



ASX ANNOUNCEMENT



16 AUGUST 2016

PORTFOLIO RATIONALISATION TO FOCUS ON AUTHIER LITHIUM DEVELOPMENT

Sayona Mining Limited (ASX: SYA) ("Sayona" or the "Company") advises that the Option-to-Purchase agreement announced on the 18 December 2015 to acquire the Itabela graphite project from Brasil Graphite SA will not be renewed.

Following an extensive exploration program in early 2016, drilling was unable to define a resource of sufficient scale to meet the Company's financial return objectives. Coupled with a recent moderation in graphite concentrate prices, the Company has not been able to negotiate suitable new contractual terms to justify extending the purchase option.

The Company's primary focus will be on advancing its recently purchased Authier lithium project in Quebec, Canada. The Company recently reported a JORC mineral resource for Authier, a near-term development project and cash-flow generation opportunity. The Company believes Authier will create significant share value-uplift potential for shareholders as the project is advanced towards development.

The Company continues to hold an exposure to the graphite sector through its East Kimberley project in Western Australia including, an extensive tenement package totalling 278km² in close proximity to Hexagon Resources Ltd (market capitalisation \$34 million) high-purity Macintosh graphite project. Macintosh has demonstrated the capacity to produce high-grade concentrates and graphene¹ from graphite in the province. One drilling campaign has been completed at Corkwood within a six kilometre section of a structure that extends for approximately 20 kilometres. A second diamond drilling campaign is being planned to confirm the graphite grade, distribution, and flake quality and provide core for metallurgical testing.

Corey Nolan, Chief Executive Officer, commented *"The Company's strategy is to invest in projects which it believes generate the highest return to shareholders. Our primary focus is now on the development of the Authier lithium project and identifying strategies for realising value from our other project interests"*.

¹ See ASX release, *Outstanding Graphene and Graphite Bulk Scale Results*, 3 May 2016

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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

Previous Disclosure - 2012 JORC Code

Certain Information relating to Mineral Resources, Exploration Targets and Exploration Data associated with the Company's projects in this June 2016 Quarterly Report has been extracted from the following ASX Announcements:

- "Authier JORC Mineral Resource Estimate, 5 July 2016.

Copies of these reports are available to view on the Sayona Mining Limited website www.sayonamining.com.au. These reports were issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement