

Sayona welcomes investor support



Brett Lynch

It might pale in comparison to some of the other capital raisings currently being announced, but the \$2.75 million Sayona Mining Ltd recently pocketed from a shortfall placement has delivered more than just a timely cash injection for the lithium-focused company.

Sayona managing director Brett Lynch said the heavily oversubscribed placement – preceded by a renounceable rights issue which collected \$2.57 million – had provided the company with a huge vote of confidence from investors over its lithium expansion strategy in Quebec, Canada.

“We’re all about moving in the right direction in terms of delivering value to our shareholders. In this case they’ve voted with their wallets and we were delighted with the response,” Lynch told **Paydirt**.

Sayona has indicated the funds raised from the rights issue and placement will be primarily used to support its bid for the troubled North American Lithium Inc (NAL) operation, only 50km west of the company’s Authier project.

Bids for NAL were due to close at the end of August after the court-appointed administrator requested and was granted another extension, all but ensuring the process continues to run in parallel with that for the equally problematic Nemaska Lithium Inc.

Sayona would appear to be in the box seat to emerge victorious from the bidding process given its submission is based on the opportunity to blend the Authier and NAL orebodies, as well as boasting the in-house expertise to efficiently mine the latter which has been a major issue for previous operators.

NAL has been shuttered three times in the last decade with the most recent closure being in February 2019, forcing the

Quebec Government to step in and initiate a process to identify a suitable new operator to help resurrect the province’s flailing lithium sector.

The original bids for NAL were due in January but have since been extended on multiple occasions for various reasons, not least the global COVID-19 pandemic. Despite the setbacks, Lynch does not believe Sayona has lost any momentum.

“In fact, it’s probably the opposite,” he said. “During this whole coronavirus period, you’ve just got to cope and adapt and for us we’ve been able to stand back for a minute and catch our breath. There was a point late last year/earlier this year where we were going at 100 miles an hour preparing for a bid, which was no small bid in the scale of where we were and where we wanted to be.

“We’ve had a chance to go back and consider, with a bit more time, some of the other aspects of our strategy. For example, where we fit into the regional perspective of Quebec and how NAL could support that and do well from that, over and above just the standalone operation at Authier.

“We’ll see what happens out of that, but I’m delighted we were able to use this time to our advantage... I actually think we may well have created some more value out of this whole process.”

Shortly after announcing it would bid for NAL at the end of last year, Sayona reset the DFS numbers for its flagship Authier project, about 45km from the established mining town of Val d’Or.

Based on a higher average production rate of 2,600 tpd (up from the previously assessed 1,850 tpd), Authier is expected to generate a NPV of \$C216 million, IRR of 33.9% and EBITDA of \$C461 million over the project’s 14-year mine life. Payback is

set to occur within 2.7 years of first production, which Sayona is confident remains on track for 2022.

“We were hoping to commence production in early 2022, but it might now be later in the year given some of the delays over the last six months,” Lynch said. “However, we’re still confident it will be within that range, based on where we are today and where we will be in six months’ time,” Lynch said.

Capex for the development of a standalone lithium operation at Authier is \$C120 million, alongside \$C211 million in life-of-mine expenses.

Sayona expects to wrap up its environmental and mining approval submissions by the end of the year. Time will also be spent on exploring some of the company’s regional opportunities in Quebec, includ-



Sayona continues to work closely with the Quebec Government, which is firmly focused on developing its own battery supply chain

ing the Tansim project, and its lithium and gold tenements in Western Australia’s Pilbara region, in conjunction with JV partner Altura Mining Ltd

Several members of Sayona’s board were behind the development of Altura’s namesake lithium mine in WA last decade and Lynch said that experience was proving to be invaluable.

“To have a team that’s already financed, constructed and commissioned something as large as Altura I think gives stakeholders confidence we not only can talk the talk but walk the walk and actually really make it happen,” he said. “Together with our local team, that has made us feel very welcome and part of the family in Quebec.”

– Michael Washbourne