



# ASX ANNOUNCEMENT



20 August 2015

## STRATEGY AND PROJECT UPDATE

### Highlights

- Targeting significant value uplift as East Kimberley and Itabela projects advanced
- Independent JORC and metallurgical assessments of extensive existing data underway at Itabela
- Drill targets established at the East Kimberley project with drilling planned to commence in October 2015

**Sayona Mining Limited (ASX: SYA) ("Sayona" or the "Company")** is pleased to announce a strategic update following the announcement of a partially underwritten entitlement offering and the successful completion of the \$1.8 million accelerated institutional component.

The Company's primary strategic objective is to identify and acquire graphite projects with large flake size potential and offering an achievable pathway to market. Flake size is a critical element in determining graphite pricing. Jumbo and large flake sizes attract premium pricing and are expected to be in strong demand, driven by the growing use in new technologies such as lithium-ion batteries.

The Company has now acquired options over two graphite projects, including the earlier stage East Kimberley and advanced stage Itabela projects to assemble an exciting portfolio offering both medium and long term development potential. Both projects offer an attractive entry into the graphite market:

- Situated in proven districts for high carbon purity, large flake graphite;
- Significant resource potential;
- Situated in well-established mining districts with excellent infrastructure including roads, airports, and labour;
- Close to end-user markets: East Kimberley to Asia, and Itabela to the US and European markets;
- Tier one mining jurisdictions with stable taxes and royalties, and mining law; and
- Low cost entry via tenement applications and option-to-purchase agreements.

The Company plans to advance both projects in parallel and transfer knowledge about off-take markets, metallurgy and processing developed at the more advanced Itabela project, with the team developing the East Kimberley project.

A detailed mapping and sampling program was recently completed at the East Kimberley project. A geophysics program will commence later this month followed by a drilling program in October, subject to finalisation of statutory and Native title requirements.

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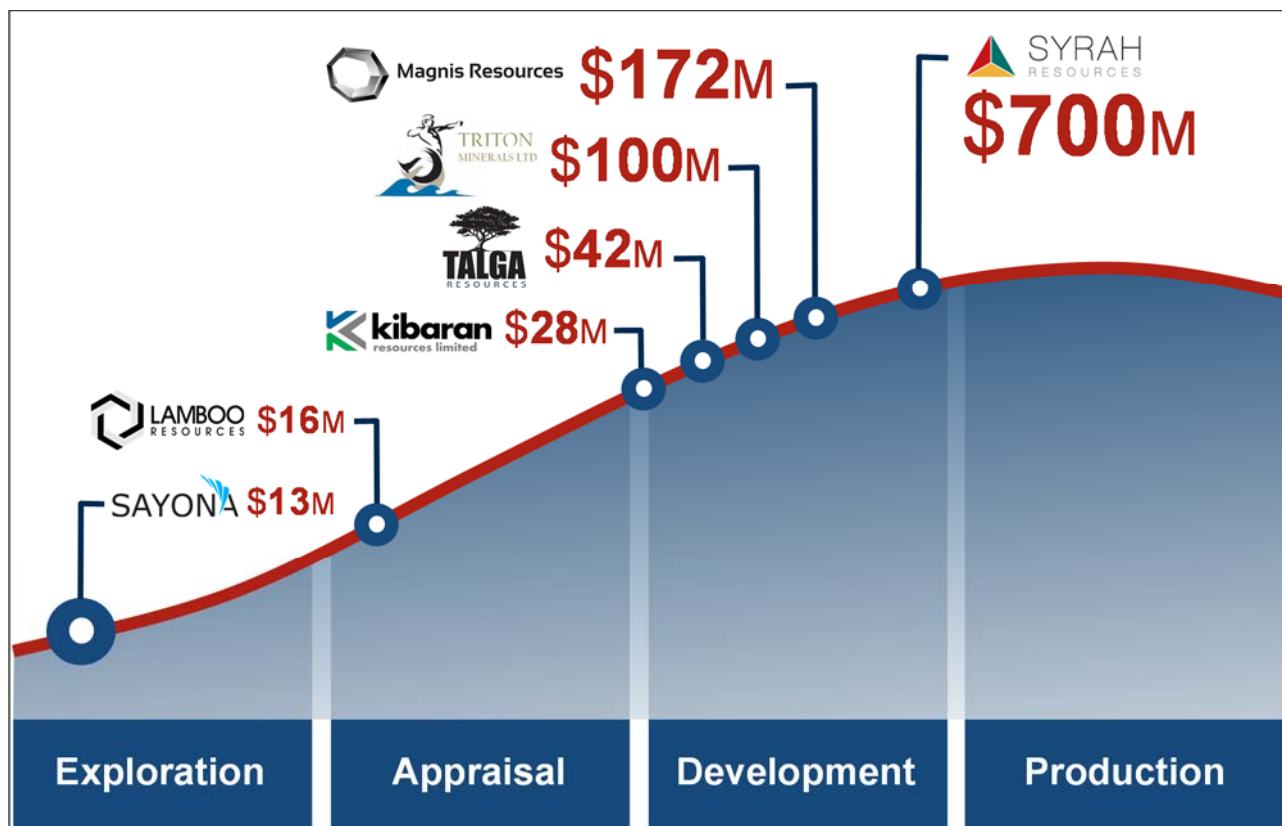
The Company believes the Itabela project has significant value uplift potential when compared to ASX listed comparable company market values, due to the advanced nature of the project. As JORC resources and the metallurgy is confirmed by independent experts, it is anticipated this value uplift potential will be reflected in the Company's share price.

### Value Uplift Potential Driven By Strong Newsflow

The Company believes that successful exploration results at both the East Kimberley and Itabela projects provides several near term catalysts for the Company's share price. Short-term value drivers for Sayona are outlined in Table 1.

Table 1 – Sayona Short Term Share Price Value Drivers		
Project	Work Program	Timing
East Kimberley	▪ Corkwood Central mapping and sampling program	▪ Results pending
	▪ <b>Geophysics</b> program at Corkwood	▪ Aug 2015
	▪ <b>Drilling</b> - drilling to commence once statutory and Native Title requirements are completed	▪ Oct – Nov 2015
	▪ <b>Resource Studies</b> – to target a Maiden JORC resource	▪ Jan 2016 – Mar 2016
	▪ <b>Metallurgical test work</b>	▪ Early 2016
Itabela	▪ Confirmation by an independent expert of the extensive <b>metallurgical test work</b>	▪ Oct 2015
	▪ <b>JORC Resources and exploration potential</b>	▪ Oct/Nov 2015
	▪ <b>Preliminary economic study</b>	▪ Nov/Dec 2015

Figure 1 outlines the market value of a number of the ASX listed graphite companies further along the development pathway. As the Company completes the work programs outlined above, it is anticipated the value uplift potential will be reflected in the Company's share price.



**Figure 1:** Market capitalisation of selected graphite companies. (Syrah post capital raising)

The Company believes the Itabela project offers investors exposure to a near term development opportunity in the graphite market and has the potential to provide a significant short-term share value uplift. Itabela is a significantly more advanced project with a large database of historical exploration including sampling, mapping, geophysics and drilling. In addition, the project has been subject to extensive bench and pilot scale (30 tonnes processed) testing.

## Project Updates

### East Kimberley Project

The Company recently completed a mapping and sampling program at its Corkwood prospect at the East Kimberley project in Western Australia. Mapping along the Corkwood Central zone (12 kilometre section of the 20 kilometre long Corkwood geophysical anomaly) has identified visible graphite mineralisation on surface. More than 100 rock chip and 10 bulk samples for first phase metallurgical testing were collected.

The Company is planning a geophysics program over the coming weeks to assist with identification of the mineralised horizons and a defined drilling program once statutory and Native Title requirements are finalised.

The combination of on-going mapping and sampling, geophysics and metallurgical test-work will be used to identify the most prospective areas for an inaugural drilling program planned in the fourth quarter 2015.





**Figure 2:** Graphite mineralisation identified on surface at the Corkwood anomaly

### **Itabela Graphite Project**

The Company has commenced a detailed due diligence review of the Itabela project including the preparation of a JORC compliant Mineral Resource and detailed review of all the metallurgical data produced through the bench and pilot studies. The Company will release the information to the market once the reviews are completed.

Itabela is an advanced stage graphite project with a substantial catalogue of drilling and pilot scale test work (30 tonnes processed). The Company believes the project can be fast tracked towards production by completion of a Feasibility Study, permitting and securing off-take partners.

The Company's Competent Person recently visited the project and has commenced a detailed review of all the historical exploration activities including sampling, mapping, geophysics, drilling and metallurgical test work.



**Figure 3:** Graphite samples from the San Manuel and San Ruben prospects at Itabela

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Sayona Mining Limited is an Australian, ASX-listed (SYA), company focused on sourcing and developing high purity flake graphite for use in the rapidly growing new technology sectors. Please visit us as at [www.sayonamining.com.au](http://www.sayonamining.com.au)