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24 October 2014

**ASX ANNOUNCEMENTS
AUSTRALIAN SECURITIES EXCHANGE**

NOTICE OF ANNUAL GENERAL MEETING

Attached is the Notice of Meeting and Proxy Form in relation to the annual general meeting of shareholders to be held on 26 November 2014.

The notice and proxy have been mailed to shareholders.

Yours faithfully
Sayona Mining Limited

A handwritten signature in black ink, appearing to read "Paul Crawford", is written over a horizontal line.

**Paul Crawford
Company Secretary**

Sayona Mining Limited

ACN 091 951 978

Notice of Annual General Meeting and Explanatory Statement

Annual General Meeting to be held at
Level 3, 307 Queen Street, Brisbane Qld 4000
on 26 November 2014 commencing at 10 am

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of shareholders of Sayona Mining Limited ACN 091 951 978 (**Company**) will be held at Level 3, 307 Queen Street, Brisbane Qld 4000 on 26 November, 2014 commencing at 10 am.

ORDINARY BUSINESS

Receive and Consider the Financial Statements

To receive and consider:

- (a) the Financial Report;
- (b) the Directors' Report; and
- (c) the Auditor's Report,

of the Company for the year ended 30 June 2014.

To consider and if thought fit to pass the following resolution as an ordinary resolution:

Resolution 1 – Adoption of Remuneration Report

"That the Remuneration Report within the Directors' Report of the Company's 2014 Annual Report be considered and adopted."

Please note that the vote on this resolution is advisory only and does not bind the Company or its Directors.

Voting Exclusions

The Company will disregard any votes cast on this resolution by or on behalf of "Key Management Personnel" (as defined in the Accounting Standards as published by the Australian Accounting Standards Board) and their "closely related parties" (**Restricted Voter**).

Key Management Personnel (**KMP**) are the Company's Directors and Executives identified in the Company's Remuneration Report. A closely related party of a KMP means a spouse or child of the KMP, a child of the KMP's spouse, a dependant of the KMP or the KMP's spouse, and anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Company or a company the KMP controls.

The Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of a Restricted Voter.

Further details, in relation to the ability of the Chairman to vote on undirected proxies are set out in the accompanying Explanatory Statement.

Resolution 2: Re-Election of James Brown as a Director

"That James Brown, who retires as a Director of the Company in accordance with the provisions of the Constitution, and being eligible, offers himself for re-election, be appointed as a Director of the Company."

Resolution 3: Approval of Issue of Shares to Directors

"That 6,000,000 ordinary Shares in the capital of the Company at a price of \$0.005 be issued and allotted to Mr Paul Crawford (3,000,000 ordinary Shares) and Mr Dan O'Neill (3,000,000 ordinary Shares), Directors of the Company, on the terms set out in the Explanatory Statement in satisfaction of Directors' Fees owing to those Directors."

Voting Exclusions

The Company will disregard any votes cast on this resolution by Mr Paul Crawford and Mr Dennis O'Neill and any associate of Mr Paul Crawford and Mr Dennis O'Neill. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 4: Approval of Performance Rights and Options under the SYA Executive Incentive Plan (the EIP)

"That for the purposes of Exception 9(b) of ASX Listing Rule 7.2 and for all other purposes, approval is given for the issue of Performance Rights and/or Options to, or for the benefit of, employees of the Company under the Company's new SYA Executive Incentive Plan, the terms of which are summarised in the Explanatory Notes accompanying this notice."

Resolution 5: Issue of Options under the SYA Executive Incentive Plan (the EIP) to Directors

"That, subject to an affirmative vote in respect of Resolution 4, for the purposes of Listing Rule 10.11 and Part 2E of the Corporations Act and for all other purposes, the Company approves and authorises the issue of 40,000,000 Options to subscribe for 40,000,000 fully paid ordinary shares in the Company to Messrs O'Neill, Crawford, Brown and Buckler and/or their nominees within 1 month after the date of the Annual General Meeting, on the terms and conditions set out in the Explanatory Notes accompanying this notice."

Voting Exclusions

The Company will disregard any votes cast on Resolutions 4 & 5 by:

- (a) A director of the Company; and
- (b) Any associate of that person.

However, the Company need not disregard any votes cast on Resolutions 4 & 5 if they are cast by:

- (a) A person as proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the proxy form; or
- (b) The person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

As required under the Corporations Act, the Company will also disregard any votes cast as a proxy on Resolutions 4 and 5 by:

- (a) A member of the KMP;
- (b) A closely related party of a member of any KMP,

Unless the votes are cast as proxy for a person entitled to vote in accordance with the directions on the proxy form or by the Chairman pursuant to an express authorization to exercise the proxy.

NOTES

These notes form part of the Notice of Meeting.

Time and Place of Meeting

Notice is given that a General Meeting of members will be held at Level 3, 307 Queen Street, Brisbane Qld 4000 on 26 November, 2014 commencing at 10 am.

Your Vote is Important

The business of the General Meeting affects your shareholding and your vote is important.

Voting Eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10am on 24 November 2014.

Voting in Person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- (a) each member has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company; and
- (c) a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;

(ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Voting by Corporate Representative

A body corporate that is a Shareholder, or that has been appointed as a proxy, may appoint an individual to act as its representative at the General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the General Meeting, evidence of appointment, including any authority under which it is signed, unless it has previously been given to the Company.

Voting by Attorney

A Shareholder may appoint an attorney to vote on their behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company in one of the methods listed above for the receipt of Proxy Forms, so that it is received not later than 7pm AEST, 24 November, 2014.

Notice to Persons Outside Australia

This Explanatory Statement has been prepared in accordance with Australian laws, disclosure requirements and accounting standards. These laws, disclosure requirements and accounting standards may be different to those in other countries.

The distribution of this Explanatory Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Explanatory Statement should inform themselves of, and observe, any such restrictions.

Disclaimers

No person is authorised to give any information or make any representation in connection with the Takeover which is not contained in this Explanatory Statement. Any information or representation not contained in this Explanatory Statement, may not be relied on as having been authorised by the Company or the Board in connection with the Transaction.

Privacy

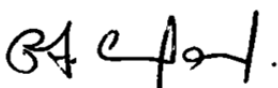
To assist the Company to conduct the General Meeting, the Company may collect personal information including names, contact details and shareholding of Shareholders and the names of persons appointed by Shareholders to act as proxy at the General Meeting. Personal information of this nature may be disclosed by the Company to its share registry, print and mail service providers, and the Company's agents for the purposes of implementing the Takeover. Shareholders have certain rights to access their personal information that has been collected and should contact the Company secretary if they wish to access their personal information.

ASIC and ASX involvement

Neither ASIC, ASX nor any of their officers take any responsibility for the contents of the Notice of Meeting and Explanatory Statement.

By Order of the Board

Sayona Mining Limited



Paul Crawford
Company Secretary
22 October 2014

Explanatory Statement

Purpose of this Explanatory Statement

This Explanatory Statement is provided to Shareholders of the Company to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at Level 3, 307 Queen Street, Brisbane Qld 4000 on 26 November 2014 commencing at 10 am.

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Statement in full before making any decision in relation to the resolutions.

Receive and Consider the Financial Statements

The *Corporations Act 2001* (**Corporations Act**) requires the Financial Report which includes the Financial Statements, Directors' Declaration, the Directors' Report and the Auditor's Report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or in the Constitution of the Company for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report. Accordingly, the Company's Financial Report is placed before the Shareholders for discussion and no voting is required for this item of business.

Shareholders will have a reasonable opportunity at the Meeting to ask questions and make comments on these reports and on the business and operations of the Company.

Resolution 1: Adoption of Remuneration Report

The Remuneration Report of the Company for the period ended 30 June 2014 is set out in the Directors' Report of the 2014 Annual Report to Shareholders (Remuneration Report).

The Remuneration Report sets out the Company's remuneration arrangements for the Executive and Non-executive Directors. A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting. In addition, section 250R(2) of the Corporations Act requires that Resolution 1 be put to the vote. However, the vote on this resolution is only advisory and does not bind the Company or its Directors.

In the event that you choose to appoint the Chairman as your proxy, the Chairman's voting intention is to vote in favour of this Resolution to adopt the Remuneration Report.

- (a) The attached Proxy Form provides that if the Chairman is appointed as proxy, the Chairman is directed to vote in accordance with the voting intention set out above, unless you direct the Chairman to vote in a different manner.
- (b) The Chairman will only vote in accordance with his stated voting intention if the relevant box is ticked.
- (c) If the relevant box is un-ticked the Chairman will not be permitted to vote the relevant Shares on the Resolution in relation to the Remuneration Report.
- (d) For all other Resolutions where the Chairman is appointed as proxy, those proxies can remain undirected and may be voted on by the Chairman on that basis.

Resolution 2: Re-Election of James Brown as a Director

In accordance with the rotational retirement provisions of the Company's Constitution, Mr Brown is due to retire at this meeting and being eligible, offers himself for re-election at this meeting.

Mr Brown was appointed as a Director of the Company on 12 August, 2013. Mr Brown holds formal qualifications in Mining Engineering with more than 25 years' coal experience in Australia and Indonesia. Mr Brown is the Managing Director of ASX listed Altura Mining Limited. His coal development and operations experience includes the New Acland and Jeebropilly mines in South East Queensland, the Adaro and Multi Harapan Utama operations in Indonesia and Blair Athol in Central Queensland.

The Board supports the election of Mr Brown.

Resolution 3: Approval of Issue of Shares to Directors

Accrued Director Fees

Messrs Paul Crawford and Dan O'Neill have been Directors of the Company since its incorporation in 2000. The payment of Non-executive Directors fees was initially suspended in December 2008. Director fees were subsequently accrued in relation to board meetings held by the Company from when the restructuring plan was approved by Shareholders at the general meeting held in March 2011 to 30 June 2013.

During this period Messrs Crawford and O'Neill each accrued \$15,000 (total \$30,000) in Director fees. No fees have been paid or accrued for the 2013-14 financial year.

It is proposed to satisfy the fees accrued by Messrs Crawford and O'Neill by the issue to them or their nominee of 3,000,000 Shares each issued at a value of \$0.005 per share.

Regulatory Requirements

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition.

One of the exceptions includes where the company first obtains the approval of its shareholders in general meeting in circumstances where the requirements of Chapter 2E in relation to the convening of that meeting, have been met.

A "related party" for the purposes of the Corporations Act is defined widely and includes a director of a public company and former directors of a public company.

A "financial benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to a related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

This proposed resolution, if passed, will confer financial benefits on each of Mr Paul Crawford and Dan O'Neill. The Company therefore seeks shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act and for this reason and for off other purposes, the following information is provided to shareholders:

1. The related party to whom resolution 3 will permit the financial benefit to be given

Messrs Crawford and O'Neill, are each a Director of the Company and consequently a related party.

2. The nature of the financial benefit

The allotment of 6,000,000 Shares to Paul Crawford (3,000,000 Shares) and Dan O'Neill (3,000,000 Shares), at an issue price of \$0.005 each, the total issue consideration being \$30,000.

3. Directors' recommendation

The Directors, with the exception of Mr Paul Crawford and Mr Dan O'Neill, recommend that shareholders vote In favour of resolution 3.

The non-interested members of the Board of the Company consider that the settlement of the debts owing to Mr Paul Crawford and Mr Dan O'Neill are on arm's length commercial terms.

4. Recipients' Interest and other remuneration

Messrs Crawford and O'Neill each have a material personal interest in the outcome of resolution 3, as it is proposed that Shares be issued to each of them. Excluding the Shares proposed to be issued under this resolution, Messrs Crawford and O'Neill hold the following Shares and options to subscribe for Shares in the Company:

Table 1:

Director	Shares
Mr Paul Crawford	19,208,691
Mr Dan O'Neill	29,772,482
Total	48,981,173

5. Valuation

The value of Shares to be issued pursuant to resolution 3 is \$30,000.

6. Any other information that is reasonably required by shareholders to make a decision and that is known to the Company or any of its Directors

There is no other information known to the Company or any of its Directors concerning resolution 3.

7. Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Shares pursuant to resolution 3 is the dilutionary impact on the issued share capital of the Company. This is discussed further below.

8. Taxation Consequences

No stamp duty will be payable in respect of the grant of the Shares. No GST will be payable by the Company in respect of the grant of the Shares (or if it is, it will be recoverable as an input credit).

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards, this amount will be expensed in the statement of financial performance.

Where the grant date and the vesting date are different, the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

9. Dilutionary Effect

The issue of Shares to Mr Paul Crawford and Mr Dan O'Neill respectively as set out in table 1, will have the following effect on the current issued capital of the Company:

Table 2:

Shareholder	Shareholding	% of Total Share Capital	After the Issue of Shares to Directors	% of Total Share Capital After the issue of Shares to the Directors
Other Shareholders	356,463,636	87.90%	356,553,636	86.64%
Mr Paul Crawford	19,298,691	4.76%	22,298,691	5.42%
Mr Don O'Neill	29,772,482	7.34%	32,772,482	7.94%
TOTAL	405,534,809	100.00%	411,534,809	100.00%

The dilutionary impact of Resolution 3 is therefore that other shareholders are diluted by 1.26%.

Listing Rule 10.11

Listing Rule 10.11 requires an entity to obtain the approval of shareholders to an issue of securities to a related party. Mr Paul Crawford and Mr Dennis O'Neill are each a related party to the Company.

For the purposes of Listing Rule 10.13, the Company advises as follows:

Table 3:

Number of Securities to be issued:	6,000,000
Timing:	The Shares will be Issued and allotted not later than 1 month from the date of this Meeting.
Price at which the Securities are to be Issued:	\$0.005 per Share
Terms of the Securities:	Fully Paid Ordinary Shares
Name of allottee and relationship to the Company:	Mr Paul Crawford and Mr Dennis O'Neill equally- Each of whom are Directors of the Company.
Use of the funds:	No funds will be received. The allotment of Shares is made to settle outstanding amounts owed to Mr Crawford and Mr O'Neill. The settlement is intended to conserve cash within the Company.

In accordance with Listing Rule 7.2 Exception 14, since approval is being sought under Listing Rule 10.11, approval is not required to be obtained from shareholders under Listing Rule 7.1.

With respect to resolution 3, the Directors, with the exception of Mr Paul Crawford and Mr Dennis O'Neill, recommend that shareholders vote in favour of resolution 3.

The reason for this recommendation is that this allotment is part of an overall restructure of the Company's balance sheet and conserves cash.

Resolution 4: Approval of Performance Rights and Options under the SYA Executive Incentive Plan (the EIP)

Why are we seeking shareholder approval?

Member approval is being sought under Exception 9(b) of ASX Listing Rule 7.2 so that the Company will be able to grant Performance Rights and/or Options under the EIP during the three years after the Annual General Meeting as an exception to ASX Listing Rule 7.1.

ASX Listing Rule 7.1 prohibits the Company from issuing or agreeing to issue more than 15% of its issued equity securities in any 12 month period without the approval of the holders of ordinary securities. However, ASX Listing Rule 7.2 sets out a number of exceptions to ASX Listing Rule 7.1. These exceptions include Exception 9(b), which provides that ASX listing rule 7.1 does not apply to an issue of securities under an employee incentive scheme if within three years before the date of issue the holders of ordinary securities have approved the issue of securities under the scheme as exception ASX Listing Rule 7.1.

Approval under listing rule 7.2 exception 9 lasts for 3 years.

Summary of the terms of the EIP

Operation

The Board is responsible for administering the EIP in accordance with the EIP Rules. A grant of Performance Rights and/or Options under the EIP will be subject to both the EIP Rules and the terms and conditions of the specific grant.

Eligibility

The EIP is open to employees (including directors) of the Company who are invited by the Board to participate in the EIP.

The Board may invite employees to apply for Performance Rights and/or Options under the EIP in its absolute discretion.

Grant

No payment is required on the grant of a Performance Right and no exercise price is payable upon vested Performance Rights being exercised into a share.

No payment is required on the grant of an Option. The exercise price of an Option will be determined by the Board in its discretion and specified in the participant's invitation letter.

Vesting

The vesting of a Performance Right will be conditional on the satisfaction of any performance conditions attaching to the Performance Right. Performance conditions will be determined by the Board in its discretion and specified in the participant's invitation letter.

Where relevant performance conditions are met, then the Performance Rights will vest and be available for exercise into Shares.

The vesting of an Option will be conditional on the satisfaction of any performance conditions attaching to the Option. Performance conditions will be determined by the Board in its discretion and specified in the participant's invitation letter.

Where a participant ceases to be an employee of the Company because of total and permanent disability, death or any other circumstance determined by the Board in its discretion, the Board may determine that any of the Performance Rights and/or Options granted to a participant will vest, whether or not the performance conditions attaching to the Performance Rights and/or Options have been met.

Notwithstanding this and subject to the ASX Listing Rules;

- (i) The Board may vest some or all of a participant's Performance Rights and/or Options even if the performance conditions have not been met, if the Board considers that to do so would be in the interests of the Company; and
- (ii) The vesting of a participant's Performance Rights and/or Options may be made subject to certain conditions as determined by the Board.

Lapse of Performance Rights and Options

All Performance Rights and Options that have not vested on or before the expiry date will automatically lapse.

Performance Rights and Options will also lapse if the applicable performance conditions attaching to them are not met within a prescribed period determined by the Board in its discretion.

If the participant ceases to be an employee of the company (other than in circumstances referred to above in *Vesting*), the participant's Performance Rights and/or Options will lapse automatically on cessation of the participant's employment unless the Board determines otherwise within 30 days of the date of cessation of participant's employment.

Conversion

A participant may at any time request the Board to convert any or all of the participant's unvested Performance Rights to Options, or vice versa, and a rate of conversion determined by the Board in its absolute discretion. Any converted Performance Rights or Options will be subject to the same terms and conditions of the original Performance Rights or Options (as applicable) granted to the participant unless otherwise determined by the Board in its discretion.

Dealing with Performance Rights and Options

Performance rights and Options are not transferable, except on the participant's death, to their legal personal representative.

Shares

Each Performance Right will entitle a participant to one Share upon vesting. Each Option will entitle a participant upon vesting to subscribe for one Share at the exercise price specified by the Board in the participant's invitation letter.

Shares issued as a result of the vesting and exercise of Performance Rights and/or Options will rank equally with the Shares currently on issue

Maximum number of Performance Rights and Options

The Board may grant such number of Performance Rights and/or Options under the EIP as the Board determines so long as no limit specified, imposed or calculated by any relevant policy or guideline of ASIC, including any regulatory guide, class order or condition for relief, is exceeded.

Takeovers

If the event of a takeover bid (as defined in the Corporations Act), a participant's Performance Rights and Options will vest immediately to the extent determined by the Board in its discretion and the remaining Performance Rights and Options will lapse.

Reconstruction of capital

If the Company makes a bonus issue, that a participant will become entitled to a proportionately greater number of Shares on vesting of the Performance Rights and/or Options held, as if the Performance Rights and/or Options had vested before the bonus issue. If there is any other form of capital reconstruction, the number of Performance Rights and/or Options will be adjusted in accordance with the ASX Listing Rules.

A participant is not entitled to participate in any new issue of securities in the Company other than as described above

Amendment of the incentive plan

Subject to the ASX Listing Rules, the Board may amend the rules of the EIP, but no amendment may materially reduce the rights of participants generally in respect of the Performance Rights and/or Options granted to them, except an amendment made primarily to enable compliance with the law governing or regulating the EIP, to correct the manifest error or mistake, to take into account changes in the development taxation law or to enable compliance with the Corporations Act or the ASX Listing Rules.

Number of securities issued under the EIP since the date of last approval

No securities have been granted by the Company under the EIP.

Voting exclusion statement

A voting exclusion statement is included in the notice accompanying this Explanatory Note.

Director's recommendation

The directors are interested in the outcome of Resolution 4 and therefore do not consider it appropriate to make a recommendation to members.

Resolution 5: Issue of Options under the SYA Executive Incentive Plan (the EIP) to Directors

Background

Subject to an affirmative vote on Resolution 4, the Board intends to issue each of the following Directors (or their nominees) Options to subscribe for fully paid ordinary shares in the Company on the terms and conditions set out in **Annexure A** to these Explanatory Notes:

Table 4:

Director	Options
Mr Dennis O'Neill (Managing Director)	10,000,000
Mr Paul Crawford (Executive Director)	10,000,000
Mr Allan Buckler (Non Exec. Director)	10,000,000
Mr James Brown (Non Exec. Director)	10,000,000
TOTAL	40,000,000

Executive directors Messrs Dan O'Neill and Paul Crawford assumed management of the Company in July 2012 and oversaw the refinancing of the Company and subsequent re-listing on the Australian Securities Exchange, together with pursuing the acquisition of suitable projects to restore value to shareholders. No salary or fees have been paid during this period. No salary or fees are expected to be paid in the near future.

Non-executive directors Messrs Allan Buckler and James Brown have been directors since August 2013 and have been instrumental in restructuring process. No fees have been paid to them and fees are not expected to be paid to them in the near future.

The Options are proposed to be issued as remuneration for services as directors of the Company and to act as an inducement to continue their directorships.

Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party unless either:

- a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- b) prior member approval is obtained to the giving of the financial benefit.

As directors of the Company, Mr Dennis O'Neill, Mr Paul Crawford, Mr Allan Buckler and Mr James Brown are each a related party of the Company for the purposes of Chapter 2E of the Corporations Act. The grant of the Options to these directors constitutes a "financial benefit" as defined in the Corporations Act (section 229).

Section 211 of the Corporations Act provides an exception to obtaining shareholder approval for giving a financial benefit to a related party under Chapter 2E, if the financial benefit is remuneration to a director of a public company and the remuneration is reasonable given the circumstances of the public company and the director.

The Options are being granted to the directors for the sole purpose of remunerating them for their past and future services as directors of the Company.

The Board considers that the proposed grant of Options is reasonable remuneration to the directors, as the value of the grants will be moderated in accordance with the terms set out in Annexure A and hence, falling within the exception set out in section 211 of the Corporations Act.

The grant of Options is similarly reasonable to the Company, as the grants will allow for the preservation of cash reserves.

The directors have therefore formed the view that Resolution 5 does not require shareholder approval pursuant to section 208 of the Corporations Act, as the proposed issues of Options fall under the exception provided for in section 211 of the Corporations Act.

Listing Rule 10.11

Listing Rule 10.11 requires a listed company to obtain member approval by ordinary resolution prior to the issue of securities, including the grant of options to a related party of the Company. Messrs O'Neill, Crawford, Brown and Buckler are related parties of the Company by virtue of being directors.

Accordingly, approval for the grant of the Options to the directors is required pursuant to Listing Rule 10.11. If approval is given under Listing Rule 10.11, separate approval is not required under Listing Rule 7.1. The members should therefore note that if the issue of options to Directors is approved under Listing Rule 10.11, the issue will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

Listing Rule 10.13 sets out a number of items which must be included in a notice of meeting proposing an approval under Listing Rule 10.1. For the purposes of Listing Rule 10.13, the following information is provided to the members:

- a) the Options will be offered and, if accepted, granted to Messrs O'Neill, Crawford, Brown and Buckler and/or their nominees in the proportions set out in table 4 above;
- b) the maximum number of Options to be issued is 40,000,000;
- c) the Options will be offered and, if accepted, granted on a date which will be no later than one month after the date of the AGM;
- d) no funds will be raised by the grant of the Options and Performance Rights; and

- e) the terms and conditions of the Options are set out in Annexures A to this Explanatory Notes.

From an economic and commercial point of view, the Directors do not consider that there are any material costs or detriments for the Company or benefits foregone by the Company in granting the Options and Performance Rights pursuant to Resolutions 5.

The Options are being granted with the consent of the full board and in accordance with the Company's remuneration policy and framework, namely that the remuneration is:

- a) competitive and reasonable, enabling the Company to attract and retain key talent from both the domestic and international market places;
- b) aligned to the Company's strategic and business objectives and the creation of member value; and
- c) acceptable and transparent to members.

Glossary

In this Explanatory Statement and the Notice of Meeting:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 and includes any successor body.

ASX Listing Rules means the listing rules of the ASX;

Board means the Company's board of Directors

Company or **Sayona** means Sayona Mining Limited ACN 091 951 978.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director(s) means a current director of the Company.

EIP means the Company's Employee Incentive Plan, as amended from time to time;

EIP Rules means the Company's Employee Incentive Plan Rules, as amended from time to time

KMP means a member of the key management personnel names in the remuneration report;

Explanatory Statement means this explanatory statement that accompanies and forms part of the Notice of Meeting.

Listing Rules means the Listing Rules of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

Meeting or **Annual General Meeting** means the annual general meeting the subject of this Notice of Meeting.

Notice of Meeting means this notice of annual general meeting which this Explanatory Statement accompanies and in which the Resolutions are set out.

Option means an option to subscribe for one ordinary share in the Company on vesting and payment of the exercise price;

Resolution means the resolutions in the Notice of Meeting.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of Shares.

Annexure A – Options Terms and Conditions

Number of Options	10,000,000
Vesting Date	Grant Date
Expiry Date	The Options will expire, if not exercised or lapsed earlier, 3 years after Grant Date.
Price of Options	Options will be granted at no cost. Once the vesting condition (service only) is met (or waived in exceptional circumstances), the Options will be exercisable at nil cost.
Exercise Price (per Option)	The greater of \$0.0047 cents or the 5 day VWAP at Grant Date plus 34.29%
Lapse/forfeiture	Options issued will lapse on the earliest of: <ul style="list-style-type: none"> • The Expiry Date; • The director dealing in respect of the Options in contravention of the dealing or hedging restrictions; and • The Board determining that the director has acted dishonestly, fraudulently or in material breach his material obligations to the Company.
Change of control	On the occurrence of a Change of Control (as defined under the Corporations Act), the Board will determine, in its sole and absolute discretion, the manner in which unvested Options shall be dealt with.
No dealing or hedging	Dealing restrictions apply to Options in accordance with Company's securities trading policy.
Rights attaching to shares	Shares issued on exercise of Options will rank equally for dividends and other entitlements and rank equally with existing ordinary Shares on issue at the time of allotment.
Company may issue or acquire shares	For the avoidance of doubt the Company may, in its absolute discretion, either issue new shares or acquire shares already on issue, or a combination of both, to satisfy the Company's obligations.
Loans	No loan will be provided by the Company in relation to the grant or exercise of the Options.
Adjustments	Prior to the allocation of Shares upon vesting or exercise of Options, the Board may make any adjustment it considers appropriate to the terms of securities in order to minimize or eliminate any material advantage or disadvantage resulting from a corporate action such as a capital raising or capital reconstruction.



Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 SYA
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 10:00am (Brisbane time) Monday 24 November 2014

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Sayona Mining Limited hereby appoint

☐ the Chairman of the Meeting

 OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Sayona Mining Limited to be held at Level 3, 307 Queen Street, Brisbane Qld 4000 on Wednesday 26 November 2014 at 10.00am (Brisbane time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 4 & 5 (except where I/we have indicated a different voting intention below) even though Items 1, 4 & 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 4 & 5 by marking the appropriate box in step 2 below.

STEP 2

Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of James Brown as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of Issue of Shares to Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Performance Rights and Options under the SYA Executive Incentive Plan (the EIP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Options under the SYA Executive Incentive Plan (the EIP) to Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /