



Long wait over for Sayona

Sayona Mining Ltd is just one step away from taking the reins of the mothballed North American Lithium Inc (NAL) operation in Quebec, Canada and putting what managing director Brett Lynch described as a “truly unique turnaround plan” into action.

More than 18 months after Sayona first flagged its intention to acquire the NAL assets, both secured creditors and the court-appointed monitor overseeing the administration process have confirmed the company’s joint bid with US-focused Piedmont Lithium Ltd was successful.

A motion approving the acquisition has been filed with the Superior Court of Quebec and the final sign-off is understood to be imminent.

Given the bidding process was drawn out due to the COVID-19 pandemic and other external factors, Lynch and his team are waiting until the court officially approves the bid before popping the celebratory champagne.

Nevertheless, everyone at Sayona and 25% partner Piedmont is champing at the bit to get started on restoring what is earmarked as a future key supplier for the growing North American lithium market.

“The deal is not done yet, but given we’ve got the backing of the secured creditors, the court-appointed monitor and the Quebec Government, we can see that finishing line in front of us now,” Lynch told **Paydirt**.

“It’s been quite a journey. We always had a very clear vision of where it should be heading, but the twists and turns were quite a challenge at times and so I think there is a huge sense of relief now that we can actually start sinking our teeth into what is a truly unique turnaround plan for NAL.”

Sayona’s long-stated plan for turning around NAL – a troubled operation shuttered three times over a 10-year period – has centred on blending ore with that to be mined from its Authier project, about 50km to the east, delivering a significant improvement in plant performance and economics.

An updated DFS from late 2019 indicated a standalone operation at Authier was capable of generating a NPV of \$C216 million, IRR of 33.9% and EBITDA of \$C461

million over a 14-year mine life. Capex is estimated at \$C120 million, with life-of-mine cash costs of \$C400/t at the mine gate.

Those estimates are expected to significantly improve once production plans for Authier are morphed into the NAL restart plan.

While the NAL bidding process has dominated his focus for most of the past two years, Lynch suggested the real hard work had just started for Sayona.



Sayona has restarted drilling at its Authier lithium project while awaiting final approval from the Superior Court of Quebec over its bid for the nearby NAL operation

“We’ve done the homework to get here and I think our plan, subject to court approval, has now quite clearly been supported as the best plan for a turnaround at NAL,” he said.

“It’s not just winning the bid, it’s actually having the plan to turn around this operation which is most important. This isn’t a money issue per se. There’s been many issues with the NAL orebody and so we’ve had to work with our operational team around how we address those.

“We’ve got a clear plan, but we’ve got to make it happen now.”

Once the court formalises the handover of NAL to Sayona’s control, one of the first tasks for the new owner will be to create a taskforce which reviews the recommissioning activities for the plant, equipment and other existing infrastructure on the site.

Environmental studies on the integration of Authier with NAL are in the final stages for regulatory approval.

Lynch said having another ASX-listed lithium developer in Piedmont as a partner was invaluable, especially with both companies seriously considering downstream production options.

As part of a \$US12 million investment agreement signed in January this year, Piedmont has committed to taking 50% of the proposed spodumene production from Quebec.

“The NAL acquisition is really a stepping stone,” Lynch said. “It opens a whole

range of opportunities for us and Piedmont in North America that we can now accelerate and transform in a relatively short time. The North American market is moving so quickly it needs that, so we’re both in the right place at the right time.

“NAL already has the start of lithium carbonate processing infrastructure on site and there may be other opportunities for us to move downstream in Quebec with the large-scale spodumene production that we will have.

“For the rest of this year that will be the new chapter that our team will be working on. We plan to be a fully integrated lithium producer and one of the largest in North America.”

Sayona resumed drilling at Authier last month with the intention of expanding the existing lithium resource, improving the strip ratio and moving the project closer to production. Some 31 diamond holes are planned for a total of 4,500m and the programme is expected to wrap sometime next month.

Meanwhile, the company has struck a new earn-in agreement with the soon-to-be-reinstated Altura Mining Ltd, which can grab 51% of Sayona’s Pilbara lithium tenure in Western Australia for a minimum exploration spend of \$1.5 million over three years.

Sayona will retain 100% of the gold and other non-lithium rights within the tenement area.

– Michael Washbourne