



ASX ANNOUNCEMENT



8 July 2015

STRATEGIC ENTRY INTO THE GRAPHITE MARKET

Highlights

- Tenement package secured in a proven province of high purity, large flake graphite
- New discovery of surface graphite mineralisation with assays of up to 7.71% TGC within a 20km strike length target horizon
- Well established mining district in close proximity to an export port
- Planning underway to test suitability of graphite for use in the rapidly growing, high-value, technology and battery sectors

Sayona Mining Limited (ASX: SYA) ("Sayona" or the "Company") is pleased to announce a strategic entry into the large flake graphite market by securing a large ground position in the East Kimberley region of Western Australia. The Kimberley region is a proven province for high purity, large flake graphite.

The Company's East Kimberley project includes one granted tenement and three separate tenement applications, subject to two option-to-purchase agreements. The project covers 278 km² and comprises two areas, Keller and Corkwood (See Figure 1). The areas have never been previously explored for their graphite potential.

The project is situated in a well-established mining district, 240 kilometres south of an export port at Wyndham. The region has excellent infrastructure including roads, airports, and labour.

Geological and geophysical information in the Corkwood area has defined graphite prospective anomalism along a 20 kilometre strike extent. An initial field reconnaissance program has confirmed the prospectivity of the area with the discovery of graphite mineralisation at surface.

A total of 19 rock grab samples were collected and submitted for graphite analysis, with 9 returning higher than 5% TGC (total graphitic carbon) including a peak assay of 7.71% TGC (see Table 1).

The Corkwood graphitic horizon has limited outcrop but in road cuttings and creek exposures, is commonly 10 metres or more, and ranges up to 35 metres in true thickness. The broad thickness, extensive strike extent and good grade highlights the potential for significant graphite mineralisation within the project area.

The Company is planning a drilling and beneficiation test work program to determine the graphite's suitability for industrial use, especially in the high technology and battery grade technology sector.

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Strategic Entry into the Graphite Market

The market for large and jumbo flake graphite is highly concentrated and potential synthetic graphite substitutes are comparatively very expensive to produce. Both the US and EU Governments have classified graphite as a “critical material” for industrial and national security purposes.

The East Kimberley project offers an attractive entry into the graphite market:

- Proven district for high carbon purity, large flake graphite;
- The significant scale (up to 20 kilometres strike extent) of the Corkwood graphite target identified from geological and geophysical anomalies;
- Situated in a well-established mining district, 240 kilometres south of an export port at Wyndham;
- The region has excellent infrastructure including roads, airports, and labour;
- First world country with stable tax and royalties, and mining law; and
- Low cost entry via tenement applications and option-to-purchase agreements.

The Company's strategy is to commence immediate work programs and advance towards drilling based on the highly encouraging mapping and sampling results from the initial reconnaissance exploration program.

East Kimberley Project Overview

The East Kimberley project is located within the East Kimberley region of Western Australia, 240 kilometres south of Wyndham Port and 220 kilometres south-south-west of the regional centre, Kununurra.

The project comprises three exploration license applications and one granted tenement. The three exploration license applications and granted tenement acquisitions are subject to two option-to-purchase agreements covering 278km².

Terms of the two option-to-purchase agreements, include:

- Attgold Pty Ltd (“Attgold”) – SYA paid Attgold \$5,000 on signing and is required to make payments of \$30,000 within 6 months and \$170,000 within 18 months of signing of the agreement, respectively, to acquire a 100% interest in the tenements E80/4915, E80/4948 and E80/4949; and
- Western Iron Pty Ltd (“Western Iron”) – SYA paid Western Iron \$5,000 on signing and is required to pay \$200,000 on or before the six month agreement anniversary to exercise its option to acquire 100% of the graphite interests in tenement E80/4511. Western Iron will also receive a 1% gross production royalty. Western Iron retains a Back-in Right to the nickel, copper and iron mineralisation by the payment of \$100,000 within 12 months.

Table 1: East Kimberley Project Tenements

Tenement	Name	Status	Area	Vendor*
E80/4915	Keller North	Applied 17 October 2014	14 blocks	Attgold
E80/4948	Keller West	Applied 17 March 2015	9 Blocks	Attgold
E80/4949	Corkwood	Applied 17 March 2015	21 Blocks	Attgold
E80/4511	Western Iron	Granted 28/12/2011	42 Blocks	Western Iron

*Option-to-Purchase agreement subject to Attgold and Western Iron agreements

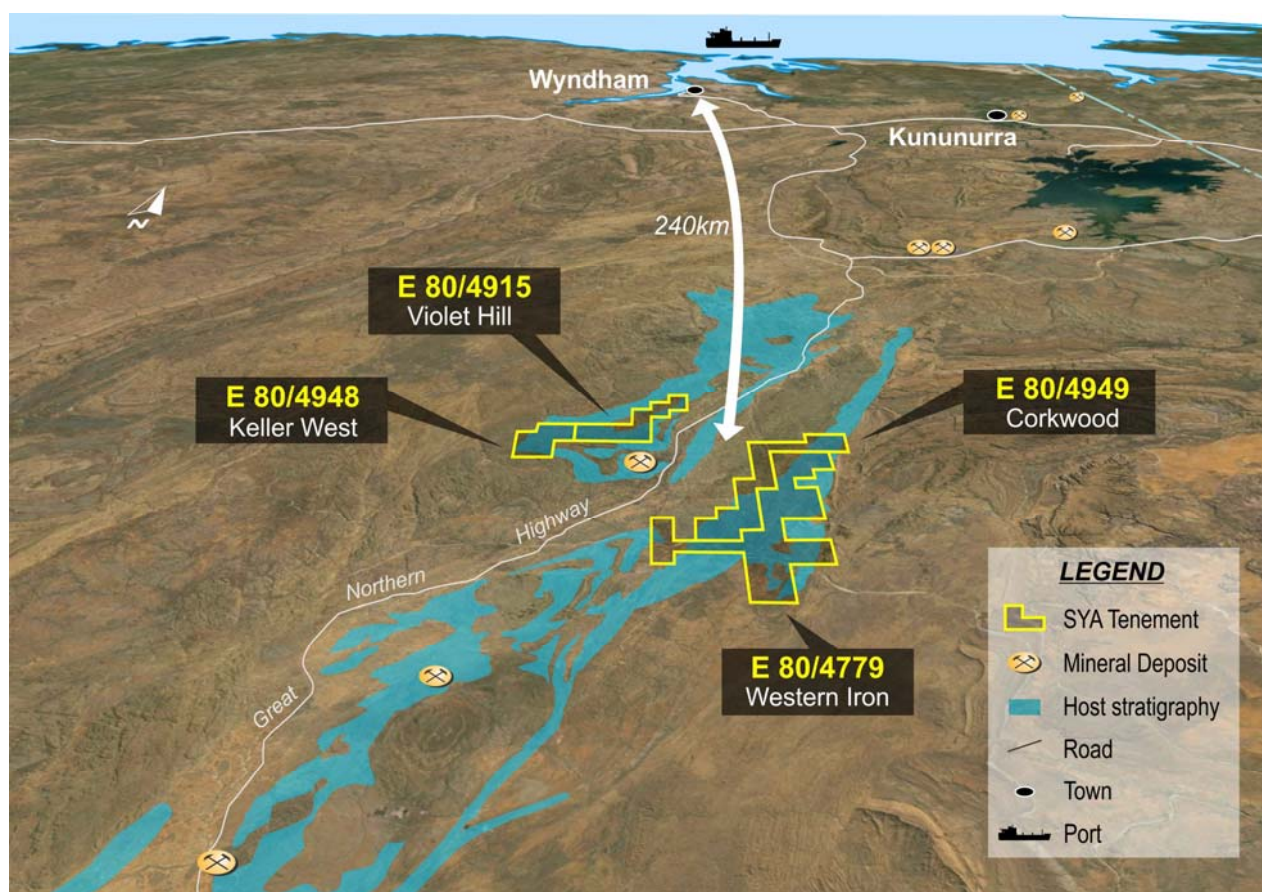


Figure 1: East Kimberley project location, tenement boundaries and infrastructure

The East Kimberley project area forms part of the Halls Creek Orogen (“HCO”), a Palaeoproterozoic terrain in the north eastern portion of Western Australia. The region has active diamond and nickel mines and hosts PGE, copper and gold resources. Graphite mineralisation is known in the region within the Lamboo Resources Limited McIntosh graphite project, located some 40 kilometres to the south¹.

The Sayona project is located within the central zone of the HCO where the basement rocks, the Tickalara Metamorphics (shown as the light blue shaded areas in Figure 1) have been affected by deep burial metamorphism with the project areas ranging up to granulite facies in metamorphic grade. Within the Tickalara package, carbonaceous shale has been metamorphosed to graphite bearing schist and gneisses. Graphite is commonly associated with pyrrhotite and spatially associated with carbonate or calc-silicate horizons.

The East Kimberley project comprises two distinct targets, the eastern Corkwood and western Keller areas.

Corkwood

Corkwood overlies a linear sequence of the Tickalara metamorphics that extend for over 75 kilometres adjacent to the Halls Creek Fault.

Past exploration for nickel sulphide mineralisation has identified areas prospective for graphite mineralisation. This is due to the similar conductive responses of graphite and nickel sulphides in geophysical electromagnetic surveying.

In the 1970s, exploration over the Corkwood nickel prospect identified graphite in a costean, and drilling nearby, carried out in 2003, intersected 19 metres of graphitic gneiss from 15 metres depth in hole CWR015. The graphite was noted during logging but was not assayed.

Keller

Keller is located to the west of the Great Northern highway and of the Savannah nickel mine. The Tickalara metamorphics in this area are affected by broad open folds which repeat the sequence in an east west pattern in the south, the axis becoming more northerly in the north. Several mafic intrusions affect the area, including the Norton intrusion. At the Keller Creek nickel prospect just to the south of the project, graphite has been identified during past nickel exploration.

Reconnaissance Sampling

The Company’s initial field reconnaissance has identified a number of graphite outcrops which closely correspond with geophysical targets reported in search literature. The graphite has a recessive weathering profile and poorly outcrops. A total of 19 grab rock samples were collected for graphite assay and the results are tabulated below and the locations shown in Figure 2.

¹ However, proximity of the Lamboo Resources Ltd project does not mean that the same results will occur at Sayona’s East Kimberley project

Table 2: Rock Sample Assay Results

Sample	East	North	Area	% TGC
SK555101	413672	8087805	Corkwood North	5.49
SK555102	413673	8087808	Corkwood North	4.03
SK555103	412343	8086479	Corkwood North	2.96
SK555104	412060	8086194	Corkwood North	4.18
SK555105	412065	8086190	Corkwood North	5.25
SK555106	412032	8086143	Corkwood North	6.91
SK555107	411817	8085943	Corkwood North	5.40
SK555108	404458	8073524	Corkwood South	7.25
SK555109	404448	8073514	Corkwood South	2.26
SK555110	404288	8073154	Corkwood South	1.13
SK555111	404795	8072854	Corkwood South	0.68
SK555112	387531	8086373	Keller	4.27
SK555113	388069	8086767	Keller	7.71
SK555114	388144	8086760	Keller	1.49
SK555115	389506	8087322	Keller	0.77
SK555116	389747	8087359	Keller	1.65
SK555117	389019	8088344	Keller	2.40
SK555118	390723	8087502	Keller	1.71
SK555119	412004	8086018	Corkwood North	5.07
SK555120*	413636	8087735	Corkwood North	n/a
Note; co-ordinates are MGA zone 52 (GDA94)				

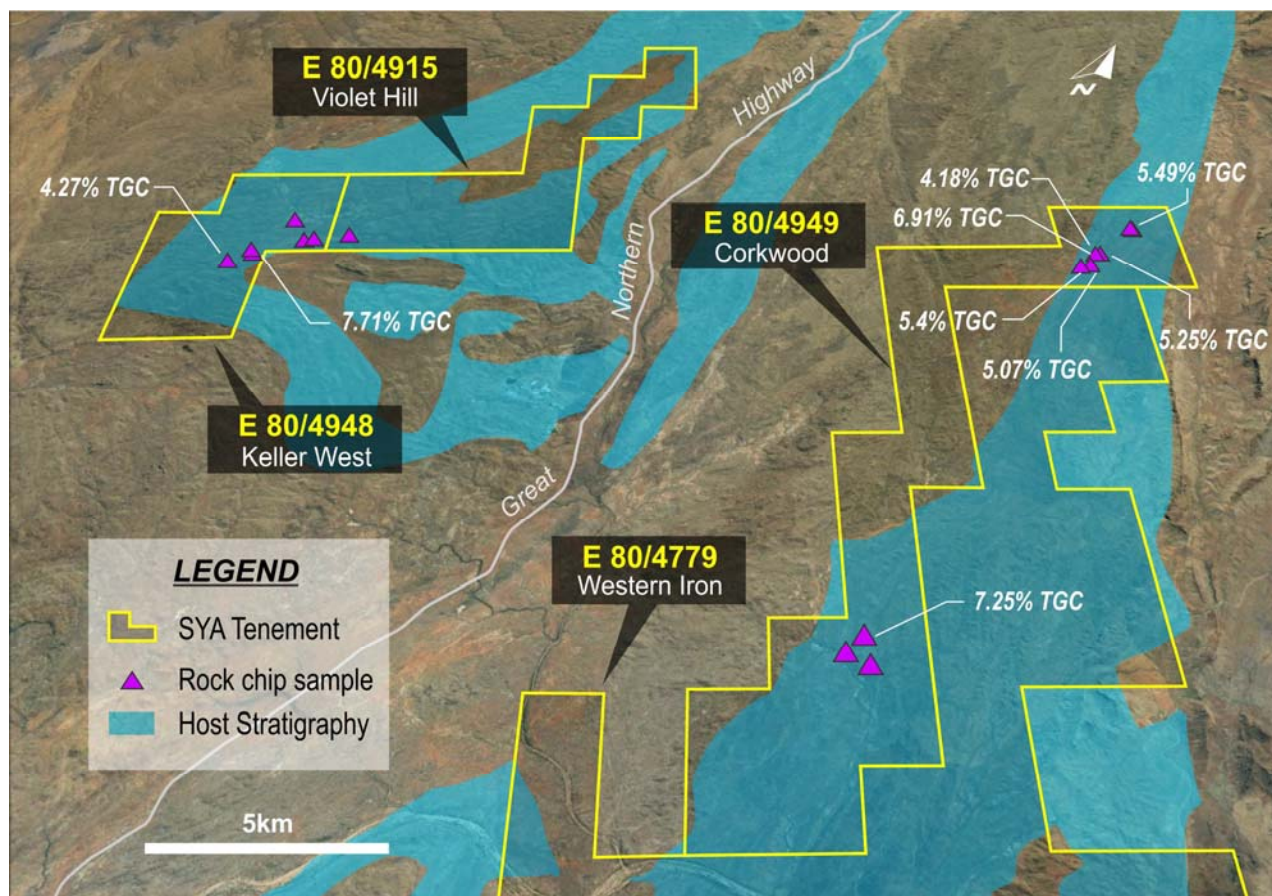


Figure 2: Initial reconnaissance sample locations

Next Steps

The Company is planning to drill test the prospective Corkwood leases during the fourth quarter, calendar 2015. A staged exploration approach to target the most prospective areas is planned, including:

- Geological mapping and sampling (with further assaying and petrology) along the graphite target horizons;
- Identification of those areas with larger graphite flake size – high purity and or grade/ thickness;
- Acquisition of available digital electromagnetic geophysical data and interpretation and modelling;
- Planning for a VTEM survey over the southern Corkwood area where little prior geophysical work appears to have been carried out;
- Drill testing of priority targets to define thickness and grade of mineralisation, once statutory and Native Title requirements have been completed; and
- Test work on drill and other samples to determine the grade, recovered flake size and purity of the graphite and its suitability for high technology use.

For more information, please contact:

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Sayona Mining Limited is an Australian, ASX-listed, company focused on sourcing and developing high purity flake graphite for use in the rapidly growing new technology sectors.

Please visit us as at www.sayonamining.com.au

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Mr Simon Attwell, a Competent Person, and who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Attwell is an employee of Attgold Pty Ltd ("Attgold") which provides geological services to Sayona. Mr Attwell is a financial beneficiary, being a director and shareholder of Attgold if Sayona exercises its option to purchase the East Kimberley Graphite project.

Mr Attwell has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Attwell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



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JORC Code, 2012 edition – Table 1 (section 1; Sampling Techniques and Data)

Criteria	JORC Code explanation	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> 19 rock grab samples were collected as a first pass assessment of the project to host graphite mineralisation. The samples have an irregular spacing reflecting the reconnaissance nature of the assessment. Rock samples were collected as grab samples from in-situ outcropping rock, so as to be representative of the observed mineralised zone. Multiple rock fragments at each sample location were collected so that the sample submitted for assay was as representative as possible of the sample site. The presence or absence of mineralisation was initially determined visually by the field geologist. The rock grab sampling is a standard approach during the initial reconnaissance which was carried out. The graphite mineralisation is commonly disseminated and layered within the gneissic fabric of the rock so that the collected rock fragments sampled are considered representative of the area sampled.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> Not applicable, no drilling has been carried out
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> Not applicable, no drilling has been carried out
<i>Logging</i>	<ul style="list-style-type: none"> <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> <i>The total length and percentage of the relevant</i> 	<ul style="list-style-type: none"> Notes relating to each sample were recorded in a field note book and later transcribed to digital form. This information is of insufficient detail to support any Mineral Resource Estimation.

Criteria	JORC Code explanation	Commentary
<i>Sub-sampling techniques and sample preparation</i>	<p><i>intersections logged.</i></p> <ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> Not applicable, no drilling has been carried out The sample preparation of the rock samples follows industry best practice, involving oven drying, crushing and pulverising, carried out by ALS, Perth with the pulp sent to ALS Brisbane for analysis. No measures have been taken to ensure sampling is statistically representative of the in situ sampled material. The collection methodology is considered appropriate for this early stage assessment of the project. The sample size is considered appropriate to the material being sampled and to produce results to indicate the degree of mineralisation in the areas sampled.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> Analysis was carried out by ALS, Brisbane which is a certified laboratory in compliance with AS/NZS-9001:2000. Graphite was determined by multi-stage Leco furnace with infra-red detection, method C-IR18, which is considered a total determination of the graphite content Not used No additional quality control measures beyond that of the Laboratory QA/QC were implemented.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> The results are considered acceptable and have been reviewed by multiple geologists. The company conducts internal data verification, data entry and storage protocols which have been followed. No adjustments to assay data has been undertaken
<i>Location of data points</i>	<ul style="list-style-type: none"> <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> Samples were located during collection by handheld GPS (Garmin GPS76) with a typical accuracy of +/- 5m. The grid system used is Australian Geodetic MGA Zone 52 (GDA94). The level of topographic control offered by the handheld GPS is considered sufficient for the work undertaken
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral</i> 	<ul style="list-style-type: none"> There was no predetermined grid spacing to the program with sample sites being selected as outcrop was located, in order to give a first pass dataset to evaluate the area

Criteria	JORC Code explanation	Commentary
	<p><i>Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></p> <ul style="list-style-type: none"> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • The data spacing and distribution is not sufficient to establish the degree of geological and grade continuity appropriate for Mineral Resource estimation procedures. • Samples have not been composited.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> • Sampling was carried out over small areas of outcrop, across the strike of the unit where possible, but due to poor outcrop it is not known if they are representative of the entire horizon. • Not applicable, no drilling has been carried out
<i>Sample security</i>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • All samples were collected by the field geologist and stored in a secure location until completion of the program when they were delivered to ALS laboratories, Perth by commercial courier.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • No audits or reviews of the data have been conducted at this stage

JORC Code, 2012 edition – Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> • <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> • <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<ul style="list-style-type: none"> • The project comprises granted tenement E80/4511 and applications ELA80/4915, ELA80/4948-9. Sayona has an Option to Purchase agreement over these areas with Western Iron Pty Ltd and Attagold Pty Ltd as discussed herein. The author is a related party to Attagold Pty Ltd, of which he is a director and part beneficiary. • The tenement applications are subject to approval by DMP, and require agreements with the KLC / Native Title holders and the Violet Valley Aboriginal Reserve. The project lies within the regional Ord River Catchment area and the Corkwood project lies to the west of the Purnululu National Park, but is not contained within it. • The Company believes that the applications will proceed to grant in a similar way that prior and current tenure in the district has progressed to grant and where exploration including drilling has taken place.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> • <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> • Past exploration in the region, mainly carried out in the search for nickel sulphide, has provided useful data. Together with government data provided by GSWA the information has allowed recognition of the projects graphite potential
<i>Geology</i>	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • Graphite is being targeted within carbonaceous horizons of the Paleoproterozoic Tickalara metamorphics of the Halls

Criteria	JORC Code explanation	Commentary
		Creek Orogen. Deep burial metamorphism has caused carbon to crystalize as graphite flakes which have been subsequently preserved as the rock cooled. The original mineralisation has also been subsequently affected by deformation, including folding and faulting.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> eastings and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> Drilling has not been carried out. A summary of rock sample locations is tabulated and presented graphically within the above report.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> No averaging or cut-off grades have been applied assay results.
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> Exploration is at an early stage and information contains insufficient data points to allow these relationships to be reported
<i>Diagrams</i>	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Sample plans are attached
<i>Balanced reporting</i>	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> All the assay results are reported herein.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> The exploration reported herein is still at an early stage but results are consistent with geological and geophysical data

Criteria	JORC Code explanation	Commentary
<i>Further work</i>	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> Further more detailed mapping and follow up sampling is required together with other programs described in the report above.