

On the offtake front, Sayona has received a strong show of confidence from a major battery materials producer in the form of a non-binding memorandum of understanding (MoU).

Given the agreement with Huan Changyuan occurred prior to completion of the pre-feasibility study, the group's interest suggests it is cognisant of the prospectivity of the Authier project.

Subsidiary of China Minmetals Group

Huan Changyuan, a subsidiary of Fortune 500 company, China Minmetals Group, is a battery research, development, and production company.

In 2016, it produced more than 16,000 tonnes of battery cathode materials and the group is expanding production capacity to 36,000 tonnes in 2018.

The main products produced include lithium cobalt oxide and lithium manganese oxide batteries, and ternary (combination of three) composite lithium-ion cathode materials.

The MoU paves the way for advancing discussions to facilitate a development alliance exploring marketing, technical and financial opportunities for the Authier project.

Potential offtake, development and funding opportunities

Under the terms of the agreement, Changyuan could purchase up to 100,000 tonnes of spodumene concentrate per annum.

The MoU could also lead to the development of partnerships for the value-adding of the concentrates into lithium carbonate and/or lithium hydroxide in either China or Canada.

Another benefit of the agreement could be funding and investment opportunities for Sayona and the Authier project.

It is also worth noting that lithium concentrate produced from Authier will be classed as chemical grade specification.

The principal markets for chemical grade concentrates are fairly broad and include battery manufacturing, lubricants, aluminium smelting and pharmaceuticals.

Benefits of nearby infrastructure

The Authier project is 45 kilometres northwest of Val d'Or, a major mining service centre in the Province of Quebec.

It is easily accessed by a rural road network connecting to a national highway a few kilometres east of the project site.

This is significant given the company is considering direct sales of concentrate to converters that produce lithium products suitable for global battery markets.

Tansim only 80 kilometres from Authier

Sayona has no doubt been buoyed by its success at Authier, perhaps prompting management's recent decision to undertake a staged acquisition of the Tansim project.

Tansim lies about 80 kilometres southwest of Authier and comprises 65 mineral claims across 12,000 hectares.

The area is prospective for lithium, tantalum, and beryllium.

READ: Sayona Mining survey shows lithium potential at new Tansim project, close to Authier

Chief executive officer Corey Nolan said: "Sayona is planning to commence exploration as soon as the winter snow has melted and it can get clear access to the property.

"Tansim demonstrates stand-alone potential but could be developed as a complementary satellite operation to Authier

"The company will draw on its significant experience and expertise in lithium geology in the region, developed through more than 20,000 metres of drilling and exploration at Authier."

Sayona has strengthened its technical team as it approaches the important construction and production stages at its Authier Lithium Project Québec.

READ: Sayona Mining brings experienced personnel on board as it moves towards construction

Jarrett Quinn and Jean-Pierre Landry have been appointed as project engineer and project director respectively.

Quinn is an experienced mineral processing engineer and hydro-metallurgist who has experience in processing spodumene in Canada.

He will manage the pilot plant testing program and the process plant design for the DFS, as well as engineering of the Authier lithium process plant.

Landry is a qualified civil engineer who has been involved in the construction industry for more than 30 years, 17 of which have been in project management with mining companies.

Their appointment comes at a stage when the company is conducting a test program by processing feed samples through a pilot plant.

READ: Sayona Mining starts pilot plant tests to produce lithium carbonate concentrate

The objective of the pilot program is to further refine the design and confirm the operating parameters for the Authier processing plant.

This is being done in order to de-risk the plant construction, commissioning and ramp-up, indicative of management's measured approach to date.

Sayona aims to produce a 6% lithium carbonate concentrate at recoveries of greater than 80%.

Data collected during the pilot program will be invaluable in completing the DFS.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

Proactive Investors is a publisher and is not registered with or authorised by the Financial Conduct Authority (FCA). You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.