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Company Announcements  
Australian Securities Exchange

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## ASX ANNOUNCEMENT

### **Option to Purchase Majority Interest in Talga DSO iron ore prospect in East Pilbara**

- **Sayona signs Heads of Agreement to acquire 70% interest in Talga iron ore project in the East Pilbara Western Australia.**
- **Talga has the potential to host high grade DSO iron ore > 58% Fe similar to nearby Spinifex Ridge deposit.**
- **The recently discovered high grade lode style hematite-goethite Eginbah prospect at Talga is located 4 kms from sealed road 170 km from Port Hedland and 1 km from existing haulroad.**
- **Rock chip sampling at Eginbah has returned assays up to 61.2%Fe.**
- **Drilling planned for early November.**

Sayona Mining Limited (ASX:SYA) is pleased to announce that it has entered into a Heads of Agreement with the Talga Syndicate ( comprising Freedom Minerals, Kalamazoo Resource and Great Sandy Pty Ltd) to acquire a 70% interest in the iron ore rights within tenements E45/3679,E45/3857,E45/4136,E45/4137,E45/3457 and E45/3680 in the East Pilbara district of Western Australia.

Under the agreement Sayona has agreed to pay Talga \$50,000 on signing the Option Agreement and may exercise the option to earn its 70% interest by completing 1,000 metres of drilling, paying to Talga \$600,000 and issuing 25 million 3 year options exercisable at \$0.025. The option will expire on 31 December 2015.

The Talga Iron Ore project is located approximately 170 kms south – east of Port Hedland in Western Australia and is prospective for DSO iron ore.

The recently discovered high grade lode style hematite-goethite Eginbah prospect within Talga is similar geologically to the Spinifex Ridge iron ore mine located 23 kilometres along strike to the east.

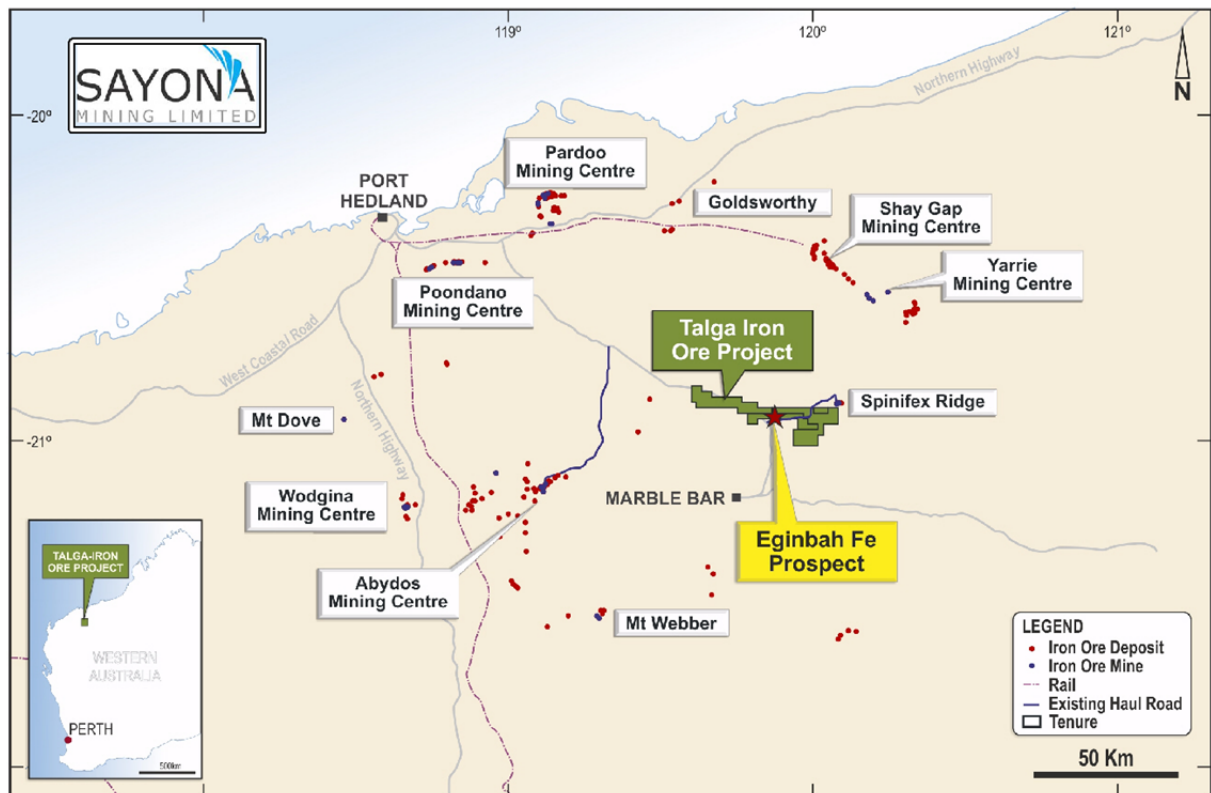


Figure 1 - Talga Iron Ore Project – Location.

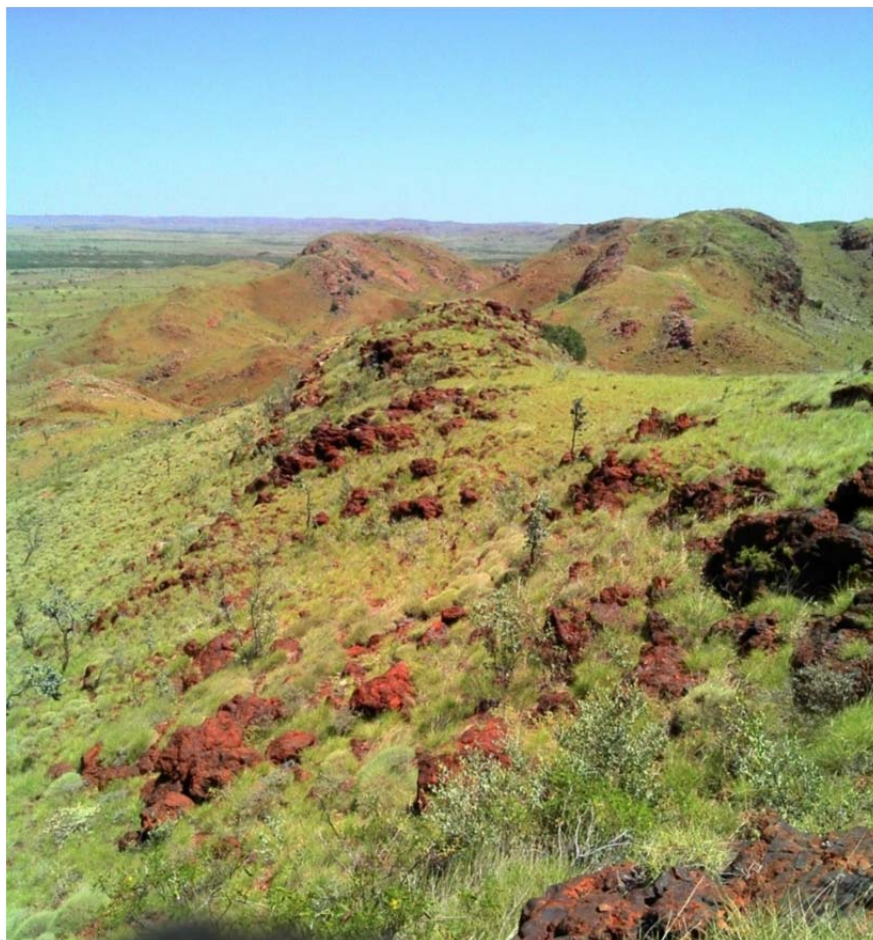


Figure 2 - Eginbah Prospect.

The Spinifex Ridge iron ore mine commenced production in September 2010 with an initial Probable Reserve of 4,334,000 tonnes at 59.2% Fe (Moly Mines ASX release 20 October 2010). Over 1 million tonnes of ore was shipped by Moly Mines within the first 12 months of production. In May 2013 Moly Mines announced the Mine Gate Sale of the Spinifex Ridge Iron Ore to Mineral Resources Limited (ASX:MIN) for approximately \$38 million based on a the 2.4 million dry metric tonnes estimated to be available under the then current mine plan.

Mapping at Eginbah has outlined a number of massive hematite and goethite occurrences traced over approximately 400 meters and up to 40 meters in width.

Assays up to 61.25% Fe have been recorded.



*Figure 3 - Massive hematite-goethite outcrop - Eginbah.*

It is proposed to undertake a drill program at Eginbah to determine its grade and tonnage potential.

Permitting is well advanced for this drill program with Heritage surveys completed and it is anticipated that drilling could commence in early November.

Sampling along strike from Eginbah at two other prospects has also recorded iron assays above 60% Fe and depending upon drill results from Eginbah drilling has also been planned for these prospects.



In summary the Talga project is attractive in offering:

- Grade – potential high grade DSO iron ore
- Location – 4 kms from sealed highway ,170 kms from Port Hedland
- Potentially low strip ratios – Eginbah located on a ridge
- Low capital cost to production
- Potential for low operating costs with good cash margins at current DSO price.

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## APPENDIX 1

### Declarations under JORC 2012 and JORC Tables

The information in this report that relates to exploration results is based on information compiled by Mr Dan O'Neill, who is a Member of the Australian Institute of Geoscientists (MAIG). Mr O'Neill is a Managing Director of Sayona Mining Limited and has sufficient experience relevant to the styles of mineralisation and types of deposit under consideration and the activities being undertaken to qualify as a Competent Person as defined by the 2012 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012).

Mr O'Neill consents to the inclusion of his names in this report and to the issue of this report in the form and context in which it appears. The following Tables detail sampling techniques, data management and reporting criteria according to the JORC Code (2012).

#### Section 1. Sampling Techniques and Data

Criteria	Explanation
Sampling techniques	<ul style="list-style-type: none"><li>Rock chip sampling was undertaken by Great Sandy Pty Ltd as part of reconnaissance mapping. Samples were taken, numbered and bagged before being submitted to the laboratory for analysis.</li></ul>
Drilling techniques	<ul style="list-style-type: none"><li>Not applicable, no drilling conducted</li></ul>
Drill sample recovery	<ul style="list-style-type: none"><li>Not applicable, no drilling conducted</li></ul>
Logging	<ul style="list-style-type: none"><li>Not applicable, no drilling conducted</li></ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"><li>Not applicable, no drilling conducted</li></ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"><li>All assays conducted by Bureau Veritas</li><li>Al<sub>2</sub>O<sub>3</sub>, Fe, P, S, SiO<sub>2</sub>, TiO<sub>2</sub> assays determined by X-ray Fluorescence Spectrometry on oven dry (105°C) sample</li><li>Loss on Ignition results determined by Thermo-Gravimetric Analysers. Results reported on a dry sample basis.</li><li>laboratory and assay procedures are appropriate for Mineral Exploration</li><li>Laboratory QAQC consisted of standards, blanks and laboratory duplicates (both coarse and pulp) used at a ratio of 1 in 20. The QAQC sample results showed acceptable levels of accuracy and precision.</li></ul>
Verification of sampling and assaying	<ul style="list-style-type: none"><li>Independent verification has not been undertaken on these results</li></ul>
Location of data points	<ul style="list-style-type: none"><li>Sample points were surveyed utilising hand held GPS</li></ul>
Data spacing and distribution	<ul style="list-style-type: none"><li>Not applicable</li></ul>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"><li>Not applicable as no drilling has been undertaken</li></ul>
Sample security	<ul style="list-style-type: none"><li>Labelling and submission of samples complies with industry standard</li></ul>
Audits or reviews	<ul style="list-style-type: none"><li>No audits have been conducted on this data</li></ul>

## Section 2. Reporting of Exploration Results

Criteria	Explanation
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>The exploration results reported in this announcement are from work carried out on granted Exploration Licence E45/4137</li> <li>E45/4137 is in good standing</li> </ul>
Exploration done by other parties	<ul style="list-style-type: none"> <li>Not known</li> </ul>
Geology	<ul style="list-style-type: none"> <li>The regional geology is thought to comprise Archaean mafic, ultramafic, volcanic units and sediments including BIF.</li> </ul>
Drill hole information	<ul style="list-style-type: none"> <li>Not applicable, no drilling conducted</li> </ul>
Data aggregation methods	<ul style="list-style-type: none"> <li>Not applicable, no drilling conducted</li> </ul>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>Not applicable, no drilling conducted</li> </ul>
Diagrams	<ul style="list-style-type: none"> <li>No diagram of rock chip location attached</li> </ul>
Balanced reporting	<ul style="list-style-type: none"> <li>No diagram included in report.</li> </ul>
Other substantive exploration data	<ul style="list-style-type: none"> <li>Refer to the announcement</li> </ul>
Further work	<ul style="list-style-type: none"> <li>Refer to the announcement</li> </ul>