

Sayona Mining Limited

ACN 091 951 978

Notice of Annual General Meeting and Explanatory Statement

Annual General Meeting to be held at
Suite 68, 283 Given Terrace, Paddington Qld 4064
on 19 November 2015 commencing at 10 am

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

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of shareholders of Sayona Mining Limited ACN 091 951 978 (**Company**) will be held at Suite 68, 283 Given Terrace, Paddington Qld 4064 on 19 November, 2015 commencing at 10 am.

Agenda

Receive and Consider the Financial Statements

To receive and consider:

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

of the Company for the year ended 30 June 2015.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, the following resolution as a non-binding **ordinary resolution**:

“That the Remuneration Report set out in the Directors' Report in the Annual Report for the year ended 30 June 2015, be adopted by the Company.”

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

Voting Exclusions

The Company will disregard any votes cast on Resolution 1:

- (a) (in any capacity) by or on behalf of either a member of the Key Management Personnel (**KMP**) (as defined in the Accounting Standards published by the Australian Accounting Standards Board) or their Closely Related Parties (which includes their spouse, child, dependent, other family members and any controlled company); or
- (b) as a proxy by a person who is a member of the KMP at the date of the Meeting or their Closely Related Parties,

unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 1 in accordance with their directions on the Proxy Form or by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

The Company need not disregard a vote if:

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

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

Resolution 2: Re-Election of Allan Buckler as a Director

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

“That Allan Buckler, who retires by rotation as a Director of the Company in accordance with the provisions of the Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

The Directors, Mr O'Neill abstaining, unanimously recommend that you vote in favour of this resolution.

Resolution 3: Ratification of prior issue of 2,827,637 shares and 8,032,781 options

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue of 2,827,637 Shares and 8,032,781 Options on the terms and conditions set out in the Explanatory Statement”.

The Directors unanimously recommend that you vote in favour of this resolution.

Voting Exclusions

The Company will disregard any votes cast on this Resolution by any person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4: Approval of additional 10% capacity under Listing Rule 7.1A

To consider, and if thought fit, to pass, the following resolution as a **special resolution**:

"The, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, over a 12 month period from the date of the Company's 2015 Annual General Meeting, at a price not less than that determined pursuant to ASX Listing Rule 7.1A.3 and otherwise on the terms and conditions set out in the Explanatory Memorandum".

The Directors unanimously recommend that you vote in favour of this resolution.

Voting Exclusions

The Company will disregard votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or an associate of such person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Important Note: The proposed persons to whom any Equity Securities under the Additional 10% Placement Capacity will be issued to are not yet known or identified. In these circumstances and in accordance with ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A for a person's vote to be excluded, it must be known that the person will participate in the proposed issue. Where it is not known who will participate in the proposed issue, as is the case in relation to the issue contemplated in Resolution 4, Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

Resolution 5: Issue of Options to Mr Dennis O'Neill

"That, for the purposes of Listing Rule 10.11 and Part 2E of the Corporations Act and for all other purposes, the Company approves and authorises the issue of 5,000,000 Options to subscribe for 5,000,000 fully paid ordinary shares in the Company to Mr Dennis O'Neill or his nominee within 1 month after the date of the Annual General Meeting, on the terms and conditions set out in the Explanatory Notes accompanying this notice."

The Directors (apart from Mr O'Neill) recommend that Shareholders vote in favour of this resolution.

Note: The Voting Exclusions applying to resolutions 5, 6, 7 and 8, are set out after Resolution 8.

Resolution 6: Issue of Options to Mr Paul Crawford

"That, for the purposes of Listing Rule 10.11 and Part 2E of the Corporations Act and for all other purposes, the Company approves and authorises the issue of 5,000,000 Options to subscribe for 5,000,000 fully paid ordinary shares in the Company to Mr Paul Crawford or his nominee within 1 month after the date of the Annual General Meeting, on the terms and conditions set out in the Explanatory Notes accompanying this notice."

The Directors (apart from Mr Crawford) recommend that Shareholders vote in favour of this resolution.

Note: The Voting Exclusions applying to resolutions 5, 6, 7 and 8, are set out after Resolution 8.

Resolution 7: Issue of Options to Mr James Brown

"That, for the purposes of Listing Rule 10.11 and Part 2E of the Corporations Act and for all other purposes, the Company approves and authorises the issue of 5,000,000 Options to subscribe for 5,000,000 fully paid ordinary shares in the Company to Mr James Brown or his nominee within 1 month after the date of the Annual General Meeting, on the terms and conditions set out in the Explanatory Notes accompanying this notice."

The Directors (apart from Mr Brown) recommend that Shareholders vote in favour of this resolution.

Note: The Voting Exclusions applying to resolutions 5, 6, 7 and 8, are set out after Resolution 8.

Resolution 8: Issue of Options to Mr Allan Buckler

"That, for the purposes of Listing Rule 10.11 and Part 2E of the Corporations Act and for all other purposes, the Company approves and authorises the issue of 5,000,000 Options to subscribe for 5,000,000 fully paid ordinary shares in the Company to Mr Allan Buckler or his nominee within 1 month after the date of the Annual General Meeting, on the terms and conditions set out in the Explanatory Notes accompanying this notice."

The Directors (apart from Mr Buckler) recommend that Shareholders vote in favour of this resolution.

Voting Exclusions

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on the following resolutions:

- (a) Resolution 5 - by or on behalf of Mr Dennis O'Neill and his Associates;
- (b) Resolution 6 - by or on behalf of Mr Paul Crawford and his Associates;
- (c) Resolution 7 - by or on behalf of Mr James Brown and his Associates; and
- (d) Resolution 8 - by or on behalf of Mr Allan Buckler and his Associates.

However, the Company need not disregard any votes cast on Resolutions 5, 6, 7 and 8 if they are cast by:

- (a) (in any capacity) by or on behalf of either a member of the Key Management Personnel or their closely related parties; or
- (b) as a proxy by a person who is a member of the Key Management Personnel at the date of the Meeting or their closely related parties,

unless the vote is cast as a proxy for a person who is entitled to vote on Resolutions 5, 6, 7, and 8 (as appropriate) in accordance with their directions on the Proxy Form or by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

NOTES

These notes form part of the Notice of Meeting.

Time and Place of Meeting

Notice is given that a General Meeting of members will be held at Suite 68, 283 Given Terrace, Paddington Qld 4064 on 19 November, 2015 commencing at 10:00am.

Your Vote is Important

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

Voting Eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm on 17 November 2015.

Voting in Person

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

Voting by proxy

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

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

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

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the Resolutions. All your shareholding will be voted in accordance with such a direction unless you indicate only a proportion of voting rights are to be voted on the Resolutions by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes with respect to a Resolution, your proxy may vote as he or she chooses with respect to that Resolution. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

Voting restrictions that may affect your proxy appointment

Due to the voting exclusions that may apply to Resolutions 1, 5, 6, 7 and 8, Key Management Personnel and their Closely Related Parties will not be able to vote your proxy on Resolutions 1, 5, 6, 7 and 8 unless you have directed them how to vote or, in the case of the Chairman, if you expressly authorise him.

Chairman voting undirected proxies

In accordance with the express authorisation on the Proxy Form, the Chairman intends to vote undirected proxies on, and in favour of, all of the proposed Resolutions.

Voting by Corporate Representative

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

Voting by Attorney

A Shareholder may appoint an attorney to vote on their behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company in one of the methods listed above for the receipt of Proxy Forms, so that it is received not later than 7pm AEST, 17 November 2015.

Notice to Persons Outside Australia

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

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

Privacy

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

ASIC and ASX involvement

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

By Order of the Board
Sayona Mining Limited



Paul Crawford
Company Secretary

20 October 2015

EXPLANATORY STATEMENT

Purpose of this Explanatory Statement

This Explanatory Statement is provided to Shareholders of the Company to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at Suite 68, 283 Given Terrace, Paddington Qld 4064 on 19 November 2015 commencing at 10:00 am.

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

Unless the context otherwise requires, capitalised terms used in this Explanatory Memorandum have the same meaning given to them in the Glossary to this Explanatory Memorandum.

Receive and Consider the Financial Statements

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

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

Resolution 1: Adoption of Remuneration Report

The Remuneration Report of the Company for the period ended 30 June 2015 is set out in the Directors' Report of the 2015 Annual Report to Shareholders (Remuneration Report).

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

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

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

Resolution 2: Re-Election of Allan Buckler as a Director

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

Mr Buckler was appointed as a Director of the Company on 5 August 2013. He has over 35 years' experience in the mining industry and has taken lead roles in the establishment of several leading mining and port operations in both Australia and Indonesia. Significant operations such as PT Adaro Indonesia, PT Indonesia Bulk Terminal and New Hope Coal Australia have been developed under his leadership.

Mr Buckler is a non-executive director of ASX listed Altura Mining Limited and Singapore listed Interra Resources Limited.

Resolution 3: Ratification of prior issue of 2,827,637 shares and 8,032,781 options

On 07 September 2015, the Company issued 2,827,637 Shares and 8,032,781 Options to Bizzell Capital Partners Pty Ltd and associated parties representing payment of a proportion of the underwriting/management fees provided for under the terms of the Underwriting Agreement, together with the placement of oversubscribed underwriting commitments associated with the Non- Renounceable Rights issue announced to shareholders on 5 August 2015.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

ASX Listing Rule 7.1 prohibits the Company (subject to certain exceptions such as pro-rata issues) from issuing or agreeing to issue equity securities (such as Shares and Options) representing more than 15% of the Company's total issued securities, during a rolling 12 month period, without Shareholder approval (**15% Threshold**).

Listing Rule 7.4 allows an issue of equity securities, for which Shareholder approval was not first obtained, to not be counted towards the 15% Threshold when Shareholder approval for that issue is subsequently obtained.

That is, Listing Rule 7.4 permits an issue of Shares to be approved retrospectively. It provides that an issue of securities is treated as having been made with shareholder approval if ASX Listing Rule 7.1 was not breached at the time the securities were issued and Shareholders subsequently approve (ratify) the issue. The Company did not breach Listing Rule 7.1 at the time the Shares were issued and now seeks Shareholder approval for the issue of the Shares.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

The Directors unanimously recommend that you vote in favour of this resolution.

Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- (a) 2,827,637 Shares and 8,032,781 Options were issued;
- (b) the Shares were issued at \$0.025 per Shares and the options issued at no cost;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company and issued on the same terms and conditions as the Company's existing Shares. On exercise of the Options, Shares will be issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares and Options were issued to sophisticated and other exempt investors introduced by Bizzell Capital Partners; and
- (e) \$30,602 was raised under the placement. The funds raised will be used to advance Company exploration objectives and as working capital.

Resolution 4: Approval of additional 10% capacity to issue shares under Listing Rule 7.1A

ASX Listing Rule 7.1 allows the Company to issue a maximum of 15% of its capital in any 12 month period without requiring Shareholder approval. In accordance with ASX Listing Rule 7.1A, eligible entities (companies that are outside the S&P/ASX 300 index and that also have a market capitalization of \$300 million or less as at the time of the entity's annual general meeting) can issue a further 10% of the Company's share capital over a 12 month period following the Annual General Meeting (provided Shareholder approval is obtained at the Annual General Meeting) on a pro-rata basis.

The Company is an eligible entity as at the time of this Notice of Meeting and is expected to be an eligible entity as at the time of the Annual General Meeting. The Company's market capitalization was approximately \$11.9 million based on a closing price of \$0.023 as at 13 October 2015.

Resolution 4 seeks Shareholder approval to enable the Company to issue Equity Securities under the Additional 10% capacity, under Listing Rule 7.1A, throughout the 12 months following the Annual General Meeting.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the General Meeting (in person, by proxy, by attorney or by a corporate representative (as applicable).) The number of Shares that may be issued (if Shareholder approval is obtained at the Annual General Meeting) will be determined in accordance with the following formula prescribed in ASX Listing Rule 7.1A.2:

$$(A \times D) - E$$

A is the number of fully paid shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid shares that became fully paid in the 12 months;
- (c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% capacity pursuant to Listing Rule 7.1 without Shareholder approval; and
- (d) less the number of fully paid shares cancelled in the 12 months.

D is 10%.

E is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under ASX Listing Rule 7.1 or 7.4.

Additional disclosure obligations are imposed when the special resolution is proposed, when securities are issued and when any further approval is sought. For the purposes of ASX Listing Rule 7.3A the Company provides the following information:

Minimum price at which the equity securities may be issued	<p>The issue price of each Share must be no less than 75% of the volume weighted average price for the Shares calculated over the 15 trading days on which trades in that class were recorded immediately before:</p> <p>(a) the date on which the price at which the securities are to be issued is agreed; or</p> <p>(b) if the securities are not issued within 5 trading days of the date in paragraph (a), the date on which the securities are issued.</p>
Risk of economic and voting dilution	<p>An issue of shares under Listing Rule 7.1A involves the risk of economic and voting dilution for existing ordinary security holders. The risks include:</p> <p>(a) the market price for Shares may be significantly lower on the issue date than on the date of the approval under Listing rule 7.1A; and</p> <p>(b) the equity securities may be issued at a price that is at a discount to the market price for the Shares on the issue date.</p> <p>In accordance with Listing Rule 7.3A.2 a table describing the notional possible dilution, based upon various assumptions as stated, is set out below.</p>
Date by which the Company may issue the securities	<p>The period commencing on the date of the Annual General Meeting at which approval is obtained and expiring on the first to occur of the following:</p> <p>(a) the date which is 12 months after the date of the annual general meeting at which approval is obtained; and</p> <p>(b) the date of the approval by holders of the Company's ordinary securities of a transaction under Listing Rules 11.1.2 or 11.2.</p> <p>The approval under Listing Rule 7.1A will cease to be valid in the event that holders of the Company's ordinary securities approve a transaction under Listing Rules 11.1.2 or 11.2.</p>
Purposes for which the equity securities may be issued, including whether the Company may issue them for non-cash consideration	<p>It is the Board's current intention that any funds raised pursuant to an issue of securities will be applied towards the Company's exploration and development initiatives. This would principally include:</p> <p>(a) East Kimberley Project acquisition and exploration costs;</p> <p>(b) Itabela Project due diligence costs; and</p> <p>(c) working capital requirements;</p> <p>The Company reserves the right to issue shares for non-cash consideration, including as non-cash consideration for any acquisition.</p>
Details of the Company's allocation policy for issues under approval	<p>The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to Listing Rule 7.1A. The identity of the allottees will be determined on a case-by-case basis having regard to the factors including but not limited to the following:</p> <p>(a) the methods of raising funds that are available to the Company including but not limited to, rights issues or other issues in which existing security holders can participate;</p> <p>(b) the effect of the issue of the Listing Rule 7.1A shares on the control of the Company;</p> <p>(c) the financial situation and solvency of the Company; and</p> <p>(d) advice from corporate, financial and broking advisers (if applicable).</p> <p>The allottees under the Listing Rule 7.1A facility have not been determined as at the date of this Notice of Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.</p>
Previous approvals under Listing Rule 7.1A	No approval has previously been sought from shareholders.

Information under Listing Rule 7.3A.2

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (a) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (b) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A"		No. of Shares issued under 10% placement capacity	Funds Raised based on:		
			Issue price at 50% decrease to current price	Issue price at current price	Issue price at 50% increase in current price
			\$0.0115	\$0.0230	\$0.0345
Current	517,246,146	51,724,614	\$594,833	\$1,189,666	\$1,784,499
150%	775,869,219	77,586,922	\$892,250	\$1,784,499	\$2,676,749
200%	1,034,492,292	103,449,229	\$1,189,666	\$2,379,332	\$3,568,998

*Note: Current Variable A refers to the calculation required by Listing Rule 7.1A.2 which, in the Company's case, equates to the current issued share capital of the Company.

The table has been prepared on the following assumptions:

- (a) the Company issues the maximum number of Shares available under the 10% ASX Listing Rule 7.1A approval;
- (b) no options are exercised to convert into Shares before the date of the issues of the Shares available under ASX Listing Rule 7.1A;
- (c) the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
- (d) the tables does not show an example of dilution that may be caused to a particular Shareholder by reason of a share issue under ASX Listing Rule 7.1A, based on that Shareholder's holding at the date of the AGM;
- (e) the table show only the effect of issues of equity securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1;
- (f) the issue of Shares under Listing Rule 7.1A consists only of Shares; and
- (g) the issue price is \$0.023 being the closing price of the Shares on ASX on 13 October 2015

As at the date of the Notice of Meeting the Company has 517,246,146 shares on issue. Subject to Shareholder approval being obtained for Resolution 4, the Company will have capacity to issue the following equity securities as at the date of the AGM:

- (a) 77,586,921 shares under ASX Listing Rule 7.1; and
- (b) 51,724,614 shares under ASX Listing Rule 7.1A

The Directors unanimously recommend that you vote in favour of this resolution, because it will give the Company the flexibility to issue further Equity Securities during the next 12 months.

Resolutions 5, 6, 7 and 8: Issues of Options to Directors

Background

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

Director	Options
Mr Dennis O'Neill (Managing Director)	5,000,000
Mr Paul Crawford (Executive Director)	5,000,000
Mr Allan Buckler (Non Exec. Director)	5,000,000
Mr James Brown (Non Exec. Director)	5,000,000
TOTAL	20,000,000

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

Non-executive directors Messrs Allan Buckler and James Brown have been directors since August 2013 and have been instrumental in restructuring process. No salary or fees have been paid during this period.

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

Related Party Transactions Generally

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

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

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

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

The Options are being granted to the directors for the sole purpose of remunerating them for their past and future services as directors of the Company. The Board considers that the proposed grant of Options is reasonable remuneration to the directors, as the value of the grants will be moderated in accordance with the terms set out in Annexure A and hence, falling within the exception set out in section 211 of the Corporations Act.

The grant of Options is similarly reasonable to the Company, as the grants will allow for the preservation of cash reserves. The directors have therefore formed the view that Resolution 5 does not require shareholder approval pursuant to section 208 of the Corporations Act, as the proposed issues of Options fall under the exception provided for in section 211 of the Corporations Act.

Listing Rule 10.11

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

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

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

- (a) the Options will be offered and, if accepted, granted to Messrs O'Neill, Crawford, Brown and Buckler and/or their nominees in the proportions set out in the table above;
- (b) the maximum number of Options to be issued is 20,000,000;
- (c) the Options will be offered and, if accepted, granted on a date which will be no later than one month after the date of the AGM;
- (d) no funds will be raised by the grant of the Options and Performance Rights; and
- (e) the terms and conditions of the Options are set out in Annexure A to this Explanatory Notes.

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

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

- (a) competitive and reasonable, enabling the Company to attract and retain key management personnel;
- (b) aligned to the Company's strategic and business objectives and the creation of member value; and
- (c) acceptable and transparent to members.

GLOSSARY

In this Explanatory Statement and the Notice of Meeting:

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange operated by ASX Limited ACN 008 624 691 and includes any successor body.

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

Board means the Company's board of Directors.

Closely Related Party (of KMP) means a spouse or child of the KMP, a child of the KMP's spouse, a dependant of the KMP or the KMP's spouse, and anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Company or a company the KMP controls. See section 9 of the Corporations Act.

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

Constitution means the constitution of the Company.

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

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

Equity Securities is defined in ASX Listing Rule 19.12.

Key Management Personnel is defined in section 9 of the Corporations Act.

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

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

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

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

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

Resolution means the resolutions in the Notice of Meeting.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of Shares.

Annexure A – Options Terms and Conditions

Number of Options	20,000,000
Vesting Date	Grant Date
Expiry Date	The Options will expire, if not exercised or lapsed earlier, on 30 June 2017.
Price of Options	Options will be granted at no cost. Once the vesting condition (service only) is met (or waived in exceptional circumstances), the Options will be exercisable at nil cost.
Exercise Price (per Option)	The greater of \$0.03 cents or the 5 day VWAP at Grant Date plus 33.33%
Lapse/forfeiture	Options issued will lapse on the earliest of: <ul style="list-style-type: none"> • The Expiry Date; • The director dealing in respect of the Options in contravention of the dealing or hedging restrictions; and • The Board determining, acting reasonably, that the director has acted dishonestly, fraudulently or in material breach his material obligations to the Company.
Change of control	On the occurrence of a Change of Control (as defined under the Corporations Act), the Board will determine, in its sole and absolute discretion, the manner in which unvested Options shall be dealt with.
No dealing or hedging	Dealing restrictions apply to Options in accordance with Company's securities trading policy.
Rights attaching to shares	Shares issued on exercise of Options will rank equally for dividends and other entitlements and rank equally with existing ordinary Shares on issue at the time of allotment.
Company may issue or acquire shares	For the avoidance of doubt the Company may, in its absolute discretion, either issue new shares or acquire shares already on issue, or a combination of both, to satisfy the Company's obligations.
Loans	No loan will be provided by the Company in relation to the grant or exercise of the Options.
Adjustments	Except as set out below, the Option Holder may only participate in any new issue of Equity Securities by the Company if the Options have been exercised and Shares have been issued and allotted before the record date for determining entitlements to the issue. However, if, prior to the allotment of Shares upon exercise of Options, the Company undertakes a <i>pro rata</i> bonus issue of Equity Securities to Shareholders for no consideration, the number of Shares over which an Option is exercisable will be increased by the number of Equity Securities which the Option Holder would have received if the Option had been exercised before the record date for the bonus issue. If, before the Options are exercised or expire, the Company reorganizes its capital, the Options will be reorganized in the manner required by the ASX Listing Rules.
Not Transferable	The Options are not transferable.
Not Quoted	The Options will not be listed on any Securities Exchange.



Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

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

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

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

For all enquiries call:

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

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

Proxy Form



Vote and view the annual report online

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

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I999999999

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



For your vote to be effective it must be received by 10:00am (Brisbane time) Tuesday 17 November 2015

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

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

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

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

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

Attending the Meeting

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

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

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

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



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



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

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

☐

the Chairman
of the Meeting OR



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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Sayona Mining Limited to be held at Suite 68, 283 Given Terrace, Paddington, Qld 4064 on Thursday, 19 November 2015 at 10.00am (Brisbane time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 5, 6, 7 & 8 (except where I/we have indicated a different voting intention below) even though Items 1, 5, 6, 7 & 8 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 5, 6, 7 & 8 by marking the appropriate box in step 2 below.

STEP 2 Items of Business



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

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Allan Buckler as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of prior issue of 2,827,637 shares and 8,032,781 options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of additional 10% capacity under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Options to Mr Dennis O'Neill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Issue of Options to Mr Paul Crawford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Issue of Options to Mr James Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Issue of Options to Mr Allan Buckler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

SYA

1 8 7 2 9 1 A

Computershare +