

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 23 November 2016 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 23 November, 2016 commencing at 10 am.

ORDINARY BUSINESS

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 2016.

Resolution 1 – Adoption of Remuneration Report

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

“That the Remuneration Report within the Directors' Report of the Company's 2016 Annual Report be considered and adopted.”

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 this resolution by or on behalf of “Key Management Personnel” (as defined in the Accounting Standards as published by the Australian Accounting Standards Board) and their “closely related parties” (**Restricted Voter**).

Key Management Personnel (**KMP**) are the Company's Directors and Executives identified in the Company's Remuneration Report. A closely related party of a 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.

The Company need not disregard a vote if 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 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 Paul Crawford as a Director

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

“That Paul Crawford, who retires by rotation as a Director of the Company in accordance with the provisions of the Constitution and ASX Listing Rule 14.5, and being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

Resolution 3: Ratification of prior issue of Shares to Attgold

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 1,851,852 Shares to Attgold, on the terms and conditions set out in the Explanatory Statement”.

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 to issue shares to Attgold

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

“The, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue Shares having an aggregate issue price of \$120,000, at an issue price issue price per Share equal to the volume weighted average price of the Shares over the 5 trading days on ASX prior to the issue date, to Attgold on the terms and conditions as set out in the Explanatory Statement”.

Voting Exclusions

The Company will disregard votes cast on this Resolution by any 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.

Resolution 5: 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**:

“That, for the purposes of 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 the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum”.

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.

In accordance with ASX Listing Rule 14.11.1 and the relevant note under that rule concerning Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no security holders are currently excluded.

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 23 November 2016 commencing at 10:00am.

Your Vote is Important

The business of the Annual 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 10:00am on 21 November 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.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting; or
 - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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, 21 November, 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.

Disclaimers

No person is authorised to give any information or make any representation in connection with the Takeover which is not contained in this Explanatory Statement. Any information or representation not contained in this Explanatory Statement, may not be relied on as having been authorised by the Company or the Board in connection with the Transaction.

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
21 October 2016

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 23 November 2016 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.

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.

1. RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

The Remuneration Report of the Company for the period ended 30 June 2016 is set out in the Directors' Report of the 2016 Annual Report to Shareholders (**Remuneration Report**).

The Remuneration Report:

- (a) sets out the Company's remuneration arrangements for the Directors and senior executives;
- (b) explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- (c) explains the relationship between the Board's remuneration policy and the Company's performance; and
- (d) details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

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.

If 25% or more of votes that are cast on this non-binding Resolution are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings of the Company, Shareholders will be required to vote at the second of these meetings on a resolution (a **Spill Resolution**) that another meeting be held within 90 days (**Spill Meeting**), at which:

- (a) all the Company's Directors (other than any Managing Director) cease to hold office immediately before the end of the Spill Meeting; and
- (b) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting will be put to the vote at the Spill Meeting.

The approval threshold for the Spill Resolution is 50% or more of the votes that are cast on the resolution.

At the 2015 Annual General Meeting of the Company, Shareholders voted in favour of the Remuneration Report, and no first 'strike' was recorded by the Company.

2. RESOLUTION 2: RE-ELECTION OF PAUL CRAWFORD AS A DIRECTOR

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

Mr Crawford was appointed as a Director of the Company on 10 March 2000. He is an accountant with over 30 years of commercial experience in various technical and management roles within the minerals, coal and petroleum industries. He has also had significant corporate experience in the management and governance of ASX listed resource and mining companies.

He is the principal of a corporate consultancy firm he established in 2001, offering a range of commercial and corporate governance services to corporate clients

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

3. RESOLUTIONS 3 AND 4: ISSUE OF SHARES TO ATTGOLD

3.1 BACKGROUND

Effective from 5 August 2016, the Company entered into an agreement (**Tenement Agreement**) to acquire a 100% interest in the Attgold Tenements from Attgold.

The purchase consideration contemplated by the Tenement Agreement is as follows:

1. payment of \$35,000;
2. the issue to Attgold of 1,851,852 fully paid ordinary shares in the Company upon execution of the Tenement Agreement (being the shares that are the subject of Resolution 3) (the **Contract Shares**); and
3. the issue to Attgold of Shares, having an aggregate value of \$120,000, on the Completion Date (being the shares that are the subject of Resolution 4) (the **Completion Shares**).

In each case, the issue price of the Shares is determined using a 5 day VWAP in the 5 trading days on ASX preceding the issue (**Issue Price**). The 1,851,852 Contract Shares were issued to Attgold under ASX Listing Rule 7.1 on 16 September 2016.

Completion of the sale and purchase of the Attgold Tenements will occur on 31 January 2017 unless the parties agree otherwise in writing. At completion, the Company will receive transfer of the Attgold Tenements and will issue the Completion Shares to Attgold.

ASX Listing Rule 7.1

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**). The Company has not exceeded this 15% limit.

ASX Listing Rule 7.4

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 Shareholder subsequently approve (ratify) the issue. The Company did not breach Listing Rule 7.1 at the time the Contract 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.

3.2 Resolution 3 - Resolution 3 - Ratification of Share issue to Attgold

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

- (a) 1,851,852 Shares were issued;
- (b) the Shares were issued at a value of \$0.027 per Share (having an aggregate value of \$50,000);
- (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;
- (d) the Shares were issued to Attgold Pty Ltd; and
- (e) no funds were raised from the issue of these Shares. The Shares were issued as initial consideration for the acquisition of the Attgold Tenements.

3.3 Resolution 4: Approval to issue shares to Attgold

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- a) The maximum number of Shares to be issued under this Resolution is that number of Shares which when multiplied by the Issue Price is equal to \$120,000. As the exact number of shares to be issued is not known until the issue date, as the issue price is determined based on a future volume weighted average price (VWAP) of the Shares. The Company's Shares closed at \$0.025 on the trading day before the issue of this notice. The Table below sets out some worked examples to illustrate the number of Shares that may be issued, depending on the Company's Share price on ASX when the VWAP is to be determined and the resulting dilutionary impact of the Share issue to be approved under this Resolution, based on different issue prices;
- b) The Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- c) The Issue Price per share will be the 5 day VWAP per share calculated over the 5 day trading period immediately prior to completion;
- d) The Shares shall be issued to Attgold, being an entity that is not a related party of the Company;
- e) The Shares shall be fully paid ordinary shares in the capital of the Company, ranking equally with the Company's existing Shares and for which the Company shall seek quotation on the ASX;
- f) No funds will be raised from the issue of the Shares given that they will be allotted in satisfaction of the purchase consideration under the Tenement Agreement; and
- g) Subject to the approval of Shareholders of this Resolution, the Shares are to be allotted in one tranche on completion as contemplated by the Tenement Agreement.

Purchase Consideration	10% decrease to Current Issue Price	Current Issue Price on date of this Notice (\$0.025 per Share)	10% increase to Current Issue Price
\$120,000	5,333,333 shares being 0.67% of shares on issue (undiluted)	4,809,000 shares being 0.60% of shares on issue (undiluted)	4,363,636 shares being 0.54% of shares on issue (undiluted)

The dilutionary impact is calculated by reference to the Company's current issued Shares as at the date of the Notice of Meeting of 801,963,882 and on the basis that no Options are exercised and no other securities are issued.

The issue is estimated to have a maximum negative dilutionary impact of 0.67% and a minimum negative dilutionary impact of 0.54% based upon the variables above. The actual impact of the issue may be greater or less than these estimates due to fluctuations in the Company's Share prices as a consequence of matters outside the control of the Company. Shareholder approval is sought to issue the number of Shares calculated in accordance with the terms of the Tenement Agreement as detailed above.

Resolution 5: Approval of additional 10% capacity to issue shares under Listing Rule 7.1A

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) can issue a further 10% of the Company's share capital, in addition to the 15% Threshold, 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 falls within the eligibility criteria required by ASX Listing Rule 7.1A. The Company's market capitalization was \$20 million based on a closing price of \$0.025 as at 11 October 2016

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:

<p>Minimum price at which the equity securities may be issued</p>	<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>
<p>Risk of economic and voting dilution</p>	<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>
<p>Date by which the Company may issue the securities</p>	<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>
<p>Purposes for which the equity securities may be issued, including whether the Company may issue them for non-cash consideration</p>	<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) Authier Lithium Project feasibility and evaluation costs;</p> <p>(b) East Kimberley Project exploration and evaluation costs;</p> <p>(c) Western Australian lithium exploration and evaluation costs; and</p> <p>(d) 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>
<p>Details of the Company’s allocation policy for issues under approval</p>	<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>(c) the effect of the issue of the Listing Rule 7.1A shares on the control of the Company;</p> <p>(d) the financial situation and solvency of the Company; and</p> <p>(e) 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>
<p>Previous approvals under LR 7.1A</p>	<p>Approval was previously obtained at the 2015 annual general meeting, on 19 November 2015.</p>

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
			\$0.0125	\$0.0250	\$0.0375
Current	801,963,882	80,196,388	\$1,002,455	\$2,004,910	\$3,007,365
150%	1,202,945,823	120,294,582	\$1,503,682	\$3,007,365	\$4,511,047
200%	1,603,927,764	160,392,776	\$2,004,910	\$4,009,819	\$6,014,729

*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 shows 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 \$0.025 being the closing price of the Shares on ASX on 11 October 2016.

As at the date of the Notice of Meeting the Company has on issue 801,963,882 shares. 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) 120,294,582 shares under ASX Listing Rule 7.1; and
- (b) 80,196,388 shares under ASX Listing Rule 7.1A

ASX Listing Rule 7.1A requires Resolution 5 to be passed as a special resolution. A special resolution needs approval by at least 75% of the votes cast by members entitled to vote on the resolution.

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

Information under Listing Rule 7.3A.6(a)

The following table details the total number of equity securities issued in the past 12 months preceding the date of the AGM and the percentages those issues represent of the total number of equity securities on issue at the commencement of the 12 month period.

Equity securities on issue at the commencement of the 12 month period	517,246,146 Ordinary shares 110,916,294 Listed options exercisable at 3 cents expiring 30 December 2016 38,000,000 unlisted options exercisable between \$0.005 and \$0.03 cents expiring between 30 June 2016 and 30 June 2016
Equity securities issued in the prior 12 month period	284,717,736 Ordinary shares 136,372,298 Listed options
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	Shares 55% Listed options 123%

Information under Listing Rule 7.3A.6(b)

The table below provides the specific details for each issue of equity securities that has taken place in the 12 month period preceding the date of the AGM.

	21 March 16	23 May 16 to 10 Oct 16	26 June 16	26 June 16	19 July 16	20 July 16	17 August 16	15 September 16	15 September 16	15 September 16
Class/type of security	Shares	Shares	Unlisted options	Unlisted options	Shares	1. Shares 2. Listed option	1. Shares 2. Listed option	1. Shares 2. Listed option	Listed options	Shares
Details of issue	Acquire mineral tenement	Exercise of listed options	Exercise unlisted options	Exercise unlisted options	Private placement	Entitlement offer	Entitlement offer	Private placement	Private placement & underwriting fee	Acquire mineral tenement
Number	1,000,000	11,621,342	6,000,000	1,500,000	133,067,264	1. 70,539,413 2. 35,269,822	1. 36,915,413 2. 18,457,727	1. 22,222,222 2. 11,111,111	66,533,638	1,851,852
Summary of terms	Same as existing shares	Same as existing shares	Same as existing shares	Same as existing shares	Same as existing shares	Same as existing shares Options exercise \$0.03, expiring 30/12/16	Same as existing shares Options exercise \$0.03, expiring 30/12/16	Same as existing shares Options exercise \$0.03, expiring 30/12/16	Options exercisable \$0.03, expiring 30/12/16	Same as existing shares
Names of recipient or basis for determination	Bruce Legendre	Option holders	Option holders	Option holders	Sophisticated investors introduced by Bizzell Capital Partners Pty Ltd	Eligible shareholders	Eligible shareholders	Sophisticated investors introduced by Bizzell Capital Partners Pty Ltd	Sophisticated investors introduced by Bizzell Capital Partners Pty Ltd	Attgold Pty Ltd
Issue price	\$0.020	\$0.030	\$0.005	\$0.030	\$0.027	\$0.027	\$0.027	\$0.027		\$0.027
Discount to market	29%	Nil	82%	Nil	4%	4%	4%	4%	Nil	4%
Cash consideration		\$348,640	\$30,000	\$45,000	\$3,592,816	\$1,904,564	\$996,716	\$600,000	\$0	
Use of funds		Used in full to fund activities	Used in full to fund activities	Used in full to fund activities	Used in full to acquire Authier	Used to fund Company activity	Used to fund Company activity	Used to fund Company activity		
Non-cash consideration	\$20,000									\$50,000
Current value	\$28,000									\$51,852

Glossary

In this Explanatory Statement and the Notice of Meeting:

ASIC means the Australian Securities and Investments Commission.

ASX means 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.

Attgold means Attgold Pty Ltd ACN 063 807 429

Attgold Tenements means Attgold's right, title and interest in and to Western Australian mineral tenement E80/4915 "Violet Lease", any associated permits, licences and authorities, all associated data, information, samples and contractual rights, including any rights of access to land comprising the tenement and any licence, permit or authority into which E80/4915 may be or have been converted or superseded, divided or amalgamated.

Board means the Company's board of Directors

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.

KMP means a member of the key management personnel names 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.