

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/00, 30/9/01, 11/3/02, 1/1/03, 21/10/05, 1/8/12, 4/3/13

Name of entity

SAYONA MINING LIMITED

ABN

26 091 951 978

We (the entity) give ASX the following information:

Part 1 - All issues

1	Class of securities issued or to be issued	Ordinary Fully Paid Shares
2	Number of securities issued or to be issued (if known) or maximum number which may be issued	In accordance with the capital raising announcement on 15 July 2016: 1. 36,915,413 ordinary shares to be issued pursuant to the retail component of the rights issue on 17 August 2016; 2. 18,457,727 options to be issued pursuant to the retail component of the rights issue on 17 August 2016;
3	Principal terms of the securities	Ordinary shares as per existing shares Options exercisable at 3 cents each on or before 30 December 2016
4	Do the securities rank equally in all respects from the date of allotment with an existing class of quoted securities?	Ordinary shares rank equally in all respects The options rank equally with the existing listed options. On exercise of the options, the issued shares will rank equally in all respects
5	Issue price or consideration	\$0.027 (2.7 cents) per share Nil consideration for options
6	Purpose of the issue	Provide funding for the acquisition and expenditure of the Authier lithium Project, exploration expenditure on the Australian Projects and administration and working capital requirements.
6a	Is the entity an eligible entity that has obtained security holder approval under rule 7.1A?	Yes

+ See chapter 19 for defined terms.

6b	The date the security holder resolution under rule 7.1A was passed	19 November 2015								
6c	Number of securities issued without security holder approval under rule 7.1	79,440,359								
6d	Number of securities issued with security holder approval under rule 7.1A	53,626,905								
6e	Number of securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil								
6f	Number of securities issued under an exception in rule 7.2	Retail Issue – Shares - 36,914,169 Retail Issue – Options 8,457,085								
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A								
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A								
6i	Calculate the entity’s remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	LR 7.1 10,580,946 LR 7.1A 7,055,057								
7	Dates of entering securities into uncertificated holdings or despatch of certificates.	17 August 2016								
8	Number and class of all securities quoted on ASX	<table><tr><th>Number</th><th>Class</th></tr><tr><td>740,880,331</td><td>Ordinary shares</td></tr><tr><td>153,116,752</td><td>Options exercisable at 3 cents expiring 30 December 2016</td></tr></table>	Number	Class	740,880,331	Ordinary shares	153,116,752	Options exercisable at 3 cents expiring 30 December 2016		
Number	Class									
740,880,331	Ordinary shares									
153,116,752	Options exercisable at 3 cents expiring 30 December 2016									
9	Number and class of all securities not quoted on ASX	<table><tr><th>Number</th><th>Class</th></tr><tr><td>6,000,000</td><td>Options exercisable at 1 cent expiring 31 December 2016</td></tr><tr><td>6,000,000</td><td>Options exercisable at 1.5 cents expiring 30 June 2017</td></tr><tr><td>18,500,000</td><td>Options exercisable at 3 cents expiring 30 June 2017</td></tr></table>	Number	Class	6,000,000	Options exercisable at 1 cent expiring 31 December 2016	6,000,000	Options exercisable at 1.5 cents expiring 30 June 2017	18,500,000	Options exercisable at 3 cents expiring 30 June 2017
Number	Class									
6,000,000	Options exercisable at 1 cent expiring 31 December 2016									
6,000,000	Options exercisable at 1.5 cents expiring 30 June 2017									
18,500,000	Options exercisable at 3 cents expiring 30 June 2017									
10	Dividend policy on the increased capital (interests)	Nil								

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No, not in respect of the Rights Issue.
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Appendix 3B – New Issue Announcement

12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the securities will be offered	1 fully paid ordinary share for every 5 shares held on the record date 1 free attaching option for every 2 new rights issue shares
14	Class of securities to which the offer relates	Fully paid ordinary shares Options to acquire ordinary shares
15	Record date to determine entitlements	7pm (Brisbane time) 19 July 2016
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17	Policy for deciding entitlements in relation to fractions	Fractional entitlement will be rounded up to the next whole number of share
18	Names of countries in which the entity has security holders who will not be sent new issue documents	All countries except Australia, New Zealand, Singapore and Hong Kong
19	Closing date for receipt of acceptances or renunciations	Entitlement offer to institutional investors - Monday, 18 July 2016 Entitlement offer to retail investors - Wednesday, 10 August 2016
20	Names of any underwriters	Bizzell Capital Partners Pty Ltd
21	Amount of any underwriting fee or commission	An Underwriting Fee of 5% of the value of all new shares issued under the Rights Issue.
22	Names of any brokers to the issue	Bizzell Capital Partners Pty Ltd
23	Fee or commission payable to the broker to the issue	A Management Fee of 2% of the amount raised under the Offer. An Option Fee of 5 million options to be issued on the same terms as the options issued under the Offer, subject to shareholder approval. A Placement Fee of 3% of the value of all new shares issued under the Private Placement and Conditional Placement.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Proposed September 2016 (yet to be convened)
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	21 July 2016
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	18 July 2016

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Appendix 3B – New Issue Announcement

28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do security holders sell their entitlements in full through a broker?	Not applicable
31	How do security holders sell part of their entitlements through a broker and accept for the balance?	Not applicable
32	How do security holders dispose of their entitlements (except by sale through a broker)?	Not applicable
33	Issue date	18 August 2016: Shares and options issued to retail investors

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

34 Type of securities (tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the securities are equity securities, the names of the 20 largest holders of the additional securities, and the number and percentage of additional securities held by those holders

36 ☐ If the securities are equity securities, a distribution schedule of the additional securities setting out the number of holders in the categories

- 1 - 1,000
- 1,001 - 5,000
- 5,001 - 10,000
- 10,001 - 100,000
- 100,001 and over

37 ☐ A copy of any trust deed for the additional securities

Entities that have ticked box 34(b)

38 Number of securities for which quotation is sought

39 Class of securities for which quotation is sought

40 Do the securities rank equally in all respects from the date of allotment with an existing class of quoted securities?

If not, please state:

- the date from which they do
- the extent to which they participate for the next dividend, or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

42 Number and class of all securities quoted on ASX (including the securities in clause 38)

Number	Class

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for ⁺eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
<i>Insert</i> number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	411,534,809
Add the following:	
• Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2	192,450,621
• Number of fully paid ordinary securities issued in that 12 month period with shareholder approval	2,827,637
• Number of partly paid ordinary securities that became fully paid in that 12 month period	Nil
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	
“A”	606,813,067
Step 2: Calculate 15% of “A”	
“B”	0.15
Multiply “A” by 0.15	91,021,960
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 already been used	
<i>Insert</i> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:	
• Under an exception in rule 7.2	1,000,000
• Under rule 7.1A	79,441,014
• With security holder approval under rule 7.1 or rule 7.4	
“C”	80,441,014
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15	91,021,960
Subtract “C”	80,441,014
Total [“A” x 0.15] – “C”	10,580,946

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” (number must be same as shown in Step 1 of Part)	606,813,067
Step 2: Calculate 10% of “A”	
“D”	60,381,307
Multiply “A” by 0.10	

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Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A	53,626,905
“E”	53,626,905
Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 (number must be same as shown in Step 2)	60,381,307
Subtract “E” (number must be same as shown in Step 3)	53,626,905
Total [“A” x 0.10] – “E”	7,055,057

Quotation agreement

- 1 Quotation of our additional securities is in ASX’s absolute discretion. ASX may quote the securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those securities should not be granted quotation.
 - An offer of the securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any securities to be quoted and that no-one has any right to return any securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the securities be quoted.
 - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the securities to be quoted, it has been provided at the time that we request that the securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the securities to be quoted under section 1019B of the Corporations Act at the time that we request that the securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before quotation of the securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Date: 16 August 2016

(Director/Company Secretary)

Print name:

PAUL CRAWFORD