

12 August 2019

Ms Lauren Osbich
Adviser, Listings Compliance
ASX Limited
20 Bridge Street
Sydney NSW 2000

By email: lauren.osbich@asx.com.au

Dear Ms Osbich

Sayona Mining Limited (SYA) – Response to ASX Aware Query

We refer to your letter dated 7 August 2019 (**Letter**). Capitalised terms used in this letter have the meaning given in your Letter unless otherwise defined. Set out below is the response of Sayona Mining Limited (**SYA**) to each of the questions in the Letter.

1. *"Does SYA consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?"*

No.

2. *"If the answer to question 1 is "no", please advise the basis for that view."*

SYA is of the view that a reasonable person would not expect the Information to have a material effect on the price or value of its securities. This view is formed on the basis that:

Re "(i) On Page 3, the award of a research grant from MERN:"

Neither the amount nor the purpose of the grant are material within the context of the Company. They were announced for general information purposes

Re "(ii) On Page 4, in regards to the Mallina Project, the proceeds of the co-funding grant:"

The amount of the rebate is not considered material within the context of the Company. Its inclusion as part of the June Quarterly Report is considered appropriate as general information for shareholders.

Re: "(iii) On Page 5, in regards to the Mallina Project, work on the Area C prospect including drilling results"

The rehabilitation work and 3D modelling are part of continuing, follow-up exploration to previously announced works and results. Their reporting, as routine activities carried out during the Quarter, is considered appropriate for quarterly reporting.

Re "(iv) On Page 6, in regards to the Tabba Project, reconnaissance for pegmatite occurrences including Figure 4:"

The relevant results reflect continuing, follow-up exploration.

The location of the pegmatites found during this reconnaissance are displayed in the figure in order to place them in context with the project geochemistry. The figure is annotated to indicate their location and is as otherwise as released to the ASX on 31 January 2019 (December 2018 Quarterly Report).

The results are reported in the quarterly to reflect the scope of routine, ongoing work falling during the quarter.

Re: "(v) On Page 7, in regards to the Moolyella Project, new rock sample assays:"

The relevant results reflect part of ongoing, follow-up exploration, in progress. Inclusion of this information is considered appropriate to reflect ongoing work falling during the quarter.

Re: "(vi) On Pages 8-9, in regards to the Mt Edon Project, new results for lepidolite mineralisation:"

The sampling undertaken was not geologically significant. Reference is made to planned further work and the target style of mineralisation this work will focus on (albite spodumene pegmatites) to provide clarity on the nature of the spodumene lithium mineral target being sought.

The inclusion of the results is considered appropriate to accurately reflect ongoing work falling during the quarter.

3. "When did SYA first become aware of each of the individual components of the Information listed at A(i) – (vi) above?"

Re (i) above

The grant referred to is made up of 2 components. Confirmation of funding under a Federal program of C\$25,000 was confirmed on 11 June 2019. Funding under a Provincial program of C\$55,000 was confirmed on 21 June 2019.

Re (ii) above:

The Co-funding grant has been previously announced to the ASX (eg 11 July 2018 and 10 September 2018).

In June 2019, the invoice detailing the cost of drilling undertaken was submitted to DMIRS, prior to the end of the financial year, and it was also paid in June 2019.

Re (iii) above:

The sequence of relevant events activities, was:

- Rehabilitation of previous drilling was completed in May 2019;
- 3D modelling of past drilling was carried out in June 2019, as part of the

background work for the reporting provisions for the co-funded drilling grant process; and

- The 3D modelling of past drilling includes interpretation of intercepts which have been previously released (eg ASX announced 31st October 2018)

Re (iv) above:

The samples of fractionated pegmatite and lepidolite mineralisation at anomaly 2 were collected in April 2019.

Re (v) above:

The mapping and rock geochemistry referred to took place in May 2019. This work is part of follow up on past sampling (see ASX announcement 30 April 2019).

Re (vi) above:

The samples of fractionated pegmatite and lepidolite mineralisation at anomaly 2 were collected in April 2019.

4. ***If SYA first became aware of the Information before the release of the Quarterly Report, did SYA make any announcement prior to the release of the Quarterly Report that disclosed the Information? If so, please provide details, addressing each item listed in the Information. If not, please explain why the Information was not released to the market at an earlier time, commenting specifically on when you believe SYA was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps SYA took to ensure that the Information was released promptly and without delay.***

Re (i) above: The Co-funding grant has been previously announced to the ASX (eg 11 July 2018 and 10 September 2018).

Re (iv) above:

The figure is as otherwise as released to the ASX on 31 January 2019 (December 2018 Quarterly Report).

The remaining information cited in the letter was not previously announced, as it was not price-sensitive and as stated, was included for general information purposes, in relation to ongoing exploration work. The Company intends to release discrete announcements about its exploration program when justified by progress and collation of sufficient results enable it to compile and make an announcement.

5. ***Please confirm that SYA is complying with the Listing Rules and, in particular, Listing Rule 3.1.***

SYA confirms it is complying with the Listing Rules and, in particular, Listing Rule 3.1.

6. ***Please confirm that SYA's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of SYA with delegated authority from the board to respond to ASX on disclosure matters.***

We confirm that SYA's response to your questions have been authorised and approved in accordance with its published continuous disclosure policy

Yours faithfully
Sayona Mining Limited

A handwritten signature in black ink, appearing to read 'P. Crawford'.

Paul Crawford
Director & Company Secretary



7 August 2019

Mr Paul Crawford
Company Secretary
Sayona Mining Limited
Unit 68, 283 Given Terrace
Paddinton, Australia, 4064

By email: pcrawford@sayonamining.com.au

Dear Mr Crawford

Sayona Mining Limited('SYA'): Aware Query

ASX refers to the following:

A. SYA's announcement entitled "Quarterly Activities Report" lodged on the ASX Market Announcements Platform on 31 July 2019 (the 'Quarterly Report'), disclosing the following items (collectively termed 'Information'):

(i) On Page 3, the award of a research grant from MERN:

Research

During the quarter, Sayona was awarded a grant of up to \$CAD 80,000 from the Ministère de l'Énergie et des Ressources Naturelles du Québec (MERN) for a research project on mining waste recovery. This two-year project will evaluate the possibility of using lithium mine residues for a number of applications, including road backfill.

(ii) On Page 4, in regards to the Mallina Project, the proceeds of the co-funding grant:

During the quarter, \$83,252 was awarded to the company under its WA government co-funding grant, relating to its 2018 RC drilling at Mallina. This drilling identified spodumene pegmatites at the Area C, Pegmatite 3 and Discovery prospects. These prospects are located in an area which contains a large number of pegmatite intrusions. Soil geochemistry has outlined 32 geochemical lithium anomalies, with many remaining untested.

(iii) On Page 5, in regards to the Mallina Project, work on the Area C prospect including drilling results:

Rehabilitation of previous drilling was completed during the period and 3D modelling of past drilling was carried out. Work focussed on intercepts at the Area C prospect (eg SMRC040 - 4m @ 2.18% Li₂O from surface) and at the Pegmatite 2 prospect (eg SMRC042 – 20m @1.12% Li₂O from 4m). The mineralisation at Pegmatite 2 prospect is interpreted to relate to plunging shoots of spodumene within the host pegmatite, as displayed in the figure below.

(iv) On Page 6, in regards to the Tabbatabba Project, reconnaissance for pegmatite occurrences including Figure 4:

Reconnaissance during the quarter identified further pegmatite occurrences at the Northern River prospect. Geochemistry now defines a broad lithium anomaly with a 1km+ strike extent. The anomaly has areas of poor outcrop and pegmatite is only intermittently exposed and does not explain the extent of the anomaly. It is anticipated pegmatites remain undiscovered in the area. Project geochemistry is displayed in the figure below.

(v) On Page 7, in regards to the Moolyella Project, new rock sample assays:

Mapping and follow up rock geochemistry was carried out during the quarter in the northern area of E45/4700, where pegmatite with up to 1.40% Li₂O, was first identified in December. Ten rock samples were collected and a corridor of north striking pegmatites was identified across a 300m wide zone. Best assay results include 0.45% Li₂O in sample SP555971, located east of the initial result.

(vi) On Pages 8-9, in regards to the Mt Edon Project, new results for lepidolite mineralisation:

Samples were also collected from the lepidolite mineralisation at Anomaly 2 with results ranging up to 0.94% Li₂O. A number of parallel and cross cutting pegmatites were also identified. Both the new area of fractionated pegmatites and the Anomaly 2 area warrant further soil geochemistry and mapping to identify if albite - spodumene pegmatites are present.

B. On Page 9, the references to previous ASX releases, which only contain references relevant to the Authier and Tansim Projects.

C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

- F. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Request for Information

Having regard to the above, ASX asks SYA to respond separately to each of the following questions and requests for information:

1. Does SYA consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. When did SYA first become aware of each of the individual components of the Information listed at A(i) – (vi) above?
4. If SYA first became aware of the Information before the release of the Quarterly Report, did SYA make any announcement prior to the release of the Quarterly Report that disclosed the Information? If so, please provide details, addressing each item listed in the Information. If not, please explain why the Information was not released to the market at an earlier time, commenting specifically on when you believe SYA was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps SYA took to ensure that the Information was released promptly and without delay.
5. Please confirm that SYA is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that SYA’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of SYA with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than 9 AM **AEST Monday, 12 August 2019**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, SYA’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require SYA to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to SYA's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that SYA's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in SYA's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Regards

Lauren Osbich
Compliance Adviser, Listings Compliance (Sydney)