

7 February 2019

Ms Clare Porta
Advisor, Listing Compliance
ASX Limited
20 Bridge Street
Sydney NSW 2000

By email: clare.porta@asx.com.au

Dear Ms Porta

Response to Appendix 5B Query

I refer to your letter dated 5 February 2019 in relation to SYA's Appendix 5B for the quarter ended 31 December 2018. Following are our responses to each of your questions.

- 1. Does SYA expect that it will continue to have negative operating cash flows for the time being and, if not, why not?*

SYA expects it will continue to have negative operating cash flows. This is common with resource exploration and development companies. SYA expects that it will continue to have negative operating cash flows until such time as it is able to bring its Authier lithium mine into production.

- 2. Has SYA taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?*

SYA is currently developing funding strategies that will provide the capital required to fund ongoing operations and develop the Company's Authier lithium mine in Quebec, Canada.

In December 2018, Sayona lodged a mining lease application for the Authier deposit. Whilst this application is being assessed by the relevant authorities, the Company will advance discussions with potential offtake partners and financiers, with a view to securing the funding required to develop the project.

SYA is confident that it will be successful in raising additional capital as required, subject to general conditions and investor sentiment.

- 3. Does SYA expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?*

SYA expects to be able to continue its operations and to meet its business objectives on the basis of the information disclosed in 2 above.

In addition, SYA manages its expenditures and cash flows to ensure it maintains an appropriate balance between conserving cash and meeting permitting milestones to ensure the Authier project advances through the permitting process and is ready for development.

Expenditure over the last 12 months has been high while the Company focused on completion of the project feasibility statement, engineering design work and other studies required for permitting applications.

4. *Please provide any other information that SYA considers may be relevant to ASX forming an opinion on whether SYA is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).*

The Authier project is a hard rock spodumene lithium deposit scheduled for development as an open cut mine initially producing a 6% spodumene concentrate. Production is planned to commence in 2020.

On 24 September 2018, the Company announced a positive Definitive Feasibility Study (DFS) for the project. The DFS confirmed the project's potential to deliver a profitable and sustainable new lithium mine. The completion of the DFS is a transformative event for Sayona as it evolves to the development stage.

SYA has raised significant funding over recent years to pursue its business objectives. The Company considers that it is in compliance with Listing Rule 12.2.

5. *Please confirm that SYA is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.*

SYA confirms that it is in compliance with the Listing Rules, in particular Listing Rule 3.1.

There is no information about the Company's financial condition that has not already been released to the market.

6. *Please confirm that SYA's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of SYA with delegated authority from the board to respond to ASX on disclosure matters.*

We confirm that SYA's response to your questions have been authorised and approved by the SYA Board, in accordance with its published continuous disclosure policy.

Yours faithfully
Sayona Mining Limited



Paul Crawford
Director & Company Secretary