

SAYONA
MINING LIMITED

ABN 26 091 951 978

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25 July 2013

Company Announcements
Australian Securities Exchange
Level 5
20 Bridge Street
Sydney NSW 2000

Dear Sir

ASX Code: SYA

Please find attached an audit reviewed pro-forma balance sheet of the Company, based on actual funds raised.

Yours sincerely,
Sayona Mining Limited



Paul Crawford
Company Secretary

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES**

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**Reviewed Pro-Forma Consolidated Statement of Financial Position
as at 11 July 2013**

	Audit Reviewed 31-Dec-12	3-May-13	Placement	11 July 2013 Pro-forma
	\$	\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents	66,291	319,000	1,681,000	2,066,291
Trade and other receivables	377,840	-	-	377,840
Total Current Assets	444,131	319,000	1,681,000	2,444,131
TOTAL ASSETS	444,131	319,000	1,681,000	2,444,131
CURRENT LIABILITIES				
Trade and other payables	486,350	-	-	486,350
Borrowings	158,139	-	-	158,139
Total Current Liabilities	644,489	-	-	644,489
TOTAL LIABILITIES	644,489	-	-	644,489
NET ASSETS (DEFICIENCY)	(200,358)	319,000	1,681,000	1,799,642
EQUITY				
Issued capital	48,039,511	319,000	1,681,000	50,039,511
Reserves	(4,272,306)	-	-	(4,272,306)
Accumulated losses	(43,967,563)	-	-	(43,967,563)
TOTAL EQUITY	(200,358)	319,000	1,681,000	1,799,642

The accompanying note forms part of this financial statement.

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**Notes to the Financial Statement
for the period 1 January 2013 to 11 July 2013**

NOTE 1: BASIS OF PREPARATION OF FINANCIAL INFORMATION

Overview

This special purpose financial statement for the period 1 January 2013 to 11 July 2013 has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statement and notes also comply with International Financial Reporting Standards.

ASX Compliance Pty Ltd, as part of the disclosure requirements for the reinstatement of the Company's shares on the Australian Stock Exchange, has requested that the company prepare a Pro Forma Consolidated Statement of Financial Position as at 11 July 2013, incorporating the audit reviewed balances of the company for the half-year ended 31 December 2012.

This financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Sayona Mining Limited annual reports as at 30 June 2012 and the half-year ended 31 December 2012, together with public announcements made by Sayona Mining Limited during the interim reporting periods.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Pro Forma Consolidated Statement of Financial Position at 11 July 2013 incorporates the audit reviewed Consolidated Statement of Financial Position as at 31 December 2012, adjusted for the effects of the following pro forma transactions.

Applicable Criteria and Pro Forma Transactions

- On 3 May 2013, 159,500,000 shares were issued pursuant to shareholder approval at an issue price of \$0.002 per share. An additional 6,250,000 shares were issued at an issue price of \$0.002 per share pursuant to underwriting agreements.
- The value of the underwriting shares have been treated as share issue costs and offset against issued capital.
- The final tranche of the reconstruction transaction involves the issue of 840,500,000 shares at an issue price of \$0.002 per share to raise an amount of \$1,681,000 pursuant to shareholder approval. The company has received all of these share application monies. The company may only access these funds upon the re-listing of the company's shares on the Australian Stock Exchange.
- Transactions, excluding the various capital raising transactions detailed in the Pro Forma Consolidated Statement of Financial Position, incurred in the ordinary course of operations from the period 1 January 2013 to 11 July 2013 have been ignored for the purposes of this Pro Forma Statement of Financial Position.

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**Notes to the Financial Statement
for the period 1 January 2013 to 11 July 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The financial statement has been prepared on the basis that the parent and consolidated entity is a going concern.

At 31 December 2012, the economic entity has a deficiency of net assets of \$200,358 (30 June 2012: \$132,602). As reported previously the economic entity encountered significant financial difficulties as a result of the impact of the global financial crisis in late 2008. Since then the Company has been working with financiers, other creditors and stakeholders on a recovery plan and re-structuring. At balance date the economic entity and the parent entity have incurred significant losses and have negative net equity. The economic entity and the parent entity continue to have the ongoing financial support of the financiers and other creditors.

The ability of the economic entity and the parent entity to continue as a going concern is dependent on collection of accounts receivable which are owing to the Company, the ongoing financial support of the financiers and other creditors, and achievement of the recovery plan, in particular the injection of cash by way of new capital. On the basis of these matters and the status of the recovery plan and restructuring, the directors have prepared the financial statements on a going concern basis. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary if the economic entity and parent entity could not continue as a going concern.

The ability of the economic entity and the parent entity to continue as a going concern beyond the period of finalisation of the recovery plan and restructuring will depend on attaining new forms of finance (either equity or debt). Directors are confident that new funding initiatives will be successful.

On the expectation of obtaining the necessary funding the directors have prepared the financial statement on a going concern basis.



Hayes Knight

Accountants, Advisors & Auditors

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17 July 2013

Board of Directors
The Board of Directors
Sayona Mining Limited
PO Box 1357
MILTON QLD 4064

Dear Board Members

Independent Limited Assurance Report on Sayona Mining Limited's Compilation of Pro forma financial information for a Special Purpose Financial Report

Dear Board Members,

We have completed our limited assurance engagement to report on Sayona Mining Limited's compilation of pro forma financial information. The pro forma financial information consists of the Pro Forma Consolidated Statement of Financial Position as at 11 July 2013 and related notes as set out on pages 2 - 3 of the Pro Forma Consolidated Statement of Financial Position issued by the company (collectively "the pro forma financial information"). The applicable criteria on which the Company have compiled the pro forma financial information are specified in Note 1 to the pro forma financial information, and relating to the issue of 1,006,250,000 shares in Sayona Mining Limited.

Expressions and terms defined in the pro forma financial information have the same meaning in this report.

The pro forma financial information has been compiled by the directors to illustrate the impact of the various capital raisings on the company's financial position as at 11 July 2013 as if the events had taken place at 11 July 2013. As part of this process, information about the company's consolidated financial position has been extracted by the directors from the company's financial statements for the period ended 31 December 2012, on which a qualified review report has been published.

The Directors Responsibilities for the Pro forma financial information

The directors of Sayona Mining Limited are responsible for properly compiling the pro forma financial information on the basis of the applicable criteria.

Our Responsibilities

Our responsibility is to express a conclusion on whether anything has come to our attention that the pro forma financial information has not been properly compiled, in all material respects, by the directors on the basis of the applicable criteria, as described in Note 1 of the pro forma financial information.

We have conducted our limited assurance engagement in accordance with the Standard on Assurance Engagements ASAE 3420 *Assurance Engagements To Report on the Compilation of Pro forma financial information included in a Prospectus or other Document* (ASAE 3420), issued by the Auditing and Assurance Standards Board (AUASB).

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information, or of the pro forma financial information itself.

The purpose of the compilation of the pro forma financial information being included in a Pro Forma Consolidated Statement of Financial Position is solely to illustrate the impact of various share issue on unadjusted financial information of the company as if the events had occurred or the transactions had been undertaken at 11 July 2013 selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 11 July 2013 would have been as presented.

A limited assurance engagement to report on whether anything comes to our attention that the pro forma financial information has not been properly compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information does not provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and that the:

- related pro forma adjustments do not give appropriate effect to those criteria; and
- resultant pro forma financial information does not reflect the proper application of those adjustments to the unadjusted financial information.

The procedures we performed were based on our professional judgement and included making enquiries, primarily of persons responsible for financial and accounting matters, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of supporting documentation and agreeing or reconciling with underlying records, and other procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the compilation of the pro forma financial information has been prepared, in all material respects, in accordance with the applicable criteria.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Qualification

As set out in Note 9 to the 31 December 2012 Half Year Financial Report, the consolidated entity has \$481,561 deferred sale consideration receivable from the April 2011 sale of DiamonEx Botswana Limited. The receivable is being withheld subject to a \$120,390 warranty claim. The receivable is unsecured.

No information could be provided in relation to the capacity of Sayona Mining to collect the receivable. Consequently we are unable to obtain sufficient and appropriate audit evidence as to the carrying value of the receivable as at 31 December 2012.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, except for adjustments, if any, as might have been required had the limitation in respect of the deferred sale consideration receivable not existed, nothing has come to our attention that causes us to believe that the pro forma financial information is not compiled, in all material respects, by the directors of Sayona Mining Limited on the basis of the applicable criteria as described in Note 1 to the pro forma financial information .

Emphasis of Matter – Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1 in the pro forma financial information which indicates the ability of the consolidated entity and the company to continue as a going concern is dependent on collection of amounts receivable which are owing to the company, the ongoing financial support of the financiers and other creditors, and achievement of the recovery plan and re-structuring.

As indicated in the Note 1, at 31 December 2012 the consolidated entity and the company have incurred significant losses and have negative net equity. However the consolidated entity and the company have ongoing financial support of the financiers and the other creditors whilst the recovery plan and re-structuring are underway. Since balance date these activities have continued.

On the basis of the above matters, the ongoing financial support and status of the recovery plan and re-structuring, the directors have prepared the pro forma financial information on a going concern basis. The pro forma financial information does not include any adjustments to the amounts and classification of assets and liabilities that would be necessary if the consolidated entity and the company could not continue as a going concern.

Declaration of Interest

Hayes Knight Audit (Qld) Pty Ltd does not have any interest in the outcome of these transactions other than for which normal professional fees will be received.

Independence

In conducting our limited assurance review, we have complied with the independence requirements of Australian professional ethical pronouncements.

Hayes Knight Audit (Qld) Pty. Ltd.

Hayes Knight Audit (Qld) Pty Ltd

Robertson.

A M Robertson
Director

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