



ASX ANNOUNCEMENT



16 JUNE 2016

CORKWOOD GRAPHITE STUDIES

Highlights

- Petrological study of RC drill chips identifies large to jumbo flake graphite at Snowbird, Firefly and Windrush prospects
- Flotation test work on surface samples returns encouraging results with a best result of 96.2% TGC in flotation concentrate, with 43% in the plus 180 micron flake size
- Diamond core required to advance additional flake size characterization and flotation testing

Sayona Mining Limited (ASX: SYA) ("Sayona" or the "Company") is pleased to announce the results of petrological and metallurgical studies on graphite samples from the Corkwood project in the East Kimberley, Western Australia.

Petrological Study

A petrological study of chips from the RC drilling program at the Snowbird, Windrush and Firefly prospect areas has demonstrated the large flake graphite potential of the project:

- Snowbird - SKRC016 (37-38m), flake size commonly between 300-400+ microns in length, with instances of flakes over 1000 micron;
- Windrush – SKRC007, flake size up to 500 microns and an averaging 200 microns in length; and
- Firefly – SKRC005 demonstrated that ~20% of the graphite flakes were between 350 and 400 microns in length, with an average 225 microns in length.

The RC drilling method has resulted in many of the graphite flakes being broken into smaller pieces. Diamond core samples will be required to finalise the actual flake size distribution. The results give encouragement that the project has the potential to host high-value coarse flake graphite.

Flotation Testing

The Company has also completed flotation test work on both surface and RC chip samples. The best flotation results were achieved in surface rocks from the Snowbird prospect, where a flotation concentrate grade of 96.2% TGC was achieved, with 43% of the concentrate containing flakes above 180 mesh size. The metallurgical results provide encouragement that the Corkwood coarse flake graphite can deliver a high purity graphite concentrate using simple flotation technology.

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Flotation testing of two RC drill chips samples were not successful, most likely due to oil contamination of sample during the RC drilling process.

Next Steps

Results provide encouragement that Corkwood can deliver high quality concentrate with large flake size. Diamond core is required to advance the flake size characterisation and flotation testing. Planning of an appropriate programme has commenced.

A study is also underway to identify higher grade zones to the mineralisation. Only one drilling program of 33 reverse circulation drill holes (for 2,949 metres) has been completed, focussed at six prospect areas, along portions of a 7 km strike extent. The drilling has identified higher grade zones, including an individual metre assay up to 12.2% TGC¹ and a best intersection of 16m @ 5.03% TGC from 13m in SKRC006 at Windrush.

An approximate 20km strike extent to the target horizon displays coincident VTEM anomalism and remains largely untested by drilling. This large target has the potential to host additional high grade zones. Drilling in these new areas will be subject to heritage surveying and the Company reaching a satisfactory commercial arrangement with the Kimberley Land Council for access.

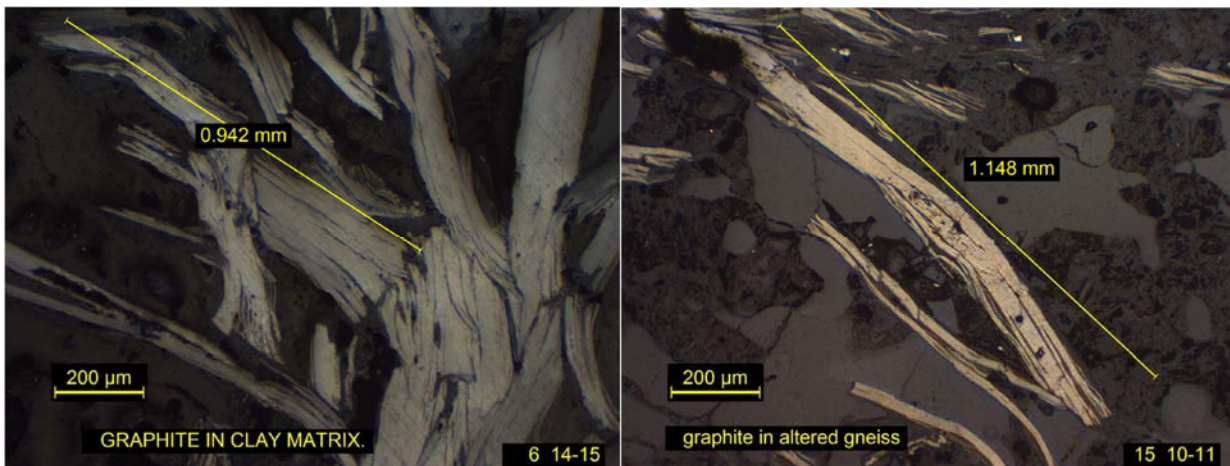


Figure 1: SKRC006 and SKRC015 polished thin sections demonstrating flake size

¹ TGC – Total Graphitic Carbon

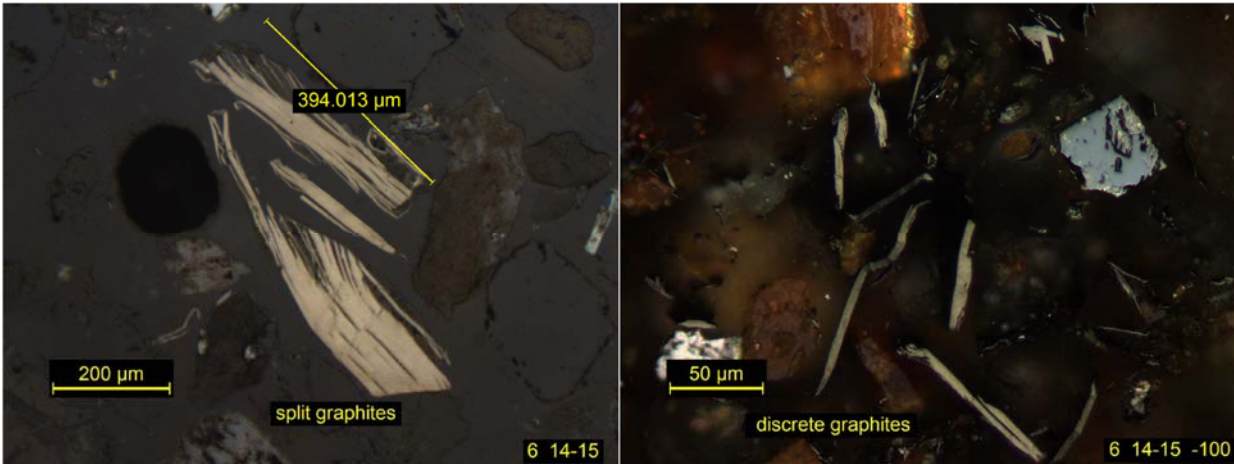


Figure 2: SKRC006, 14-15m +100 mesh (left) and -100 mesh (right) sieved RC drill sample (set in resin). Both photos show graphite flakes broken and liberated during the RC drilling process.

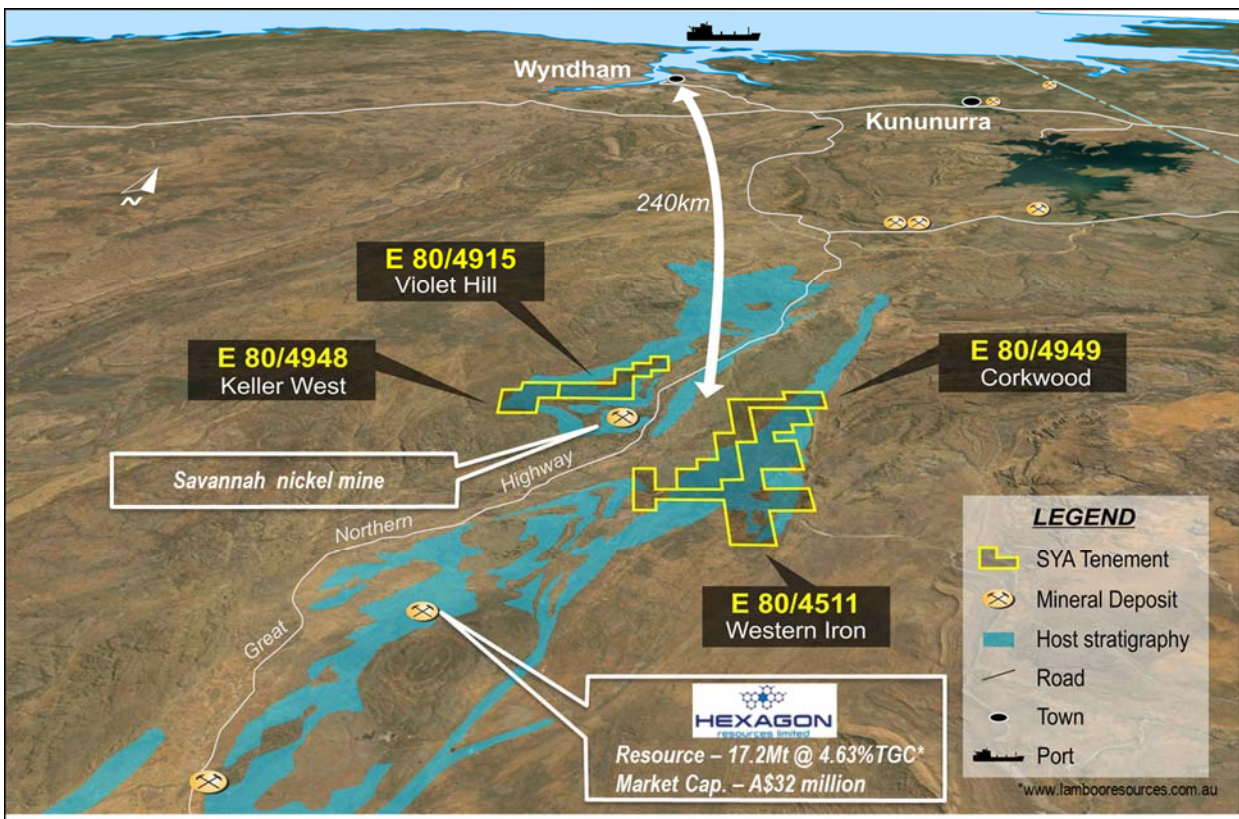


Figure 3: East Kimberley project tenement location.

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Sayona Mining Limited is an Australian, ASX-listed, company focused on sourcing and developing lithium and high purity flake graphite for use in the rapidly growing new 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 Mr Simon Attwell, a Competent Person, and who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Attwell is an employee of Attagold Pty Ltd ("Attagold") which provides geological services to Sayona. Mr Attwell is a financial beneficiary, being a director and shareholder of Attagold if Sayona exercises its option to purchase the East Kimberley Graphite project.

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