

Analyst reports Sayona has the potential to be one of the fastest lithium movers

Independent Investment Research, a brokerage firm based in Australia and the US has published an in-depth report on the activities of Sayona Mining Limited (ASX: SYA) ("Sayona") and concluded that the company has the potential to rapidly advance at least one of their resources and become a low-cost producer. The report concurs with the Preliminary Feasibility Study (PFS) that growth in the lithium market, particularly in the demand for high-purity battery-grade materials, is sufficient to make the Authier resource viable and low-risk. The PFS returned a pre-tax NPV of C\$140 million and an IRR of 39% for an estimated initial capital outlay of only C\$66 million.

Sayona has 100% ownership of the Authier lithium pegmatite project in Quebec, as well as two sites in Australia known as Pilbara; the company has an 80% stake in one of these resources, as well as 100% in the other. The report further highlights that the project could benefit from short term development since permitting should progress smoothly for a small project, located in such a mine-friendly jurisdiction as Canada. Quebec's existing infrastructure, skilled workforce and mining legislation are all behind the fact that the province ranked sixth globally in the 2016 Fraser Institute Survey of Mining Companies.

Similarly, the company's Pilbara project is also based in a top mining-friendly jurisdiction; Australia ranked third globally in the same 2016 Fraser Institute survey. The Australian projects are divided into two prospective yet relatively under-explored resources. The recent discovery which extended the company's Mallina project with sample

grades as high as 3.47% Li₂O demonstrates that these areas are indeed compelling exploration prospects.

It is Authier, however, which is the real strength of Sayona. The PFS, which was released to the market on February 16, 2017, highlighted a robust project treating an average of 700,000tpa of pegmatite ore to produce 99,000tpa of a 5.75% Li₂O concentrate over a mine and processing life of thirteen and fifteen years respectively. The rate of 700,000tpa is to allow for a processing rate of less than 2,000tpd, which under Quebec legislation avoids a costly and lengthy Environmental Impact Assessment (EIA), a massive bonus not only in terms of time frames, but also in reducing potential opposition.

In June, Sayona announced that it had expanded the Authier resource by 27%, which highlights the potential for a significant extension of mine life and/or increase in throughput from the 13 years mining estimated in the current PFS. Work is currently continuing at the site, with the aim of releasing a Definitive Feasibility Study (DFS) at the beginning of 2018.

Overall, Authier is an advanced, near development project, with much of the expected pre-development costs already expended. The initial estimated capex of C\$66 million should be fairly easy to come by. Furthermore, the capital intensity of C\$662/annual tonne of concentrate is reasonable when compared with cost estimates of Sayona's peers. Additionally, Sayona is completely debt-free and has experienced people with some serious time spent in the resources game, as well as being major shareholders themselves. Keep an eye on this one, as it could be one of the fastest movers we've seen in quite some time.