



ASX ANNOUNCEMENT



04 MAY 2016

LITHIUM IDENTIFIED IN FIRST SAMPLING PROGRAM AT MT EDON

Highlights

- Orientation rock sampling of pegmatites at Mt Edon returns up to 1.05% Li₂O
- Results define lithium anomalous pegmatite coincident with radiometric signature
- Extensive pegmatite system remains unexplored
- Targets identified for further geochemistry and evaluation

Sayona Mining Limited (ASX: SYA) ("Sayona" or the "Company") is pleased to announce the results of an orientation rock sampling program at the Mt Edon project, Western Australia.

The assay results have defined a number of lithium anomalous pegmatite systems. The pegmatites also contained anomalous tantalum, rubidium and cesium, indicative of rare metal pegmatites.

The peak lithium assay of 1.02% Li₂O was returned from a pegmatite only recently identified in the Company's initial appraisal of the area. Other anomalous results nearby define a 400 metre wide package of pegmatites which is the high priority target (Figure 1 - eastern anomaly).

The orientation sampling programme, comprising 58 rock samples and 18 soil samples was carried out to provide baseline geochemical information to help characterise the pegmatite system and target spodumene albite pegmatite, the companies exploration focus.

Interpretation of results is continuing and petrology will be carried out to help identify the nature of the host pegmatite system, which comprises over 70 pegmatites along a 4 kilometre strike extent. Six main target areas have been identified from the data and these, together with other radiometric targets yet to be visited will be tested by geochemical sampling, which will commence shortly.

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ASX Code: **SYA**

Sayona Mining Limited is an Australian, ASX-listed (SYA), company focused on sourcing and developing the raw materials required to construct lithium-ion batteries for use in the rapidly growing new and green technology sectors. Please visit us as at www.sayonamining.com.au

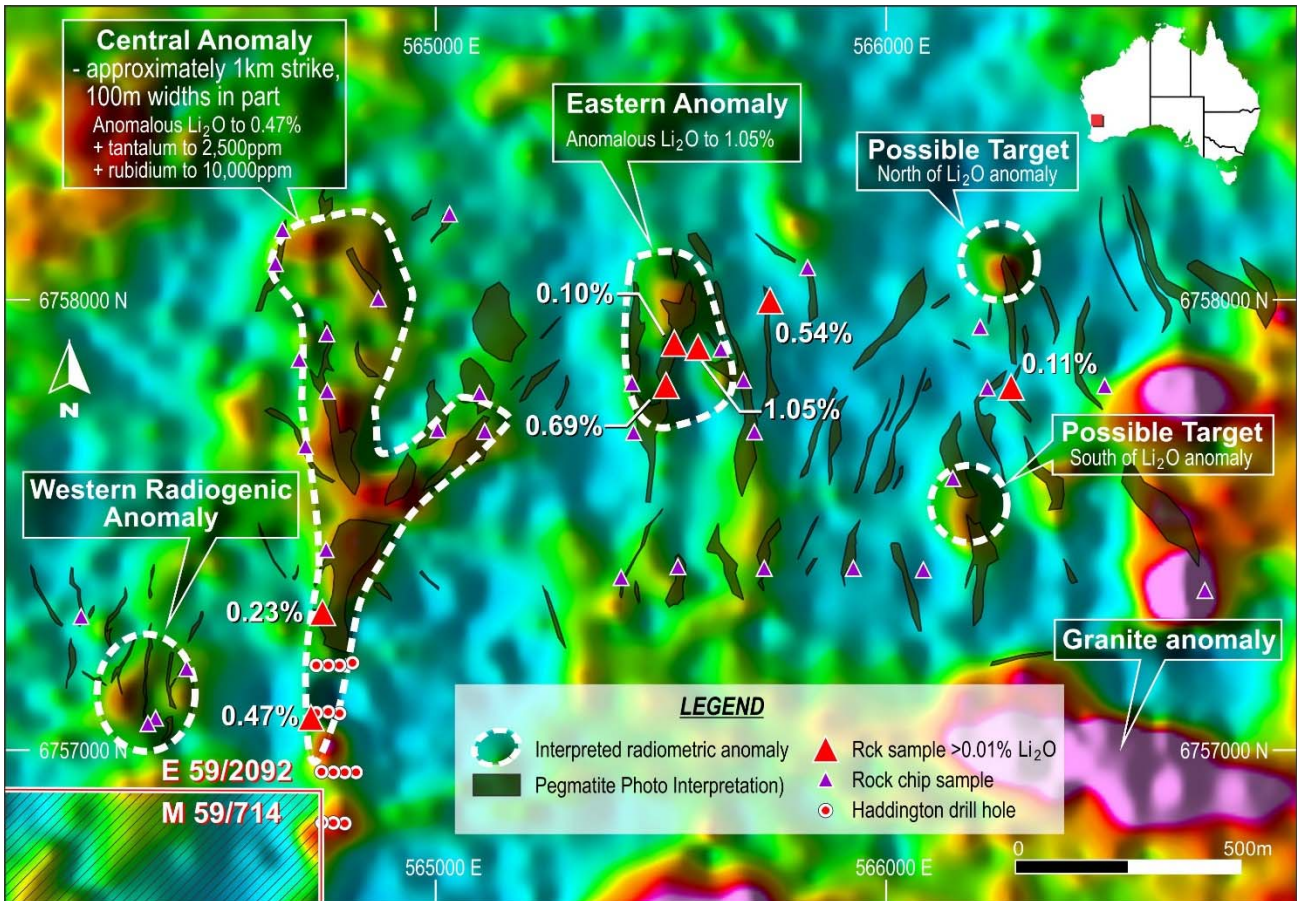


Figure 1: Mt Edon radiometric anomaly

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Mr Simon Attwell, a Competent Person, and who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Attwell is an employee of Attgold Pty Ltd ("Attgold") which provides geological services to Sayona.

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

Table 1 Mt Edon Rock Sample Results

SampleID	North	East	Li2O_ppm	Ta_ppm	Rb_ppm	Cs_ppm
SM555017	6757803	566485	1098	19	860	13
SM555018	6757062	564724	4737	2500	10000	1865
SM555019	6757164	564730	2261	45	4900	47
SM555020	6757296	564752	262	11	710	13
SM555021	6757669	564711	932	62	2570	49
SM555022	6757706	565005	340	43	650	11
SM555023	6757708	565109	240	34	1310	28
SM555024	6757894	565530	1012	12	1580	64
SM555025	6757889	565582	10550	54	10000	451
SM555026	6757884	565633	392	13	550	11
SM555027	6757988	565741	5383	73	4900	261
SM555028	6757998	564873	599	27	1520	37
SM555029	6757922	564760	377	46	2530	72
SM555030	6758116	562304	77	71	2520	49
SM555031	6757179	564445	192	44	2310	67
SM555032	6757201	564001	138	66	2080	41
SM555033	6757939	566208	11	5	2390	42
SM555034	6758066	565825	601	17	1100	15
SM555035	6757700	565439	179	11	720	13
SM555036	6757701	565707	280	11	1010	16
SM555037	6757598	566148	493	11	1010	10
SM555038	6755212	563169	13	0	720	9
SM555039	6755127	563192	108	19	570	15
SM555040	6755841	563448	66	250	208	11
SM555001	6757055	564362	367	21	1150	14
SM555002	6757294	564215	82	34	930	16
SM555003	6757998	564873	41	70	300	9
SM555004	6757036	563422	13	79	103	2
SM555005	6757026	563418	446	693	5050	269
SM555006	6757395	566082	36	16	18.5	2
SM555007	6757400	565927	61	35	530	7
SM555008	6757398	565729	351	14	1220	11
SM555009	6757408	565538	22	4	1430	17
SM555010	6757378	565412	489	21	1750	42
SM555011	6757809	565436	410	9	1960	19
SM555012	6757805	565511	7105	258	6670	1085
SM555013	6757804	565511	6890	54	6340	349
SM555014	6757816	565683	377	6	1440	9
SM555015	6757799	566225	130	34	216	13
SM555016	6757806	566277	833	13	940	10
SM555041	6755097	563801	59	20	101	8
SM555042	6757792	564759	211	13	1600	27
SM555043	6757793	565097	463	78	1410	51
SM555044	6758185	565031	55	11	8.8	5
SM555045	6758155	564663	41	41	2010	28

SampleID	North	East	Li2O_ppm	Ta_ppm	Rb_ppm	Cs_ppm
SM555046	6758081	564645	253	30	2300	55
SM555047	6757861	564697	161	12	1030	13
SM555048	6757431	564776	176	42	376	11
SM555049	6757367	566694	47	8	1230	19
SM555050	6757060	564720	1593	511	5130	425
SM555051	6757353	564804	734	22	2660	46
SM555052	6757794	566630	642	18	890	47
SM555053	6755239	563157	28	5	1170	21
SM555054	6757080	564690	279	2	82.2	15
SM555055	6757080	564690	329	1	64.6	12
SM555056	6757080	564700	278	3	110.5	8
SM555057	6757080	564700	411	1	26.7	3
SM555058	6757080	564710	243	15	439	11
SM555059	6757080	564710	290	7	375	5
SM555060	6757080	564720	277	12	740	18
SM555061	6757080	564720	258	10	530	13
SM555062	6757080	564730	391	18	391	16
SM555063	6757080	564730	324	4	402	15
SM555064	6757080	564740	402	5	179	14
SM555065	6757080	564740	551	1	99	12
SM555066	6757080	564750	381	8	183	17
SM555067	6757080	564750	379	2	150.5	17
SM555068	6757080	564760	362	2	257	24
SM555069	6757080	564760	311	2	205	21
SM555070	6757080	564770	219	2	142	7
SM555071	6757080	564770	231	4	105.5	6

Note: Datum is Australian Geodetic MGA Zone 50 (GDA94)

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

Criteria	JORC Code explanation	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more</i> 	<ul style="list-style-type: none"> Geochemical samples have been collected as a first pass assessment and orientation of the project. The samples have an irregular spacing reflecting the reconnaissance nature of the assessment. Multiple rock fragments at each sample location were collected so that the sample submitted for assay was as representative as possible of the sample site. The presence or absence of mineralisation was initially determined visually by the field geologist. The type of geochemical sampling is a standard approach during the initial style reconnaissance.

Criteria	JORC Code explanation	Commentary
	<i>explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	
<i>Drilling techniques</i>	<ul style="list-style-type: none"> • <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> • Not applicable, no drilling has been carried out
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> • Not applicable, no drilling has been carried out
<i>Logging</i>	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • Notes relating to each sample were recorded in a field note book. This information is of insufficient detail to support any Mineral Resource Estimation.
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • Not applicable, no drilling has been carried out • The sample preparation of the rock samples follows industry best practice, involving oven drying, crushing and pulverising, carried out by ALS, Perth with the pulp sent to ALS Brisbane for analysis. • No measures have been taken to ensure sampling is statistically representative of the in situ sampled material. The collection methodology is considered appropriate for this early stage assessment of the project. • The sample size is considered appropriate to the material being sampled and to produce results applicable to the early stage of exploration carried out.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining</i> 	<ul style="list-style-type: none"> • Analysis was carried out by ALS, Brisbane which is a certified laboratory in compliance with AS/NZS-9001:2000. Analysis, of a 48 element suite, was determined by mixed acid digest followed by ICP-MS. High values have been further tested by ME-

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	<p><i>the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></p> <ul style="list-style-type: none"> • <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<p>MS85 fusion. This is considered a total digest appropriate to the samples submitted.</p> <ul style="list-style-type: none"> • Not used • No additional quality control measures beyond that of the Laboratory QA/QC were implemented.
Verification of sampling and assaying	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • The results are considered acceptable and have been reviewed by multiple geologists. The company conducts internal data verification protocols which have been followed. • Li has been converted to Li₂O for the purposes of reporting. The conversion used was Li₂O = Li x 2.153. No other adjustments to assay data has been undertaken
Location of data points	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • Samples were located during collection by handheld GPS with a typical accuracy of +/- 5m. • The grid system used is Australian Geodetic MGA Zone 50 (GDA94). • The level of topographic control offered by the handheld GPS is considered sufficient for the work undertaken
Data spacing and distribution	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • There was no predetermined grid spacing to the program. • The data spacing and distribution is not sufficient to establish the degree of geological and grade continuity appropriate for Mineral Resource estimation procedures. • Samples have not been composited.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> • Sampling was carried out over small areas of the project and it is not known if they are representative. • Not applicable, no drilling has been carried out
Sample security	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • All samples were collected by the field geologist and stored in a secure location until completion of the program when they were delivered to ALS laboratories, Perth by commercial courier.
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • No audits or reviews of the data have been conducted at this stage

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

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

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> • <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> • <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<ul style="list-style-type: none"> • The Mt Edon project comprises E59/2092 and E59/2055. Sayona has an 80% interest in the lithium rights in E59/2092 and it may elect to increase this to 100% equity by payment of \$100,000.. Royalties of 1% will apply to production of lithium within the tenements for the vendors described above. • There are no impediments that have been identified for operating in the project areas
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> • <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> • At Mt Edon past tantalum pegmatite exploration reported to DMP by Pancontinental Mining and Haddington Resources provides useful geological and geochemical data. Due to its age, Sayona will seek to replicate any data rather than rely on this past historic information. • Together with government data provided by GSWA past information has allowed recognition of the projects potential.
<i>Geology</i>	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • Lithium is being targeted within rare metal pegmatites which represent the most fractionated and evolved pegmatite type. Lithium may be present within the mineral lepidolite, but Sayona's main focus is in discovery of albite-spodumene pegmatite types which host high grade lithium mineralisation. Rare metal pegmatites are uncommon, typically hosted in greenstone rocks near to granite intrusion.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none"> • Drilling has not been carried out.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> • <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> • <i>The assumptions used for any reporting of metal</i> 	<ul style="list-style-type: none"> • No variation to laboratory reported assays has been made.

Criteria	JORC Code explanation	Commentary
	<i>equivalent values should be clearly stated.</i>	
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> • Exploration is at an early stage and information contains insufficient data points to allow these relationships to be reported
<i>Diagrams</i>	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> • Sample plans are attached
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • All relevant assay results are reported herein.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • The exploration reported herein is at a very early stage but results are consistent with geological and geophysical data
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • Further more detailed mapping and follow up sampling is required to identify lithium targets and mineralisation