EDISON

# Spotlight - Update

# Sayona Mining

## Catching up with majors

Metals and mining

22 November 2024

**Sayona Mining is a lithium producer and explorer with projects in Canada, Western Australia and soon in the US and Ghana. A proposed merger of equals with Piedmont Lithium will create a c A$1bn mid-tier lithium player with streamlined asset ownership and significant growth optionality. Sayona and Piedmont's Canadian and US projects comprise one of the largest advanced hard rock lithium resources in North America and are strategically positioned to supply the region's growing lithium demand. Following the proposed equity raises, the company will be well capitalised to execute on its growth plans. As a producer, Sayona should also benefit strongly from inevitable recovery in lithium prices, with additional upside coming from the potential downstream expansion.**

### Sayona/Piedmont: Creating a foundation for growth

The proposed merger of equals between Sayona and Piedmont will create a mid-tier lithium developer and producer with hard rock assets in Canada, US, Australia and Ghana. It will consolidate asset ownership under the Sayona umbrella, remove the restrictive offtake agreement for North American Lithium (NAL) and position the company well for future growth. On a 100% basis, Sayona and Piedmont's North American lithium assets will host a combined mineral resource of c 240Mt at 1.14% $Li_2O$, similar in size to that of an industry leader Mineral Resources. Following a series of associated equity raises, post completion, the company should have c A$250m in gross cash, enabling it to expand production at NAL (220ktpa concentrate capacity; FY25 production guidance of 190–210kt), the only commercial producer of spodumene concentrate in Canada, and to invest in its other advanced hard rock lithium projects: Moblan (60%), Carolina (100%) and Ewoyaa (23%), all at the definitive feasibility study (DFS) stage. The transaction is expected to close in the first half of 2025 and is subject to shareholder and regulatory approvals.

### Valuation: M&A points to strong lithium fundamentals

The lithium sector has been hit hard by the steep drop in lithium prices against the backdrop of slower electric vehicle (EV) adoption and economic headwinds. However, in a sign of strong longer-term industry fundamentals, the sector M&A continues unabated, with a number of high-profile deals announced so far in 2024. The Sayona/Piedmont transaction puts the combined company on an attributable EV/resource multiple of just US$81/t lithium carbonate equivalent (LCE), post proposed funding. This compares to US$146/t LCE implied by the recent acquisition of Latin Resources by Pilbara Minerals, and US$469/t LCE for Sigma Lithium and US$235/t LCE for Liontown Resources.

**Historical financials and consensus estimates**

| Year end | Revenue (A$m) | EBITDA (A$m) | PBT (A$m) | EPS (A$) | DPS (A$) | P/E (x) |
|---|---|---|---|---|---|---|
| 06/24 | 200.9 | (54.2) | (115.4) | (0.010) | 0.0 | N/A |
| 06/25e | 206.2 | (48.0) | (95.6) | (0.007) | 0.0 | N/A |
| 06/26e | 206.0 | (11.1) | (64.4) | (0.002) | 0.0 | N/A |

Source: LSEG Data & Analytics

| | |
|---|---|
| Price | A$0.035 |
| Market cap | A$360m |

**Share price graph**


**Share details**

| | |
|---|---|
| Code | SYA |
| Listings | ASX |
| Shares in issue | 10,293m |
| Estimated net cash at September 2024 | A$73.4m |

**Business description**

Sayona Mining is a lithium producer and explorer with projects in Quebec and Western Australia. Sayona's Canadian operations include currently producing North American Lithium, the advanced exploration stage Authier and Moblan lithium projects as well as a number of early-stage exploration lithium projects and claims. In Western Australia, the company owns several early-stage lithium, gold and graphite projects.

**Bull**

- Established producer with falling cash burn.
- Large resource base, growth optionality.
- Significant potential to expand production.

**Bear**

- Weak lithium market sentiment.
- High risk of near-term market overcapacity.
- Slower-than-expected transition to net zero.

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***Sayona Mining is a research client of Edison Investment Research Limited***

## Sayona Mining: Catching up with majors

Sayona Mining is a lithium producer and explorer with projects located in the Quebec province of Canada and Western Australia. The company's Canadian operations include currently producing NAL, the advanced exploration-stage Moblan and Authier lithium projects, as well as a number of early-stage exploration projects and claims. In Western Australia, the company owns several early-stage lithium, gold and graphite assets. The projects in Canada are at various development stages, with the flagship NAL operation recommissioned in March 2023, just two years after the acquisition, and comprise one the largest advanced-stage lithium spodumene resources in North America.

In November, Sayona announced a proposed merger of equals with Piedmont Lithium (ASX: PLL). A minority owner of NAL and Authier, Piedmont is advancing its own spodumene/hydroxide Carolina lithium project in the US and has so far earned a 23% share in the Ewoyaa spodumene project in Ghana (controlled by Atlantic Lithium). The proposed transaction will streamline the ownership structure of Sayona's Quebec projects, simplify future investments and will further expand the company's asset base, reinforcing its position as a largest supplier of spodumene concentrate to the strategically positioned North American market. The company has the potential to significantly grow upstream at NAL, Moblan and to expand downstream at Carolina.

Following the completion of the transaction, the newly created company will control 100% in the NAL, Authier and Carolina lithium projects, 60% in Moblan and 23% in Ewoyaa. On a combined 100% basis, its North American spodumene resource base will amount to c 240mt at 1.14% Li2O and will exceed that of industry leaders Mineral Resources, Rio Tinto/Arcadium Lithium and SQM, as well as the smaller players like Liontown Resources, Core Lithium and Sigma Lithium.

**Exhibit 1: Sayona/Piedmont North American resource base, on a 100% basis**

| | Proved and probable* | | | Measured and indicated | | | Inferred | | |
|---|---|---|---|---|---|---|---|---|---|
| Project (ownership) | Tonnage, mt | Grade, % $Li_2O$ | Metal, kt $Li_2O$ | Tonnage, mt | Grade, % $Li_2O$ | Metal, kt $Li_2O$ | Tonnage, mt | Grade, % $Li_2O$ | Metal, kt $Li_2O$ |
| NAL (100%) | 20.1 | 1.09 | 219 | 72.1 | 1.14 | 822 | 15.8 | 1.05 | 166 |
| Authier (100%) | 11.3 | 0.96 | 109 | 14.1 | 1.01 | 142 | 2.9 | 1.00 | 29 |
| Moblan (60%) | 34.5 | 1.36 | 470 | 65.1 | 1.25 | 813 | 28.0 | 1.14 | 319 |
| Carolina (100%) | 18.3 | 1.10 | 201 | 28.2 | 1.11 | 313 | 15.9 | 1.02 | 162 |
| **Total** | **84.2** | **1.19** | **999** | **179.5** | **1.16** | **2,090** | **62.6** | **1.08** | **676** |

Source: Sayona Mining. Note: *Resources are inclusive of reserves.

### Sayona/Piedmont merger

On 19 November, Sayona Mining and Piedmont Lithium announced a merger of equals. Based on the terms of the transaction, Sayona will issue 527 shares for each Piedmont share, or c 10.3bn in new shares, resulting in an equal 50%/50% shareholder ownership. In addition, each company committed to undertake equity raises for A$40m gross. On 20 November, Piedmond successfully completed its part of financing, while Sayona announced its raise was fully subscribed. Following the deal completion, the Newco plans to raise an additional A$69m gross from RCF (conditional placing). This would give gross cash proceeds of A$149m shortly after the completion. Sayona has also announced that it considers raising another A$23m with eligible non-institutional shareholders post completion. Excluding the latter equity raise, we estimate that the Newco will have 25.2bn shares (with share consolidation being considered by the company), which at current Sayona share prices implies a market cap of c A$960m (US$627m).

The transaction is expected to close in the first half calendar 2025 and is subject to shareholder and regulatory approvals. If the conditional placing goes ahead, RCF will have a c 9% shareholding in the company (before non-institutional raise). Another reputable shareholder will be LG Chem (c 3% post transaction) through Piedmont. The company's board will consist of eight directors, four from each side. The combined company will be led by Sayona's current CEO Lucas Dow.

**Exhibit 2: Sayona/Piedmont transaction summary**

| | Newco shares, bn | Proceeds, A$m |
|---|---|---|
| SYA shares before transaction | 10.3 | - |
| New SYA shares to Piedmont shareholders | 10.3 | - |
| SYA placement | 1.3 | 40.0 |
| Piedmont placement (SYA shares) | 1.3 | 40.0 |
| Conditional placement to RCF upon completion of the merger | 2.2 | 69.0 |
| Totals | 25.2 | 149.0 |
| Current SYA share price, A$ | 0.038 | |
| Implied mcap post completion, A$m | 959 | |

Source: Sayona Mining, Edison Investment Research

Assuming the transaction goes ahead and the company completes all the proposed equity raises, including the non-institutional one, it will have c A$246m in available cash resources. This number implies at least some A$75m in company level cash excluding placements. Of note, Sayona had A$104m in cash (no debt) and Piedmont had US$64m in cash and US$24m in debt at end September. With A$33m in combined merger and financing costs, A$15m in estimated synergies, the net A$228m are expected to be spent from merger completion to mid-2026 as follows: A$58m on project operating and sustaining expenditure; A$49m on growth expenditure at its key projects; and A$92m as a cash buffer/general working capital.

# Key assets overview

## Sayona's Quebec operations

Sayona's Quebec operations are organised into two hubs: Eeyou Istchee James Bay (EIH) and Abitibi-Temiscamingue (ATH). The ATH consists of the producing NAL and Authier lithium projects, the early-stage Tansim and Vallee exploration assets, as well as the Pontiac mining claims. The EIH includes the advanced Moblan lithium project (60%), the exploration-stage Lac Albert project, as well as the early-stage Troilus claims (100%). Geologically, all projects are hard rock deposits hosted in spodumene-bearing pegmatite intrusions.

**Exhibit 3: Map of Canadian operations**


Source: Sayona Mining

### North American Lithium

NAL is the company's flagship project, acquired in 2021 in partnership with Piedmont Lithium. Prior to merger with Piedmont, Sayona owned 75% of NAL, with Piedmont controlling the remaining

25%. NAL is a past producing operation comprising an open pit mine and a concentrator, with c C$400m invested by the previous owners. It is located 60km north of the city of Val-d'Or, a major mining service centre. The concentrator has a nameplate capacity to produce up to 220kt of spodumene concentrate. NAL also has a carbonate plant at c 30ktpa LCE. However, we understand it is unlikely to be restarted. In April 2023, the company released a combined DFS on the NAL and Authier projects. The DFS envisaged annual production of 226kt of concentrate in the first four years, with average production of 190ktpa over the mine life of 20 years, at an average cash cost of C$817/t (US$613/t). The study estimated an after-tax net present value (NPV) of C$1,367m (US$1,025m) at an 8% discount rate and US$1,352/t concentrate price.

The project's restart was completed in March 2023 at an overall capital cost of just US$80m, jointly funded by Sayona and Piedmont, with the first shipment of concentrate taking place in July 2023. Since then, the project has produced 241kt and sold 207kt of concentrate, generating total revenues of A$253m (Q323–Q125). The mill utilisation rate increased from 51% in Q323 to 91% in Q125, while processing recovery grew from 43% to 67%. Following the restart, the company continued to invest in the project, commissioning a crushed ore dome and a jaw crusher in 2024, both of which have led to improved plant utilisation and recovery rates. Importantly, almost all energy requirements for processing are met using green hydroelectricity.

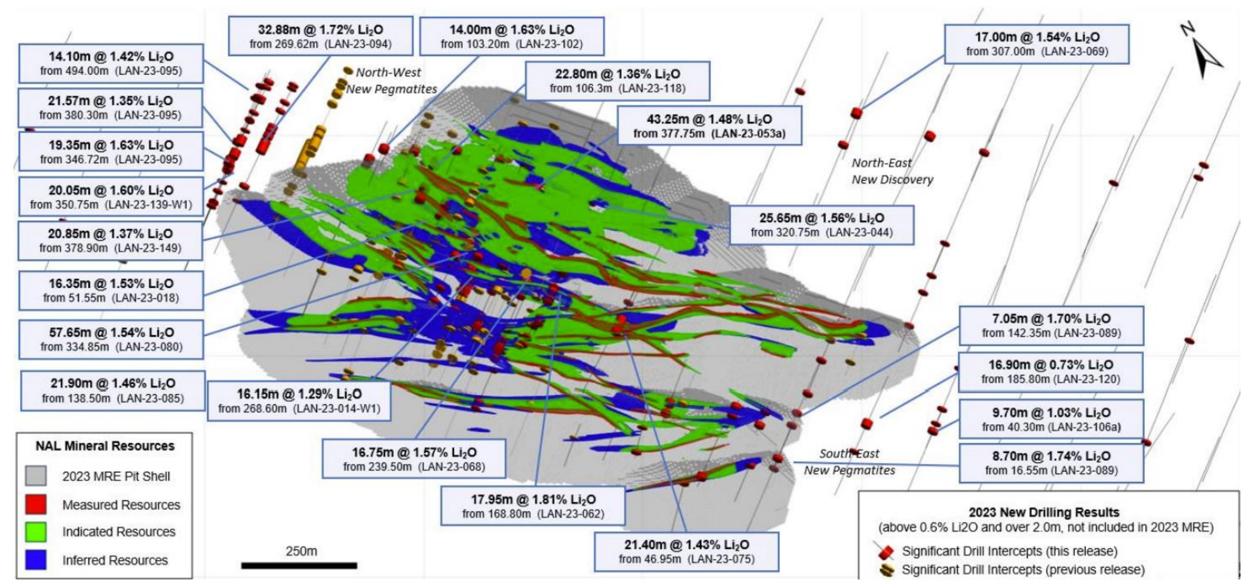
**Exhibit 4: NAL historical production metrics**

| | Q323 | Q423 | Q124 | Q224 | Q324 | Q424 | Q125 |
|---|---|---|---|---|---|---|---|
| Mill utilisation, % | 51 | 71 | 72 | 75 | 73 | 83 | 91 |
| Processing recovery, % | 43 | 57 | 58 | 62 | 67 | 68 | 67 |
| Concentrate grade, % | 5.7 | 5.6 | 5.5 | 5.5 | 5.4 | 5.3 | 5.3 |
| Concentrate produced, kt | 4 | 30 | 31 | 34 | 40 | 50 | 52 |
| Concentrate sold, kt | 0 | 0 | 48 | 24 | 58 | 28 | 49 |
| Average realised price, A$/t | 0 | 0 | 1,985 | 946 | 999 | 885 | 1,067 |
| FOB operating cost, A$/t | 0 | 0 | 1,231 | 1,327 | 1,536 | 1,506 | 1,335 |

Source: Sayona Mining

In May 2024, Sayona released a set of positive drilling results from 91 drill holes totalling 26,605m, with a number of high-grade intercepts below and outside the DFS mineral resource estimate pit shell (see Exhibit 4). These drill results could underpin an upgrade in mineral resources, the conversion of inferred resources into measured and indicated and, as a result, an extension of the project's mine life and/or an increase in its production capacity.

**Exhibit 5: Map of new significant drill intercepts at NAL**



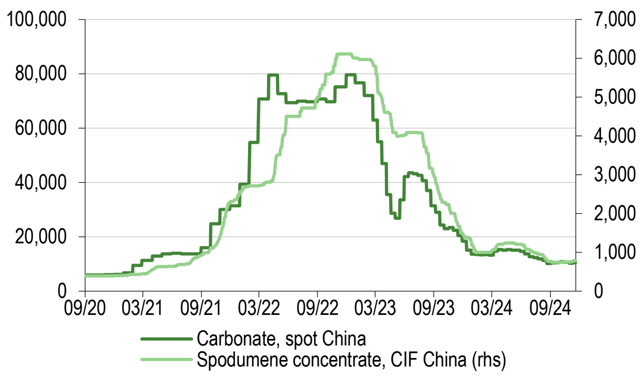

Source: Sayona Mining

### Offtake agreement

Prior to the merger, Sayona had an offtake agreement in place with Piedmont that entitled the latter to buy the greater of 50% of production or 113ktpa of concentrate over the mine life of the NAL and Authier projects. The price was set at market levels (CIF China) on a 6% dry basis, with a floor of US$500/t (A$760/t at current exchange rates) and a ceiling of US$900/t (A$1,368/t) on a DAP North Carolina basis. Volumes under the agreement are shipped from Quebec to Piedmont off-takers LG Chem (50ktpa for four years) and Tesla (125kt over three years, plus potential extension for another three years), while the residual production is sold to China. Selling prices are adjusted for the $Li_2O$ content of the concentrate (ie 5.3% vs 6.0%) as well as the timing-related provisions. If successful, the merger would nullify the offtake agreement.

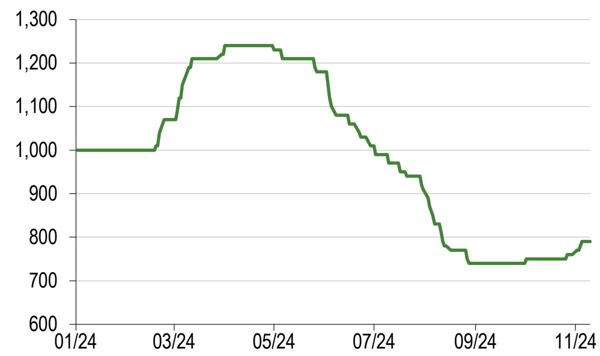
Lithium prices have showed small signs of improvement recently, with the spot concentrate price climbing from c US$750/t (6% CIF China) to at least US$790/t (Sayona data suggests US$854/t). While we do not expect an immediate effect from exiting the offtake, since the spot concentrate price is still within the range stipulated by the agreement, it will clearly be positive should the prices recover further above the offtake ceiling of US$900/t.

**Exhibit 6: Long term lithium prices, US$/t**




Source: LSEG Data & Analytics, Edison Investment Research

**Exhibit 7: Spot spodumene concentrate price, US$/t**




Source: LSEG Data & Analytics, Edison Investment Research

## Moblan

Moblan is a greenfield lithium project located in the Eeyou Istchee James Bay region of northern Quebec, just 300m from Route du Nord, a regional highway accessible year-round. The project was jointly acquired by Sayona (60%) and SOQUEM (40%), a subsidiary of Investissement Quebec, in October 2021. In February 2024, the company released a DFS that envisaged production of 300ktpa of spodumene concentrate (6% $Li_2O$) over the 21-year life based on the ore reserves estimate of 34.5Mt at a relatively high feed grade of 1.36% $Li_2O$. The project's pre-production capital cost and unit cash cost were estimated at C$963m (US$722m) and a very competitive C$555/t (US$417/t), respectively. The DFS calculated a post-tax NPV of C$2.2bn (US$1.6bn) at an 8% discount rate and a rather optimistic concentrate price of US$1,990/t. Since releasing the DFS, the company announced results from 94 new drill holes totalling 20,735m, which further demonstrated the high-grade nature of this economically attractive asset. The company plans to update the recent DFS to incorporate a higher resource base and potentially increase the project's estimated production capacity at a lower estimated capital intensity.

## Authier

Acquired by Sayona in 2016, the Authier project in Quebec is a hard rock lithium deposit located 45km from the city of Val-d'Or and is in close proximity to NAL. Following the subsequent acquisition of NAL, Authier's strategy was revised to include only mining operations, supplying the concentrator at NAL. However, in light of the recent positive drill results at NAL, the company is likely to once again reconsider its development approach for Authier, prioritising NAL expansion and Moblan development instead. The project's key attractions are its near-term development potential as well as access to hydropower, experienced labour and good regional infrastructure. Similar to NAL, the project is 75% owned by Sayona, with the remainder controlled by Piedmont Lithium.

## Piedmont's key assets

### Carolina lithium project

Carolina is Piedmont's flagship project located in North Carolina, US. It is designed as an integrated lithium project producing spodumene concentrate and up to 60ktpa of lithium hydroxide (LiOH) in two 30ktpa trains. In 2021, Piedmont completed a bankable feasibility study on the project, which assumed production of 30ktpa LiOH for 30 years from 242ktpa of internally sourced spodumene concentrate (first 11 years with the remainder market sourced) at an initial capital cost of US$988m and opex of US$3,657/t LiOH (first 10 years; US$6,235/t average opex assuming US$687/t concentrate input price in subsequent years). In March 2022, Piedmont published a preliminary economic assessment for the second 30ktpa hydroxide plant at an initial capex of US$572m and a steady state opex of US$10,448/t LiOH (conversion cost of US$2,128/t). The second plant is expected to source concentrate from third parties (ie Sayona and/or Ewoyaa) at a rate of 196ktpa on an SC6 basis. In April 2024, Piedmont received a mining permit to build and operate the Carolina project. Carolina is one of only two advanced spodumene projects in the US and could benefit from access to infrastructure, low energy costs and government support (eg tax credits from the Inflation Reduction Act). Sayona sees the project as an integrated downstream operation and will be looking to bring in a technical partner to further advance the project.

### Ewoyaa (Atlantic Lithium)

Piedmont currently holds a 22.5% interest in Atlantic Lithium's Ewoyaa lithium project in Ghana, which it earned through funding the exploration and feasibility study expenditure. The company can earn an additional 27.5% interest by funding the initial US$70m development cost for the project and 50% of capex above US$70m. This investment will entitle Piedmont to a 50% offtake from Ewoyaa at market prices. Piedmont also controls a 4.93% stake in Atlantic Lithium, which brings its current overall direct and indirect ownership in Ewoyaa to c 26%. A 2023 DFS for the project envisaged production c 300ktpa of 6% and 5.5% spodumene concentrate over 12 years at an initial capital cost of just US$185m and C1 FOB opex of US$377/t (after US$245/t in secondary product credits). The project's latest mineral resource estimate is 36.8mt at 1.24% $Li_2O$. In October 2023, Atlantic Lithium was granted a mining lease for the project.

# Sayona financials: Improved Q125 performance

Sayona's fiscal 2024 (to June) was the first full year of operation for NAL. During the period the project produced 155kt of spodumene concentrate and sold 158kt, generating revenues of A$254.6m. Adjusted for provisional pricing of A$53.7m, net revenues came in at A$200.8m. As is typically the case in the industry, prices for spot spodumene concentrate sales are linked to the 6% $Li_2O$ CIF China benchmark with the subsequent price adjustments upon delivery. The project's cash costs fluctuated over the period, ranging from A$1,231/t (US$805/t) in Q124 to A$1,536/t (US$1,010/t) in Q324, while the realised concentrate price fell from A$1,985/t (US$1,299/t) in Q124 to A$885/t (US$583/t) in Q424, broadly in line with industry benchmarks. As a result, the company reported a negative underlying EBITDA of A$54.2m (A$49.1m for Canadian operations) and an operating cash outflow of A$64.6m. Sayona ended the financial year with a gross cash position of A$90.6m (excluding leases and preference shares of A$30.6m, no debt).

The company took some measures in FY24 to improve profitability, which bore some fruit in Q125, leading to an increase in realised prices and a reduction in costs. On the cost side, the company invested in the crushed ore dome and jaw crusher, with a resulting increase in mill utilisation to 91%

in the quarter to September compared to 83% in Q424. Higher throughput had a positive effect on costs, with the cash cost falling 11% q-o-q to A$1,335/t (US$890/t; US$729/t excluding inventory movements). At the top-line level, despite the stagnating spot pricing, the company achieved a 21% q-o-q increase in realised concentrate price to A$1,067/t (US$711/t) as it pursued better commercial sales terms with customers and enjoyed lower shipping costs for pooled cargoes. Higher pricing and sales, lower costs and positive net working capital movements resulted in the cash balance increasing from A$91m at June 2024 to A$104m at end Q125.

For FY25, the company guides concentrate production of 190–210kt, concentrate sales of 200–230kt and unit operating costs of A$1,150–1,300/t (FOB, SC5.4 basis). While the company's cost guidance implies a reduction from both FY24 and Q125 levels, NAL remains a relatively high-cost operation compared to some of the peers (see Exhibit 6) as well as its DFS (US$691/t; A$1,050/t). That said, Q1 costs adjusted for inventory movements were approaching the DFS levels. The company believes there is further potential to reduce costs at NAL in the short to medium term through improved recovery rates and lower mining costs.

**Exhibit 8: Operating metrics comparison for selected companies and operations**

| Company | Project | Country | Reporting quarter | Concentrate sold, kt | Concentrate grade, % | Realised price, US$/t | Cash cost, US$/t (FOB) |
|---|---|---|---|---|---|---|---|
| Sayona Mining | NAL | Canada | to Sept 24 | 49 | 5.3 | 711 (FOB) | 890 (729 excl. inventory movements) |
| Sigma Lithium | Grota do Cirilo | Brazil | to June 24 | 53 | 5.4 | 894 (CIF) | 424 |
| Pilbara Minerals | Pilgangoora | Australia | to Sept 24 | 215 | 5.3 | 682 (CIF) | 406 |
| Mineral Resources | Mt Marion, Wodgina, Bald Hill | Australia | to Sept 24 | 178* | 4.1–5.4 | 550–763 (CIF) | 545-660 SC6 eq.** |
| Liontown Resources | Kathleen Valley | Australia | to Sept 24 | First concentrate production of 28kt at 5.2% $Li_2O$ and two shipments totalling 21kt; costs are not yet disclosed | | | |

Source: Company data. Note: *Attributable. **FY25 guidance.

In 9M24, Piedmont reported revenues of US$54.3m from sale of concentrate under the offtake agreement with Sayona, US$4.0m in gross profit and US$43.2m in operating loss. Sayona should absorb this extra gross profit following the merger.

## Valuation: M&A points to strong industry fundamentals

A fundamental valuation of Sayona is outside the scope of this report, while the relative valuation is complicated by the current loss-making nature of the company's business and the lack of close peers. Sayona is currently the only spodumene producer in Canada and one of only a few independent producers globally. The sector has been hit hard by the sharp reduction in lithium prices in 2022–24. Thus, Sayona's shares have fallen c 90% since the end of 2022 when lithium prices peaked at c US$6,000/t for concentrate and c US$80,000/t for carbonate. Similar companies like Core Lithium (ASX: CXO), Sigma Lithium (CVE: SGML), Liontown Resources (ASX: LTR), Piedmont Lithium and Atlantic Lithium (LON: ALL) lost 50–90% of their respective market values, while larger and more diversified peers Mineral Resources (ASX: MIN) and Pilbara Minerals (ASX: PLS) declined 48% and 20%, respectively, over the same period. Industry leaders with higher downstream exposure Albemarle (NYSE: ALB) and SQM (NYSE: SQM) declined by c 60%.

While the near-term sector visibility remains low and the timing of any recovery is hard to predict, the longer-term industry fundamentals appear to be intact as the green energy transition continues, albeit at a slower pace. Thus, Albemarle, one of the largest lithium producers outside China, still expects lithium demand to grow by 2.5x in 2024–30 to 3.3mt LCE and sees EV battery pack prices reaching parity with internal combustion engines within the same timeframe. With spot prices significantly below the incentive levels, additional support to lithium prices is likely to come from a reduction in new project investments, which should benefit existing producers such as Sayona. Additional upside for Sayona could come from upstream expansion at both NAL and Moblan, further cost optimisation at NAL and the potential downstream expansion at Carolina. The company should also benefit from bigger scale as a result of the merger with Piedmont.

In a clear sign of attractive longer-term lithium industry fundamentals, the sector M&A continues unabated. Apart from the proposed Sayona/Piedmont tie-in, recent notable transactions include:

- In October 2024, Rio Tinto announced a proposed acquisition of Arcadium Lithium, valuing the company at c US$6.7bn on a diluted basis.
- In October, Lithium Americas (LAC) disclosed that General Motors would commit US$625m in cash and letters of credit to a JV with LAC for a 38% stake in the Thacker Pass lithium project.
- In August, Pilbara Minerals announced the acquisition of Latin Resources for c A$560m (c US$370m). Latin Resources is advancing the Salinas Lithium project in Brazil.
- In May, Leo Lithium reported that it would sell the remaining 40% interest in the Goulamina hard rock lithium project in Mali to Ganfeng for US$343m.
- Azure Minerals' takeover by the Hancock/SQM consortium at a A$1.7bn valuation was announced in December 2023.
- In November 2023, Mineral Resources completed the acquisition of the Bald Hill hard rock lithium mine in Australia by for an undisclosed price.

At the current share price of A$0.038, we estimate that Sayona will have a post transaction market cap of c A$958m (US$622m) and an enterprise value of A$767m (US$498m), excluding its 5% stake in Atlantic. Based on the combined attributable post transaction resource base of c 250kt of contained $Li_2O$ (including the effective 26% ownership of Ewoyaa), the merger puts the enlarged company on an EV/resource multiple of US$200/t Li2O or US$81/t LCE. Looking at recent M&A, we believe that the Latin Resources transaction could offer a useful comparison for Sayona. Latin's Salinas project in Brazil is a preliminary economic assessment-stage hard rock deposit, expected to produce c 530ktpa of SC5.3 and SC3.0 at a CIF cash cost of US$536/t and initial capex of c US$310m. The Pilbara transaction implies an EV/resources multiple of US$362/t contained $Li_2O$, or US$146/t LCE. For comparison, Sigma Lithium (producing Grota do Cirilo hard rock project in Brazil) currently trades on US$469/t LCE, while Liontown Resources (early stage producing Kathleen Valey hard rock project in Australia) is valued at US$235/t LCE.

## Near-term catalysts

Sayona highlights the following near-term catalysts and workflows:

**NAL**

- Achieve operating cost reductions based on run-rate production levels.
- Complete exploration drilling and update mineral reserves and resources estimates.
- Early studies for brownfield expansion of spodumene concentrate production.

**Ewoyaa**

- Ratification of mining lease.
- Completion of $28m project-level investment from Ghana's Mineral Income Investment Fund.
- Secure non-dilutive project financing to reduce partner equity requirements.

**Carolina**

- Secure air and water permit.
- Engineering optimisation for consolidation of activities in North Carolina.
- Advance strategic partnering and project finance options.

**Moblan**

- Complete exploration drilling and update mineral reserves and resources estimates.
- Scoping study for larger scale spodumene concentrate production.
- Initiate permitting process.

**Corporate**

- Complete merger and realise operating synergies.
- Complete capital raise to execute strategic plans and create cash runway into 2026.
- Evaluate downstream partnering on consolidated platform.

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