



ASX ANNOUNCEMENT



11 MAY 2016

ITABELA DRILLING DEFINES BROAD ZONES OF MINERALISATION

Sayona Mining Limited (ASX: SYA) ("**Sayona**" or the "**Company**") is pleased to announce the results from its first drilling program at the Itabela graphite project in Brazil.

The program has verified the results of the historical drilling and confirmed the extension of mineralisation to depth beyond the limit of previous drilling. The program has also demonstrated that the large flake mineralisation and soft saprolitic rock continues to at least 84 metres depth in the centre of the deposit, the limit of the deepest hole. The air-core drilling technique achieved excellent sample recoveries at low exploration cost.

Significant intersections from the first drilling program, include:

Sao Manuel

- 77 metres at 2.9% TGC from 7 metres, including 33 metres at 3.04% TGC and 20 metres at 4.08% TGC
- 26 metres at 4.01% TGC from 18 metres; and
- 43 metres at 3.14% TGC from 18 metres.

Sao Rubens

- 23 metres at 4.78% TGC from 3 metres; and
- 48 metres at 3.65% TGC from 3 metres.

A high-grade intercept of 12.09% TGC was reported in shallow levels at Sao Rubens in hole SIRC024, and visible inspection of the drilling sample indicates a high level of super jumbo, jumbo and large flake graphite.

Forty-nine air-core and reverse circulation drill holes totalling 2,440 metres were completed at the Sao Manuel and Sao Rubens prospects. The aim of the program was to expand, and verify the previous drilling, and also to test the depth extensions below the limit of previous drilling (which was typically 10 - 20 metres), and validate assays from historical drilling programs.

The Company believes there is potential to identify additional mineralisation which is largely open in all directions. The Company is now reviewing all the drilling information and project acquisition terms to determine whether the project will meet its investment criteria, and whether it can structure a long-term arrangement to continue exploration and development the project.

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Itabela Drilling Program

Forty-nine air-core and reverse circulation drill holes totalling 2,440 metres were completed at the Sao Manuel and Sao Rubens prospects, during March and April 2016 (see Appendix A and B for a full tabulation of the drilling results, drill collar location plan and cross sections). The aim of the drilling program, included:

- Testing the grade, strike and lateral extensions of known mineralisation at Sao Manuel and Sao Rubens;
- Testing depth extensions to known mineralisation where the limit of previous auger drilling is generally between 10 and 20 metres from surface; and
- Validating assays from historical drilling programs.

The graphite mineralisation is hosted in a sequence of very deeply weathered, saprolitic paragneiss which extends down to at least 84 metres, the limit of current drilling. The saprolite mineralisation remains very soft and friable with visible super jumbo, jumbo and large flake graphite consistently observed in most drill intersections, and along road cuttings exposed by surface earthworks to prepare drill access and pads.

Sao Manuel

Forty drill holes were completed at the Sao Manuel prospect over 1.7 kilometres of strike extent, and to a maximum depth of 85 metres in some areas. The width of the mineralisation pinches and swells along strike but is typically defined over 80 to 100 metres, but remains open to both the east and west. Best intersections, include:

- 77 metres at 2.9% TGC from 7 metres, including:
 - 33 metres at 3.04% TGC
 - 20 metres at 4.08% TGC
- 26 metres at 4.01% TGC; and
- 43 metres at 3.14% TGC.

Further drilling will be required to improve the definition of the mineralisation along strike, the lateral extent and at depth.

Sao Rubens

Nine drill holes were completed at the Sao Rubens prospect over 90 metres of strike extent, and to a maximum depth of 67 metres. The Sao Rubens prospect is demonstrating higher grades than Sao Manuel and visible jumbo and large flake graphite throughout all the samples. Best intersections, include:

- 23 metres at 4.78%TGC from 3 metres; and
- 48 metres at 3.65%TGC from 3 metres.

The Sao Rubens target comprises five north-south striking mineralised zones. Nine holes have been drilled in only one of the five target zones. More drilling will be required to define the extent of the mineralisation in the first zone drilled. The mineralisation remains open in all directions. Sao Rubens will be a high priority future drill target given the more attractive grades, and the good flake size and metallurgy previously reported in this area.

Project Next Steps

The Company believes there is potential to identify additional mineralisation which is largely open in all directions. The Company is also reviewing the project acquisition terms to determine whether the project will meet its investment criteria, and whether it can structure a long-term arrangement to continue the exploration and development the project.

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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

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Dr Gustavo Delendatti, a member of the Australian Institute of Geoscientists. Dr Delendatti is an independent consultant, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which it is undertaking to qualify as a Competent Person as defined in the JORC Code (2012 Edition) of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Dr Delendatti was responsible for the design and conduct of this exploration drilling campaign, supervised the preparation of the technical information in this release and has relevant experience and competence of the subject matter. Dr Delendatti, as competent person for this announcement, has consented to the inclusion of the information in the form and context in which it appears herein.

Appendix A - Itabela Drill Hole Intersections

Drill hole intersections based on a cut-off grade 2% TGC, maximum of 4 metres included below 2% TGC, and downhole widths not true widths are reported

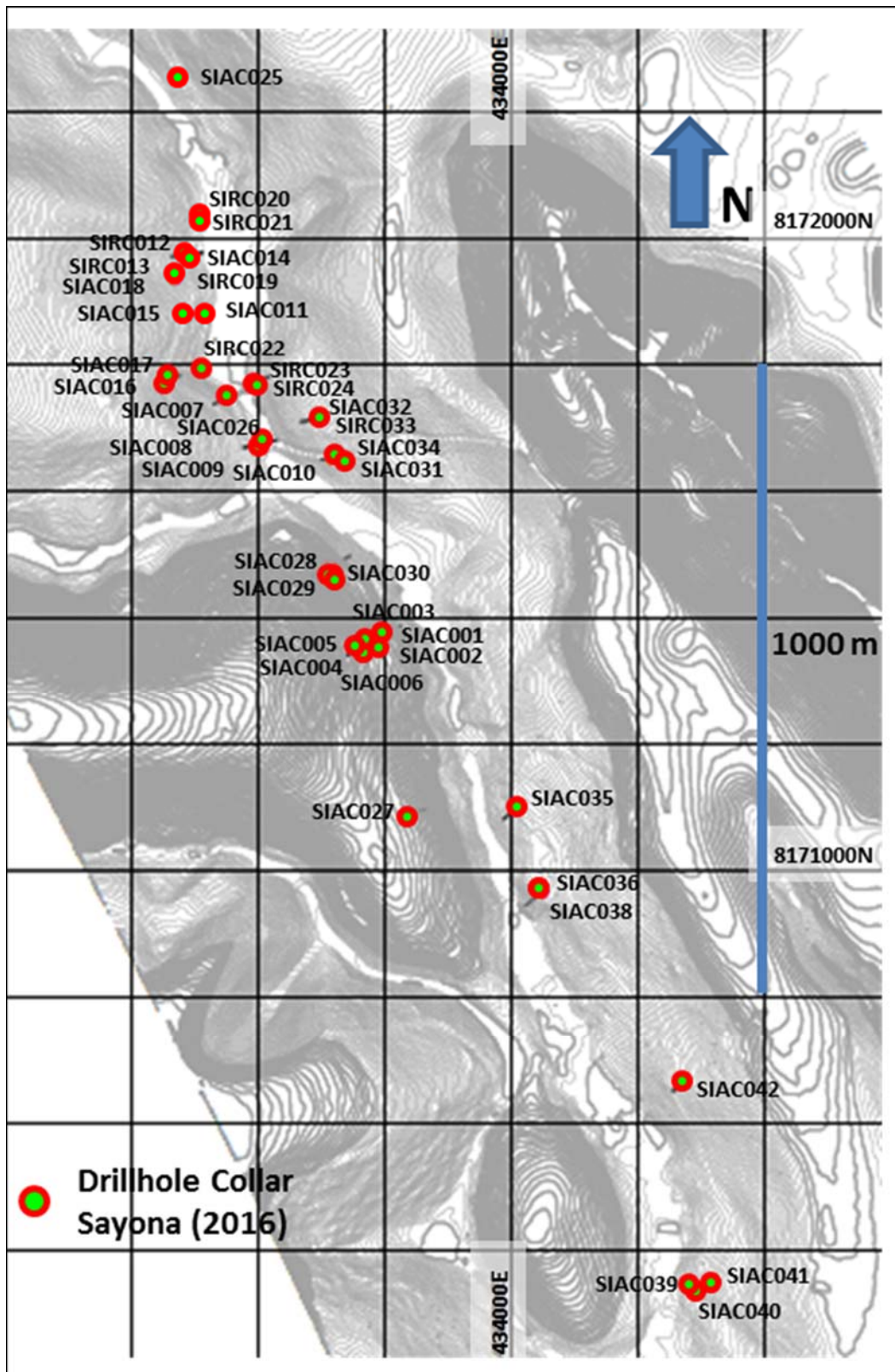
Drill Hole	East	North	RL	Azimuth	Dip	Depth	Downhole Intersections (metres)			
							From (m)	To (m)	Thickness (m)	Grade (%TGC)
SIAC001	433797	8171371	161	0	-90	84	7.00	84.00	77.00	2.90
including							7.00	40.00	33.00	3.04
and							64.00	84.00	20.00	4.08
SIAC002	433796	8171372	161	60	-57	66	No intersections of interest			
SIAC003	433781	8171369	164	240	-54	56.3	11.00	51.00	40.00	2.35
including							24.00	51.00	27.00	2.62
SIAC004	433767	8171354	167	0	-90	58	24.00	49.00	25.00	2.96
SIAC005	433762	8171354	167	240	-60	49.5	20.00	30.00	10.00	3.65
SIAC006	433776	8171361	165	60	-60	72	11.00	52.00	41.00	2.97
SIAC007	433552	8171753	141	0	-90	42	0.00	19.00	19.00	3.32
							25.00	32.00	7.00	2.14
SIAC008	433605	8171674	137	0	-90	44	32.00	44.00	12.00	2.72
SIAC009	433602	8171674	137	260	-60	50	1.00	5.00	4.00	2.49
							9.00	11.00	2.00	2.25
							20.00	48.00	28.00	2.81
SIAC010	433612	8171678	137	80	-60	42	24.00	26.00	2.00	2.90
SIAC011	433518	8171884	144	0	-90	60	0.00	5.00	5.00	2.29
							26.00	35.00	9.00	2.31
							39.00	49.00	10.00	2.98
SIRC012	433488	8171977	146	260	-60	49	18.00	27.00	9.00	3.14
							32.00	36.00	4.00	3.63
SIRC013	433489	8171977	146	264	-85	62	18.00	44.00	26.00	4.10
							53.00	61.00	8.00	2.24
							18.00	61.00	43.00	3.14
SIAC014	433497	8171976	144	80	-60	36	No intersections of interest			
SIAC015	433488	8171883	156	196	-84	48	16.00	36.00	20.00	3.64
SIAC016	433456	8171776	167	0	-90	42	No intersections of interest			
SIAC017	433459	8171780	167	80	-60	42	No intersections of interest			

Drill Hole	East	North	RL	Azimuth	Dip	Depth	Downhole Intersections (metres)			
							From (m)	To (m)	Thickness (m)	Grade (%TGC)
SIAC018	433470	8171940	156	0	-90	36	No intersections of interest			
SIRC019	433470	8171938	156	0	-90	43	6.00	9.00	3.00	3.62
SIRC020	433512	8172028	141	0	-90	31	No intersections of interest			
SIRC021	433510	8172024	142	260	-60	25	No intersections of interest			
SIAC022	433515	8171793	141	0	-90	43	12.00	41.00	29.00	2.01
SIRC023	433597	8171772	143	0	-90	25	1.00	6.00	5.00	3.75
SIRC024	433599	8171773	144	64	-55	37	2.00	37.00	35.00	3.80
SIAC025	433474	8172254	151	0	-90	17.8	No intersections of interest			
SIAC026	433552	8171750	142	240	-55	43	0.00	40.00	40.00	2.81
SIAC027	433840	8171089	167	70	-60	69	No intersections of interest			
SIAC028	433721	8171485	153	60	-60	61	No intersections of interest			
SIAC029	433719	8171484	154	0	-90	84	39.00	76.00	37.00	2.99
SIAC030	433710	8171482	156	239	-60	53	28.00	43.00	15.00	4.33
SIAC031	433719	8171649	150	270	-60	37	15.00	32.00	17.00	3.61
SIAC032	433700	8171716	165	260	-55	57	49.00	57.00	8.00	3.14
SIRC033	433702	8171716	167	0	-90	73	66.00	70.00	4.00	2.81
SIAC034	433722	8171653	148	81	-88	37	27.00	36.00	9.00	3.37
SIAC035	434009	8171100	150	230	-60	55	No intersections of interest			
SIAC036	434045	8170973	145	230	-60	70	45.00	61.00	16.00	2.91
including							48.00	61.00	13.00	3.24
SIRC037	434047	8170973	150	0	-90	42	No intersections of interest			
SIAC038	434048	8170973	145	0	-90	66	No intersections of interest			
SIAC039	434294	8170338	136	0	-90	31	12.00	22.00	10.00	3.43
SIAC040	434292	8170338	136	260	-60	28	15.00	21.00	6.00	3.67
including							16.00	20.00	4.00	5.10
SIAC041	434316	8170349	143	96	-85	53	35.00	48.00	13.00	2.74
SIAC042	434274	8170668	155	230	-60	49	No intersections of interest			
SIAC043	436303	8169308	114	200	-60	36	3.00	23.00	20.00	3.41
SIAC044	436306	8169316	115	19	-60	60	3.00	51.00	48.00	3.65
including							3.00	26.00	23.00	4.78
and							30.00	37.00	7.00	4.08
and							41.00	51.00	10.00	3.32

Drill Hole	East	North	RL	Azimuth	Dip	Depth	Downhole Intersections (metres)			
							From (m)	To (m)	Thickness (m)	Grade (%TGC)
SIAC045	436313	8169341	116	0	-90	60	2.00	9.00	7.00	4.11
and							24.00	59.00	35.00	2.55
including							24.00	47.00	23.00	3.09
SIAC046	436325	8169373	115	20	-60	38	1.00	38.00	37.00	3.35
SIAC047	436324	8169366	115	200	-60	73	3.00	24.00	21.00	3.53
and							31.00	67.00	36.00	3.13
SIRC048	436232	8169354	123	271	-86	58	3.00	16.00	13.00	2.45
SIRC049	436221	8169319	125	0	-90	46	2.00	14.00	12.00	2.94

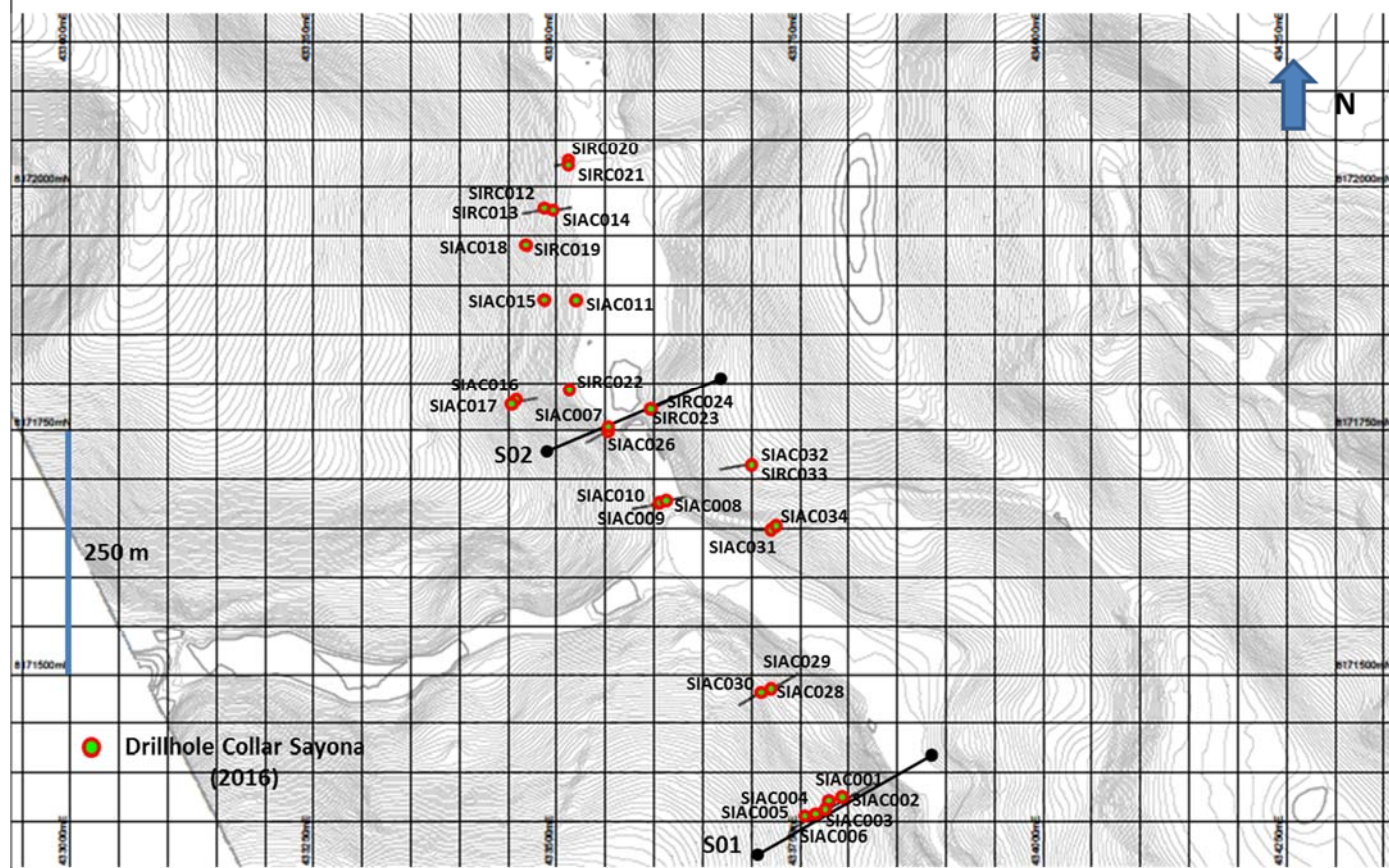
Appendix B – Drilling Program Collar Locations and Cross Sections

San Manuel Drill Collar Location Plan

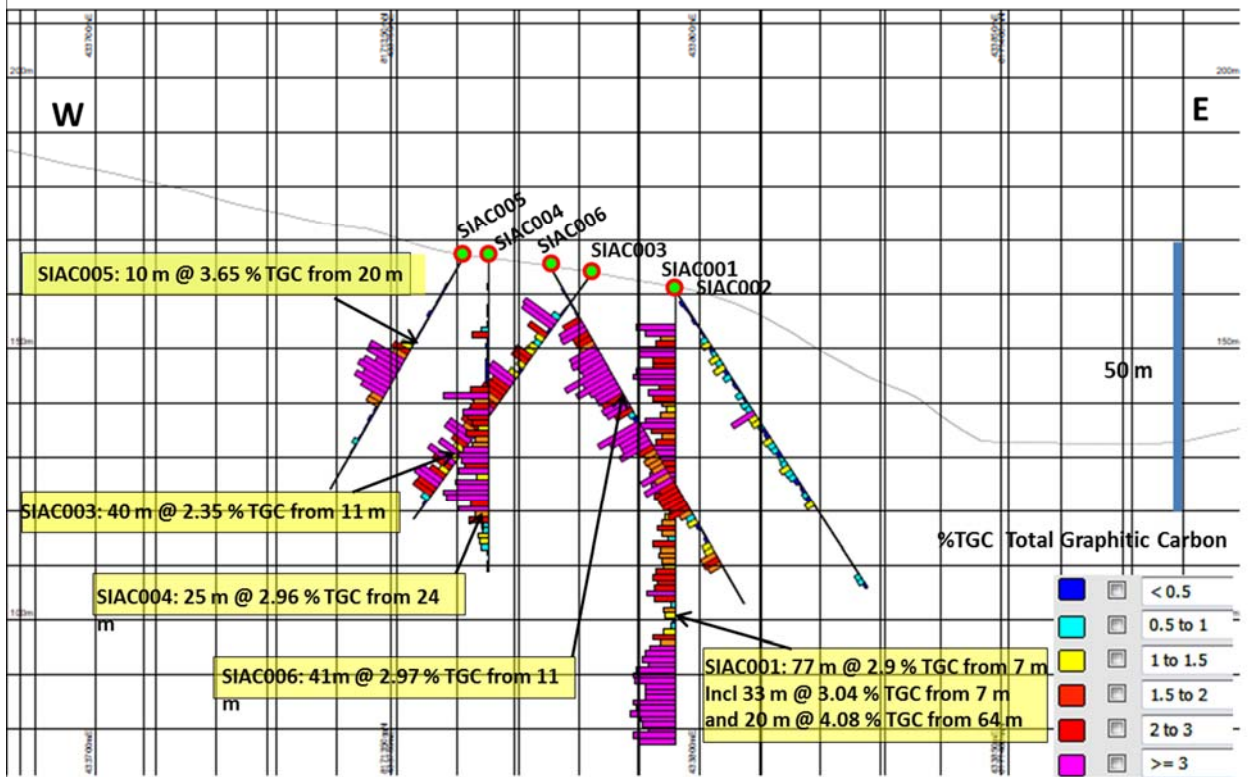


ITABELA GRAPHITE PROJECT – SAO MANUEL PROSPECT

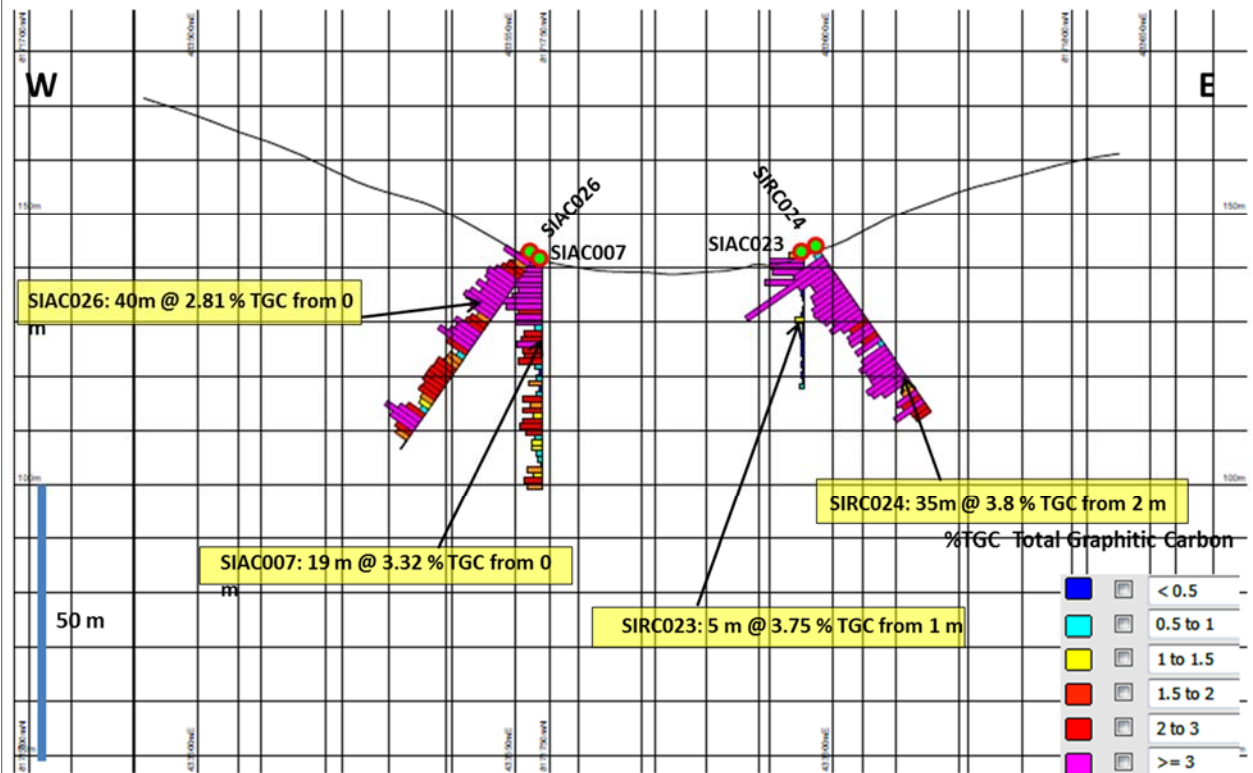
Drilling Program Collar Location - Sao Manuel North



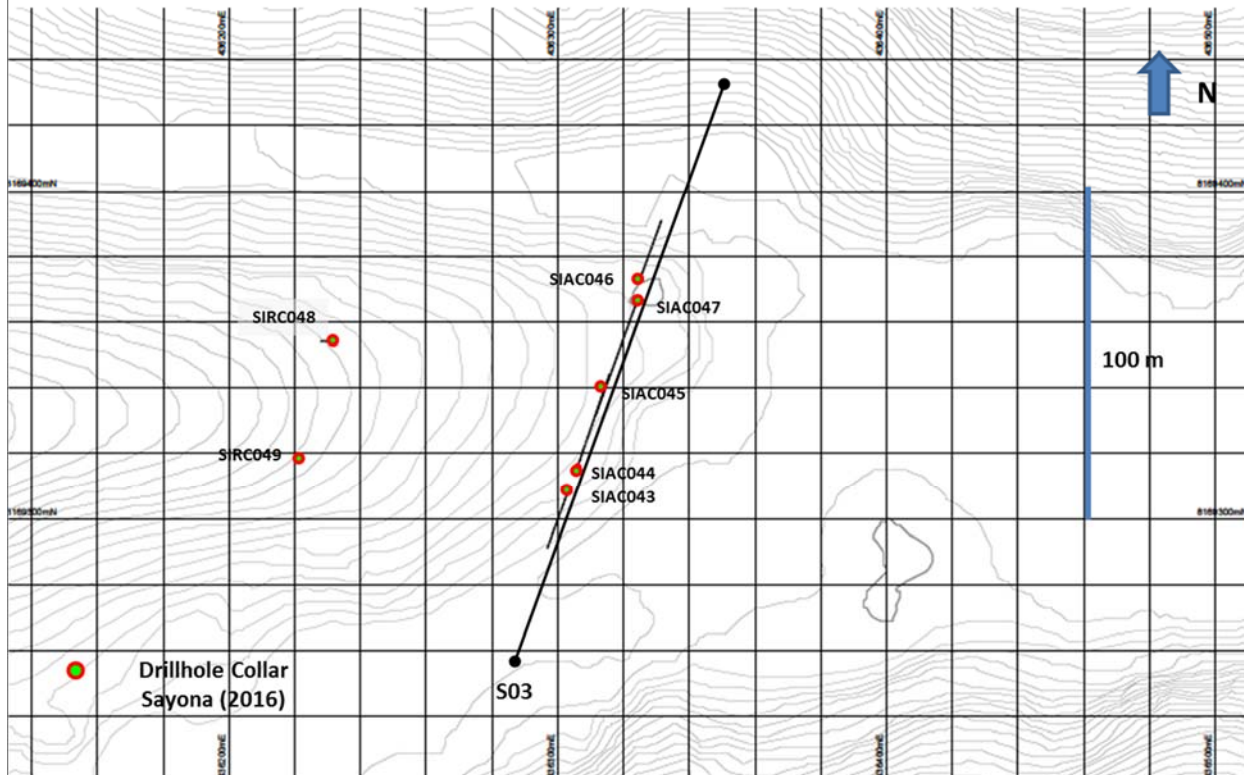
Sao Manuel – Section 01 – Looking North



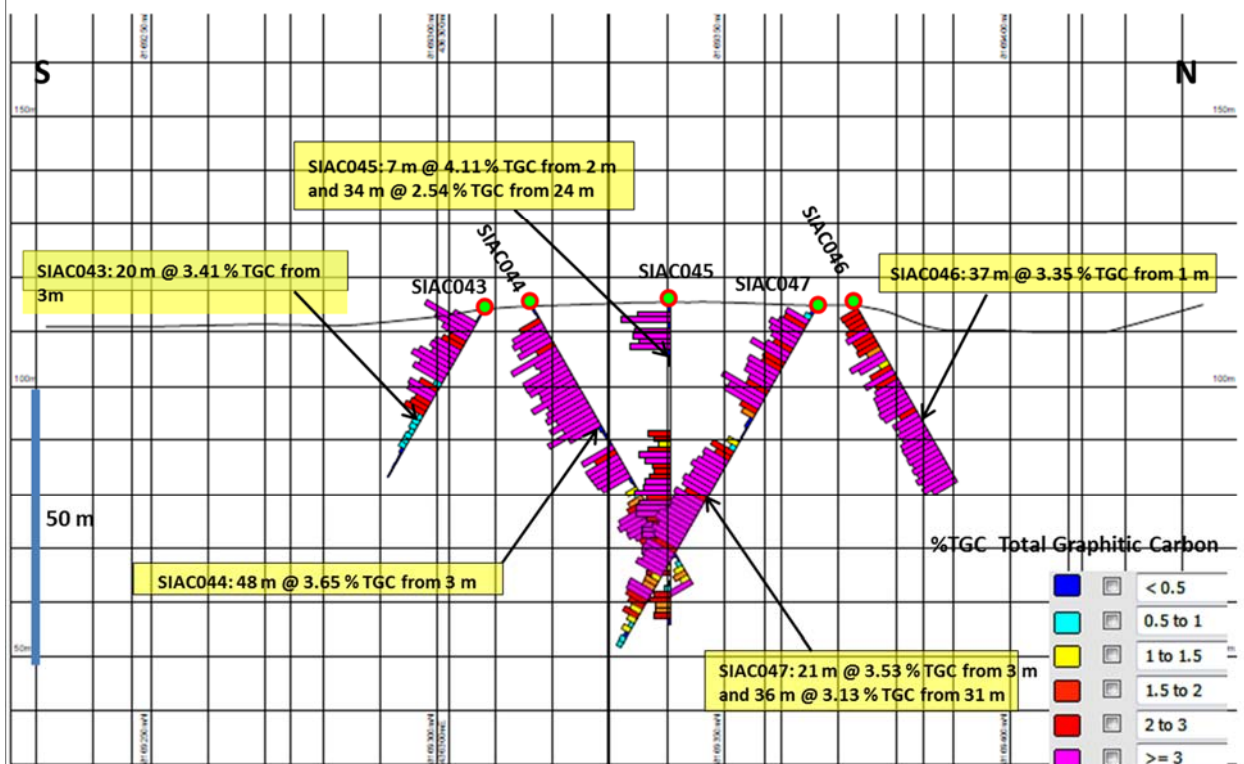
Sao Manuel – Section 02 – Looking North –



ITABELA GRAPHITE PROJECT – SAO RUBEN PROSPECT Drilling program Collar Locations



Sao Ruben – Section 03 – Looking West



JORC Code, 2012 Edition – Table 1 - Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

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 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> 	<ul style="list-style-type: none"> All holes reported in this program has been Aircore (AC) and Reverse Circulation (RC) drillholes (RDH). AC and RC samples were collected at each metre interval during the drilling process. Intervals where graphite mineralisation was observed at hand lens scale were placed in sequentially numbered sample bags which included blanks, sample duplicates and CRM material for laboratory submission. Each sample for assay submission was collected from corresponding 1 metre main sample bag using a PVC spear. The speared sample is considered representative of the material drilled within each 1 metre interval. Each sample bag sent to the lab contains between 3.0 kg to 5.0 kg of sample. The remaining part of the sample is stored in waterproof plastic bags in a field deposit at Itabela. Samples 33001 to 33811, 33826 to 34000, 39001 to 40000, 42001 to 42100 and 42301 to 42369 (2,155 samples from holes SIAC001 to SIRC049) have been sent to and assayed for graphitic carbon (Cg) by SGS Geosol in Belo Horizonte, Brazil, using the LECO method. High grade graphite mineralisation is visible during geological logging and sampling. The sample preparation and assaying techniques are within industry standard and appropriate for this type of mineralisation.
<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"> AC drilling was carried out with a 125 mm AC bit. RC drilling was carried out with a 133 mm hammer bit. An auxiliary air booster was used when necessary in order to maintain dry sample recovery and provide appropriate sample quality.
<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</i> 	<ul style="list-style-type: none"> The AC and RC sample quality was estimated by visual control and recording of sample quality including moisture status. The AC and RC rig sampling systems were routinely cleaned to minimize the opportunity for contamination; Industry standard procedures/techniques were employed to ensure maximum downhole

Criteria	JORC Code explanation	Commentary
	<i>of fine/coarse material.</i>	<p>recovery.</p> <ul style="list-style-type: none"> Each AC and RC bulk sample was systematically weighed with a scale in the rig site and examined for overall recovery and representativity. Overall recovery for all AC and RC drillholes is estimated above 85%. There has been no identified relationship or sample bias between sample recovery and grade.
<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"> Geological logging is completed for all holes. AC and RC samples have been visually logged by qualified geologists observing drill spoil as well as washed chips. AC and RC chips for each metre and each hole were collected, logged and stored in chip trays. Logging is both qualitative and quantitative including visual percentage estimation of graphite content and description by flake size on each metre.
<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 diamond drilling has been carried out. A cyclone was used for bulk sample collection for each metre drilled. Most samples remained dry and were observed to be of good quality. Each sample for assay submission was collected from corresponding 1 metre main sample bag using a PVC spear. The speared sample is considered representative of the material drilled within each 1 metre interval. Sample preparation of drill samples at the SGS laboratory in Belo Horizonte follows industry best practice, involving oven drying, crushing and pulverizing, with the pulp processed in the same lab location for analysis by LECO furnace and intra red detection of the total graphitic carbon. Field QA/QC protocols included the use of split duplicate samples, blanks and CRM material within the submitted samples, inserted at every 25th sample. CRM material was purchased at Geostats Pty Australia. The blanks samples were taken from local barren granite in a quarry near Guaratinga, Brazil. Sample sizes are considered appropriate with

Criteria	JORC Code explanation	Commentary
		regard to the grain size of the sampled material.
<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 the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <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> 	<ul style="list-style-type: none"> Assaying was carried out by by SGS Geosol in Belo Horizonte, Brazil, which is a certified laboratory in compliance with ABNT NBR ISO 9001:2008 using the LECO furnace with infra-red detection method, which is considered a total determination of the graphite content. No geophysical or handheld tools were used. Standards certified were inserted at approximately 1 in 25 samples frequency rate. In addition, field duplicates and blanks are collectively inserted at a rate of 1 in 25 samples. QAQC data analysis has been completed to industry standards.
<i>Verification of sampling and assaying</i>	<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. Primary data are captured on paper in the drilling site and then re-entered into spreadsheet format by the supervising geologist, to then be input into the company's database. The company uses the service of a database manager to input the drill information into a relational database and verify its integrity and provide storage of digital data. Company geologist also conducts internal data verification to ensure data entry and storage protocols have been followed. No adjustments to assay data have been undertaken.
<i>Location of data points</i>	<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"> Collar positions have been located by hand held GPS with a typical accuracy of +/- 5m. The grid system used is UTM WGS 84 South. A correction on altitude was performed matching the RL of each collar with a 2 metre accuracy topographic DTM. The level of topographic control offered by the handheld GPS is considered sufficient for the work undertaken at its current stage.
<i>Data spacing and distribution</i>	<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"> Drill collars were sited to provide the best geological information possible to test the grade, strike and lateral extensions of known mineralisation at Sao Manuel and Sao Rubens targets; to test depth extensions to known mineralisation where the limit of previous auger drilling is generally between 10 and 20 metres from surface; and to validate assays from historical drilling programs, as shown on the

Criteria	JORC Code explanation	Commentary
		<p>attached plan.</p> <ul style="list-style-type: none"> The data spacing is sufficient to estimate geological and grade continuity of observed mineralisation. No estimation of JORC resource has been made. The Company is now reviewing all the drilling data to assess Itabela's overall resource tonnage potential. Sample compositing has not been applied.
<i>Orientation of data in relation to geological structure</i>	<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"> Drilling grid orientation is perpendicular to the strike of the mineralisation determined by previous mapping and historical drilling. No bias attributable to orientation of sampling upgrading of results has been identified.
<i>Sample security</i>	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> All reasonable measures are being taken to ensure sample security along the value chain. These measures include the sample collection by a company's field geologist, recording of sample dispatch and receipt reports, secure delivering of samples by commercial courier to SGS laboratories and secure storage of samples in sealed bags at Sayona's field office.
<i>Audits or reviews</i>	<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"> Internal reviews are carried out regularly as a company protocol. No formal third party audits have been undertaken. Laboratory procedures and manuals are comprehensively documented on-site and SGS laboratories (Belo Horizonte) are considered to be reputable laboratory for carbon analysis. As the assaying techniques used are broadly destructive techniques, with a limited ash residue, they are not suited for replicate analysis. The quality control protocols implemented at Itabela project are considered to represent good industry practice and allow some assessment of analytical precision and accuracy. The assay data is considered to display acceptable precision. Internal laboratory QAQC data (standards, blanks and duplicates) have been reviewed and no significant problems were identified regarding the quality of the assaying.

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 license to operate in the area.</i> 	<ul style="list-style-type: none"> • The Itabela Graphite Project consists of 13 mineral rights in the State of Bahia totaling 12,364). Approved concession identification numbers for approved: 871.722/2010; 872.328/2010; 872.329/2010; 872.732/2010, 872.733/2010, 872.734/2010; 872.735/2010; 872.736/2010; 872.737/2010; 872.874/2010; 871.052/2011 and 871.053/2011. 871.524/2013. • Mining development is subject to the development, submission and approval of a Feasibility Study to demonstrate technical feasibility of the project and the granting of the environmental license to mine the concession. The DNPM is obligated to grant a mining license if the required studies have been completed and indicate a commercially viable mining operation. Once the legal and regulatory requirements are met, including the environmental licensing and the Economic Feasibility Plan is approved by the DNPM, the mining concession is granted through a "Portaria de Lavra". • Brasil Grafite S.A. ("Brasil Grafite"), is a privately owned Brazilian exploration and development company which owns 100% of the Itabela graphite project ("Itabela"), comprising 13 exploration permits with a total area of 13,316 hectares. • Sayona has agreed an Option-to-Purchase terms with Brasil Graphite which include an exercise payment of US\$ 1.5 million on 30 June 2016 and further payments based on delineating JORC resources.
<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"> • Brasil Graphite is in charge of exploration at Itabela project since discovery in 2011. • Between 2011 and 2012 the exploration was in charge of Brasil Graphite partner's which completed 3,167 metres of rotary drilling in 467 holes mostly at Sao Manuel and Sao Rubens targets • Since 2013 Brasil Graphite managed exploration and drilling completing 3,287 meters of rotary drilling for 372 holes totaling 6,447 metres of rotary drilling for 839 holes involving Sao Manuel

Criteria	JORC Code explanation	Commentary
		and Sao Rubens targets as well as other 11 exploratory targets
<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"> The Itabela Project is hosted within a saprolite unit formed after strongly metamorphosed and foliated sediments and underlying synkinematic granites and gneiss, Neoproterozoic to early Cambrian in age. Strong metamorphism is responsible for concentration of graphite. The saprolite unit is placed within a 7.5 km along strike shear zone containing main prospects (Sao Manuel and Sao Rubens) which is also controlling nearby graphite deposits like Salto da Davaia at regional scale. Mineralisation is dominated by Jumbo, large and medium size graphite flakes.
<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"> Drill hole details are reported in the body of this announcement as Appendix A.
<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 equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> No weight averaging or high-grade cut has been applied to any of the sample assay results. Reported intercepts have been calculated as arithmetic averages using a 2 % lower cutoff grade, as described in the body text of this release. The majority of the graphite assay results show a simple normal population and it is not believed the reporting of intercepts is skewed by the inclusion of high and low grade results. Metal equivalent values have not been reported.
<i>Relationship between mineralisation widths and</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</i> 	<ul style="list-style-type: none"> Drilling has been sited to intersect the graphitic mineralisation orthogonally. Drilling widths reported are downhole intercept widths and true width is not known.

Criteria	JORC Code explanation	Commentary
<i>intercept lengths</i>	<p><i>nature should be reported.</i></p> <ul style="list-style-type: none"> <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"> The geometry of the mineralisation with respect to the drill hole angle needs more accuracy. Cross-sections are provided so that multiple holes within a section display the apparent width of mineralisation in that section.
<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"> A Collar Plan and typical cross-sections are presented in Appendix B of this report. Drill hole details are reported in the body of this announcement as Appendix A.
<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"> The reporting is considered to be balanced.
<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"> Field mapping was conducted early in the geological assessment of the license area to define the geological boundaries of the graphitic saprolite with other geological formations. Geological mapping and sampling of trenches cut across the strike of the host geological units provided important information used to compile the Mineral Resource estimate. Details of metallurgical testwork were detailed in previous other ASX release.
<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"> The Company is now reviewing all the drilling data to assess Itabela's overall resource tonnage potential. The Company's expects a further commitment to resource definition drilling will be required in order to produce a JORC Resource and completion of the Scoping Study. Furthermore, there is scope for further resources to be defined at a number of satellite prospect areas that are yet to be drilled tested by Sayona.