

10 January 2020

SAYONA SECURES U.S. INVESTOR BACKING TO ADVANCE KEY PROJECTS

Highlights

- **Sayona secures facility with new investor, New York-based Obsidian Global GP, to advance key projects**
- **Total facility comprises \$2.75 million, with initial tranche of \$1m of convertible notes**
- **Backing follows renewed investor confidence in lithium sector, with Sayona advancing bid for North American Lithium mine and progressing flagship Authier Lithium Project in Québec, Canada.**

Emerging lithium miner Sayona Mining Limited (ASX: SYA) announced today support from a new U.S. investor, amid an upturn in the lithium sector and increasing momentum concerning the Company's bid for the North American Lithium mine in Québec, Canada.

Under an agreement with Obsidian Global GP, LLC, a New York-based investment firm, Sayona has secured a facility of up to \$2.75 million, with an initial tranche of \$1m of convertible notes. The funds will be used to support the Company's bid for the North American Lithium (NAL) mine, advancing its flagship Authier Lithium Project and other key projects, together with providing essential working capital.

The new investment follows an upturn in the lithium sector since the start of 2020 and as Sayona builds momentum in its bid for the NAL mine, which it aims to make the centrepiece of a lithium hub comprising a concentrator supplied by two or potentially three orebodies.

Sayona has also gained increased stakeholder support for its emerging Authier project, as evidenced by the signing of an agreement with First Nation Abitibiwinni (refer ASX announcement 13 December 2019).

Welcoming the new investment, Sayona's Managing Director, Brett Lynch said: "We are delighted to welcome Obsidian Global as a new investor at this crucial stage in the Company's development.

The upturn in Sayona's market value and trading activity since the start of the new year reflects increased investor confidence, not only in our Company but the lithium sector as a whole, and we are determined to build on this momentum in 2020.

"With upcoming potential re-rating catalysts including our bid for NAL as well as the advancement of Authier's regulatory approval process and the development of the nearby Viau-Dallaire prospect, there is enormous potential for increased market value, providing benefits for all stakeholders."

Convertible Notes Terms

Sayona has entered into the Convertible Securities Agreement, pursuant to which, subject to the satisfaction of certain conditions, Obsidian may subscribe for, and the Company may elect to (at its sole discretion) issue, convertible notes to raise up to A\$2.75 million in up to three tranches. Each convertible note is priced at US\$1.00, has a face value of US\$1.10 ("Face Value"), and will not accrue any interest and has a 12 month maturity date (except for a potential earlier maturity date for the first tranche of notes, as referred to below).

Obsidian will subscribe for, and Sayona will issue the initial tranche of notes to raise an amount of A\$1 million before costs ("Initial Notes"). The Company may elect to (at its sole discretion) issue, additional convertible notes to raise an additional A\$1.75 million (in two separate tranches) ("Additional Notes"), subject to (amongst other matters) the Company obtaining shareholder approval for the issue of the Additional Notes.

The Company must, within 60 days from the issue of the Initial Notes, seek shareholder approval to cancel and replace/re-issue the Initial Notes ("Replacement Notes"). The Replacement Notes will have the same conversion price detailed below, and the same maturity date of 12 months. If shareholder approval is not obtained (for whatever reason), the Initial Notes will mature on a date that is 90 days from the date of issue and (unless converted) the Company must redeem the Initial Notes at 110% of the Face Value.

The maximum number of Shares that the Initial Notes can convert into will be capped at 129,523,109 Shares. The Initial Notes are being issued within the Company's 15% capacity under Listing Rule 7.1.

Security will be provided by way of a General Security and by way of the issue of 40 million collateral shares for the Initial Notes/Replacement Notes and a further 70 million for the Additional Notes (if issued), that will be credited upon retirement of the notes Initial Notes.

At Sayona's option, the Initial Notes, Replacement Notes and Additional Notes (if issued) may be redeemed at any time in cash at 110% of the Face Value. The Initial Notes, Replacement Notes and Additional Notes (if issued) will have a conversion price that is the lesser of: 90% lowest trading VWAP during the 10 trading days prior to the conversion notice date; and a fixed conversion price of A\$0.015. Obsidian has agreed to a no shorting restriction as well as certain sale restrictions for any shares that may be issued to Obsidian.

The Company will provide an update to Shareholders by way of ASX announcement if it intends to issue the Additional Notes.

The Company will dispatch a notice of meeting to convene a general meeting to consider the necessary resolutions to issue the Replacement Notes. The notice of meeting that will be sent to shareholders will include further details in respect to the Replacement Notes and Convertible Notes Agreement.

Authorised for release by the Board of Directors.

Paul Crawford
Company Secretary

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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 has lithium projects in Québec, Canada and in Western Australia.

Please visit us as at www.sayonamining.com.au