. Under no circumstances has the Company tried to short cut the process for completing the studies and permitting the project. The 2,000 tonne per day or less permitting regime has been in law since 2013 and is available to all resource companies in Quebec. The Company will vigorously defend its environmental study process and demonstrate to the Government that the Authier project is not a risk to the environment".



Figure 1: Sayona Canadian team meeting the local communities in La Motte.

Appendix A - Company Strategy to Minimise Impact on the Environment and Communities

The Company's development strategy is aimed at minimizing Authier's impact on the community and environment, and includes the following activities:

- Reagents used in the process plant will all be contained within the process plant compound and not discharged into the environment;
- All process plant, mine run-off and dewatering water will be contained within ponds and recycled through the process plant to minimise new water requirements. Process water will be 100% re-used in the plant;
- The tailings produced from the processing operations will be filtered and dry stacked with waste rock from the mine, eliminating the need for a tailings dam, and keeping the project footprint small;
- The tailings and waste rock material are not acid generating and do not leach any heavy metals. The Company has been contacted by surrounding Municipalities enquiring about the use of mine waste rock for road base;

- Water in process ponds will be treated, if required, before any discharge into the environment;
- The scale of the mining operations are relatively small at around 1,900 tons per day which minimizes the impact on the community and environment;
- Progressive site reclamation and remediation planning during operation and at the end of mine activities.
- Locate all of the infrastructures in a watershed downstream that will ensure that no possible contaminants can affect the water quality of the Esker.

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Sayona Mining Limited is an Australian-based, 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 31,100 metres of drilling in 176 diamond holes.

The Authier JORC (2012) compliant Ore Reserve and Mineral Resource estimates are tabulated below at a 0.45% Li₂O cut-off grade.

Authier JORC Ore Reserve Estimate (0.45% Li ₂ O cut-off grade)			
Category	Tonnes (Mt)	Grades (%Li ₂ O)	Contained Li ₂ O
Proven Reserve	5.59	0.99%	55,341
Probable Reserve	6.07	1.06%	64,363
Total Reserves	11.66	1.03%	120,098

Authier JORC Mineral Resources Estimate (0.45% Li ₂ O cut-off grade)			
Category	Tonnes (Mt)	Grades (% Li ₂ O)	Contained Li ₂ O
Measured	6.09	1.01%	61,509
Indicated	11.55	1.04%	120,120
Inferred	2.82	0.98%	27,636
Total Resources	20.46	1.02%	209,265

The Authier lithium deposit is amenable to open-cut mining methods, and processing using a crushing, grinding and flotation flowsheet to produce on average 96kt per year of 6% Li₂O concentrate over the projected 17 year mine life.

The Company is currently completing a Definitive Feasibility Study, due for completion in mid-2018. During the second half of 2018, the Company will complete the permitting, offtake and financing with the plan to commence construction in the 1Q2019 and first production in 2020.

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

Sayona Mining is committed to the local communities in which we operate, the environment and responsible management of natural resources and the safety of our people, suppliers and communities.

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Forward Looking Statements

This announcement may contain forward-looking statements. These forward-looking statements are based on Sayona's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Sayona, which could cause actual results to differ materially from such statements. Sayona makes no undertaking to subsequently update or revise the forward-looking statements made in the announcement, to reflect the circumstances or events after the date of that announcement.

Reference to Previous ASX Releases

This document refers to the following previous ASX releases:

- Expanded Authier JORC Resource, 12 April 2018
- Authier maiden JORC Ore Reserve estimate, 11 December 2017

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.

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