



ABN 26 091 951 978

Prospectus

In relation to

A partially underwritten pro-rata non-renounceable entitlement offer of one (1) New Share for every four (4) Shares held at an issue price of 2.5 cents (\$0.025) per New Share together with one (1) free attaching New Option for every New Share issued

The Entitlement Offer closes at 5pm (Brisbane time) on Friday, 28 August 2015

An investment in the Company should be considered speculative

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. If you are an Eligible Shareholder, this is an important document and should be read in its entirety. If you do not understand any part of this document or are in doubt as to what you should do, you should contact your professional adviser immediately. You should have regard to all publicly available information concerning the Company.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

Lead Manager and Underwriter:

BIZZELL CAPITAL	PARTNERS
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IMPORTANT INFORMATION

You should read this entire Prospectus carefully before deciding whether to invest in New Shares and New Options. In particular, you should consider the key risks that could affect the performance of the Company or the value of an investment in the Company, details of which are outlined in section 4 of this Prospectus.

The information provided in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Before deciding whether to apply for New Shares and New Options, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merit or risks involved. If, after reading this Prospectus, you have any questions about the Entitlement Offer, you should contact your stockbroker, solicitor, banker, financial adviser, accountant or other professional adviser.

Regulatory information

This Prospectus is dated Thursday, 6 August 2015 and was lodged with ASIC on that date. ASIC and ASX take no responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

No New Shares or New Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give any information or make any representation in connection with this Entitlement Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, the Directors or the Underwriter.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may be reasonably expected to be known to investors and professional advisers whom potential investors may consult.

Disclaimer

Except as required by law, and only then to the extent so required, neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus. An investment in New Shares and New Options offered by this Prospectus should be considered speculative.

The Company has prepared this document based on information available to it at the time of preparation.

Forward-looking statements

This Prospectus contains forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions many of which are outside the control of the Company and that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

In particular, this Prospectus details some important factors and risks that could cause the Company's actual results to differ from the forward-looking statements in this Prospectus (details of which are outlined in section 4 of this Prospectus).

The pro-forma financial information provided in this Prospectus is for illustrative purposes only and is not represented as being indicative of the Company's view on its future financial condition and/or performance.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any 'US person' (as defined in Regulation S under the US Securities Act of 1933, as amended (**US Person**)). Shares may not be offered or sold in the United States or to, or for the account or benefit of, any US Person absent registration or an exemption from registration. This Prospectus has been prepared for publication only in Australia and New Zealand and may not be released elsewhere.

Capitalised terms have the meaning given to them in section 7.

MESSAGE FROM THE MANAGING DIRECTOR

Thursday, 6 August 2015

Dear Shareholder,

On behalf of your Directors, I am pleased to invite you to participate in this Entitlement Offer providing you with the opportunity to subscribe for one (1) New Share for every four (4) Shares held at 7pm (Brisbane time) on Monday, 10 August 2015 (**Record Date**) at an issue price of 2.5 cents (\$0.025) per New Share to raise approximately \$2.57 million if fully subscribed. The Issue Price represents a discount of approximately 34% to the last closing price and a discount of approximately 29% to the theoretical ex-rights price (**TERP**)¹. Subscribers will be further rewarded with one (1) free attaching New Option for every New Share subscribed for.

The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

The Entitlement Offer is an offer to raise approximately \$2.57 million if fully subscribed (before offer costs).

The Entitlement Offer is being partially underwritten by Bizzell Capital Partners Pty Ltd (**Underwriter**) up to an amount of \$2 million (**Underwritten Amount**).

This Prospectus contains details about the Retail Entitlement Offer, instructions on how to participate in the Entitlement Offer, the effect of the Entitlement Offer on the Company and risk factors relevant to an investment in Sayona.

Entitlement Offer

This Prospectus relates to the retail component of the Entitlement Offer (**Retail Entitlement Offer**) which offers Eligible Retail Shareholders the same opportunity offered to those investors who participated in the Institutional Entitlement Offer.

Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlement, although any application for Additional New Shares may be scaled back at the Company's discretion.

Use of Funds

The net proceeds of the Entitlement Offer together with the Company's existing cash will be used to fund East Kimberley Project acquisition costs, exploration at the East Kimberley Project, Itabela Project Due Diligence costs, and working capital requirements - see section 1.17.

Directors' Intentions

All four Directors of the Company have indicated that they intend to take up some of their rights under the Entitlement Offer (provided their voting power does not exceed limits prescribed by the Corporations Act). James Stuart Brown, as a Director intends to participate in any Shortfall.

¹ TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. The theoretical ex-rights price is a theoretical calculation only and the actual price at which Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the theoretical ex-rights price. TERP is calculated by reference to the closing price of Sayona's shares on ASX of \$0.038 on 31 July 2015.

Actions required to take up your Entitlement

The Retail Entitlement Offer closes at **5pm (Brisbane time) on Friday, 28 August 2015**. To participate, you need to ensure that either your completed Entitlement and Acceptance Form and Application Money or your Application Money submitted by BPAY[®] are received by the Company's Share Registry before this time in accordance with the instructions set out on the form and in section 3 of this booklet.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any value in respect of the Entitlements they do not take up, and their percentage shareholding in the Company will be reduced following the issue of New Shares and New Options.

It is important that you carefully read this Prospectus and the other publicly available information about the Company on our website (www.sayonamining.com.au) and consider in particular the risk factors set out in section 4 before making any investment decision. With this Prospectus you will also find your Entitlement and Acceptance Form which details your Entitlement and provides instructions on how to participate in the Retail Entitlement Offer.

On behalf of the Directors, I invite you to consider this opportunity and thank you for your continued support.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Dennis O'Neill', with a stylized flourish at the end.

Mr Dennis O'Neill
Managing Director

KEY FEATURES OF THE RETAIL ENTITLEMENT OFFER

Summary of Offer

Issue Price	2.5 cents (\$0.025) per New Share
Discount	29% to the theoretical ex-rights price (TERP) 34% to Sayona's closing price of \$0.038 on 31 July 2015
Entitlement	One (1) New Share for every four (4) Shares held on the Record Date (7pm (Brisbane time) on Monday, 10 August 2015), plus a free attaching New Option for every New Share issued
Additional New Shares available	Eligible Retail Shareholders may apply for New Shares in excess of their Entitlement The Company may scale back applications for Additional New Shares in its absolute discretion, but will not scale back any Entitlement. If the Company scales back applications for Additional New Shares, excess funds will be returned to applicants without interest in accordance with section 3.4
Approximate number of Shares that will be on issue if the Entitlement Offer is fully subscribed (assuming no Options are exercised)	514,418,512 Shares
Approximate number of Options that will be on issue if the Entitlement Offer is fully subscribed	126,027,703 Options comprising: <ul style="list-style-type: none">- 102,883,703 New Options (to be listed)- 5,144,184 Underwriter Options (subject to the Underwritten Amount) (to be listed)- 18,000,000 unlisted Options (previously issued pursuant to the Company's Employee and Officer share option plan)
Amount to be raised (before offer costs) if the Entitlement Offer is fully subscribed	Approximately \$2.57 million

Key dates

Institutional Entitlement Offer opens	12pm (Brisbane time) on Thursday, 6 August 2015
Institutional Entitlement Offer closes	5pm (Brisbane time) on Thursday, 6 August 2015
Lodgement of Prospectus with ASIC and ASX	Thursday, 6 August 2015
Results of Institutional Entitlement Offer / Institutional bookbuild	10am (Brisbane time) on Friday, 7 August 2015
Record Date to determine Entitlements	7pm (Brisbane time) on Monday, 10 August 2015
Dispatch of Prospectus and Entitlement and Acceptance Forms	By Thursday, 13 August 2015
Opening date of the Retail Entitlement Offer	9am (Brisbane time) on Thursday, 13 August 2015
Settlement of Institutional Entitlement Offer and Institutional Shortfall bookbuild	Thursday, 13 August 2015
Closing Date — last date for lodgement of Entitlement and Acceptance Forms and payment of	5pm (Brisbane time) on Friday, 28 August 2015

Application Money

Issue and allotment of New Shares and New Options	Friday, 4 September 2015
Normal trading of New Shares and New Options expected to commence on ASX	Monday, 7 September 2015
Transaction confirmation statements for New Shares and New Options expected to be dispatched	Tuesday, 8 September 2015

Eligible Retail Shareholders that wish to participate in the Retail Entitlement Offer are encouraged to subscribe for New Shares and New Options as soon as possible after the Retail Entitlement Offer opens. The Company, in consultation with the Lead Manager and Underwriter, reserves the right, subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates of the Retail Entitlement Offer (including extending the Retail Entitlement Offer or accepting late applications) without notice.

FREQUENTLY ASKED QUESTIONS (FAQS)

What is the Entitlement Offer?	<p>The Entitlement Offer is a pro-rata accelerated non-renounceable entitlement to Eligible Shareholders to apply to purchase one (1) New Share for every four (4) existing shares held as at the Record Date. For every New Share issued, subscribers will be rewarded with a free attaching New Option to be listed and exercisable on a 1:1 basis at 3 cents (\$0.03) per Share and expiring on 30 December 2016.</p> <p>The Entitlement Offer comprises four parts:</p> <ul style="list-style-type: none"> • Institutional Entitlement Offer; • Institutional Bookbuild; • Retail Entitlement Offer; and • Retail Shortfall Facility. 	Section 1.1
What is my Entitlement?	Each Eligible Shareholder is entitled to subscribe for one (1) New Share for every four (4) existing Shares held at Record Date, plus for every New Share issued, the subscriber will receive a free attaching New Option.	Section 1.1
What is the Issue Price?	2.5 cents (\$0.025) per New Share	Section 1.1
Am I an Eligible Retail Shareholder?	<p>Eligible Retail Shareholders are those holders of Shares who:</p> <ul style="list-style-type: none"> • are registered as a holder of Shares on the Record Date; • have a registered address in Australia, New Zealand, Singapore or Hong Kong; • are not in the United States, are not a US Person and are not acting for the account or benefit of a person in the United States or a US Person; • are not an Eligible Institutional Shareholder who was invited to participate in the Institutional Entitlement Offer; • are not an Ineligible Institutional Shareholder; and • are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered. 	Section 1.3
What happens if I am a Shareholder on the Record Date but not an Eligible Retail Shareholder?	You will not be entitled to subscribe for New Shares (and/or New Options) under the Retail Entitlement Offer. Ineligible Retail Shareholders will have their percentage holding in the Company (held at the Record Date) diluted as a result of the Entitlement Offer.	
How much will be raised from the Entitlement Offer?	The Entitlement Offer will raise approximately \$2.57 million if fully subscribed (before costs)	Section 1.1
What is the purpose of the Entitlement Offer and how will the funds raised be used?	The funds raised under the Entitlement Offer, net of expenses of the Entitlement Offer together with the Company's existing cash will be used to fund East Kimberley Project acquisition costs,	Section 1.17 and 1.18

	exploration at the East Kimberley Project, Itabela Project Due Diligence costs, and its working capital requirements.	
Is the Entitlement Offer underwritten?	Yes, the Retail Entitlement Offer is partially underwritten to \$2 million by the Lead Manager and Underwriter, Bizzell Capital Partners. The Lead Manager and Underwriter's fee arrangements are further detailed at sections 1.14, 1.15, 5.4 and 5.22.	Sections 1.14, 1.15 and 5.4
What are the tax implications of participating in the Entitlement Offer?	Taxation implications will vary depending upon the specific circumstances of individual Shareholders. Investors should obtain their own professional advice as to the particular tax treatment that will apply to them.	Section 5.15
Are there any risks?	<p>There are risks associated with an investment in the Company. These include risks relating to the Company's business including its prospective project acquisition, risks relating to the Entitlement Offer and risks associated with financial investments generally. These risks are set out in more detail in section 4 of this Prospectus.</p> <p>In particular, key risks associated with an investment in the Company include:</p> <ul style="list-style-type: none"> • Itabela Project acquisition and completion risk (including the risk associated with securing project funding) • Tenure, tenement and exploration risk • Mineral resources estimation risk • Sovereign and political risk • Future funding risk • Environmental risk 	Sections 4 and 5.19
What effect will the issue of the New Shares and New Options have on the Company?	<p>The potential effect that the issue of New Shares and New Options will have on the capital structure and financial position of the Company are set out in sections 2.2, 2.3 and 2.5.</p> <p>In short, the Entitlement Offer will increase the current number of Shares on issue in the Company by up to 25%. If you do not take up your Entitlement, your shareholding will be diluted. The issue of the free attaching New Options may further dilute your shareholding, if exercised by others.</p>	Sections 2.2, 2.3 and 2.5.
What effect will the issue of the New Shares and New Options have on the control of the Company?	<p>The potential effect that the issue of New Shares and New Options will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand.</p> <p>Further details on the effect on control are set out in section 2.4.</p>	Section 2.4
What interests do the Directors, Related Parties and any other persons have in the Entitlement Offer?	The Directors of the Company, together, currently have a significant shareholding in the Company. As the Entitlement Offer is being made on the same basis to all shareholders of the Company, the Directors will be entitled to participate to the extent of their Entitlement too. The Directors have	Sections 5.6, 5.8 and 5.9

	<p>shown strong support for the Company to date and have indicated that to the extent possible, they will continue to support Sayona.</p> <p>Details of the interests of the Directors and potential implications are set out in section 5.6.</p> <p>There are no other related party interests or transactions with related parties to disclose.</p>	
<p>Where can I find more information about the Company?</p>	<p>For more information on the Company please see the Company's website (www.sayonamining.com.au) and the Company's ASX announcements (also available on the Company's website and the ASX's website (www.asx.com.au)).</p>	

1 Details of the Retail Entitlement Offer

1.1 Overview of the Entitlement Offer

Sayona proposes to raise up to approximately \$2.57 million under the Entitlement Offer through the issue of approximately 102,883,703 New Shares. Under the Entitlement Offer, Sayona is offering Eligible Shareholders the opportunity to subscribe for one (1) New Share for every four (4) existing Shares held at the Record Date, at the Issue Price of 2.5 cents (\$0.025) per New Share. Subscribers will be rewarded with one (1) free attaching New Option for every New Share subscribed for by them.

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the next whole number of New Share.

The Entitlement Offer comprises four parts:

- (a) **(Institutional Entitlement Offer)** Under which Eligible Institutional Shareholders were invited to take up all or part of their Entitlement.
- (b) **(Institutional bookbuild)** Under which New Shares attributable to the Entitlements not taken up by Eligible Institutional Shareholders, together with New Shares attributable to the Entitlements that would have been offered to Ineligible Institutional Shareholders if they had been entitled to participate in the Institutional Entitlement Offer, were offered under a bookbuild to certain Institutional Investors.
- (c) **(Retail Entitlement Offer)** Under which Eligible Retail Shareholders are being sent this Prospectus, together with a personalised Entitlement and Acceptance Form, and are being invited to take up all or part of their Entitlement.
- (d) **(Retail Shortfall Facility)** Under which New Shares attributable to Entitlements:
 - (i) not taken up by Eligible Retail Shareholders; and
 - (ii) that would have been offered to Ineligible Retail Shareholders if they had been entitled to participate in the Retail Entitlement Offer,
 will be offered under a Retail Shortfall Facility to Eligible Retail Shareholders that have exercised their full Entitlement. Please see section 1.4 for further details.

1.2 The Retail Entitlement Offer

Eligible Retail Shareholders are invited to participate in a pro-rata non-renounceable Retail Entitlement Offer. The Retail Entitlement Offer will be conducted on the basis of one (1) New Share for every four (4) Shares held on the Record Date, at an Issue Price of 2.5 cents (\$0.025) per New Share, which is payable in full on application. Subscribers will be rewarded with a free New Option for every New Share subscribed for.

The Issue Price represents:

- a discount of approximately 29% to the TERP; and
- a discount of approximately 34% to Sayona's closing price on 31 July 2015.

You should also consider publicly available information about Sayona available at www.asx.com.au and www.sayonamining.com.au.

1.3 Eligible Retail Shareholders

This Prospectus contains an offer of New Shares and New Options to Eligible Retail Shareholders. Eligible Retail Shareholders are those holders of Shares who:

- (a) are registered as a holder of Shares on the Record Date;
- (b) have a registered address in Australia, New Zealand, Singapore or Hong Kong;

- (c) are not in the United States, are not a US Person and are not acting for the account or benefit of a person in the United States or a US Person;
- (d) are not an Eligible Institutional Shareholder who was invited to participate in the Institutional Entitlement Offer;
- (e) are not an Ineligible Institutional Shareholder; and
- (f) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Shareholders that are not Eligible Retail Shareholders are Ineligible Retail Shareholders.

The Entitlements of Eligible Retail Shareholders who also hold options to subscribe for Shares will be calculated on the basis of the number of Shares they hold on the Record Date, disregarding any options which have not been exercised before that time.

1.4 Retail Shortfall Facility

A Retail Shortfall Facility will allow Eligible Retail Shareholders that have fully subscribed for their Entitlements under the Retail Entitlement Offer to subscribe for Additional New Shares. Eligible Retail Shareholders can subscribe for Additional New Shares by completing the relevant part of the Entitlement and Acceptance Form, or through BPAY[®], please refer to section 3.3.

The Company reserves the right to allot Additional New Shares to the extent that the Company determines in its absolute discretion, having regard to circumstances as at the time of the close of the Retail Entitlement Offer.

Any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Entitlements or from New Shares that would have been offered to Ineligible Retail Shareholders if they had been entitled to participate in the Retail Entitlement Offer.

There is no guarantee that those Eligible Retail Shareholders will receive the number of Additional New Shares applied for, or any. The Company's decision on the number of New Shares and Additional New Shares to be allocated to you will be final.

The Company may scale back any application for Additional New Shares in its absolute discretion, but will not scale back any Entitlement. However, if the Retail Entitlement Offer is oversubscribed, it is the Company's current intention to scale back all applications for Additional New Shares in the same proportions.

In the event of a scale back, the difference between the Application Monies received, and the number of New Shares allocated to you multiplied by the Issue Price, will be refunded by the Company, without interest, following allotment.

1.5 Ranking of New Shares

New Shares and Additional New Shares issued under the Entitlement Offer will rank equally with existing Shares. For further details of the rights attaching to the New Shares, please refer to section 5.3.

1.6 Withdrawal of Entitlement Offer

The Board reserves the right to withdraw all or part of the Retail Entitlement Offer at any time before the issue of New Shares, in which case the Company will refund Application Money without payment of interest.

1.7 No cooling off rights

Cooling off rights do not apply to an investment in New Shares (or New Options). You cannot withdraw your application or payment once it has been accepted, except as allowed by law.

1.8 **No Entitlements trading**

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlement in full will not receive any value in respect of those Entitlements that they do not take up.

1.9 **Discretion to deal with shortfall**

To the extent there is any shortfall in subscriptions for New Shares and Additional New Shares under the Retail Entitlement Offer, the Directors reserve the right to allocate top up Shares or place any shortfall at their discretion within three months of the close of the Retail Entitlement Offer.

1.10 **Minimum subscription**

There is no minimum subscription for the Retail Entitlement Offer.

1.11 **Rounding of Entitlements**

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

1.12 **Opening and Closing Date for applications**

The Retail Entitlement Offer opens for acceptances on Thursday, 13 August 2015 and all Entitlement and Acceptance Forms and payments of Application Money must be received by no later than 5pm (Brisbane time) on Friday, 28 August 2015, subject to the Directors being able to vary the Closing Date in accordance with the Listing Rules. The Directors reserve the right in their absolute discretion to accept late applications or payments.

1.13 **Allotment of New Shares and ASX quotation**

It is expected that allotment of the New Shares and New Options will take place as soon as practicable after the Closing Date. It is expected that the New Shares and New Options issued under the Retail Entitlement Offer will be allotted no later than Monday, 7 September 2015. However, if the Closing Date is extended, the date for allotment may also be extended.

No allotment of New Shares will be made until permission is granted for their quotation by ASX.

Application for official quotation by ASX of the New Shares and New Options will be made as soon as possible and in any event within 7 days after the date of this Prospectus.

If approval is not obtained from ASX before expiration of 3 months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue any New Shares and New Options and will repay all Application Money for the New Shares within the time prescribed by under the Corporations Act, without interest.

The anticipated date of commencement of official quotation of the New Shares and New Options issued in accordance with the Prospectus is Monday, 7 September 2015, subject to ASX's discretion and compliance with the Listing Rules. The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

1.14 **Lead Manager and Underwriter**

Bizzell Capital Partners Pty Ltd has been appointed as Lead Manager and Underwriter to the Entitlement Offer on usual commercial terms. In addition to certain cash underwriting and management fees payable as set out in section 5.5, Bizzell Capital Partners is to be issued two (2) Options for every dollar of funds raised under the Entitlement Offer. The Options will be issued on the same terms as the New Options (which are to be listed on the ASX, exercisable on a 1:1 basis at 3 cents (\$0.03) per Share and will expire on 30 December 2016).

The Underwriter will not acquire 20% or more of the Company. For further details of the Underwriter's interest in the Company and the effect on control of the Company upon completion of the Entitlement Offer, please refer to Section 2.4.

1.15 **Underwriting**

The Entitlement Offer is partially underwritten up to \$2 million by Bizzell Capital Partners Pty Ltd.

The Underwriting Agreement is in a standard form for transactions of this size and type and contains customary covenants, indemnities and representations and warranties by the Company and terminating events which if they occur, will relieve the Underwriter of its underwriting obligations.

Further details and a summary of the key terms of the Underwriting Agreement is set out in Section 5.4.

1.16 **Related Party Benefits**

From its underwriting fee, the Underwriter has agreed to pay the Directors a firm commitment fee equivalent to 2.25% of their firm commitment subscription amount. Allan Buckler, Paul Crawford and Dennis O'Neill are to be paid \$1,125 each and James Brown is to be paid \$225. Such fees are customary for transactions of this nature. It has been determined that the fees to be paid to the Directors here are reasonable, as if the parties were dealing on an arm's length basis. Further, the terms upon which the fees have been agreed are the same terms as the Underwriter has agreed, on an arm's length, commercial basis, to pay to other Committed Shareholders (as noted above) to secure their investment commitment.

1.17 **Purpose of Entitlement Offer and intended use of funds**

The Entitlement Offer is proposed to raise up to \$2.57 million. The Entitlement Offer is partially underwritten to \$2 million. Accordingly the table below detailing the proposed allocation of funds, shows the allocation if the Entitlement Offer is fully subscribed and also if subscription only up to the Underwritten Amount is achieved.

Combined with the Company's existing cash reserves, the funds raised, net of expenses, will be used as follows.

Item	Funds Available	Full Subscription (\$)	Underwritten Amount (\$)
	Existing Cash Reserves ¹	738,000	738,000
	Proceeds of the Offer	2,572,000	2,000,000
	Total	\$3,310,000	\$2,738,000
Item	Allocation of funds	Full Subscription (\$)	Underwritten Amount (\$)
1.	<i>East Kimberley Project:</i>		
	Project acquisition costs	250,000	250,000
	Geophysics	150,000	150,000
	Drilling, assays, metallurgical & geological studies	800,000	800,000
2.	<i>Itabela Project:</i>		
	Due diligence	200,000	200,000
3.	Entitlement Offer costs ²	177,000	148,000
4.	Administrative expenses and Working Capital ³	1,733,000	1,190,000
	Total sources	\$3,310,000	\$2,738,000

Notes

¹ This amount is the total cash at the end of the quarter ended 30 June 2015 as announced in the Company's quarterly report released on ASX on 31 July 2015

² For further details of the Entitlement Offer costs refer to Section 5.22.

³ Please note this amount includes expenses incurred of \$76,000 for the month ending 31 July 2015.

This is a statement of present intention only. In the event that circumstances change, business opportunities vary from expected or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds.

There is no minimum subscription under the Entitlement Offer and no guarantee that the Entitlement Offer will raise an adequate or sufficient level of funds to enable the Company to achieve its stated objectives.

On completion of the Entitlement Offer, the Directors believe the Company will have sufficient working capital to achieve its objectives.

1.18 Key Terms of the Acquisition of the Itabela Project

As noted above and announced to market on Wednesday, 5 August 2015, the Company has entered into a four (4) month binding term sheet for an exclusive option to purchase the

Itabela large flake graphite project, comprising 13 exploration permits with a total area of 13,316 hectares located in Brazil (**Itabela Project**) from project owner, Brasil Grafite S.A.

The Itabela Project comprises 13 exploration permits with a total area of 13,316 hectares.

The key terms of the acquisition are as follows:

- (a) monthly option payment of US\$15,000 during the four (4) month due diligence period;
- (b) US\$3.5 million purchase price should the Company elect to acquire the Itabela Project; and
- (c) Brasil Grafite S.A as vendor is to retain a 2% NSR over all mineral rights.

During the due diligence period, the Company proposes to complete independent technical reviews of the drilling and resources and metallurgical test work.

Upon exercise of the option and completion of the acquisition, the Company will require further funding. The Company will investigate further funding options however there is no certainty that there will be funding available or whether it will be in acceptable terms.

1.19 **CHESS**

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). ASX Settlement, a wholly-owned subsidiary of ASX, operates CHESS in accordance with the ASX listing rules and ASX settlement operating rules.

Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Shares and New Options. If your shareholding is held on a broker sponsored sub-register, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Shares and New Options issued to you under this Prospectus, and provide details of your holder identification number and the participant identification number of the sponsor.

If your shareholding is held on the CHESS company-sponsored sub-register, your statement will be despatched by the Share Registry and will contain the number of New Shares and New Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Company statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time. However, a charge may be incurred for additional statements.

2 Effect of the Entitlement Offer on the Company

2.1 Purpose of the Capital Raising

The intended use of funds raised under the Entitlement Offer is detailed in section 1.16.

2.2 Effect of the Capital Raising

The principal effect of the Capital Raising assuming the Entitlement Offer is fully subscribed will be to:

- (a) Increase cash reserves by approximately \$2.57 million immediately after completion of the Entitlement Offer, before deducting the estimated expenses of the Entitlement Offer; and
- (b) Increase the total number of Shares on issue from 411,534,809 as at the date of this Prospectus to approximately 514,418,512 following completion of the Capital Raising.

2.3 Effect on the Company's capital structure

(a) Share capital

The principal effect of the Capital Raising on Sayona's capital structure will be to increase the total number of issued Shares. The capital structure of Sayona following the issue of the New Shares in connection with the Capital Raising if the Entitlement Offer is fully subscribed will be as follows:

Shares	
Shares on issue as at the date of this Prospectus	411,534,809
New Shares to be issued under the Entitlement Offer	Approx. 102,883,703
Total Shares on issue after the Entitlement Offer	Approx. 514,418,512

The final number of New Shares (and New Options) to be issued under the Entitlement Offer is subject to reconciliation. The Company's actual position on completion of the Entitlement Offer may differ from the position illustrated in the pro-forma structure table above if the Entitlement Offer is not fully subscribed.

(b) Other securities

As at the date of this Prospectus, the Company had on issue 18,000,000 Options pursuant to its Employee Share and Option Plan.

Options	
Options on issue	18,000,000
New Options to be issued under the Entitlement Offer	Approx. 102,883,703
Maximum number of Underwriter Options to be granted	5,144,184
Total Options on issue after completion of the Capital Raising	126,027,703

The Options on issue do not carry an entitlement to participate in the Retail Entitlement Offer.

All Options are exercisable into Shares on a one for one basis.

The actual number of Underwriter Options to be granted is subject to the funds raised by the Underwriter. Two (2) Underwriter Options will be granted for every dollar of funds raised. The Underwriter Options will be granted on the same terms as the New

Options. Based on the Underwritten Amount, the minimum number of Underwriter Options to be granted will be 4,000,000. Refer to sections 1.14 and 5.4 for further details.

2.4 Effect on control and dilutionary impact

(a) General

It is not expected that the Entitlement Offer will have any material consequences on the control of the Company as at the date of this document.

The potential effect that the issue of New Shares and New Options under the Entitlement Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand.

A maximum of 102,883,703 New Shares (approximately) are to be issued under the Entitlement Offer, subject to rounding of Entitlements. This equates to 25% of the current issued Share capital of the Company. Up to the same number of New Options may be issued, which, if exercised, will entitle the holder to be issued one (1) Share.

The level of control of all Eligible Shareholders that do not subscribe for their full Entitlement will decrease and their percentage interests in the issued Share capital of the Company may be diluted. Such holders' interests may be further diluted through the exercise of the New Options. Similarly, if subscribers do not exercise their New Options and others do so, they will also be diluted.

(b) Underwriter

The Entitlement Offer is partially underwritten by the Underwriter to \$2 million. The Underwriter is not presently a shareholder of the Company and is not a related party of the Company for the purposes of the Corporations Act. The Underwriter's underwriting commitment is not expected to have any effect on the control of the Company, however, the extent to which New Shares (and New Options) are issued pursuant to the Underwriting Agreement will increase the Underwriter's voting power in the Company.

The Underwriter may acquire up to 16.28% of the Company if no other Shareholder takes up their Entitlement on an undiluted basis. In the event of a shortfall under the Retail Entitlement Offer, the Company and the Underwriter have agreed a dispersion strategy which includes the Retail Shortfall Facility so it is expected that the Underwriter's interest will actually be a lower proportion upon completion of the Entitlement Offer.

Further information regarding the underwriting arrangements is set out in section 5.4.

(c) Major shareholders/Directors' interests

Based on publicly available information, the largest Shareholders in the Company as at the date of this Prospectus are set out below:

Name	Number of Existing Shares Held	% of Existing Shares
Allan Buckler (and his associates), <i>Director of the Company</i>	81,081,394	19.70%
Terryjoy Pty Ltd as trustee for the T & J Smith Super Fund	78,755,813	19.14%
Paul Crawford (and his associates) <i>Director of the Company</i>	73,180,974	17.78%
Dennis O'Neill (and his associates) <i>Director of the Company</i>	67,255,241	16.34%

The four largest Shareholders have indicated that they intend to take up some of their rights under the Entitlement Offer provided their voting power does not exceed limits prescribed by the Corporations Act but only James Stuart Brown intends to participate in any Shortfall.

The effect on the control of the Company if the four largest Shareholders subscribe for their Entitlements as set out below:

Name	Voting power if Entitlements up to the Underwritten Amount are subscribed for	Voting power if the Entitlement Offer is 100% subscribed
Allan Buckler (and his associates)	16.83%	16.15%
	Assumes subscription for 2,000,000 New Shares to raise \$50,000	Assumes subscription for 2,000,000 New Shares to raise \$50,000
Terryjoy Pty Ltd as trustee for the T & J Smith Super Fund	14.16%	15.70%
	Assumes subscription for 2,000,000 New Shares to raise \$50,000	Assumes subscription for 2,000,000 New Shares to raise \$50,000
Paul Crawford (and his associates)	15.23%	14.65%
	Assumes subscription for 2,000,000 New Shares to raise \$50,000	Assumes subscription for 2,000,000 New Shares to raise \$50,000
Dennis O'Neill (and his associates)	14.03%	13.46%
	Assumes subscription for 2,000,000 New Shares to raise \$50,000	Assumes subscription for 2,000,000 New Shares to raise \$50,000

NB. The above table assumes that no other Shareholder exercises any New Options issued and on New Options are exercised.

2.5 Effect on the Company's financial position

This section provides relevant financial information for Shareholders to consider when assessing whether to participate in the Entitlement Offer, including details of the potential impact of the Entitlement Offer on the Company's financial position.

The pro-forma financial information should be read in conjunction with the limitations set out in the 'Important Information' section of this Prospectus.

Pro-forma Statement of Financial Position

The pro-forma statement of financial position comprises the audited Statement of Financial Position for the Company as at 31 December 2014, adjusted for the following:

- (a) the Company's trading for the 7 months to 31 July 2015 based on unaudited management accounts; and
- (b) the net proceeds of the Entitlement Offer, assuming that it is successfully completed.

The pro-forma Statement of Financial Position has been prepared on the basis of accounting policies normally adopted by the Company. The financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

The pro-forma Statement of Financial Position illustrates the effect of the abovementioned pro forma adjustments and in particular the effect of the Capital Raising on the assets and liabilities of the Company as if it had been successfully completed as at 31 July 2015. It is not intended to represent the actual financial position of the Company upon completion of the Capital Raising and is provided only as an illustration of the effect of the Capital Raising and the other pro-forma adjustments. The actual impact on the Company is dependent on a range of factors, many of which are outside the control of the Company.

SAYONA MINING LIMITED

Pro-Forma Statement of Financial Positions

	31-Dec-14	Jan-Jul 15	Proforma Jul 15	Offer	Pro-forma
	\$			\$	\$
CURRENT ASSETS					
Cash and cash equivalents	983,457	(322,317)	661,140	2,397,093	3,058,233
Trade and other receivables	27,424	-	27,424	-	27,424
Other financial assets	117,693	-	117,693	-	117,693
Other assets	21,397	-	21,397	-	21,397
Total Current Assets	1,149,971	(322,317)	827,654	2,397,093	3,224,747
NON-CURRENT ASSETS					
Other assets	3,197	-	3,197	-	3,197
Exploration and evaluation asset	-	59,697	59,697	-	59,697
Total Non-Current Assets	3,197	59,697	62,894	-	62,894
TOTAL ASSETS	1,153,168	(262,620)	890,548	2,397,093	3,287,641
CURRENT LIABILITIES					
Trade and other payables	129,136	-	129,136	-	129,136
Borrowings	-	-	-	-	-
Total Current Liabilities					

	129,136	-	129,136	-	129,136
	<hr/>				
TOTAL LIABILITIES	129,136		129,136	-	129,136
	<hr/>				
NET ASSETS (DEFICIENCY)	1,024,032	(262,620)	761,412	2,397,093	3,158,505
	<hr/>				
EQUITY					
Issued capital	(50,069,511)	-	(50,069,511)	(2,397,093)	(52,466,604)
Reserves	4,527,230	-	4,527,230	-	4,527,230
Accumulated losses	44,518,249	262,620	44,780,869	-	44,780,869
	<hr/>				
TOTAL EQUITY	(1,024,032)	262,620	(761,412)	(2,397,093)	(3,158,505)

Notes:

Balances at 31 December 2014 have been the subject of audit review and released on 19 February 2015.

The proforma adjustment represents the issue of 102,883,702 new shares pursuant to an underwritten entitlement off, at an issue price of \$0.025 (2.5 cents) per share.

Proceeds of entitlement issue have been reduced by costs of the issue.

3 How to participate

3.1 What you may do — choices available

Before taking any action you should carefully read this Prospectus and the other publicly available information about the Company on our website (www.sayonamining.com.au) and consider the risk factors set out in section 4.

The number of New Shares and New Options to which Eligible Retail Shareholders are entitled is shown on the Entitlement and Acceptance Form. If you are an Eligible Retail Shareholder you may:

Alternatives	See section
• Take up your Entitlement in full or in part	3.2
• Take up your Entitlement in full and apply for Additional New Shares	3.2 and 3.3
• Allow your Entitlement to lapse	3.8

3.2 If you wish to accept your Entitlement in full or in part

Either:

Payment by cheque or bank draft

If you are paying for your New Shares by cheque, bank cheque or bank draft, complete and return the Entitlement and Acceptance form with your payment. The Share Registry must receive your completed Entitlement and Acceptance Form together with full payment for the number of New Shares for which you are applying by no later than **5pm (Brisbane time) on Friday, 28 August 2015**.

Your cheque, bank cheque or bank draft must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. Your payment must be for the full amount required to pay for the New Shares applied for. Payments in cash will not be accepted.

Cheques must be made payable to 'Sayona Mining Limited' and crossed 'Not Negotiable'.

You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. We will not re-present any dishonoured cheques.

Or:

Pay by BPAY®

If you are paying for your New Shares by BPAY®, please refer to your personalised instructions on your Entitlement and Acceptance Form. Please note that should you choose to pay by BPAY®:

- you do not need to complete or return the Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form; and
- amounts received by the Company in excess of the Issue Price multiplied by your Entitlement (**Excess Amount**) may be treated as an application to apply for as many Additional Shares as your Excess Amount will pay for in full.
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Money.

When completing your BPAY[®] payment, please make sure to use the specific Biller Code and unique reference number provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form (i.e. where you have multiple holdings), please only use the reference number specific to the Entitlement on that form. If you inadvertently use the same reference number for more than one of your Entitlements, you will be deemed to have applied only for New Shares on the Entitlement to which the reference number applies.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY[®] are received by **5pm (Brisbane time) on Friday, 28 August 2015**.

Excess Application Money that is not sufficient to subscribe for a number of New Shares or Additional New Shares multiplied by the Issue Price will be refunded to you except where that amount is less than \$2.00, in which case it will be retained by the Company. The method by which you receive the refund will be at the discretion of the Company. No interest will be paid to Eligible Retail Shareholders on any Application Money received or refunded.

3.3 **Applying for Additional New Shares**

Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlement (**Additional New Shares**). Please note that Additional New Shares will only be allocated to Eligible Retail Shareholders if and to the extent that the Company determines to do so, in its absolute discretion having regard to circumstances as at the time of the close of the Retail Entitlement Offer. Any Additional New Shares will be limited to the extent there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Entitlements or from New Shares that would have been offered to Ineligible Shareholders if they had been entitled to participate in the Retail Entitlement Offer.

3.4 **Scale back**

The Company may scale back any application for Additional New Shares in its absolute discretion, but will not scale back any Entitlement. However, if the Retail Entitlement Offer is oversubscribed, it is the Company's current intention to scale back all applications for Additional New Shares in the same proportions.

In the event of a scale back, the difference between the Application Money received, and the number of New Shares allocated to you multiplied by the Issue Price, will be refunded by the Company, without interest, following allotment.

3.5 **Acceptance of the Retail Entitlement Offer**

By completing, and the Company receiving, your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY[®], you:

- (a) agree to be bound by the terms of this Prospectus and the provisions of the Company's constitution;
- (b) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (c) declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- (d) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer;
- (e) acknowledge that once the Company receives the Entitlement and Acceptance Form or your payment by BPAY[®], you may not withdraw it except as allowed by law;
- (f) agree to apply for, and be issued with up to, the number of New Shares that your payment will pay for at the Issue Price per New Share;

- (g) authorise the Company and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (h) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (i) acknowledge that the information contained in this booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs, and that the Prospectus is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (j) represent and warrant (for the benefit of Sayona, the Lead Manager or their affiliates and respective bodies corporate) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Institutional Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- (k) acknowledge the statement of risks in section 4, and that investments in the Company are subject to risks;
- (l) represent and warrant that the law of any place (other than Australia and New Zealand) does not prohibit you from being given this Prospectus or making an application for New Shares; and
- (m) represent and warrant that you are an Eligible Retail Shareholder and have read and understood this booklet and the Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements contained in this Prospectus and the Entitlement and Acceptance Form.

3.6 Acknowledgement of acceptance of Retail Entitlement Offer

By completing, and the Company receiving, your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that you:

- (a) are not in the United States and are not a US Person (see section 5.13 below), and are not acting for the account or benefit of, a US Person and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;
- (b) acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia, New Zealand, Hong Kong or Singapore, and accordingly, the Entitlements may not be taken up, and the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (c) agree that if in the future you decide to sell or otherwise transfer the New Shares or Additional New Shares you will only do so in regular transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States or a U.S. Person;

- (d) agree to provide (and direct your nominee and custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date; and
- (e) have not and will not send any materials relating to the Retail Entitlement Offer to any person in the United States or that is a US Person, or is acting for the account or benefit of a US Person.

3.7 Address details and enquiries

Completed Entitlement and Acceptance Forms (including payment of Application Money) should be forwarded in the enclosed reply paid envelope to the Company's Share Registry by mail to the following address:

Mailing address

Sayona Mining Limited
C/- Computershare Investor Services Pty Ltd
GPO Box 505
Melbourne VIC 3001

Hand delivery

Sayona Mining Limited
C/- Computershare Investor Services Pty Limited
117 Victoria Street
West End QLD 4101

If you would like further information you can:

- Contact your stockbroker, accountant or other professional adviser; or
- Call the Sayona Retail Entitlement Offer Information Line on 1300 850 505 (within Australia) at any time from 8:30 am to 5:30 pm (Brisbane time) Monday to Friday (excluding public holidays) during the Retail Entitlement Offer period. If you are outside Australia, call on +61 3 9415 4000.

3.8 If you do not wish to accept all or any part of your Entitlement

To the extent you do not accept all or any part of your Entitlement, it will lapse.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any value in respect of the Entitlements they do not take up, and their percentage shareholding in the Company will be reduced following the issue of New Shares.

4 Risk factors

4.1 General

An investment in the Company is subject to risk. The existence of risk means that the performance of the Company could be adversely affected.

The Directors have identified what they believe to be the major risks that may affect the Company. While the Company has endeavoured to disclose all material risks, you should be aware that the risks contained in this Section are not exhaustive. This Section should be treated as a general guide only.

Due to the existence of risk, it is recommended that before deciding whether or not to invest you:

- read the Prospectus in its entirety;
- consider the nature, probability and materiality of the risks described in this Section; and
- seek independent advice from an Australian financial services licensee, in light of your particular needs, objectives, financial circumstances and investment preferences.

While the Company may be able to minimise the impact of some risks through various risk management techniques, many of the risks we have identified in this section are beyond our control and as such cannot be eliminated or their impact minimised.

You may personally be able to manage the impact of risk by obtaining independent professional advice tailored to your own investment objectives, financial situation and particular needs. You should:

- consider carefully whether an investment in the New Shares and New Options is an appropriate investment for you;
- appreciate that the price of shares listed on ASX can fall as well as rise; and
- regard an investment in the New Shares and New Options as a speculative investment.

4.2 Itabela Project Acquisition and Completion Risk

Sayona has entered into a four month, exclusive binding term sheet to acquire the Itabela Project at its election. The Company intends to conduct reasonable due diligence enquiries on the project at its own expense during this period. The Company may or may not elect to proceed with the acquisition as a result of these enquiries. In the event, Sayona elects to acquire the Itabela Project, the successful completion of the acquisition will remain subject to regulatory approval by the relevant Brazilian mining authorities. Similarly, if Sayona elects to proceed with the purchase, the deal's smooth completion remains contingent upon a variety of parties' continued support for the transaction. In the event Sayona exercises the option to acquire the project but the purchase does not complete, the Company's expenses associated with the transaction, including legal fees, may increase as Sayona assesses its legal position and whether to attempt to enforce such legal rights, should the need arise.

Additionally, upon exercising the option to complete the acquisition, the Company will require further funding. The Company will investigate further funding options however there is no certainty that the Company will be able to secure funding on acceptable terms or at all.

4.3 Exploration Risk

The successful exploration and development of mineral properties is speculative. There is no assurance that exploration of the tenement portfolio, which the Company may have an interest in, will result in the discovery of a mineral deposit that can be economically mined.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are

subject to significant uncertainties and, accordingly, the actual costs may differ materially from these estimates and assumptions.

4.4 **Resource Estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

4.5 **Land Access**

From time to time, the Company's tenements or tenements the Company has a legal or beneficial interest in, may be subject to claims or other access restrictions. In those circumstances, Sayona may have to resolve access arrangements under the relevant regime prior to entering upon the land to carry out activities. Access arrangements may be subject to provision of monetary compensation, compensation for damage to land, restoration of the land.

There can be no guarantee that applications or access arrangements will be resolved in a timely fashion, in Sayona's favour, or in manner which is commercially viable for Sayona. The Managing Director and management team closely monitors the potential effect of claims involving tenements in which the Company has or may have an interest.

4.6 **Tenure**

Interests in a project's tenements are governed by legislation and are evidenced by the granting of licenses or leases. Each license or lease is for a specific term and carries with it expenditure and reporting commitments, as well as other conditions requiring compliance.

In addition, an interest (or a right to earn an interest) in a project may be governed by agreements with parties which require compliance with certain conditions, commitments and obligations.

Consequently, the Company could lose title to or its interest in tenements or a project if these conditions, commitments and obligations are not met as and when they arise.

4.7 **Sovereign and Political Risk**

The Company has an option to acquire a project located in Brazil in South America. As a result the Company is subject to political, economic and other uncertainties, including but not limited to changes in mining and exploration policies or the personnel administering them, nationalisation or expropriation of property, cancellation or modification of contractual rights, foreign exchange restrictions, currency fluctuation, royalty and tax increase and other risks arising out of foreign government sovereignty over the areas in which the Company's operations are conducted.

The Company's future operations in Brazil may be affected by changing political conditions and changes to laws and mining policies. The effects of these factors cannot be accurately predicted and developments may impede the operation or development of a project and even render it uneconomic.

4.8 **Development Risk**

There is a risk that the Company will not be able to economically mine any mineral reserves discovered in its tenement portfolio in order to produce a satisfactory commercial return. There are significant risks associated with the development of an operating mine. Before the Company can build a mine, the Company will need to obtain various regulatory approvals and licences, including environmental licences. There is no guarantee that the Company will be able to obtain the required approvals and licences or that it will be able to comply with any conditions imposed on those approvals and licences in a cost effective manner.

There are also many operational and technical risks associated with developing and operating a mine. These risks may adversely impact the economic viability of any future mining activities.

4.9 **Future Capital Needs**

The Directors consider that the Company will have sufficient working capital for the Company's objectives stated in this Prospectus, following the close of the Offer if all the Shareholders take up their full Entitlements, or if Shareholders or other investors subscribe for all the Shortfall. However, the Company will require additional funding to progress its projects beyond the work programs identified in this Prospectus and to exercise its option to acquire the Itabela Project. There is no assurance that the Company will be able to access this funding on favourable terms or at all.

4.10 **Environmental Risk**

Mineral exploration and development carries some level of environmental risk. The Company may require statutory approval from relevant environmental authorities before it can undertake certain activities that may impact on the environment. Development of identified mineral resources will be dependent on the project meeting environmental guidelines and gaining the required approvals from government departments.

It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

4.11 **Market Volatility**

Share market conditions may affect listed securities regardless of the operating performance of a particular company. Market conditions are affected by many factors including investor confidence, general national and global economic outlook, changes in or outlook on interest rates, changes in or outlook on inflation, commodity prices and supply of capital.

The Shares of the Company may rise or fall in price depending on market conditions and investor attitude.

4.12 **Commodity Prices and Exchange Rate Risk**

The Company's Share price, future revenues and cash flows may be impacted by changes in the prices of minerals commodities. Commodity prices are influenced by physical and investment demand and may rise or fall. Fluctuations in commodity prices, specifically graphite and graphite products may influence individual projects in which the Company is involved. Similarly, the demand for products which graphite is used may impact commodity prices and in turn adversely affect the Company's own financial position and/or Share price.

The international prices of most commodities are denominated in United States dollars. Changes in the Australian/United States dollar exchange rate may impact the value of the Company and its Shares. Exchange rates are influenced by numerous macro economic factors beyond the Company's control.

4.13 **Financial Performance**

Sayona is a mineral exploration company. The Company has no immediate source of revenue. The Company will not generate any revenue until such time as it is able to commercially mine any mineral deposit that the Company discovers or it enters into commercial agreements with other parties for the mining of those deposits.

Consequently, until Sayona is able to realise value from its projects, Sayona will incur ongoing operating losses.

4.14 **Reliance on Key Personnel**

As an exploration company, Sayona is dependent on its senior management and key personnel for the day-to-day operations and strategic management of the Company. The value of the Shares and the operations of the Company could be adversely affected by the departure of any of these employees.

5 Important information for Shareholders

5.1 Prospectus availability

Eligible Shareholders can obtain a copy of this Prospectus during the Retail Entitlement Offer period on the Company's website at www.sayonamining.com.au or by contacting the Share Registry by phone on 1300 850 505 within Australia (or on +613 9415 4000 if you are overseas) during the Retail Entitlement Offer period. If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic version of this Prospectus on the Company's website will not include a personalised Entitlement and Acceptance Form. You will only be entitled to accept the Entitlement Offer by completing and returning your personalised Entitlement and Acceptance Form, which accompanies this Prospectus, or by making payment via BPAY® using the information provided on your personalised Entitlement and Acceptance Form (refer to section 3 of this Prospectus for further information).

The Corporations Act prohibits any person from passing the Entitlement and Acceptance Form on to another person unless it is attached to a hard copy of this Prospectus or a complete and unaltered electronic version of this Prospectus.

5.2 Continuous disclosure and inspection of documents

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, accordingly, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or value of the securities in the Company.

This Prospectus is a 'transaction specific prospectus'. In general terms, a 'transaction specific prospectus' is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information, and in particular the Investor Presentation, in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made all enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete. The Company, as a disclosing entity under the Corporations Act states that:

- (a) It is subject to regular reporting and disclosure obligations;
- (b) Copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC;
- (c) It will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) The annual financial report most recently lodged by the Company with ASIC;

- (ii) Any continuous disclosure documents given by the Company to ASX in accordance with Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in paragraph (i) and before the lodgement of this Prospectus with ASIC. These include the following announcements:

Date lodged	Announcement
05/08/2015	ASX Notice – Accelerated Non-Renounceable Entitlement Offer
05/08/2015	Trading Halt
05/08/2015	Non-renounceable Rights Issue to Raise up to \$2.57 million
05/08/2015	Acquisition of Advanced Graphite Project
03/08/2015	Trading Halt
31/07/2015	Quarterly Activities Report
31/07/2015	Quarterly Cashflow Report
24/07/2015	Response to ASX Price Query
20/07/2015	Drill Target Generation and Metallurgy Program Commences
13/07/2015	Appendix 3B Option Grant to CEO
10/07/2015	Investor Presentation
10/07/2015	Jumbo and Large Flake Graphite at East Kimberley Project
09/07/2015	Geophysics Highlight Prospective Targets
08/07/2015	Strategic Entry into Graphite Market
08/07/2015	Appointment of Chief Executive Officer
30/04/2015	Quarterly Cashflow Report
30/04/2015	Quarterly Activities Report
06/03/2015	Change of Directors Interest Notice X 2
20/02/2015	Half Year Accounts
30/01/2015	Quarterly Activities Report
30/01/2015	Quarterly Cashflow Report
02/01/2015	Change of Directors Interest Notice X2
02/01/2015	Appendix 3B
27/11/2014	Results of AGM
31/10/2014	Quarterly Activities Report
31/10/2014	Quarterly Cashflow Report
29/10/2014	Amendment to Notice of Annual General Meeting
27/10/2014	Notice of Annual General Meeting/Proxy Form
23/10/2014	Annual Report to shareholders

5.3 Rights of the New Shares

The following is a summary of the more significant rights attaching to New Shares being offered under this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement,

persons should seek independent legal advice. Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered address.

(a) **Share capital**

Subject to the constitution:

- (i) all matters relating to the issue of shares shall be under the control of the Directors who may issue, allot or otherwise dispose of the same to such person or persons on such terms and conditions and with such rights and privileges attached and at such times as the Directors may think fit; and
- (ii) any resolution passed in accordance with the constitution for the alteration of capital, the Directors may issue new shares with or without any special conditions, preferences or priority either as to dividends or capital or both with any other special rights or advantages. In the absence of any special conditions or rights, such new shares when issued shall be held upon the same conditions as if they had been ordinary shares in the original capital, and shall be subject to the provisions of the constitution that relate to ordinary shares in the Company.

(b) **Voting rights**

Subject to the constitution and to any rights or restrictions attached to any class or classes of Shares, at a general meeting:

- (i) each Shareholder entitled to vote may vote in person or by proxy, representative or attorney;
- (ii) on a show of hands, every Shareholder present has one vote; and
- (iii) on a poll, every Shareholder present has one vote for each share held by the Shareholder entitling the Shareholder to vote, except for partly paid shares, each of which confers on a poll only the fraction of one vote which the amount paid (not credited) bears to the total amounts paid or payable (excluding amounts credited) on the share. An amount paid in advance of a call is disregarded for this purpose.

(c) **General meetings**

Shareholders are entitled to receive written notice of and attend and vote at general meetings of the Company. Annual general meetings of the Company are held in accordance with the Corporations Act.

(d) **Dividend rights**

Subject to the Corporations Act, the Company's profits which the Directors determine to distribute by way of dividends are divisible amongst the holders of Shares in proportion to the amounts paid (excluding any amount paid or credited as paid in advance of a call) on the Shares at the date of declaration of the dividend.

(e) **Transfer of Shares**

Generally, all Shares are freely transferable subject to the procedural requirements of the constitution and to the provisions of the Corporations Act, Listing Rules and ASX Settlement and Transfer Corporation Pty Limited (**ASTC**) Settlement Rules. If, when permitted to do so, the Directors refuse to register a transfer of shares, the Company must give notice of the refusal and the precise reasons for such action within 5 business days after the date on which the transfer was lodged by the Company.

(f) **Winding-up**

Subject to the rights of holders of Shares issued on special terms and conditions, on a winding up of the Company, the liquidator, with the sanction of a special resolution of the Company, may:

- (i) divide in specie among the contributories of the Company any part of the surplus assets (being those assets of the Company which, upon the winding up of the Company, remain after payment of debts and liabilities of the Company and the costs of winding up); and
- (ii) may vest any part of the surplus assets in trustees on such trusts for the benefit of the contributories or any of them as the liquidator shall think fit.

(g) **Variation of rights**

At present, the Company only has ordinary Shares on issue and has no current plans to create further classes of Shares. The rights and restrictions attaching to a class of the Company's Shares shall not at any time, be varied without:

- (i) the consent in writing of the holders of 75% of the issued shares of that class; or
- (ii) the sanction of a special resolution passed at a separate meeting of holders of the shares of that class.

(h) **Number of Directors**

The constitution provides that the Company may from time to time by resolution at a meeting increase or reduce the number of Directors. Currently, the number of Directors must not be less than 3 or more than 9.

5.4 **New Options**

The New Options to be issued pursuant to this Prospectus will be issued on the following terms and conditions:

(a) **Entitlement**

Each New Option shall entitle the holder to subscribe for one (1) Share upon exercise of the New Option.

(b) **Exercise Price and Date**

The New Options are exercisable wholly or in part at any time prior to 5pm (Brisbane time) on the expiry date of 30 December 2016 (**Expiry Date**), any at the exercise price of 3 cents (\$0.03) as indicated on the option certificate or holding statement. New Options not exercised by the Expiry Date shall lapse.

(c) **Notice of Exercise**

Each New Option may be exercised by notice in writing to the Company, together with the payment for the number of Shares in respect of which the New Options are exercised, at any time before the Expiry Date. Any notice of exercise of an Option received by the Company will be deemed to be a notice of exercise of that Option as at the date of receipt of the notice and accompanying payment (**Exercise Date**).

(d) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (ii) if admitted to the official list of the ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

(e) **Change in exercise price**

A New Option does not confer the right to a change in exercise price or a change in the number of the underlying Shares over which the New Options can be exercised.

(f) **Shares issued on exercise**

Shares issued upon exercise of the Options will rank equally in all respects with the then issued fully paid ordinary shares of the Company.

(g) **Quotation**

The Company will apply for quotation of the New Options on the ASX. The Company will apply for quotation on ASX of all Shares issue upon exercise of the New Options.

(h) **Transferability**

Subject to the Corporations Act, the Constitution and the ASX Listing Rules, the New Options are freely transferable.

(i) **Participation Rights**

There are no participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of securities offer to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 4 Business Days after the issue is announced so as to give New Option holders the opportunity to exercise their New Options before the date for determining entitlements to participate in any issue.

(j) **Reconstruction of Capital**

If at any time the issued capital of the Company is reorganised, the rights of a New Option holder are to be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

5.5 Underwriting arrangements

On 6 August 2015, Sayona entered into the Underwriting Agreement under which the Bizzell Capital Partners has agreed to manage and partially underwrite the Entitlement Offer up to \$2 million.

The following is a summary of the principal provisions of the Underwriting Agreement.

(a) **Company's representations, warranties and undertakings**

Under the Underwriting Agreement the Company makes various customary representations and warranties in relation to this Prospectus, the Entitlement Offer, its compliance with applicable laws and the information provided by the Company to the Underwriter. The Company also provides various customary undertakings to the Underwriter.

(b) **Termination events**

The Underwriter may terminate any of its obligations under the Underwriting Agreement (which have not been performed) if any of a number of specified events occur. These specified events are:

- (i) **S & P/ASX 200 Index fall:** if the S & P/ASX 200 Index is, at any time for 5 consecutive Business Days after the date of the Underwriting Agreement, prior to the allotment date more than 10% below the level of that Index at the

close of ASX trading on the trading day before the date of lodgement of the offer materials;

- (ii) **adverse change:** any material adverse change occurs in the assets, liabilities, share capital, share structure, financial position or performance, profits, losses or prospects of the Company and the group (insofar as the position in relation to an entity in the group affects the overall position of the Company) from those respectively disclosed in the accounts, offer material or the public information, including:
 - (A) any material adverse change in the reported earnings or future prospects of the Company or an entity in the group;
 - (B) any material adverse change in the nature of the business conducted by the Company or an entity in the group; or
 - (C) the insolvency or voluntary winding up of the Company or an entity in the group or the appointment of any receiver, receiver and manager, liquidator or other external administrator; or
 - (D) any material adverse change to the rights and benefits attaching to in Shares; or
 - (E) any change that may have a material adverse effect.
- (iii) **withdrawal:** the Company withdraws the Entitlement Offer;
- (iv) **repayment:** any circumstance arises after lodgement of the offer materials that results in the Company either repaying the money received from applicants (other than to applicants whose applications were not accepted in whole or in part) or offering applicants an opportunity to withdraw their applications for Securities the subject of the Entitlement Offer and be repaid their application money; or
- (v) **no certificate:** A certificate which is required to be furnished by the Company under the Underwriting Agreement is not furnished when required;
- (vi) **capital structure:** other than as contemplated by the offer material, the Company or any related body corporate of the Company takes any steps to alter its capital structure without the prior written consent of the Underwriter;
- (vii) **judgment:** a judgment in an amount exceeding \$100,000 is obtained against the Company or a Related body corporate of the Company and is not set aside or satisfied within 21 days;
- (viii) **process:** any distress, attachment, execution or other process of a governmental agency in an amount exceeding \$100,000 is issued against, levied or enforced upon any of the assets of the Company or a related body corporate of the Company and is not set aside or satisfied within 21 days;
- (ix) **financial assistance:** the Company or a related body corporate passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;
- (x) **suspends payment:** the Company or a related body corporate of the Company suspends payment of its debts generally;
- (xi) **insolvency:** the Company or a related body corporate of the Company is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act) or is presumed to be insolvent under the Corporations Act;
- (xii) **arrangements:** the Company or a related body corporate of the Company enters into or resolves to enter into any arrangement, composition or

compromise with, or assignment for the benefit of, its creditors or any class of them;

- (xiii) **ceasing business:** other than as contemplated by the offer materials, the Company or a related body corporate of the Company ceases or threatens to cease to carry on business;
- (xiv) **disclosures in the offer materials:** a statement contained in the offer materials is materially misleading or deceptive, or a matter required by the Corporations Act is omitted from the offer materials;
- (xv) **market conditions:** any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or in the international financial markets or any material adverse change occurs in national or international political, financial or economic conditions, in each case the effect of which is that, in the reasonable opinion of the Underwriter reached in good faith after consultation with the Company, it is impracticable to market the Offer or to enforce contracts to issue, allot or transfer the Securities or that the success of the Offer is likely to be adversely affected;
- (xvi) **disclosures in Due Diligence Questionnaire:** any information supplied by or on behalf of the Company to the Underwriter in relation to the group or the Entitlement Offer as part of the due diligence process is or becomes materially misleading or deceptive;
- (xvii) **material contracts:** termination (other than those that terminate due to the effluxion of time) or a material amendment of any material contract of the Company in both cases which have a material adverse effect on the Company;
- (xviii) **hostilities:** hostilities political or civil unrest not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities, political or civil unrest occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, Japan, Indonesia, Singapore, Malaysia, Hong Kong, North Korea or the Peoples Republic of China or a significant terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (xix) **general trading suspensions:** trading in securities generally has been suspended or materially limited, for at least one trading day, by any of the New York Stock Exchange, the London Stock Exchange or the ASX;
- (xx) **change in management:** a change in the board of Directors of the Company occurs to which the Underwriter does not consent within 5 Business Days of the change, which consent shall not be unreasonably withheld or delayed;
- (xxi) **legal proceedings and offence by Directors:** any of the following occurs:
 - (A) material legal proceedings are commenced against the Company; or
 - (B) any Director is disqualified from managing a corporation under section 206A Corporations Act; or
- (xxii) **change to constitution:** other than as contemplated by the offer materials, prior to the allotment date, a change to the constitution of the Company or the Company's capital structure occurs without the prior written consent of the Underwriter;

- (xxiii) **compliance with regulatory requirements:** a material contravention by the Company or any entity in the group of the Corporations Act, the Listing Rules, its constitution or any other applicable law or regulation;
- (xxiv) **offer materials to comply:** the offer materials or any aspect of the Entitlement Offer does not materially comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;
- (xxv) **notifications:** any of the following notifications are made:
 - (A) an application is made by ASIC for an order under Part 9.5 Corporations Act in relation to the Offer Document or ASIC commences any investigation or hearing under Part 3 *Australian Securities and Investments Commission Act 2001 (Cth)* in relation to the Offer Document; and
 - (B) the Company or an entity in the group issues a public statement concerning the Entitlement Offer which has not been approved by the Underwriter in the Underwriting Agreement; or
- (xxvi) **breach:** the Company breaches any of their material obligations under the Underwriting Agreement;
- (xxvii) **representations and warranties:** any representation or warranty contained in this Agreement on the part of the Company is breached or becomes false, misleading or incorrect to a material extent;
- (xxviii) **prescribed occurrence:** an event specified in section 652C(1) or section 652C(2) Corporations Act, but replacing 'target' with 'Company'; or
- (xxix) **timetable:** an event specified in the timetable is delayed for more than 3 Business Days other than as the result of actions taken by the Underwriter (unless those actions were requested by the Company) or the actions of the Company (where those actions were taken with the Underwriter' prior consent).
- (xxx) **change in laws:** any of the following occurs which does or is likely to prohibit, materially restrict or regulate the Entitlement Offer or materially reduce the likely level of valid applications or materially affects the financial position of the Company or has a material adverse effect of the success of the offer:
 - (A) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or
 - (B) the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory or the Reserve Bank of Australia;
- (xxxi) **failure to comply:** the Company or any related body corporate of the Company fails to comply with any of the following:
 - (A) a provision of its constitution;
 - (B) any statute;
 - (C) any agreement entered into by it.

If an event referred to in this clause occurs, the Underwriter may not terminate unless it reasonably believes that the event has or is likely to have a materially adverse effect on the outcome of the Entitlement Offer or could give rise to liability for the Underwriter under any law or regulation and the Underwriter has afforded the Company a reasonable time (not exceeding 5 Business Days) to remedy the event if the event is capable of remedy.

(c) **Fees, costs and expenses**

The Underwriter will receive:

- (i) an underwriting fee of 3.0% of the underwritten amount (excluding GST);
- (ii) a management fee of 2.0% of the value of all new shares issued by Sayona under the Capital Raising (excluding GST).

The Underwriter is also to be granted the Underwriters Options on the basis that two Options are to be granted for every dollar raised by the Underwriter under the Entitlement Offer. The Underwriter Options are to otherwise be granted on the same terms as the New Options.

Additionally, the Underwriter may also be reimbursed for reasonable costs of, and incidental to, the Entitlement Offer.

(d) **Indemnity**

The Company has, subject to certain limitations, agreed to indemnify the Underwriter and each of their officers, agents and employees (**Indemnified Party**) against any claims and losses directly or indirectly suffered or incurred by an Indemnified Party in respect of the Entitlement Offer.

(e) **Other**

The Underwriter have not authorised or caused the issue of this Prospectus and take no responsibility for any information in this Prospectus or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Underwriter excludes and disclaims all liability, for any expense, losses, damages, or costs incurred by you as a result of your participation in the Retail Entitlement Offer and the information in this Prospectus being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

5.6 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner:

- (a) has or had within 2 years before the lodgement of this Prospectus with ASIC, any interest in:
 - (i) the formation or promotion of the Company; or
 - (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer under this Prospectus; or
 - (iii) the Offer under this Prospectus, or
- (b) has been paid or has agreed to be paid or has received or has agreed to receive any benefits:
 - (i) to induce them to become or to qualify as a Director; or
 - (ii) for services rendered by them in connection with the formation or promotion of the Company or the Offer under this Prospectus.

The relevant interests of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below. The combined interests of the Directors and other holders is also shown on an undiluted basis.

Director	Options held	Shares held	%	Entitlements (New Shares) ¹	\$ ²
Mr Allan Charles	nil	81,081,394	19.70%	2,000,000	\$50,000

Buckler					
Mr Paul Anthony Crawford	nil	73,180,974	17.78%	2,000,000	\$50,000
Mr Dennis Charles O'Neill	nil	67,255,241	16.34%	2,000,000	\$50,000
Mr James Stuart Brown	nil	1,248,295	0.30%	400,000	\$10,000
Total Director Interests	nil	222,765,904	54.13%	6,400,000	\$160,000
Other holders	18,000,000	188,768,905	45.87%	29,503,273	2,412,093

Notes:

¹The parties will each be entitled to the same number of New Options as New Shares as shown, exercisable on a 1:1 basis at the exercise price of 3 cents (\$0.03) per Share, expiring on 30 December 2016. This assumes there are no changes in the Directors' holdings prior to the Record Date.

²This amount does not include any funds raised via the exercise of the New Options.

As at the date of this Prospectus, the Directors have committed to take up a proportion of their Entitlement subject to compliance with the Corporations Act. The Directors support the Company and are keen to participate in the Entitlement Offer. Refer to Section 2.4 for differing scenarios.

5.7 Directors' fees

The Directors of the Company (including executive directors) have been performing their roles for no remuneration or fees from 1 July 2014 until the date of this Prospectus, pending the acquisition of a suitable project. As predicated in the Company's 2014 Annual Report, in the future the Company intends to enter into executive services agreements with Messrs Crawford and O'Neill upon the acquisition of the Itabela Project. Similarly, the Company intends to enter appropriate non-executive fee arrangements with Messrs Buckler and Brown in the future. Such arrangements will be entered on appropriate commercial terms, subject to the Company's constitution and remuneration policy and disclosed to Shareholders in the Company's financial reports.

The Directors' current annual remuneration is as follows:

Director	Salary and fees		Other		Total	
	2015	2014	2015	2014	2015	2014
Mr Allan Charles Buckler (Non-executive Director)	nil	nil	nil	nil	nil	nil
Mr Paul Anthony Crawford (Executive Director and Company Secretary)	nil	nil	nil	nil	nil	nil
Mr Dennis Charles O'Neill (Managing Director)	nil	nil	nil	nil	nil	nil
Mr James Stuart Brown (Non-executive Director)	nil	nil	nil	nil	nil	nil

The constitution of the Company provides that Directors are entitled to receive remuneration for their services as determined by the Company in general meeting. Shareholders have resolved that the maximum aggregate amount of Directors' fees (which does not include the remuneration of executive Directors and other non-director services provided by Directors) is \$100,000 per annum, inclusive of superannuation entitlements. The Directors may divide that remuneration among the non-executive Directors as they decide.

Directors are entitled to be reimbursed for their reasonable expenses incurred in connection with the affairs of the Company. A Director may also be remunerated as determined by the Directors if that Director performs additional or special duties for the Company. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

5.8 Related party disclosure

From time to time the Company may be party to transactions with related parties including:

- (a) Employment and service arrangements;
- (b) Issue of securities to Directors or entities associated with Directors; and
- (c) Payment of Director's fees.

The Company believes that it has made appropriate disclosure of past related party transactions and other than the further disclosure made in this section Prospectus does not intend to make any further disclosure of such transactions, which will either proceed on an 'arm's length basis', be reasonable remuneration or be approved by Shareholders in general meeting.

5.9 Interests of experts and advisers

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- (a) has any interest, or has had any interest during the last two years, in the formation or promotion of the Company, or in property acquired or proposed to be acquired by the

Company in connection with its formation or promotion, or the Offer of the New Shares; or

- (b) has been paid, or has agreed to be paid, any amount and has received or has agreed to receive any benefit that has been given, or agreed to be given, in connection with the services provided by the person in connection with the formation or promotion of the Company, or the Offer of the New Shares and New Options.

GRT Lawyers have acted as legal adviser to the Entitlement Offer and have generally advised in relation to due diligence enquiries and are entitled to receive \$20,000 plus outlays and GST in respect of these services. Further amounts may be paid to GRT Lawyers in accordance with their usual time-based charge-out rates.

The Lead Manager and Underwriter is entitled to receive the fees and expenses set out in section 5.22 of this Prospectus.

5.10 Consents to be named

The following persons have given and have not, prior to the lodgement of this Prospectus with ASIC, withdrawn their written consent to be named in this Prospectus in the form and context in which they are named.

- (a) GRT Lawyers has consented in writing to be named in this Prospectus as solicitors for the Company and has not withdrawn that consent prior to this Prospectus being lodged with ASIC.
- (b) Bizzell Capital Partners Pty Ltd has consented in writing to be named in this Prospectus as Lead Manager and Underwriter and has not withdrawn that consent prior to this Prospectus being lodged with ASIC.
- (c) Computershare Investor Services Pty Limited has consented in writing to be named in this Prospectus as the share registry for the Company and has not withdrawn that consent prior to this Prospectus being lodged with ASIC.

5.11 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on the ASX. The highest, lowest and last market sale prices of the Shares on ASX during the three calendar months immediately preceding the date of issue of this Prospectus is set out below:

	Date	Price
3 month high	13 July 2015	\$0.15
3 month low	25 June 2015	\$0.001
Last market sale price	31 July 2015	\$0.038

5.12 Subsequent events

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus, the Investor Presentation or other ASX disclosures which is likely, in the opinion of the Directors, to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company.

5.13 Shareholders outside Australia and New Zealand

- (a) **General restrictions**

This Prospectus and accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to register or qualify the New Shares and the New Options, or to otherwise permit an offering of New Shares and the New Options, outside Australia and New Zealand. The New Shares and the New Options may not be offered in a jurisdiction outside Australia and New Zealand where such an offer is not made in accordance with the laws of that place.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons who come into possession of this document outside Australia and New Zealand should seek advice on and observe any such restrictions. A failure to comply with these restrictions may constitute a violation of applicable securities laws.

It is the responsibility of any applicant to ensure compliance with any laws of the country relevant to their application. Return of a duly completed Entitlement and Acceptance Form and/or payment of Application Money will be taken by the Company to constitute a representation that there has been no breach of such laws and that the applicant is physically present in Australia and New Zealand.

(b) New Zealand securities law requirements

The New Shares and the New Options are not being offered or sold to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares and the New Options is being made in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This Prospectus contains an offer to eligible shareholders of continuously quoted securities and has been prepared in accordance with section 713 of the Australian Corporations Act. This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (New Zealand). This Prospectus is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

(c) United States

The New Shares and the New Options have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, a US person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

This Prospectus is neither an offer to sell nor a solicitation of an offer to buy securities as those terms are defined under the US Securities Act. The Entitlement Offer is not being made to US persons or persons in the United States.

(d) Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (Companies Ordinance), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (SFO). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares (and New Options) have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares and New Options has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares and New Options that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares and New Options may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

(e) Singapore

This document and any other materials relating to the New Shares and New Options have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares and New Options, may not be issued, circulated or distributed, nor may the New Shares and New Options be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's Shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares and New Options being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares and New Options. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

(f) Ineligible Retail Shareholders

The Company is not extending the Retail Entitlement Offer to Ineligible Retail Shareholders having regard to the cost of complying with legal and regulatory requirements outside Australia, New Zealand, Hong Kong or Singapore, the number of Ineligible Retail Shareholders and the number and value of New Shares and the New Options which could be offered to Ineligible Retail Shareholders.

Where this Prospectus has been dispatched to Ineligible Retail Shareholders, it is provided for information purposes only.

In limited circumstances the Company may elect to treat as Eligible Retail Shareholders certain Shareholders who would otherwise be Ineligible Retail Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing New Shares and the New Options to such Shareholders either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

5.14 **Notice to nominees and custodians**

Nominees and custodians which hold Shares as nominees or custodians will have received, or will shortly receive, a letter from Sayona. Nominees and custodians should consider carefully the contents of the letter and note in particular that the Retail Entitlement Offer is not available to Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not) and Institutional Shareholders that were ineligible to participate in the Institutional Entitlement Offer.

Sayona is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. Where any nominee or custodian is acting on behalf a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Any person in the United States or any US Person with a holding through a nominee may not participate in the Retail Entitlement Offer. Nominees and custodians may not distribute any part of this Prospectus in the United States or in any other country outside of Australia, New Zealand, Hong Kong or Singapore.

5.15 **Taxation consequences**

The taxation consequences of any investment in New Shares will depend upon your particular circumstances. Potential investors must make their own enquiries concerning the taxation consequences of an investment in the Company. Applicants should consult their tax adviser for advice applicable to their individual needs and circumstances.

5.16 **Privacy**

If you complete an Entitlement and Acceptance Form and apply for New Shares and the New Options (and Additional New Shares and New Options), you will be providing personal information to Sayona, its agents, contractors and third party service providers. Sayona, its agents, contractors and third party service providers will collect, hold and use that information to assess your acceptance, carry out administration of your shareholding, service your needs as a Shareholder and facilitate corporate communications.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, print service providers, mail houses and the Share Registry.

Failure to provide the required personal information may mean that your acceptance is not able to be processed efficiently, if at all.

You may request access to your personal information held by (or on behalf of) Sayona and by the Share Registry. You can request access to, or the updating of, your personal information by telephoning or writing to Sayona or the Share Registry using the details shown in the Corporate Directory.

The collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) and the Corporations Act.

5.17 **Future performance and forward looking statements**

This document contains certain forward looking statements with respect to the financial condition, results of operations, projects and business of Sayona. These forward looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice. Sayona gives no assurance that the anticipated results, performance or achievements expressed or implied in those forward looking statements will be achieved.

Forward looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Except as required by law, and only to the extent so required, no person warrants or guarantees the

future performance of the Company or any return on any investment made pursuant to this Retail Entitlement Offer.

5.18 **Past performance**

Past Share price performance provides no guarantee or guidance as to future Share price performance. Past performance information given in this Prospectus is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this Prospectus is, or is based upon information that has been released to the market. For further information, please see past announcements released to the ASX.

5.19 **Risks**

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlement Offer.

Section 4 details important factors and risks that could affect the financial and operating performance of Sayona. You should consider these risk factors carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Retail Entitlement Offer.

5.20 **Disclaimer of representations**

No person is authorised to give any information or make any representation in connection with the Retail Entitlement Offer, which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by Sayona in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required:

- (a) none of Sayona, or any person, warrants or guarantees the future performance of Sayona or any return on any investment made pursuant to the information contained in this Prospectus; and
- (b) Sayona, its officers, employees and advisers disclaim all liability that may otherwise arise due to the Prospectus being inaccurate or incomplete in any respect.

5.21 **ASX waivers and ASIC relief**

The Company has confirmed that no waivers from the ASX listing rules are required in relation to the Entitlement Offer. The Company is not relying on any specific ASIC relief in order to conduct the Entitlement Offer.

5.22 **Expenses of the Entitlement Offer**

In the event that all Entitlements are accepted, the total expenses of the Entitlement Offer are estimated to be approximately \$177,320 (excluding GST) and are expected to be applied as follows:

Expense	
ASIC fees	\$2,320
ASX fees	\$13,500
Legal fees	\$20,000
Offer management and underwriting fee	\$129,000
Share registry fee (including printing and dispatch)	\$12,500
TOTAL	\$177,320

5.23 Authorisation and disclaimers

This Prospectus is issued by, and is the sole responsibility of Sayona Mining Limited.

None of the parties referred to in the Corporate Directory of the Prospectus (other than Sayona), has:

- (a) authorised or caused the issue of this Prospectus; or
- (b) made or authorised the making of any statement that is included in this Prospectus or any statement on which a statement in this Prospectus is based.

To the maximum extent permitted by law, each of the parties referred to in the Corporate Directory of this Prospectus (other than Sayona) expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus.

5.24 Governing law

This Prospectus, the Retail Entitlement Offer and the contracts formed on acceptance of applications are governed by the laws applicable in Queensland, Australia.

5.25 Interpretation

Some capitalised words and expressions used in this Prospectus have meanings which are explained in section 7.

A reference to time in this Entitlement Offer Booklet is to the local time in Brisbane, Australia, unless otherwise stated. All financial amounts in this Prospectus are expressed in Australian dollars, unless otherwise stated.

5.26 No handling fees

There will be no handling fees payable to brokers for Entitlement and Acceptance Forms lodged by them on behalf of Eligible Retail Shareholders.

6 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.

Dated: 6 August 2015

A handwritten signature in black ink, appearing to be 'Dennis O'Neill', written in a cursive style.

Mr Dennis O'Neill
Managing Director

For and on behalf of
Sayona Mining Limited

7 Definitions

Additional New Shares	New Shares which Eligible Retail Shareholders apply for in excess of their Entitlement
Application Money	Money received in respect of an application for New Shares and Additional New Shares (if applicable)
ASIC	The Australian Securities and Investments Commission
ASX	ASX Limited can 008 624 691 or the Australian Securities Exchange, as applicable
Board	The board of Directors
Capital Raising	The Entitlement Offer
Closing Date	The last day for payment of Application Money and return of Entitlement and Acceptance Forms being, 5pm (Brisbane time) on Friday, 28 August 2015 (unless extended)
Company or Sayona	Sayona Mining Limited ACN 091 951 978
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Director	A director of the Company
Eligible Institutional Shareholder	An institutional shareholder to whom Listing Rule 7.7.1(a) does not apply and who received an offer under the Institutional Entitlement Offer
Eligible Retail Shareholder	A Shareholder as described in section 1.3 of this Prospectus
Eligible Shareholder	An Eligible Institutional Shareholder or an Eligible Retail Shareholder.
Entitlement	The entitlement to one (1) New Share for every four (4) Shares held on the Record Date. The entitlement of each Eligible Retail Shareholder is shown on the personalised Entitlement and Acceptance Form
Entitlement Offer	The pro-rata accelerated non-renounceable entitlement offer to subscribe for New Shares on the basis of one (1) New Share for every four (4) Shares held by Shareholders as at Record Date, together with one (1) free attaching New Option for every New Share issued
Entitlement and Acceptance Form	The entitlement and acceptance form accompanying this Entitlement Offer Booklet
Ineligible Institutional Shareholders	<p>An Institutional Shareholder:</p> <ul style="list-style-type: none"> • who has a registered address outside Australia and New Zealand and any other jurisdictions as Sayona and the Underwriting Agreement; • to whom Listing Rule 7.7.1(a) applies; and • who in the absence of Listing Rule 7.7.1(a) would have been an Eligible Institutional Shareholder
Ineligible Retail	A retail shareholder who is not an Eligible Retail Shareholder

Shareholder

Institutional Entitlement Offer	The offer of New Shares (and the New Options) to Eligible Institutional Shareholders as part of the Entitlement Offer
Institutional Investor	<p>A person:</p> <ul style="list-style-type: none"> • in Australia, to whom an offer of shares in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an 'exempt investor' as defined in section 9A(5) of the Corporations Act (as inserted by ASIC Class Order 08/35); or • in selected jurisdictions outside Australia, to whom an offer of New Shares and New Options may be made without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction (except to the extent to which Sayona, at its absolute discretion, is willing to comply with such requirements)
Institutional Shareholder	A Shareholder on the Record Date who is an Institutional Investor
Investor Presentation	Means the investor presentation announced to the ASX on 6 August 2015
Issue Price	2.5 cents (\$0.025) per New Share
Lead Manager	Bizzell Capital Partners Pty Ltd
Listing Rules	The official listing rules of ASX, as amended or waived by ASX from time to time
Management	Means the senior management team of the Company
New Option	Means a free attaching option to acquire a Share, exercisable at 3 cents (\$0.03) per Share on or before 30 December 2016 to be listed on the ASX and otherwise on the terms set out in this Prospectus
New Shares	Shares offered under the Entitlement Offer
Option	An option to acquire a Share
Prospectus	This document
Record Date	7pm (Brisbane time) on Monday, 10 August 2015
Register	The register of Shareholders required to be kept under the Corporations Act
Retail Entitlement Offer	The offer of New Shares and New Options made under this Prospectus
Retail Shortfall Facility	The offer of Additional New Shares to Eligible Retail Investors that have fully subscribed to the Entitlement Offer as described in section 1.4.
Share	A fully paid ordinary share in the Company
Share Registry	Computershare Investor Services Pty Limited

Shareholder	A holder of Shares
TERP	The theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. The theoretical ex-rights price is a theoretical calculation only and the actual price at which Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the theoretical ex-rights price.
Underwriter	Bizzell Capital Partners Pty Ltd
Underwriting Agreement	the underwriting agreement between Sayona and the Underwriter dated 6 August 2015
Underwritten Amount	\$2 million
US or United States	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
US Person	The meaning given in Regulation S under the US Securities Act
US Security Act	The <i>United States Securities Act of 1933</i> , as amended

CORPORATE DIRECTORY

Directors

Paul Anthony Crawford (Executive Director)
Dennis Charles O'Neill (Managing Director)
Allan Charles Buckler (Non-Executive Director)
James Stuart Brown (Non-Executive Director)

Company Secretary

Paul Anthony Crawford

Registered Office

Unit 68, 283 Given Terrace
Paddington QLD 4064

Lead Manager and Underwriter

Bizzell Capital Partners
Level 9, Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Lawyers to the Company

GRT Lawyers
Level 2, 400 Queen Street
Brisbane QLD 4000

Auditors

Hayes Knight Audit (Qld) Pty Ltd
Level 23, 10 Eagle Street
Brisbane QLD 4000

Registry

Computershare Investor Services Pty Limited
117 Victoria Street
West End QLD 4101

Contact Details

Web: <http://www.sayonamining.com.au/>
Email: info@sayonamining.com.au
Telephone: 07 3369 7058
Facsimile: 07 3300 9213

ASX Code: SYA

ENTITLEMENT AND ACCEPTANCE FORM

For all enquiries:

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

Web:
 www.investorcentre.com/contact

└ 000001 000 SYA
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Make your payment:



See overleaf for details of the Offer and how to make your payment

Non-Renounceable Rights Issue — Entitlement and Acceptance Form

Your payment must be received by 5:00pm (AEST) Friday 28 August 2015

This is an Entitlement and Acceptance Form for New Shares and free attaching Options in Sayona Mining Limited ABN 26 091 951 978 under the Retail Entitlement Offer on the terms set out in the Prospectus dated 6 August 2015.

The Prospectus contains information relevant to a decision to invest in New Shares and free attaching Options (and, if applicable to you, Additional New Shares) and you should read the entire Prospectus carefully before applying for New Shares and free attaching Options (and, if applicable to you, Additional New Shares). Capitalised words and certain terms used in this Entitlement and Acceptance Form have the meaning given to them in the Prospectus.

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Registration Name & Offer Details

Details of the shareholding and entitlements for this Offer are shown overleaf.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. Enter the number of New Shares you wish to apply for and the amount of payment for those New Shares and free attaching Options. By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Prospectus dated 6th August 2015.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the payment slip with BPAY payment.

By Mail: Complete the reverse side of the payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to **"Sayona Mining Limited"** and cross **"Not Negotiable"**. The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

Turn over for details of the Offer →

Entitlement and Acceptance Form with Additional Shares

X 9999999991 I ND

STEP 1 Registration Name & Offer Details

Registration Name: MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

For your security keep your SRN/
HIN confidential.

Entitlement No: 12345678


Offer Details: Existing shares entitled to participate as at
7:00pm (AEST) Monday 10 August 2015:

Entitlement to New Shares and free attaching Options
on a 1 for 4 basis:


Amount payable on full acceptance
at \$0.025 per New Share:

4,000
1
\$0.01

STEP 2 Make Your Payment

	Billers Code: 44016 Ref No: 1234 5678 9123 4567 89
--	---

Contact your financial institution to make your
payment from your cheque or savings account.

Pay by Mail:
 Make your cheque, bank draft or money order payable to "Sayona Mining
Limited" and cross "Not Negotiable".
Return your cheque with the below payment slip to:
Computershare Investor Services Pty Limited
GPO BOX 505 Melbourne Victoria 3001 Australia

Lodgement of Acceptance
If you are applying for New Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received
by no later than 5:00pm (AEST) Friday 28 August 2015. Applicants should be aware that their own financial institution may implement earlier cut off times with
regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited
(CIS) nor Sayona Mining Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant
to ensure that funds submitted through BPAY are received by this time.
If you are paying by cheque, bank draft or money order the payment slip below must be received by CIS by no later than 5:00pm (AEST) Friday 28 August 2015.
You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the
appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor Sayona Mining Limited accepts any responsibility if you lodge the
payment slip below at any other address or by any other means.

Privacy Notice
The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the
issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition,
the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive
marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal
information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies
corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we
maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise
required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the
Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and
information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy
at <http://www.computershare.com/au>.

Detach here

Sayona Mining Limited Acceptance Payment Details

Entitlement taken up:	<input type="text"/>
Number of Additional New Shares applied for:	<input type="text"/>
Amount enclosed at \$0.025 per New Share:	A\$ <input type="text"/>



Entitlement No: 12345678

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Payment must be received by 5:00pm (AEST) Friday 28 August 2015

Contact Details

Contact Name	Daytime Telephone
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Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>