

Sayona Mining Limited

ACN 091 951 978

Notice of Extraordinary General Meeting and Explanatory Statement

Extraordinary General Meeting to be held at
Suite 68 Given Terrace, Paddington, Qld 4064
on 7 September 2016 commencing at 10.00am

This Notice of an Extraordinary 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 an Extraordinary General Meeting

Notice is given that an Extraordinary General Meeting of the Shareholders of Sayona Mining Limited ACN 091 951 978 (**Company** or **Sayona**) will be held at Suite 68, 283 Given Terrace, Paddington Qld 4064 on 7 September 2016 commencing at 10:00 am.

Agenda – Ordinary Business

RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF 1,000,000 LEGENDRE SHARES

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

*“That pursuant to ASX Listing Rules 7.4 and for all other purposes, Shareholders ratify and approve the issue by the Company of 1,000,000 Shares to Mr Bruce Legendre on 21 March 2016 in partial consideration (**Legendre Shares**) for of an 80% interest in the lithium rights to Tenement E59/2092 located in Western Australia, and otherwise on such terms and conditions set out in the Explanatory Statement.”*

The Directors unanimously recommend that you vote in favour of this Resolution 1.

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution 1 by Mr Bruce Legendre and any associates of Mr Legendre. 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 2 – RATIFICATION OF PRIOR ISSUE OF 79,440,359 PLACEMENT SHARES ISSUED

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

*“That pursuant to ASX Listing Rules 7.4 and for all other purposes, Shareholders ratify and approve the issue by the Company of 79,440,359 Shares at an issue of price of \$0.027 per Share (**Placement Shares**) by way of private placement on 18 July 2016 to investors identified by Bizzell Capital Partners Pty Ltd (**BCP**) (**Placees**) and otherwise on such terms and conditions set out in the Explanatory Statement.”*

The Directors unanimously recommend that you vote in favour of this Resolution 2.

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution 2 by any of the Placees 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 or an associate of a Placee 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 3 – APPROVAL OF THE ISSUE OF 66,533,632 FREE ATTACHING OPTIONS TO PLACEMENT SHARES

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

*“That for the purposes of ASX Listing Rules 7.1 and for all other purposes, Shareholders approve and authorise the issue of 1 free attaching Option for every 2 Placement Shares issued to the Placees (**Placement Options**), with such Placement Options to be on the same terms and conditions as the Company’s existing listed Options and otherwise on the terms and conditions set out in the Explanatory Statement.”*

The Directors unanimously recommend that you vote in favour of this Resolution 3.

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution 3 by any of the Placees and any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution 3 is passed. However, the Company need not disregard a vote, if it is cast by any such 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 THE ISSUE OF 22,222,222 CONDITIONAL PLACEMENT SHARES AND 11,111,111 FREE ATTACHING OPTIONS

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

*“That for the purposes of ASX Listing Rules 7.1 and for all other purposes, Shareholders approve and authorise the issue to investors identified by BCP (**Conditional Placees**) of up to 22,222,222 Shares at \$0.027 per Share (**Conditional Placement Shares**) and the issue of up to 11,111,111 free Options on the basis of 1 free attaching Option for every 2 Conditional Placement Shares (**Conditional Placement Options**), and otherwise with such securities to have the terms and conditions set out in the Explanatory Statement.”*

The Directors unanimously recommend that you vote in favour of this Resolution 4.

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution 4 by any of the Conditional Placees of the Conditional Placement Shares or Conditional Placement Options and any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution 4 is passed. However, in relation to the above Resolution 4, 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 5 – APPROVAL OF THE ISSUE OF 5,000,000 OPTIONS TO BIZZELL CAPITAL PARTNERS
(AND/OR ITS NOMINEE)**

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

“That for the purposes of ASX Listing Rules 7.1 and for all other purposes, Shareholders approve and authorise the issue of 5,000,000 Options in the Company (on the same terms and conditions as the Company’s existing listed Options) to Bizzell Capital Partners Pty Ltd (and/or its nominee/s) as partial consideration for the services provided to the Company pursuant to the Underwriting Agreement dated 15 July 2016, on the terms and conditions set out in the Explanatory Statement”.

The Directors unanimously recommend that you vote in favour of this Resolution 5.

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution 5 by BCP, all nominees and any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution 5 is passed. 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.

Notes

These notes form part of the Notice of Meeting.

Your Vote is Important

The business of the Extraordinary 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 5 September 2016.

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.

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 Resolution 1 and 2 those who participated in the issue of the Placement Shares and any of their associates will not be able to vote by proxy on Resolution 1.

Due to voting exclusions that may apply to Resolution 3, 4 and 5, any Placee or Conditional Placee who participated in the issue and any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities or any of their associates, will not be able to vote by proxy on Resolutions 2, 3 and 4, 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 Extraordinary General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Extraordinary 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 the Proxy Form, so that it is received not later than 7pm AEST, 5 September 2016

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

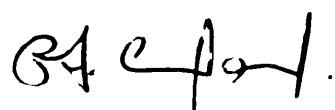
To assist the Company to conduct the Extraordinary General Meeting, the Company may collect personal information including names, contact details and shareholding of Shareholders and the names of persons appointed by Shareholders to act as proxy at the Extraordinary General Meeting. Personal information 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 Resolutions. 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

A handwritten signature in black ink, appearing to read 'Paul Crawford', followed by a period.

Paul Crawford

Company Secretary

Explanatory Statement

1 PURPOSE OF THIS EXPLANATORY STATEMENT

1.1 Purpose

This Explanatory Statement is provided to Shareholders of the Company to explain the Resolutions to be put to Shareholders at the Extraordinary General Meeting to be held at Suite 68, 283 Given Terrace, Paddington Qld 4064 on 7 September 2016 commencing at 10:00 am.

1.2 Recommendation

The Directors recommend that 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 have the meaning given to them in the Glossary to this Explanatory Memorandum.

2 BACKGROUND TO THE RESOLUTIONS

2.1 Capital Raising

As announced on 15 July 2016, the Company is undertaking a Capital Raising to raise approximately \$7.1 million, which comprised a placement to raise approximately \$4.2 million (of which \$600,000 (**Conditional Placement**) remains subject to shareholder approval) and a fully underwritten Entitlement Offer to raise a further amount of approximately \$2.9 million (which is due to complete prior to the EGM). Bizzell Capital Partners Pty Ltd (**BCP**) has been engaged as the lead manager and underwriter to the Entitlement Offer.

Parts of the Capital Raising, including the Conditional Placement and the issue of free attaching Options to various components of the Capital Raising are the subject of Resolutions 3 and 4 (as further detailed at Section 2.3, whilst the issue of Options to BCP as the underwriter of the Entitlement Offer is the subject of Resolution 5. Resolutions 1 and 2 seek to refresh the Company's 15% placement capacity, both as a result of this Capital Raising and an earlier issue of Shares upon the acquisition of the Mt Edon tenement as an addition to the Company's portfolio of Western Australian lithium assets (as announced on 17 March 2016).

2.2 Use of Funds – Authier acquisition and Australian assets

As announced on 03 March 2016, the Company agreed to acquire a portfolio of lithium assets from Glen Eagle Resources Inc. located in Canada (**Authier Project**). As further announced on 21 July 2016, the Company completed this acquisition, at which time it paid the balance purchase price of CAD\$3,925,000 (which equated to A\$4,100,000).

The principal purpose of the funds raised by the Capital Raising was to fund the acquisition of the Authier Project, and to provide working capital to the Company to enable it to undertake work programs on the newly acquired Authier Project, as well as its existing Australian assets. The Company's Prospectus dated 15 July 2016 (issued in respect of the retail portion of the Entitlement Offer) set out the funds as illustrated in the following table:

| Funds Available | With Conditional Placement (\$) | Without Conditional Placement (\$) |
|-------------------------------------|---------------------------------|------------------------------------|
| Existing Cash Reserves ¹ | 80,629 | 80,629 |
| Proceeds of the Placement | 4,192,816 | 3,592,816 |
| Proceeds of the Entitlement Offer | 2,901,253 | 2,901,253 |
| Total | \$7,174,698 | \$6,574,698 |
| Allocation of funds | (\$) | (\$) |
| Authier Project acquisition costs | 4,300,000 | 4,300,000 |
| Authier Project expenditure | 650,000 | 650,000 |
| Australian Projects expenditure | 400,000 | 300,000 |
| Entitlement Offer costs | 545,314 | 508,450 |
| Administrative expenses | 700,000 | 700,000 |
| Surplus Working Capital | 579,384 | 116,248 |
| Total | \$7,174,698 | \$6,574,698 |

¹ This amount is the total cash at the end of the quarter ended 30 June 2016 as recorded in the Company's pro forma accounts disclosed in the Prospectus.

2.3 Capital Raising Components and connection with the Resolutions

The Capital Raising comprised the following components (as announced on 15 July 2016):

- (a) **Placement** – A placement of 133,067,264 Shares to Exempt Investors identified by BCP to raise approximately \$3.6million. These Shares were issued on 19 July 2016. Recipients of these Shares will also receive 1 free attaching Option for every 2 Shares subscribed for, with such Options to have the same terms as the Company's existing listed options (having an exercise price of \$0.03 and an expiry date of 31 December 2016). The issue of these free-attaching Options is however subject to shareholder approval pursuant to Resolution 2.

ASX Listing Rule 7.1 allows listed companies to issue Equity Securities (such as Shares and Options) of up to 15% of the Company's total issued securities during a rolling 12-month period without Shareholder approval (**15% Capacity**). ASX Listing Rule 7.1A allows listed companies to issue Equity Securities of up to an additional 10% of the Company's total issued securities during a rolling 12-month period without Shareholder approval (**10% Capacity**) provided the requisite resolution is passed at its AGM. The requisite resolution was passed at the Company's 2015 AGM.

The Shares issued under the Placement fully utilised the Company's remaining 15% Capacity and 10% Capacity and as such, all of the Shares the subject of the Placement were able to be issued without Shareholder approval. However, as the Company fully utilised its placement capacity in respect of those Shares, the issue of the free attaching Options remains subject to Shareholder approval (pursuant to Resolution 2). Further details are set out in Section 4.2 of this Explanatory Statement.

The Company is able (through Resolution 2) to refresh its 15% Capacity, but is not able to refresh its 10% Capacity. As such, the number of Placement Shares the

subject of Resolution 2 is 79,440,359, which represents that portion of the total 133,067,264 Shares placed to investors introduced by BCP which is referable to the Company's 15% Capacity. Further details are set out in Section 4.2 of this Explanatory Statement.

- (b) **Conditional Placement** – A placement of 22,222,222 Shares to Exempt Investors identified by BCP to raise an additional \$600,000. Recipients of these Shares will also receive 1 free attaching Option for every 2 Shares subscribed for, with such Options to have the same terms as the Company's existing listed options (having an exercise price of \$0.03 and an expiry date of 31 December 2016). As the Company utilised its full placement capacity by way of the issue of the Shares through the Placement, all of these Conditional Placement Shares and Conditional Placement Options require shareholder approval pursuant to Resolution 4. Further details are set out in Section 6.5 of this Explanatory Statement.
- (c) **Entitlement Offer** – All of the Shares and Options issued or to be issued under the Entitlement Offer were issued pursuant to Listing Rule 7.2, Exception 1 which enables listed Companies to issue Equity Securities on a pro rata basis without Shareholder approval. As such, no Shareholder approval is sought in respect of the Entitlement Offer.
- (d) **Underwriting** – The Entitlement Offer is fully underwritten by BCP. As partial consideration for the underwriting, BCP is entitled to receive 5,000,000 Options (on the same terms as the free-attaching Options issued or to be issued as part of the Capital Raising). The issue of these Options is subject to Shareholder approval pursuant to Resolution 5. Further details are set out in Section 7.1 of this Explanatory Statement.

The issue of the Legendre Shares did not form part of the Capital Raising and are further explained in Section 3.1 of this Explanatory Statement.

(e) **Shares**

All of the Shares described below in Table 1 are fully paid ordinary Shares issued (or where indicated, to be issued subject to Shareholder approval) at an issue price of \$0.027, all ranking equally with existing fully paid ordinary Shares.

(f) **Options**

All of the Options described in Table 2 are free Options (issued for no additional consideration) issued to persons subscribing for Shares in the company as part of the Capital Raising, on the basis of 1 Option being issued for every 2 Shares subscribed for. Each Option will have the same terms as the Company's existing listed options, having an expiry date of 30 December 2016 and an exercise price of \$0.03. The Company will apply for quotation of all Options issued as part of the Capital Raising, including the Options subject to Resolutions 3, 4 and 5. Upon exercise, each Option will entitle the Option holder to 1 fully paid ordinary Share in the Company, ranking equally with existing Shares on issue at the time of allotment.

Table 1 – Shares (Resolutions 1, 2 and 4)

Resolutions 1, 2 and 4 involve the following issue of Shares:

| Resolution | Shares | No. of Shares | Price | Raised | Issue Date | Terms and Conditions |
|------------|---|---------------|--|--|--|------------------------------------|
| 1 | Legendre Shares (issued to Mr Bruce Legendre) | 1,000,000 | Consideration for the Mt Edon Tenement Acquisition | Nil | 21 March 2016 | (as set out in per section 2.3(e)) |
| 2 | Placement Shares (issued to Placees) | 79,440,359 | \$0.027 | \$2,144,890 | 19 July 2016 | (per section 2.3(e)) |
| 4 | Conditional Placement (issued to the Conditional Placees) | 22,222,222 | \$0.027 | \$600,000 (will be raised if Resolution 4 is approved) | Expected to be issued within 3 business days of the EGM, and no later than 3 months after the EGM. | (per section 2.3(e)) |

Table 1 – Options (Resolutions 3, 4 and 5)

Resolutions 3, 4 and 5 involve the following issue of Options:

| Resolution | Options | No. of Options | Price | Raised | Issue Date | Terms and Conditions |
|------------|---|----------------|-------|--------|---|------------------------------------|
| 3 | Placement Options (issued to the Placees) | 66,533,632 | Nil | Nil | Expected to be issued within 3 business days of the EGM and no later than 3 months after the EGM. | (as set out in per section 2.3(f)) |
| 4 | Conditional Placement Options (issued to the Conditional Placees) | 11,111,111 | Nil | Nil | Expected to be issued within 3 business days of the EGM and no later than 3 months after the EGM. | (as set out in per section 2.3(f)) |

| Resolution | Options | No. of Options | Price | Raised | Issue Date | Terms and Conditions |
|------------|-----------------------------|----------------|--|--------|---|------------------------------------|
| 5 | BCP Options (issued to BCP) | 5,000,000 | Partial consideration for services rendered by BCP under the lead manager mandate and Underwriting Agreement in respect of the Entitlement Offer | Nil | Expected to be issued within 3 business days of the EGM and no later than 3 months after the EGM. | (as set out in per section 2.3(f)) |

3 RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF 1,000,000 LEGENDRE SHARES

The Company did not need Shareholder approval to issue the Legendre Shares as the number of Shares did not exceed its placement capacity under Listing Rule 7.1.

However, if Shareholders retrospectively approve an issue of Securities pursuant to Listing Rule 7.4 the 15% capacity under Listing Rule 7.1 is refreshed and the relevant securities are no longer counted in any future calculation of the 15% Capacity.

3.1 Purpose of Resolution 1

The purpose of Resolution 1 is to give the Company retrospective approval of the issue of the Legendre Shares that were issued pursuant to the Listing Rule 7.1 placement capacity.

The purpose of issuing of 1,000,000 fully paid ordinary Shares on 21 March 2016 to Mr Bruce Legendre was to purchase an 80% interest in the lithium rights to a Tenement at Mt Edon, Western Australia, as announced on 17 March 2016.

The Company, as part of the transaction, has the option to purchase the remaining 20% interest in the tenement for additional consideration of \$100,000 and the grant of a 1% royalty on any lithium production within the tenement. This option may be exercised on or before 20 March 2019.

Mr Legendre is not a Related Party or in any way associated with the Company.

3.2 Effect of Resolution 1

The effect of this approval is to refresh the 15% Capacity under Listing Rule 7.1, to give the Company flexibility over the next twelve months, so that the Company may, if it chooses, issue securities of up to 15% of its total issued securities under the Listing Rule 7.1, 15% capacity without the need for further Shareholder approval for such issues.

Additional 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 1:

| | |
|---|---|
| Maximum number of securities issued | 1,000,000 fully paid ordinary shares. |
| Date of Issue | 21 March 2016. |
| Issue Price of Shares | Consideration for the Mt Edon Tenement Acquisition. |
| Terms of the Legendre Shares | The Legendre Shares were issued as fully paid ordinary shares in the capital of the Company and issued on the same terms and conditions as the Company's existing ordinary fully paid Shares. |
| Persons to whom Legendre Shares issued | Mr Bruce Legendre. |
| Use of funds | No funds were raised from the issue of the Legendre Shares, these Shares were issued as Consideration for the acquisition of the Mt Edon Tenement. |
| Voting exclusionary Statement | A voting exclusion statement accompanies Resolution 1 (see Ordinary Business – Resolution 1). |

3.3 Recommendation

The Directors unanimously recommend that you vote in favour of this Resolution 1.

4 RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF 79,440,359 PLACEMENT SHARES

The Company did not need Shareholder approval to issue the Shares under the Placement, as the number of Shares did not exceed its placement capacity under Listing Rule 7.1 and Listing Rule 7.1A.

However, if Shareholders retrospectively approve a placement under Listing Rule 7.4, the 15% Capacity under listing Rule 7.1 is refreshed and the relevant securities are no longer counted in any future calculation of the 15% Capacity of the Company's total issued securities during a rolling 12-month period for the purposes of Listing Rule 7.1.

The placement capacity under Listing Rule 7.1A can only be refreshed at the Annual General Meeting.

4.1 Purpose of Resolution 2

The purpose of Resolution 2 is to give the Company retrospective approval of the issue of the portion of the issued under the Placement utilising the 15% Capacity under Listing Rule 7.1.

As set out in Section 2.3(a), only 133,067,264 of the Shares under the Placement were issued utilising the Company's remaining 15% Capacity.

4.2 Effect of Resolution 2

The effect of this approval is to refresh the 15% Capacity under Listing Rule 7.1, to give the Company flexibility over the next twelve months, so that the Company may, if it chooses, issue securities of up to 15% of its total issued securities under Listing Rule 7.1 placement capacity without the need for further Shareholder approval for such issues.

If Resolution 2 is not approved, the Company may not be able to raise further working capital in a timely manner.

Additional 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 2:

| | |
|--|--|
| Maximum number of securities issued | 79,440,359 fully paid ordinary shares. |
| Date of Issue | 19 July 2016. |
| Issue Price of Shares | \$0.027. |
| Terms of the Placement Shares | The Placement Shares were issued as fully paid ordinary shares in the capital of the Company and issued on the same terms and conditions as the Company's existing ordinary fully paid Shares. |
| Persons to whom Placement Shares are issued | Placees – being Exempt Investors identified by BCP. |
| Use of funds | \$2,144,890 will be raised by the Placement Shares. These funds have been or will be applied in the manner set out in section 2.2. |
| Voting exclusionary Statement | A voting exclusion statement accompanies Resolution 2 (see Ordinary Business – Resolution 2). |

4.3 Recommendation

The Directors unanimously recommend that you vote in favour of this Resolution 2.

5 RESOLUTION 3 – APPROVAL FOR THE ISSUE OF 66,533,632 FREE ATTACHING OPTIONS TO PLACEMENT SHARES

As the Company's entire placement capacity under Listing Rules 7.1 and 7.1A was fully utilised by the Company's issue of fully paid ordinary Shares under the Placement on 18 July 2016, Listing Rule 7.1 prohibits the Company from issuing these Options without Shareholder approval.

The 66,533,632 Options offered by the Company under the Placement were conditional upon Shareholder approval. The purpose of Resolution 3 is to provide that approval.

5.1 Terms and Conditions

The 66,533,632 Options offered under the Placement were offered free to persons subscribing for fully paid Shares under the Placement on the same terms and conditions as the Company's existing listed Options. The full terms and conditions of the Options are set out section 2.3(f).

| | |
|---|--|
| Maximum number of Securities to be issued | 66,533,632 Options. |
| Issue date | If approved by Shareholders, the Company expects the Placement Options to be issued within 3 business days after the EGM, but in any event no later than 3 months after the date of the EGM. |
| Issue Price | Nil, Refer to section 2.3(f). |
| Persons to whom Placement Options will be issued | Placees, being Exempt Investors identified by BCP. |
| Exercise Price | \$0.03. |
| Expiry | 30 December 2016. |
| Terms and Conditions (If exercised) | Each Option will convert into 1 fully paid ordinary Share ranking equally with existing ordinary Shares on issue. The full terms and conditions are set out in section 2.3(f). |
| Use of funds | No funds raised, as these were free attaching options to the Placement Shares (Refer to section 2.2 for use of funds). |
| Voting Exclusion Statement | A voting exclusion statement accompanies Resolution 3 (see Ordinary Business – Resolution 3). |

The offer of free attaching Options provided an added incentive for these persons to subscribe for Shares in the Company as part of the Placement, facilitating the raising of the capital necessary to complete acquisition of the Authier Project.

5.2 Recommendation

The Directors unanimously recommend that you vote in favour of this Resolution 3.

6 RESOLUTION 4 – APPROVAL OF THE ISSUE OF 22,222,222 CONDITIONAL PLACEMENT SHARES AND 11,111,111 FREE ATTACHING OPTIONS

As set out in Section 2.3(b) BCP conducted the Conditional Placement on behalf of the Company which, if approved by Shareholders, will raise an additional \$600,000.

The Conditional Placement comprises:

- (a) 22,222,222 fully paid ordinary Shares at \$0.027 per Share; and
- (b) 11,111,111 free attaching Options (with 1 Option attaching to every 2 Shares issued under the Conditional Placement. The full terms and conditions of these Options are set out in section 2.3(f).

The Company's offer (subject to Shareholder approval) of these Shares and Options under the Conditional Placement has been accepted by Exempt Investors as introduced by BCP.

If approved, the Shares and Options will be issued within 3 business days after this meeting.

6.2 Need for Shareholder approval

As the Company's placement capacity under Listing Rules 7.1 and 7.1A was fully utilised by the issue of Shares under the Placement, of the issue of the Shares and Options pursuant to the Conditional Placement requires Shareholder approval.

Accordingly, the Company cannot issue Shares and Options under the Conditional Placement without Shareholder approval.

6.3 Terms and conditions of Shares

The terms and conditions of the Shares to be issued under the Conditional Placement (if approved by Shareholders) are summarised in the following table:

| | |
|--|---|
| Maximum number of Securities to be issued | 22,222,222 fully paid ordinary Shares. |
| Issue date | If approved by Shareholders, the Company expects the Placement Shares to be issued within 3 business days after the EGM, but in any event no later than 3 months after the date of the EGM. |
| Issue Price | \$0.027. |
| Persons to whom the Conditional Placement Shares will be issued | Conditional Placees, being Exempt Investors identified by BCP. |
| Terms and Conditions | Fully paid ordinary Shares ranking equally with existing ordinary Shares. |
| Use of funds | Refer to section 2.2 |
| Voting Exclusion Statement | A voting exclusion statement accompanies Resolution 4 (see Ordinary Business – Resolution 4). |

6.4 Terms and conditions of Options

The terms and conditions of the Options to be issued under the Conditional Placement (if approved by Shareholders) are summarised in the following table:

| | |
|---|--|
| Maximum number of Securities to be issued | 11,111,111 Options. |
| Issue date | If approved by Shareholders, the Company expects the Conditional Placement Options to be issued within 3 business days after the EGM, but in any event no later than 3 months after the date of the EGM. |
| Issue Price | Nil, Refer to section 2.3(f). |
| Persons to whom the Conditional Placement Options will be issued | Conditional Placees, being Exempt Investors identified by BCP. |
| Exercise Price | \$0.03. |
| Expiry date | 30 December 2016. |
| Terms and Conditions (If exercised) | Each Option will convert into 1 fully paid ordinary Share ranking equally with existing ordinary Shares on issue. |
| Purpose (intended use of funds) | No funds raised as these are free attaching Options to the Conditional Placement Shares (refer to section 2.1 for use of funds). |
| Voting Exclusion Statement | A voting exclusion statement accompanies Resolution 4 (see Ordinary Business – Resolution 4). |

6.5 Purpose and effect of Resolution 4

The purpose of Resolution 4 is to allow the Company to raise an additional \$600,000 by means of the Conditional Placement, without contravening Listing Rule 7.1, which requires Shareholder approval for such a placement. As the Authier Acquisition has already been completed, the impact of Resolution 4 is in respect of the amount of working capital that may be available to the Company. Two scenarios are set out in the use of funds table at section 2.2. If Resolution 4 is not passed, funds will not be available which will reduce working capital available to be expended on the Authier project and the Company's existing Australia Projects, as shown in the second scenario shown in the use of funds table.

6.6 Recommendation

The Directors unanimously recommend that you vote in favour of this Resolution 4.

7 RESOLUTION 5 – APPROVAL OF THE ISSUE OF 5,000,000 OPTIONS TO BIZZELL CAPITAL PARTNERS

7.1 Relationship with Bizzell Capital Partners Pty Ltd

On 15 July 2016, the Company entered into an underwriting agreement with Bizzell Capital Partners Pty Ltd pursuant to which BCP agreed to fully underwrite the Entitlement Offer portion of the Capital Raising. BCP was also engaged as the lead manager of the Capital Raising.

The underwriting agreement, which was negotiated by the Company at arms' length and on ordinary commercial terms, provided for commercial fees payable to BCP for the different elements of the Capital Raising including, subject to Shareholder approval, the issue of 5,000,000 Options in the Company on the same terms and conditions as the existing listed

Options of the Company. A more fulsome summary of the key terms of the Underwriting Agreement is contained in section 5.4 of the Prospectus.

7.2 Need for Shareholder approval

ASX Listing Rule 7.1 requires Shareholder approval for this issue of Options to BCP (and/or its nominee/s) as the Company has no Placement Capacity available to it under Listing Rule 7.1 or Listing Rule 7.1A.

Please note that even if Resolution 5 is not approved by shareholders, to the extent the Company has available Placement Capacity in the future, the Company advises that it will issue the Options to BCP (and/or its nominee/s) as it is legally obligated to do so.

7.3 Terms and conditions of the Options

The terms and conditions of the Options which the Company proposes to issue to BCP (and/or its nominee/s) are the same as the Company's existing listed Options, the following information is also provided:

| | |
|--|--|
| Maximum number of Securities to be issued | 5,000,000 Options. |
| Issue date | If approved by Shareholders, the Company expects the BCP Options to be issued within 3 business days after the EGM, but in any event no later than 3 months after the date of the EGM. |
| Issue Price | Nil cash consideration. Partial consideration for provision of underwriting services in respect of the Entitlement Offer. |
| Persons to whom securities are to be issued | Bizzell Capital Partners Pty Ltd and/or its nominee/s. |
| Exercise Price | \$0.03. |
| Expiry | 30 December 2016. |
| Terms and Conditions (If exercised) | Each Option will convert into 1 fully paid ordinary Share ranking equally with existing ordinary Shares on issue. The full terms and conditions are set out in section 2.3(f). |
| Purpose (intended use of funds) | No funds will be raised from the issue of the BCP Options. |
| Voting Exclusion Statement | A voting exclusion statement accompanies Resolution 5 (see Ordinary Business – Resolution 5). |

7.4 Recommendation

The Directors unanimously recommend that you vote in favour of this Resolution 5.

GLOSSARY

In this Explanatory Statement and the Notice of Meeting:

AGM meeting means the Annual General Meeting of the Company.

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 or **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.

BCP means Bizzell Capital Partners Pty Ltd ACN 118 741 012.

BCP Options has the meaning given in Resolution 5.

Board means the Company's board of Directors.

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

Conditional Placees has the meaning given in Resolution 4.

Conditional Placement means the issue of up to 22,222,222 Shares and 11,111,111 Options if approved by Shareholders at this Extraordinary General Meeting of the Company (and otherwise on the terms and conditions set out in this Explanatory Statement).

Conditional Placement Options has the meaning given in Resolution 4.

Conditional Placement Shares has the meaning given in Resolution 4.

Corporations Act means the Corporations Act 2001 (Cth).

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

Entitlement Offer has the meaning given in section 2.3(c).

Equity Securities is defined in ASX Listing Rule 19.12.

Exempt Investor is a person or entity to whom securities can be issued with disclosure in accordance with an exemption under s.708 of the Corporations Act.

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

EGM or Extraordinary General Meeting means the meeting of Shareholders scheduled for 7 September 2016.

Legendre Shares has the meaning given in Resolution 1.

Notice of Meeting means the notice of Extraordinary General Meeting of Company Shareholders accompanying this Explanatory Statement.

Option means an option to subscribe for 1 share in the Company on payment of the exercise price.

Placees has the meaning set out in Resolution 2.

Placement Options has the meaning given in Resolution 3.

Placement Shares has the meaning given in Resolution 2.

Prospectus means the prospectus issued by the Company on 15 July 2016.

Proxy Form means the proxy form accompanying this Notice of Meeting and Explanatory Statement.

Related Party has the meaning given in section 228 of the Corporations Act and Chapter 19 of the ASX Listing Rules.

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.

Underwriting Agreement means the agreement of that name between the Company and BCP dated 15 July 2016.



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

SYA

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

Proxy Form

XX



Vote and view the notice of meeting 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 (QLD time) Monday 5 September 2016

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 Extraordinary General Meeting of Sayona Mining Limited to be held at Suite 68, 283 Given Terrace, Paddington QLD 4064 on Wednesday, 7 September 2016 at 10:00am (QLD time) and at any adjournment or postponement of that meeting.

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 RATIFICATION OF PRIOR ISSUE OF 1,000,000 LEGENDRE SHARES | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 RATIFICATION OF PRIOR ISSUE OF 79,440,359 PLACEMENT SHARES ISSUED | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 APPROVAL OF THE ISSUE OF 66,533,632 FREE ATTACHING OPTIONS TO PLACEMENT SHARES | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 APPROVAL OF THE ISSUE OF 22,222,222 CONDITIONAL PLACEMENT SHARES AND 11,111,111 FREE ATTACHING OPTIONS | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 APPROVAL OF THE ISSUE OF 5,000,000 OPTIONS TO BIZZELL CAPITAL PARTNERS | <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

999999A

Computershare +