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 **CEANA**
LITHIUM

ANNUAL REPORT 2023

ACN 654 593 290

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CORPORATE DIRECTORY

Non- Executive Chair

Mr Jerome (Gino) Vitale

CEO

Mr Caue Araujo

Non-Executive Directors

Dr Qingtao Zeng

Mr Simon Mottram

Company Secretary

Mr Daniel Smith

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Auditors

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Perth, WA, 6000
Australia

Bankers

St George Bank
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Perth WA 6000
Australia

DIRECTORS' REPORT

CHAIRMAN'S LETTER

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the 2023 Annual Report for Oceana Lithium Limited (ASX: OCN). Following the successful \$6.0 million public offering and subsequent ASX listing of the Company on 1 July 2022, the Company's focus has been exploration for the discovery and delineation of lithium mineral resources in two mining friendly jurisdictions, the state of Ceará, Brazil, and the Northern Territory, Australia.

During the past twelve months the Company has established a capable exploration team and supporting corporate infrastructure in Brazil to enable execution of our planned work programs as outlined in our Prospectus. This work has included the generation of numerous drill targets and the execution of an inaugural scout RC drilling program at our Solonópole lithium project, completed during May and June 2023. This constitutes the first phase of our drilling campaign, with a second phase comprising diamond core drilling now planned ahead for the forthcoming wet season in December.

At our Napperby project in the Northern Territory a detailed hyperspectral survey was completed during the year and high-quality data acquired. Preliminary interpretation of the data has confirmed previously mapped pegmatite outcrops with reasonable accuracy and revealed several potential new major pegmatite dykes. Field soil sampling work has identified several zones of Lithium anomalism which are open ended and require in-fill sampling. The most outstanding target zone is 5.5 km along strike and over 1.5km in width. These Li anomalies are the immediate extension of a mapped pegmatite unit which has been identified by previous studies and the hyperspectral data. While this a greenfield project, this is 'elephant country' and the potential for large target mineralization warrants our ongoing systematic approach to exploration which will continue in the coming year.

Subsequent to year end the Company made two important announcements. On 5 July 2023 Oceana announced that it has secured a six-month option over a ground package covering 104km² of Archean rocks considered to be highly prospective for lithium mineralisation in the James Bay area, Québec, Canada. The project area, to be known as the Monaro Project, includes 40km of contiguous wacke meta-gneisses and amphibolites known to host lithium-caesium-tantalum (LCT) type mineralisation. At the time of writing the Company's geologists with the assistance of a local contract team are busy conducting field reconnaissance work including surface sampling and detailed mapping as part of our due diligence during the northern hemisphere summer field season. If the Company elects to exercise the option, Oceana will be active in two of the world's most exciting emerging lithium provinces poised to supply the fast developing north American EV manufacturing market.

The Company also announced on 5 July 2023, that it had secured firm commitments from new institutions and existing significant shareholders in an oversubscribed placement to raise approximately \$4.1m at \$0.32 per share. The placement was completed during July 2023 and has ensured the Company is adequately funded to conduct its planned project activities.

The second important announcement made after year end was the appointment of Mr. Caue Araujo as our new CEO effective from 11 September 2023. Caue is a qualified Australian-Brazilian geologist and an experienced mining industry professional. He is well acquainted with the key chemical companies, battery producers and EV manufacturers' supply chain and their requirements to secure environmentally responsible long-term sources of lithium supply. The Board and I look forward to working closely with Caue to create shareholder value through continued development of Oceana's exploration assets and value accretive project expansion opportunities.

On behalf of the Board, I thank our shareholders for your support provided since our IPO in 2022 and acknowledge the dedication and enthusiasm of our growing team. With a busy period ahead for the Company, I look forward to reporting on our progress in the future.

Yours Sincerely,



Jerome G (Gino) Vitale
Non-Executive Chair

DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Group consisting of Oceana Lithium Ltd ("**Oceana**" or "**the Company**") and its controlled entities for the year ended 30 June 2023, the notes to the financial statements and the auditor's report thereon.

DIRECTORS

The following persons were Directors of Oceana Lithium Ltd during the financial year and up to the date of this report unless otherwise stated:

Mr Jerome (Gino) Vitale – Chairman
Dr Qingtao Zeng – Non-executive Director
Mr Simon Mottram – Non-executive Director
Mr Sebastian Kneer – Executive Director (resigned 11 February 2023)

PRINCIPAL ACTIVITIES

The Company's business model is focused on achieving exploration success and discovery of a potentially economic mineral deposit capable of being developed in Brazil, Canada or Australia, with a focus on minerals and metals that are used in the battery storage and electric vehicle sectors.

RESULTS AND DIVIDENDS

The consolidated loss of the Group after tax (including discontinued operations) amounted to \$1,407,673 (2022: \$1,865,787). There were no dividends paid or recommended during the financial year ended 30 June 2023.

CORPORATE

The Company was incorporated on 18 October 2021 and commenced trading on the ASX on 1 July 2022, following a \$6 million initial public offering. This included a \$1m cornerstone investment from Yahua International Industrial Group, the third largest lithium hydroxide producer globally.

Capital Raising

On 5 July 2023 the Company announced that it had secured firm commitments from new institutions and existing significant shareholders in an oversubscribed placement to raise approximately \$4.1m at \$0.32 per share (Placement). The Placement completed during July 2023.

Securities Issued

A total of 1,600,000 fully paid ordinary shares were issued on 3 May 2023 as part of the acquisition of adjacent permits to the Company's Solonópole project in Brazil. These consideration shares are subject to 12 months' voluntary escrow until 3 May 2024.

A total of 1,598,000 performance rights were converted into fully paid ordinary shares during June 2023.

Board and Management

On 7 October 2022 the Company announced the appointment of Mr James Abson as Senior Exploration Geologist and Mr Renato Braz Sue as Exploration Manager, Brazil.

Ms Cintia Maia joined the Company in late 2022 as Manager, Corporate and Director of the Company's Brazilian operating subsidiary, Ceará Litio Mineração Ltd.

Mr Sebastian Kneer stepped down from his role as Executive Director on 11 November 2022 and retired as a director on 11 February 2023.

On 5 July 2023, the Company announced that it has acquired an option over the Monaro Project in Québec and the appointment of Mr Uwe Naeher as Exploration Manager for the project.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

The Solonópole lithium project, located in Ceará State, northeastern Brazil, consists of ten exploration permits covering approximately 124km². This includes the acquisition of the “N Green” permits (announced by the Company on 16 January 2023) which contain a series of pegmatite outcrops that include high-grade lithium rock chip results up to 4.25% Li₂O across 500m of outcropping pegmatite. The project is approximately three hours by road from the state capital of Fortaleza, and is situated in one of only two lithium producing regions of Brazil (**Figure 1**). The project is well serviced by sealed highways and high voltage electricity.

The Solonópole project has been the subject of historical lithium, “Coltan” (columbite-tantalum) and tin mining in the 1970s and 1980s. A number of historical artisanal mines have been identified across the Solonópole permit area, highlighting the widespread mineralisation potential. Based on their geochemical signature, the Solonópole pegmatites belong to the LCT (Lithium-Caesium-Tantalum) family of rare element pegmatites enriched in Li, Be, Ta Nb and Sn over the full strike length of the recognised mineralised pegmatite corridor.

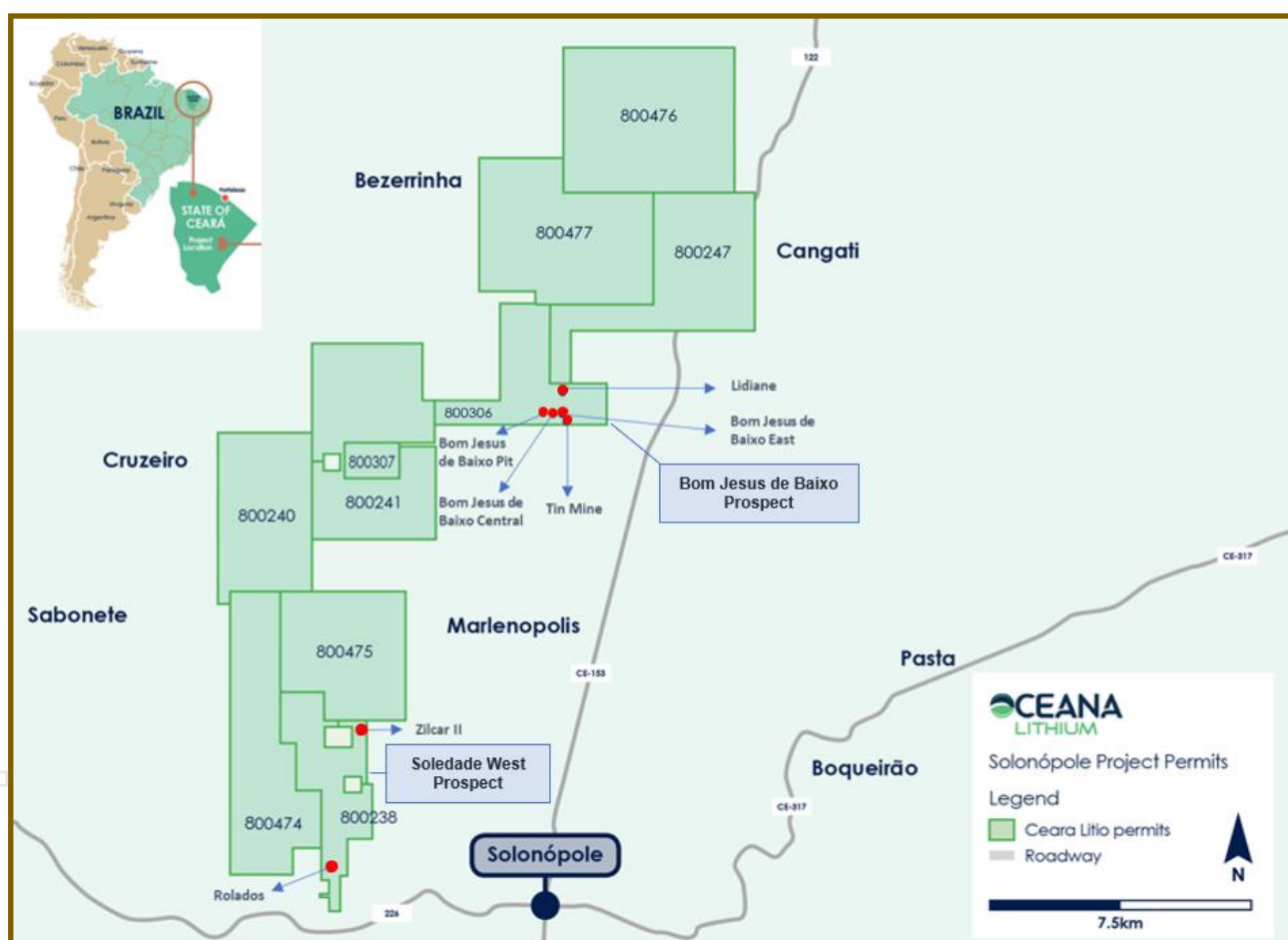


Figure 1: Solonópole Lithium Project location, Brazil, and targets drilled May – June 2023 (red dots)

On 1 March 2023, the Company announced the presence of high-grade near surface lithium mineralisation, on the N Green permit, including spodumene, at the Bom Jesus de Baixo zoned LCT pegmatite (“BJdB”, see also Company’s ASX announcement dated 16 January 2023). Grab samples taken by Oceana from within the BJdB Pit were confirmed as spodumene (weathered, reported up to 1.87% Li₂O, see **Photo 1**); amblygonite (reported up to 3.09% Li₂O); and lepidolite (reported up to 3.61% Li₂O).



Photo 1: In-situ weathered spodumene crystals at Bom Jesus de Baixo Pit (ASX Announcement dated 1 March 2023)

Commencement of Maiden Drilling Campaign at Solonópole

Following the preliminary work conducted in previous quarters and weather-related delays that caused local flooding, a 2,000 metre RC scout drilling commenced in May at the BJdB Pit area, see **Figure 2** and **Photo 2**. The initial focus has been where high-grade spodumene Li mineralisation has been identified, and then eastwards over the other two identified pegmatite outcrops at BJdB Central and BJdB East (refer to **Figure 2** and ASX Announcement dated 26 April 2023). These three linear outcrops lie over a combined east-west strike length of over 500m. This first phase of scout drilling was conducted on a 20m x 20m grid to assist in determining the actual pegmatite dimensions and dip at each location, as well as its Lithium grade and mineralogy.

A progress report on the first 14 RC holes covering 1,035 metres of this first phase of drilling was reported by Oceana on 21 June 2023. Pegmatites were intersected in all holes and confirmed the presence of thick pegmatites in three different outcropping areas (BJdB Pit, BJdB Central and BJdB East), aligned along strike and dipping north. All pegmatites intercepted remain open along strike and down dip, and provisional logging results suggest they are part of a stacked pegmatite system.

Assay results for lithium from all three areas are expected to be returned from the SGS Geosol laboratory in late September/October 2023. Infill drilling, including diamond core, will be planned, once first pass results are received and 3D modelling is completed and assessed, to confirm if these pegmatite bodies are linked along strike.

DIRECTORS' REPORT

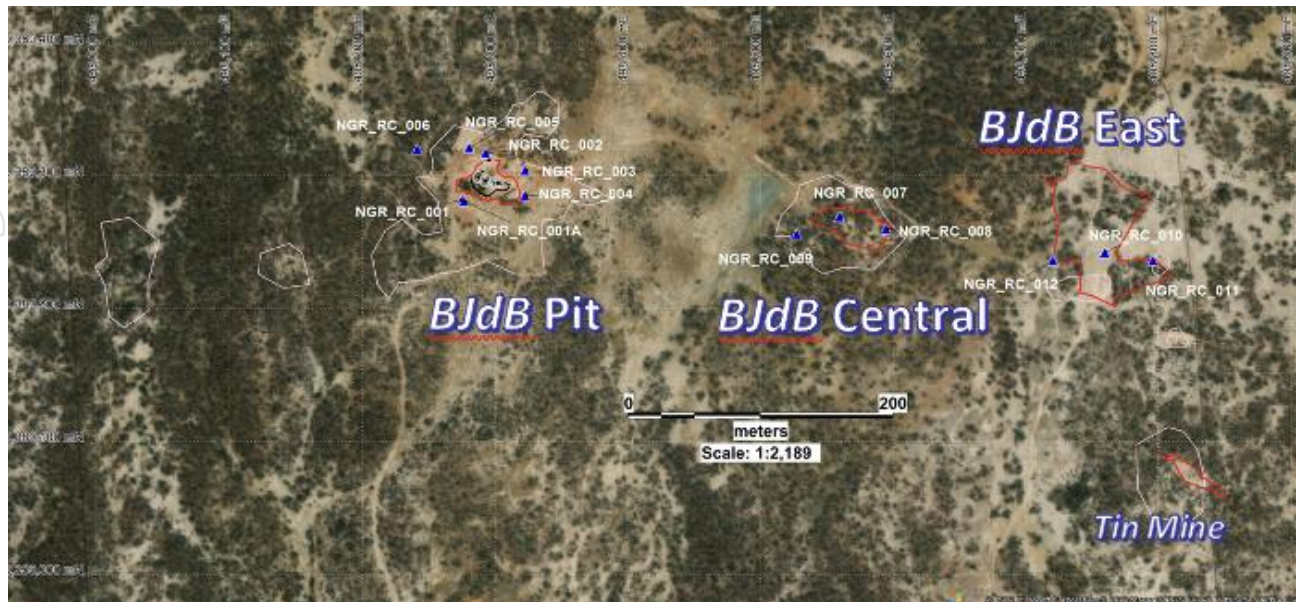


Figure 2: Map showing RC holes drilled to 21 June 2023 (blue triangles) at Bom Jesus de Baixo Prospect within the three (3) outcropping pegmatite areas (BJdB Pit, BJdB Central and BJdB East) and historical Tin Mine. Pegmatite outcrops shown as red polygons and pegmatite rubble as pink polygons



Photo 2: Drill rig at top of hill at end of trench at Rolados target drilled in May 2023 (see Figure 1 for location)

The second half of this first phase of drilling commenced in June and was completed during July. This comprised a further 1,000 metres of RC drilling to test the “Tin Mine” and “Lidiane” outcropping pegmatites on Permit 800306, and other lithium-anomalous artisanal targets and soil anomalies identified within Permit 800238 (Zilcar II and Rolados – see **Photo 2**; see **Figure 1** for location and ASX Announcement dated 26 April 2023 for more details). Planning is now underway for infill drilling in the BJdB area, as well as trial hyperspectral remote sensing surveys and high-resolution magnetics and radiometric geophysical surveys.

DIRECTORS' REPORT

An RTK drone survey was completed during the June quarter to provide an accurate Digital Terrain Model (DTM) and high resolution orthomosaic photograph of the drilled-out area. This surficial information will be utilised for 3D modelling and further drill planning.

Infill Exploration Sampling

A large-scale infill soil sampling program has commenced over prioritised wider spread 2017 anomalies identified by previous explorer Cougar Metals NL, as well as government agency CPRM/DNPM mapped pegmatites and artisanal workings (**Figure 3**). The sampling grids are along 200m spaced lines with 25m sampling stations, aligned north-south in order to cut across all typical pegmatite strike directions in this area. This work commenced in March 2023 and as at 30 June 2023 the collection of 3,282 samples had been completed, representing 57% completion of the 5,784 planned samples for this year.

Subsequent to year end, trial hyperspectral remote sensing survey and high-resolution magnetics geophysics surveys over selected pegmatite and soil grid targets have commenced.

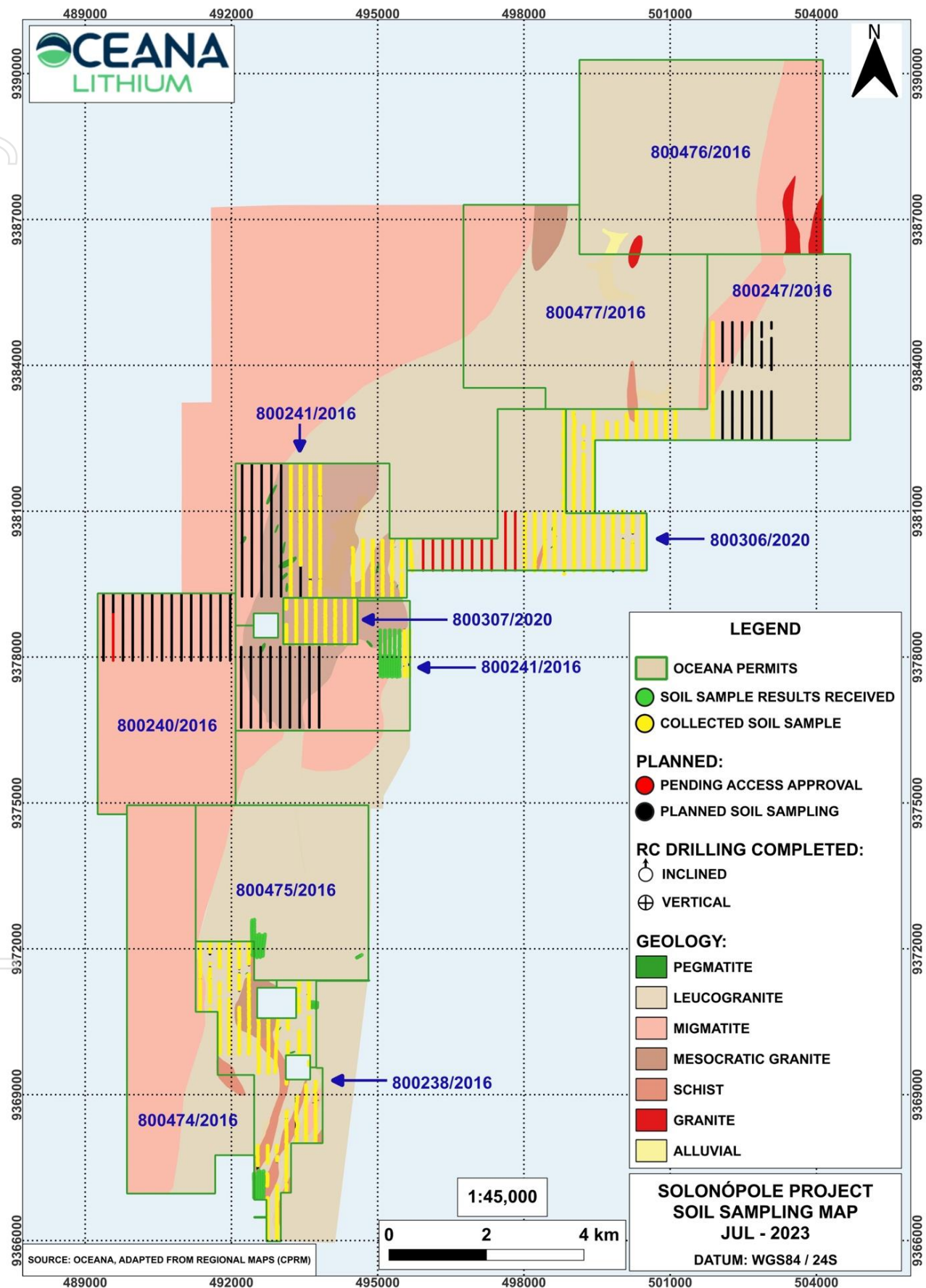


Figure 3: Map showing infill soil sampling progress to July 2023 at Solonópole

DIRECTORS' REPORT

Monaro Project, Québec

On 5 July 2023, the Company announced that it had secured a 6-month exclusive option to purchase 100% of the Monaro Lithium Project, which covers 104km² of prospective lithologies in the James Bay area, Québec, Canada (**Figure 4**).

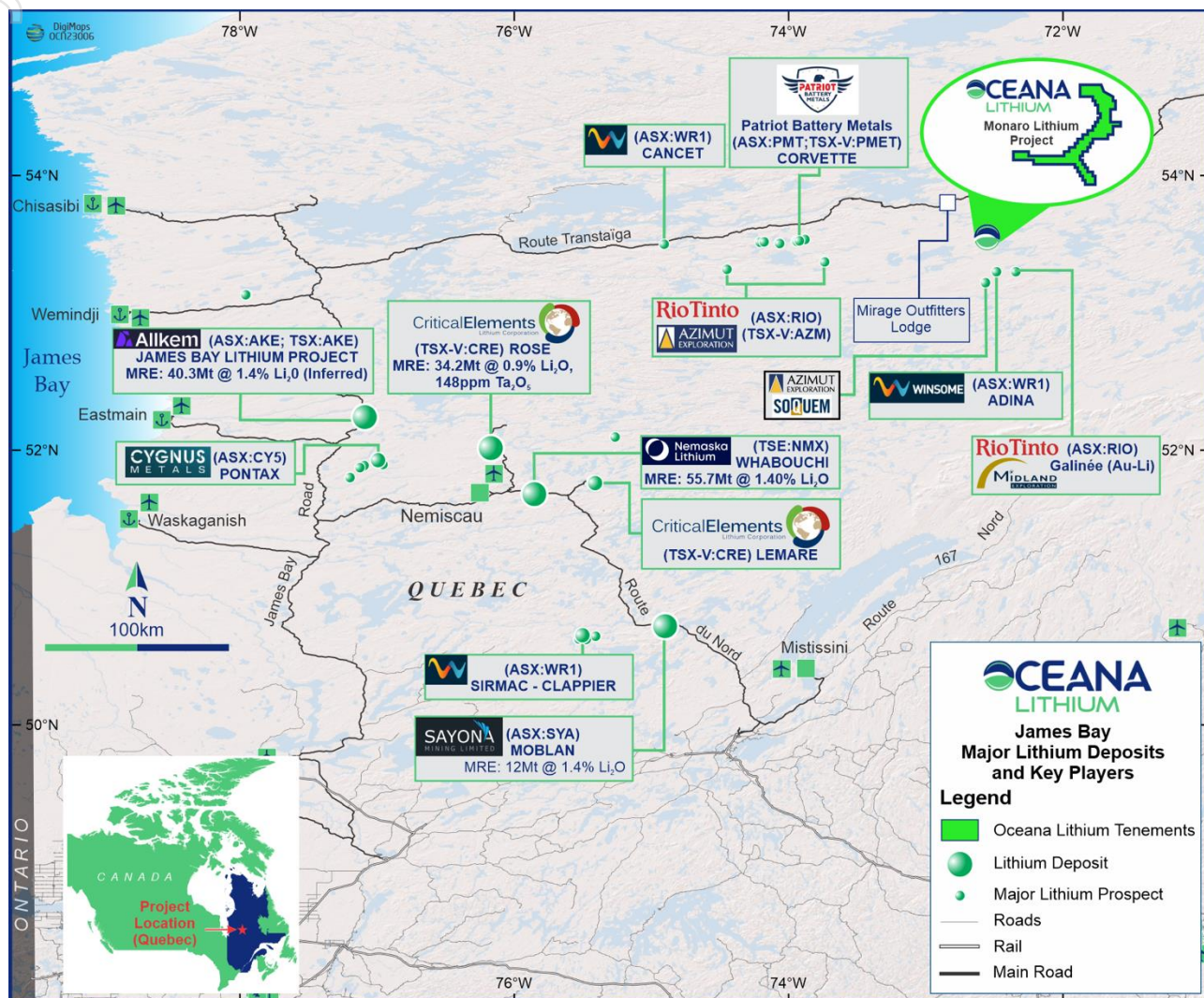


Figure 4: James Bay region – major lithium players and deposits, showing location of Monaro Project

The project area is known to host Lithium-Caesium-Tantalum (LCT) type mineralization in the western portion of the Duhesme Lake metavolcano-sedimentary greenstone belt that can be traced about 40km along strike and 4-5km across. The sequence is sandwiched between granitic intrusions (and/or granitic gneisses) and the contacts are traceable on a magnetic geophysical map. Monaro is located some 10km northwest of Winsome Resources' Adina Lithium project and approximately 50km east of Patriot Battery Metals' Corvette Lithium project (**Figures 5 and 6**).

The project area has historically been of interest for its gold potential and has never been systematically explored for Lithium. Oceana has worked with the Monaro Vendors to bring the package of permits together for the first time in one consolidated permit package which contains geological features considered to be favourable for the hosting of LCT (Lithium-Caesium-Tantalum) type mineralisation. Importantly, the package includes known pegmatites and features extensive greenstone-granite contact zones, where some of the major discoveries in the area have been found.

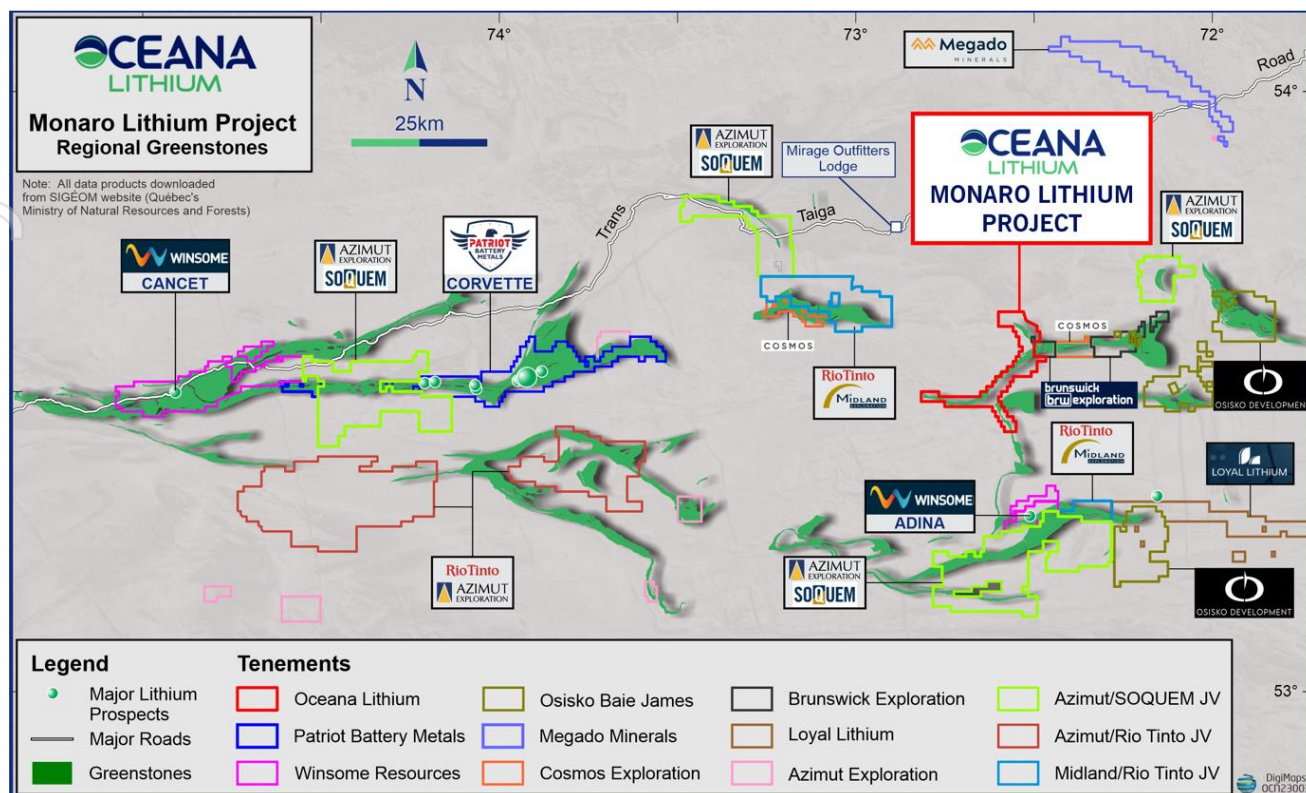


Figure 5: Regional players and greenstone belts – Monaro Project

The Monaro Project shares similar geological setting as Winsome Resources' Adina lithium discovery located 10km to the south-east. Québec Government database Sigéom reports an identified pegmatite as well as the government mapped Tilly pegmatite suite within the Monaro Project area. Over 30 large linear targets with surface signs of pale outcrop, some up to 1.25km in length, have been identified from high resolution satellite imagery, some related to magnetic highs and lineaments.

Sentinel 2 visible/near infrared (VNIR) and shortwave infrared (SWIR) and Aster Multispectral and Synthetic Aperture Radar (SAR) data has been acquired for the Monaro project area and analysed. Analysis of the emission spectra, with a focus on dihydrogen or helium which have strong emission lines in the VNIR, has generated targets, which could be indicative of the mineral zeolite, common in pegmatites, and cookeite, a weathering product of the lithium mineral lepidolite. Twenty-six (26) spectral targets (gas and resistivity), excluding 4 targets previously reported which actually lie on the periphery of the tenements (Oceana's ASX announcement 5 July 2023), have been generated from these data sets (see **Figure 7**). This method has been applied with great success in lithium exploration in Western Australia.

The Company has also purchased high resolution PNEO 30cm 6-Band satellite imagery for the tenement area, and in early September 2023 a LiDAR survey contractor was commissioned to gather additional high resolution topography data and imagery to further assist in pegmatite identification and accurate delineation.

The initial work program is intended to establish the scale and potential of pegmatite mineralisation and will include:

- Completing the thorough review and compilation of all previous Sigéom and available third-party exploration sampling, geological, and geophysical exploration data;
- Completing an additional targeting exercise using high-resolution satellite imagery and LiDAR data once available;
- Using this enhanced data set, the entire area will be mapped on the ground in detail for pegmatites, and rock samples collected for analysis for lithium and its pathfinder elements and minerals. K/Rb ratios of individual pegmatites will also be assessed;

DIRECTORS' REPORT

- d) Laying out suitably spaced systematic geochemical sampling grids (outcrop, boulder, rock-chip and channel cutting, soil, till etc.), and sampling over high-priority target areas (greenstone lithologies and low K/Rb ratio pegmatites). Assay results (XRF/ICP etc.) for lithium and its pathfinder elements will be analysed and a lithium potential heat-map generated for further follow-up (sampling, geophysics, trenching, etc.);
- e) All granitic bodies in the region will be sampled and examined and classified geochemically for their potential to host and generate LCT pegmatites;
- f) A series of geophysical tests will be conducted over known pegmatites to determine the most effective methods to use going forward (e.g. magnetics, radiometrics, gravity, etc.). This data will help in fast-tracking pegmatite targeting as well as with understanding structural complexities of individual bodies pre-drilling;
- g) Various scout and resource definition drilling campaigns will then be planned and fast-tracked where possible, as detailed exploration data comes to hand.

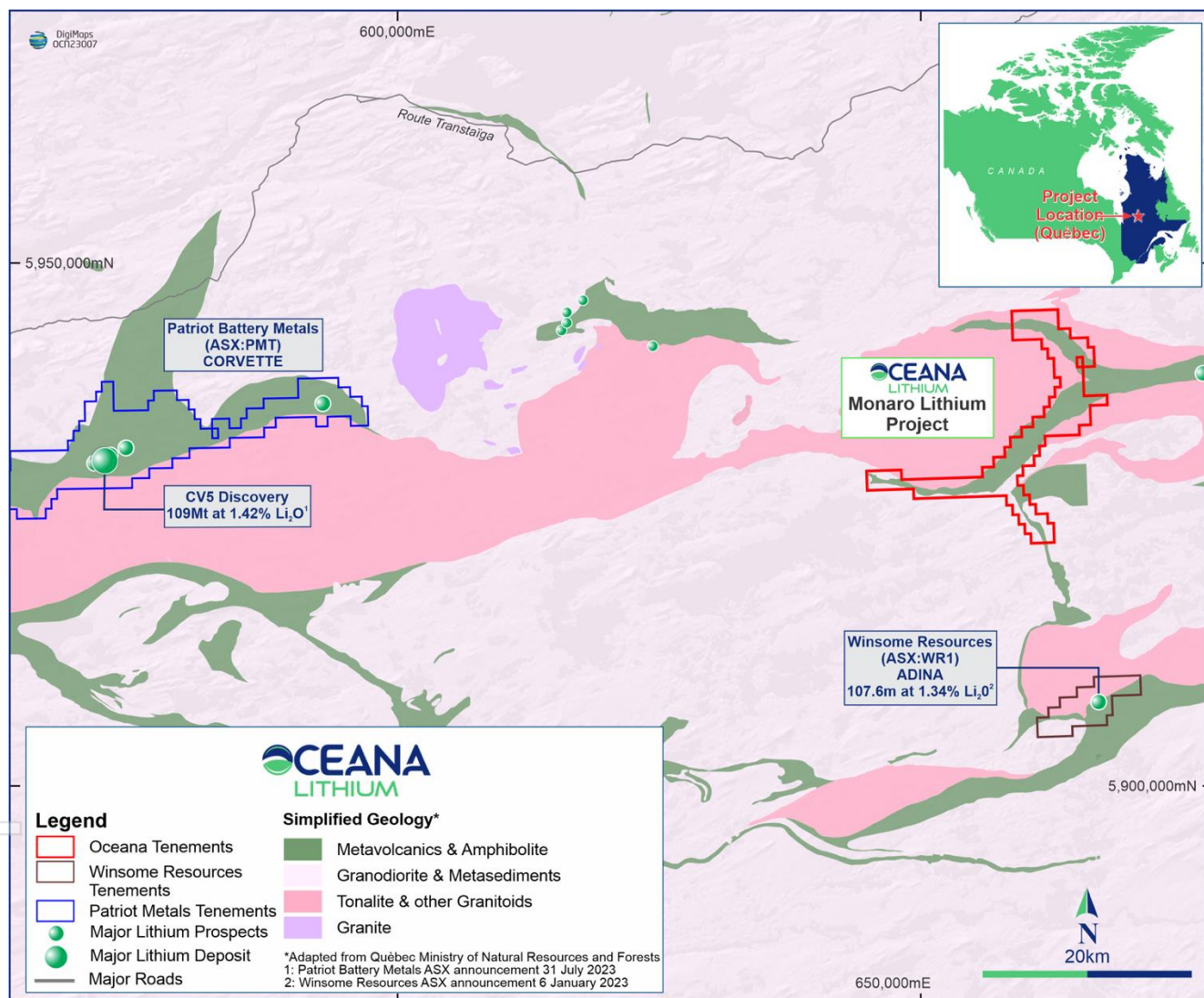


Figure 6: Simplified bedrock geology map of the James Bay district showing the location of the Monaro Lithium Project in relation to the CV5 discovery made by Patriot Battery Metals ² and proximity to Winsome Resources' Adina lithium prospect. For a more detailed geological map refer to Oceana's ASX announcement 5 July 2023.

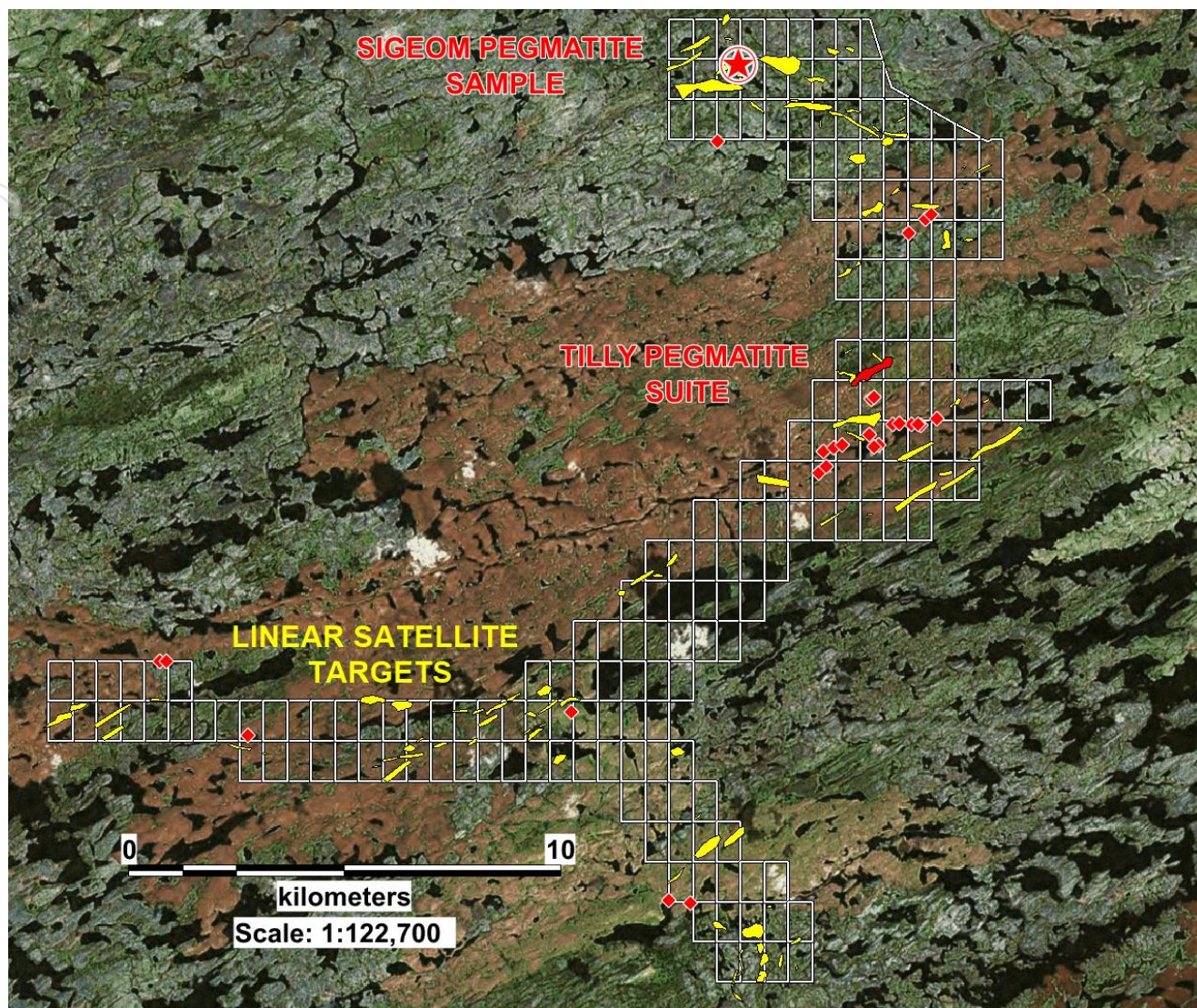


Figure 7: Linear satellite imagery targets (yellow) and spectral targets (red diamonds); and identified pegmatites (SIGEOM pegmatite data – red star, and Tilly pegmatite suite - red polygon) within the Monaro Lithium Project area (refer Oceana ASX announcement 5 July 2023).

Further information on the Monaro Project is set out in the Company's ASX Announcements dated 5 July 2023 and 17 August 2023.

Napperby Lithium Project, Northern Territory

The Napperby Lithium Project consists of a granted exploration licence (EL32836) covering an area of ~650km² and an exploration license application (ELA32841) covering an area of more than 512km². The Napperby lithium project is located within the Northern Arunta pegmatite province near the settlement of Ti Tree, approximately 250km northwest of Alice Springs and 250km south of Tennant Creek along the Stuart Highway in the Northern Territory close to Central Australian Railway with access to Darwin Port (**Figure 8**).

Pegmatite occurrences have been identified with historical Sn and Ta production. Work by the Northern Territory Geological Survey (NTGS) reported in 2005 confirmed that the pegmatites in the area were of the LCT (lithium-caesium-tantalum) type. Numerous prospective pegmatite outcrops have been identified where systematic field investigation is warranted.

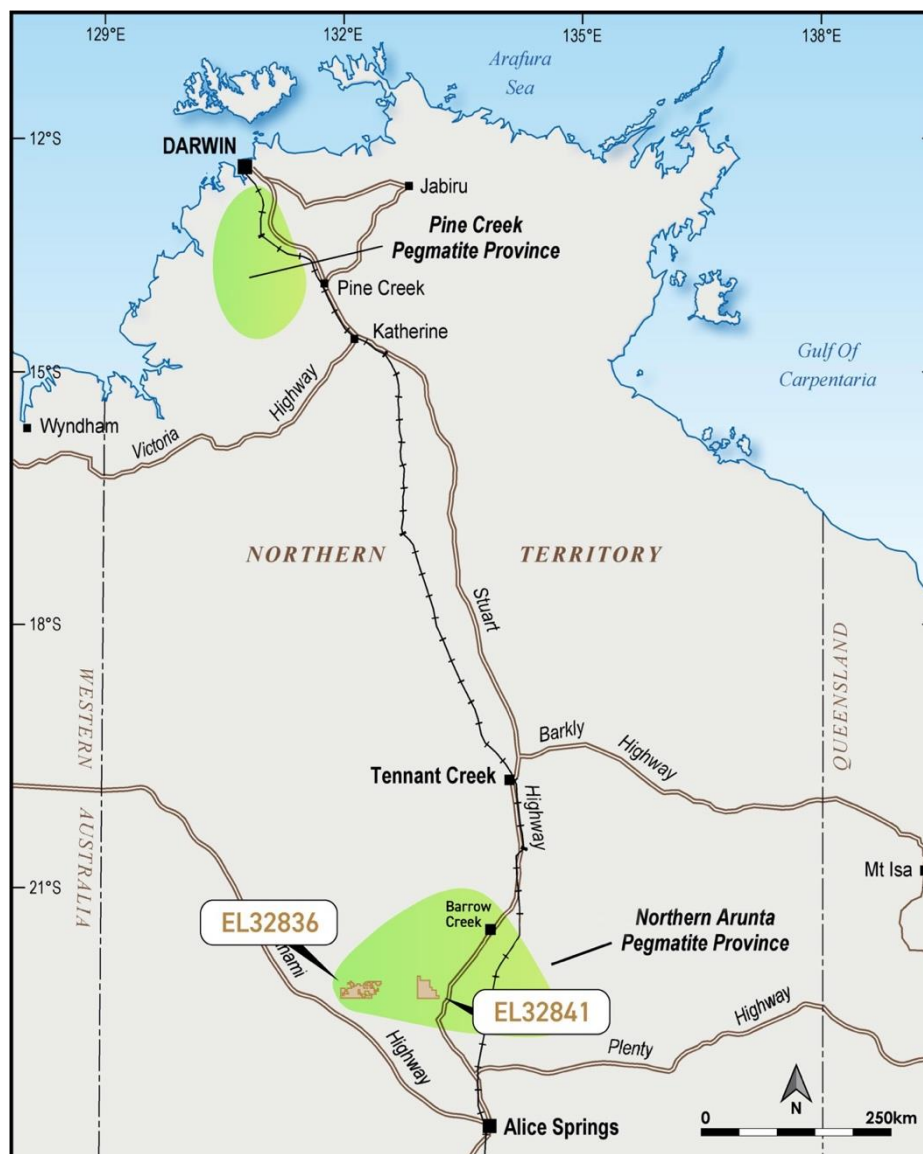


Figure 8: Napperby Lithium Project location (EL32836 and EL32841), Northern Territory

The Wangala license (EL32836) was granted on 23 March 2022 for an initial term of six years has been historically explored for gold, tin, tungsten, tantalum and uranium. More recent exploration has continued to focus on the Wangala granite, where numerous significant mineral occurrences – such as up to 23.7% Sn - have been reported. License EL32836 shares its southern boundary with Rio Tinto Exploration’s application for EL33135.

Hyperspectral Survey at Napperby

A detailed Hyperspectral Survey has been completed and high-quality data acquired at the Napperby lithium and Rare Earths project in central Northern Territory, Australia. Oceana’s in-house geologists and specialists from HyVista Corporation have reviewed and interpreted the data. Spectral data has confirmed previously mapped pegmatite outcrops with reasonable accuracy and revealed several potential new major pegmatite dykes previously unmapped by historical government studies or private explorers (**Figure 9**). Field work is ongoing to determine the true nature of a number of geological features that have been highlighted by the survey but do not coincide with previously mapped pegmatites. This includes several large north-west, south-east striking bodies with strike lengths in excess of 1km and widths over 250m.

DIRECTORS' REPORT

This area is characterised by approximately 95% residual soil cover with just occasional outcrops of granite, pegmatite and occasional quartz blows. A study of the fertility of the granites for Lithium-Caesium-Tantalum (LCT) pegmatite formation was carried out in the project area to gain a better understanding of the degree to which fractionation has occurred within the granite, providing spatial vectors towards prospective pegmatite in the tenement area.

Following the granite fertility study, the decision was made to conduct a soil geochemical sampling program in the southeast of the tenement area, where the granite geochemistry shows the greatest degree of fractionation. Sample lines were initially spaced at a nominal 2km but due to the shape of the tenement boundary, this was reduced as required in some locations to 1.5km. Along lines, the samples were spaced at 200m.

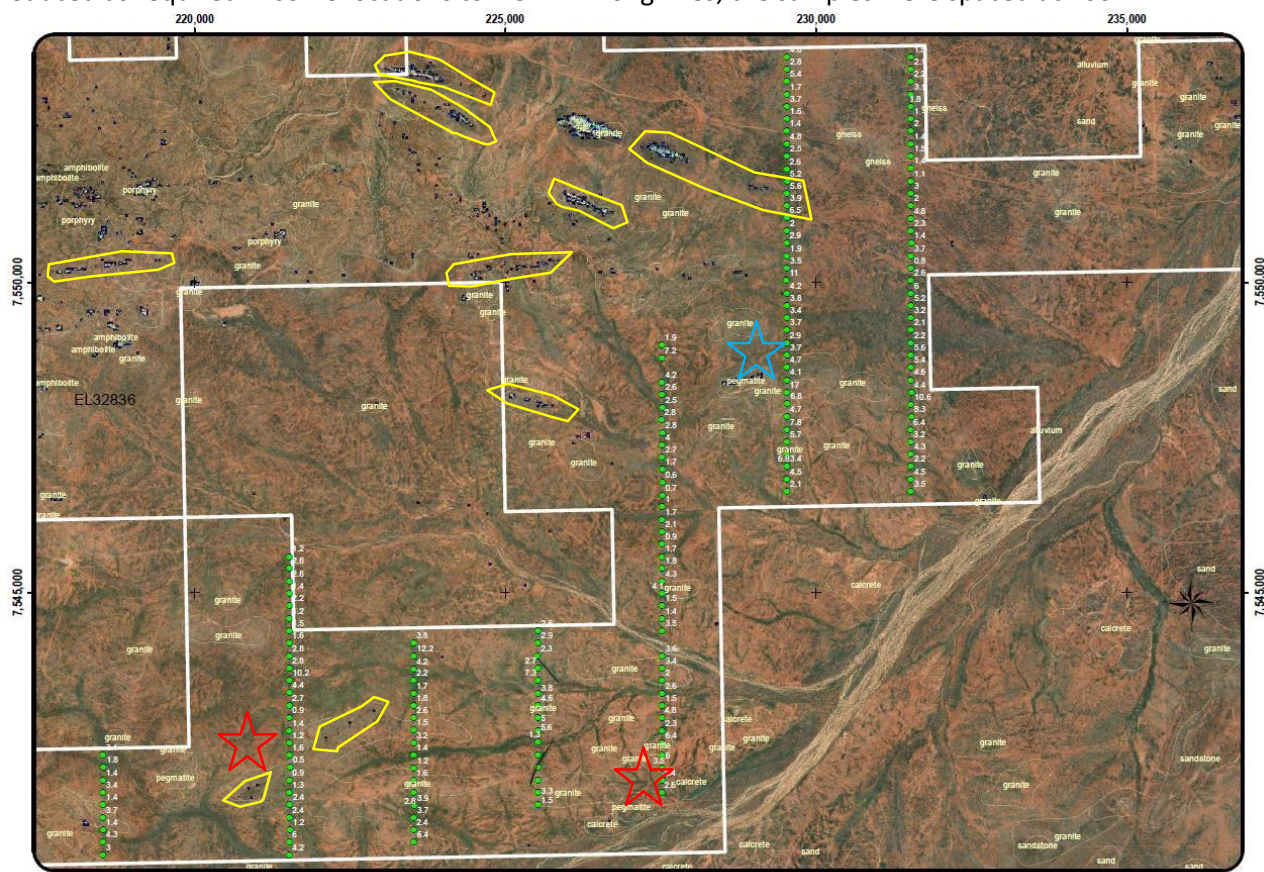


Figure 9: Hyperspectral data map showing potential pegmatite outcrop or sub outcrops (major Hyperspectral anomalies highlighted in yellow). Green dots are the soil geochemical sampling locations. Red stars and blue star (coincident with recorded soil anomaly) mark pegmatite outcrops as mapped by the Government Geological Survey Dept.

Soil geochemistry sampling results at Napperby

A detailed soil geochemistry sampling program commenced in September 2022 and further work was completed in February 2023. The results of this sampling program have identified several zones of Lithium anomalism, which are open ended and require closing off with future in-fill sampling. The most outstanding target zone is 5.5 km along strike and over 1.5km in width (**Figure 10**). This zone is in contact with what field observations confirm is an equigranular biotite rich granite. Lithium grades for this anomaly are in the vicinity of 10+ PPB Li against a background of 1-3 PPB Li. These Li anomalies are the immediate extension of a mapped pegmatite unit which has been identified by previous studies and the hyperspectral data of this program.

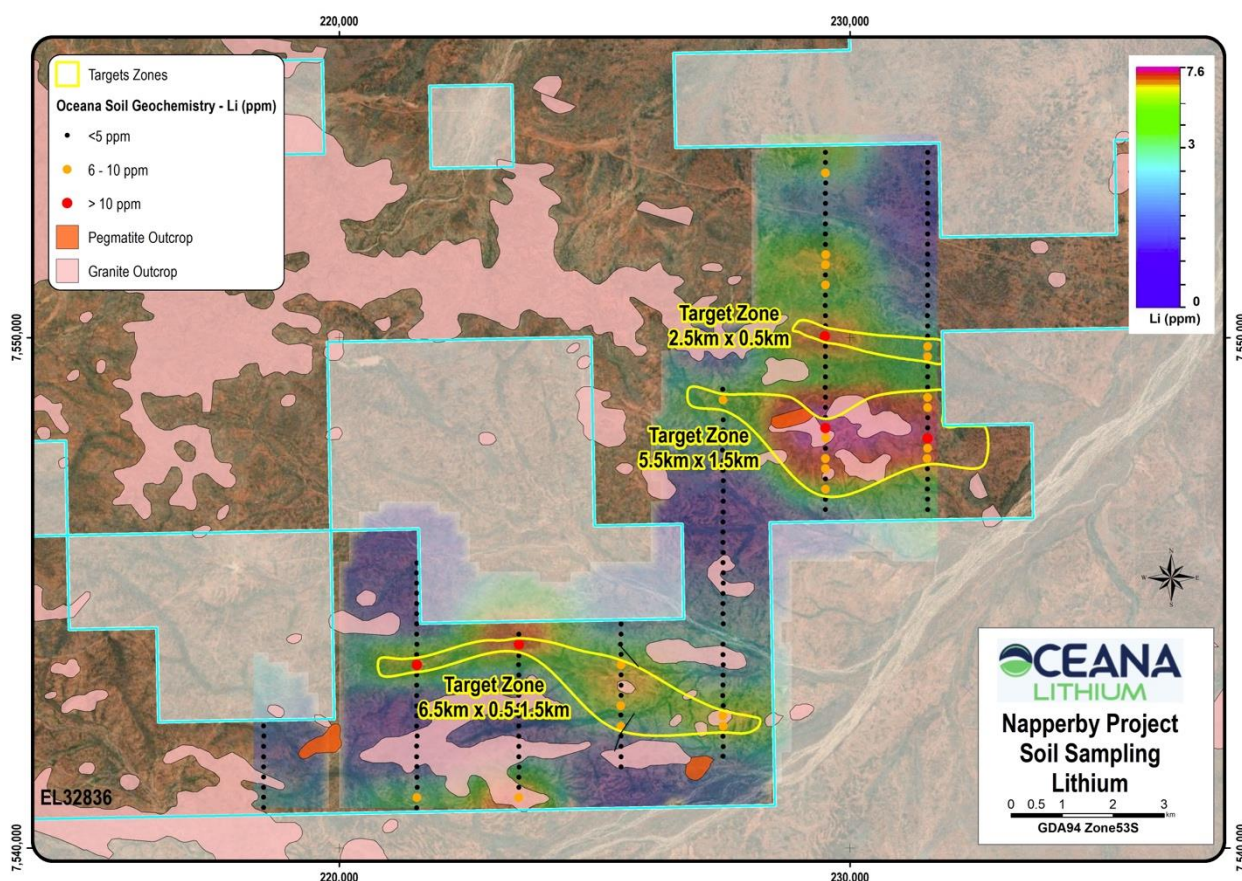


Figure 10: Soil geochemistry Li heatmap with local geology, which highlights at least three open-ended east-west, and north-west south-east trending Li anomalies.

The soil samples taken were subjected to mobile metal ion (MMI) analysis using Ionic Leach™ partial leach technology. Ionic Leach™ is a proprietary partial leach technology that has been developed to extend the reach of geochemical exploration into areas that have been blanketed by post-mineralisation cover. This cover is typically transported, though well-developed residual cover sequences can also be suitable candidates. Soil and sediments are the media used for Ionic Leach™ surveys. Partial leaches such as Ionic Leach™ operate by separating and examining only a part of the chemical composition of the whole sample.

Because chemical, rather than physical, transport is typically responsible for "adding" a mineralisation signal from depth into exotic cover, analytical manipulation of leach chemistry data can be used to extract this signal out of the exotic cover substrate, into solution where it can be analysed. Ionic Leach™ is a chemical approach to excluding parts of a surface sample that dilute the signal that mineral explorers seek.

The three prominent Li anomalies identified to date, as well as the other single line anomalies, require detailed in-fill soil sampling work to better constrain them for further follow-up to establish their origin.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the financial period not otherwise disclosed in this report.

DIRECTORS' REPORT

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 5 July 2023, the Company announced that it had secured firm commitments from new institutions and existing significant shareholders in an oversubscribed placement to raise approximately \$4.1m at \$0.32 per share (Placement). The Placement completed during July 2023 (refer to ASX Announcements dated 5 July 2023, 13 July 2023 and 19 July 2023).

On 5 July 2023, the Company announced that it had entered into an exclusive six-month option to purchase from unrelated parties 100% of Monaro Lithium Canada Inc (MLC Inc), a company incorporated in Canada to hold the Monaro Project Claims covering 104km² of highly prospective Archean rocks in James Bay area, Québec, Canada. The Project area includes 40km of contiguous greenstones known to host lithium-caesium-tantalum (LCT) type mineralisation. If Oceana elects to exercise the option, MLC Inc will become a wholly owned subsidiary of Oceana and its operating vehicle in Canada. Details of the post-acquisition corporate structure, if the option is exercised, the consideration payable and attaching conditions are set out in detail in the Company's announcement of 5 July 2023.

On 7 August 2023, the Company reported the completion of the phase one scout drilling campaign at its Solonópole Lithium Project in Ceará State, Brazil, which has been successful in intercepting multiple thick pegmatites.

On 11 September 2023, the Company announced the appointment of Mr Caue Araujo as Chief Executive Officer. Caue is a qualified Australian-Brazilian geologist and an experienced mining industry professional.

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement is available on its website www.oceanalithium.com.au.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely future developments in the operations of the Group and the expected results of those operations in subsequent financial years are consistent with those reported for the current period.

ENVIRONMENTAL REGULATIONS

The Company is required to carry out its activities in accordance with the Mining Laws and regulations in the areas in which it undertakes its exploration activities. The Company is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

The Group is cognisant of the reporting requirements under the Energy Efficiencies Opportunity Act 2006 or the National Greenhouse Energy Efficient Reporting Act 2007, and believes it has adequate processes in place to ensure compliance with these Acts.

COMPETENT PERSON STATEMENT

The information in this announcement that relates to exploration results is based on information reviewed, collated and fairly represented by Mr James Piers Abson who is a Member of South African Council for Natural Scientific Professions (SACNASP; "Recognised Professional Organisation"; Registration No. 400108/09; Professional Natural Scientist Geological Science) to Oceana Lithium Ltd. Mr Abson has visited the Solonópole project area in the state of Ceará in Brazil on numerous occasions, as well as the Monaro Project area in Québec Canada and has sufficient experience relevant to the style of mineralisation and type of deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Abson consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Director and Experience

Mr Jerome (Gino) Vitale (appointed 18 October 2021)

Non-Executive Chair

Mr Vitale is an experienced corporate and mining operations and project development executive with 30 years of experience in the mineral resources sector. His focus has been gold, base metals, ferrous and non-ferrous metals and on turnaround situations identifying value-driven mergers and acquisitions. Former senior appointments held with Normandy Mining Group (one of Australia's largest gold producers, since acquired by Newmont), Standard Chartered Bank, Burdekin Resources/Redbank Mines Ltd (founder and CEO with operations in Australia and Fiji), Bligh Resources Ltd (since acquired by Saracen Mineral Holdings and subsequently merged with Northern Star Ltd, to become a tier 1 gold producer in Australia). Mr Vitale was previously (until June 2023) a Non-Executive Director of TSX.V listed Denarius Metals Corp which acquired the Lomero polymetallic project in Spain in April 2021 from a company of which he was foundation director.

Mr Vitale graduated with a Bachelor of Commerce from the University of Western Australia in 1981. He is a member of the Institute of Chartered Accountants Australia and New Zealand, a Senior Fellow and a former Vice President of Financial Services Institute of Australia (FINSIA), and member of the Australian Institute of Company Directors. During the mid 2000's he was a member of the ASX Corporate Governance Review Committee and brought a practical perspective on compliance guidelines for small to mid-cap companies.

Particulars of Directors Interest in Securities in the Company:

7,764,000 Fully paid ordinary shares

500,000 Director options exercisable at \$0.30 each on or before 1 April 2026

340,000 Performance rights

Directorships held in other listed entities (last 3 years):

Current: Nil

Previous: Denarius Metals Corp (2022 – 2023)

Mr Simon Mottram (appointed 4 April 2022)

Non-Executive Director

Mr Mottram is a geologist with over 30 years' experience predominantly in base and precious metals. Mr Mottram has held both executive and senior management positions with several successful mining companies both in Australia and overseas and has seen a number of discoveries advanced through to commercial mine development and has been central to several significant exploration successes.

Mr Mottram was part of the successful executive team that took Avanco Resources Limited from a small junior through discovery and into production, building a successful mining company with an impressive portfolio, that was subsequently purchased on market by mid-tier Australian copper producer OZ Minerals for circa \$440M in 2018.

Mr Mottram is currently President of Brazil focused TSX listed nickel and PGM explorer Bravo Mining. He is an Australian and British national and a permanent resident of Brazil where he has lived for the past 15 years.

Particulars of Directors Interest in Securities in the Company:

200,000 Fully paid ordinary shares

500,000 Director options exercisable at \$0.30 each on or before 1 April 2026

240,000 Performance rights

Directorships held in other listed entities (last 3 years):

Current: Bravo Mining Corp (TSXV:BRVO) Odin Metals Limited (ASX: ODM), Medusa Mining Limited (ASX: MML)

Previous: Nil

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Director and Experience

Dr Qingtao Zeng (appointed 4 April 2022)

Non-Executive Director

Dr Zeng completed a PhD in geology at the Centre of Exploration Targeting (CET) of University of Western Australia in 2013. He has been engaged as a consulting geologist, principally working with Eldorado Gold Limited CSA Global China and Australia, and has a range of geological and commercial experience. Since 2015, Dr Zeng has been extensively involved in the lithium exploration and corporate transactions through his strong network of contacts throughout Asia. Dr Zeng has published several academic papers on orogenic gold or structure control gold geological studies, and is a member of AusIMM and Society of Economic Geologist (SEG).

Dr Zeng is currently Managing Director of Australasian Metals Limited and a Non-Executive Director of ASX-listed Winsome Resources Limited.

Particulars of Directors Interest in Securities in the Company:

5,674,000 Fully paid ordinary shares

500,000 Director options exercisable at \$0.30 each on or before 1 April 2026

340,000 Performance rights

Directorships held in other listed entities (last 3 years):

Current: Australasian Metals Limited (ASX:A8G), Winsome Resources (ASX:WIN)

Previous: Kodal Minerals Plc (2017-2023), MetalsTech Limited (ASX:MTC)

Sebastian Kneer (appointed 4 April 2022; resigned 11 February 2023)

Executive Director

Mr Kneer is a highly experienced Geologist with over 15 years' experience in mineral exploration, resource development and resource Geology. Mr Kneer was previously Galaxy Resources' Geology Manager where he managed all hard rock Lithium exploration and resource development activities in Australia and Canada. Prior to this position Mr Kneer was the Exploration Manager at Mt Cattlin, Western Australia. During that time, he played a key role in large Exploration and resource definition programs which resulted in a significant increase in the resource base at the Mt Cattlin Spodumene Operation.

Mr Kneer was educated in Germany and Australia and holds an Honours degree in economic Geology and a postgraduate certificate in Geostatistics. He will be responsible for planning and execution of the Company's exploration activities.

Particulars of Directors Interest in Securities in the Company:

Nil

Directorships held in other listed entities (last 3 years):

Nil

COMPANY SECRETARY – QUALIFICATIONS & EXPERIENCE

Mr Daniel Smith - BA, GradDipACG, FGIA, FCG

Mr Smith has 15 years' experience in financial markets, including 12 years' experience with listing rules compliance and corporate governance. He is a director and co-founder of Minerva Corporate Pty Ltd, a boutique corporate services and advisory firm.

DIRECTORS' REPORT

Mr Smith is a fellow member of the Governance Institute of Australia and holds a Bachelor of Arts in International Relations from Curtin University. Mr Smith is Non-Executive Chairman of ASX listed rare earths explorer DY6 Ltd and acts as company secretary for numerous ASX, AIM and NSX listed companies.

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year (and the number each Director was entitled to attend):

	Directors' Meetings	
	Number eligible to attend	Number attended
Jerome (Gino) Vitale	4	4
Simon Mottram	5	5
Qingtao Zeng	5	5
Sebastian Kneer	1	1

REMUNERATION REPORT (Audited)

The information in this remuneration report has been audited as required by s.308 (3C) of the *Corporations Act 2001*.

(a) *Principles used to determine the nature and amount of remuneration*

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. As there is no remuneration committee the role is assumed by the full Board of Directors. The Board ensures that director and executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- transparency; and
- capital management.

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in share price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value;
- attracts and retains high calibre executives;
- rewards capability and experience;
- reflects competitive reward for contribution to shareholder growth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

(a) Principles used to determine the nature and amount of remuneration (continued)

Relationship between remuneration and Group performance

During the past year and since listing on 1 July 2022 the Group has generated losses because it is still involved in mineral exploration, not in production.

Given that the remuneration is commercially reasonable / appropriate / benchmarked, the link between remuneration, Group performance and shareholder wealth generation is tenuous, particularly in the exploration stage of a minerals company. Since listing the Group has recorded losses as it carries out exploration activities on its tenements, and no dividend has been paid. Share prices are subject to the influence of international metal prices and market sentiment toward the sector, and increases or decreases may occur quite independent of executive performance or remuneration. Share prices, largely unrelated to profit and loss, have fluctuated between \$0.20 and \$0.80 since listing.

Executive Director

Mr Kneer was engaged as executive director of the Company via an executive services agreement on a part-time basis between 1 July 2022 and 11 November 2022, for which he received annualized rate of remuneration of \$120,000 (plus superannuation). He continued as a non-executive director of the Company until 11 February 2023.

Non-Executive Directors

Messrs' Vitale, Zeng and Mottram have entered into an appointment letter with the Company to act in the capacity of Non-Executive Directors. As Non-executive Chairman, Mr Vitale receives annual remuneration of \$84,000 (plus GST) which commenced on 1 July 2022. As Non-executive Directors, Messrs' Zeng and Mottram receive annual remuneration of \$60,000 (plus GST) which commenced from 1 July 2022.

Following the retirement of Mr Kneer as Executive Director, Mr Vitale temporarily assumed executive responsibilities with respect to the Company's existing activities and asset portfolio (refer Company's Quarterly Reports for 31 December 2022, March 2023 and June 2023). Mr Vitale has continued to provide executive services to the Company subsequent to year end until completion of a hand-over period to new CEO Mr Caue Araujo, who was appointed effective from 11 September 2023.

Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board seeks to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Directors' fees

The current base remuneration was set with effect from April 2022.

Non-Executive Directors' fees are determined within the Non-Executive Directors' fee pool limit, which is periodically recommended for approval by shareholders. The pool currently stands at \$400,000 per annum for Non-Executive Directors has approved at the Company's General Meeting on 19 January 2022.

Retirement allowances for Directors

The Company provides no retirement allowances for Non-Executive Directors.

Executive pay

The executive pay and reward framework has four components:

- base pay and benefits;
- short-term incentives;
- long-term incentives through Directors options (refer Note 19); and
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base pay

Structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executive's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually by the Board to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases fixed in any senior executives' contracts.

Benefits

Executives receive no benefits outside of the base pay, options and superannuation disclosed in this report.

(a) Principles used to determine the nature and amount of remuneration (continued)

Retirement benefits

Other than statutory superannuation contributions, no retirement benefits are provided for executives except statutory entitlements.

Short-term incentives

Key management personnel are entitled to short term incentives (STI's) based on performance that is agreed by the board from time to time.

Performance Conditions

Performance conditions are attached to the performance rights issued to directors as remuneration.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

(b) Details of remuneration

Details of the nature and amount of each element of the emoluments of each of the key management personnel of the Group are set out in the following tables:

	Short-term employee benefits			Post-employment benefits		Share-based payment		Total
	Cash salary and fees	Cash bonus	Non-Monetary benefits	Super-annuation	Retirement benefits	Options*	Performance Rights*	\$
2023	\$	\$	\$	\$	\$	\$	\$	
<i>Non-Executive Directors</i>								
Jerome Vitale	112,500	-	-	22,995	-	1,395	-	136,890
Sebastian Kneer ⁽¹⁾	60,045	-	-	4,636	-	(43,375)	(24,654)	(3,348)
Qingtao Zeng	60,000	-	-	-	-	1,395	-	61,395
Simon Mottram	60,000	-	-	-	-	984	-	60,984
Total	292,545	-	-	27,631	-	(39,601)	(24,654)	255,921

1. Resigned 12 February 2023

* 500,000 options and 750,000 performance rights previously issued to Sebastian Kneer on 30 March 2022 were cancelled on 7 October 2022, and the previous share-based payment was reversed in full.

	Short-term employee benefits			Post-employment benefits		Share-based payment		Total
	Cash salary and fees	Cash bonus	Non-Monetary benefits	Super-annuation	Retirement benefits	Options	Performance Rights	\$
2022	\$	\$	\$	\$	\$	\$	\$	
<i>Non-Executive Directors</i>								
Jerome Vitale ⁽¹⁾	-	-	-	-	-	43,375	47,637	91,012
Sebastian Kneer ⁽²⁾	27,200	-	-	-	-	43,375	28,524	99,099
Qingtao Zeng ⁽²⁾	42,600	-	-	-	-	43,375	47,637	133,612
Simon Mottram ⁽⁴⁾	-	-	-	-	-	43,375	14,312	57,687
Anthony Trevisan ⁽⁵⁾	-	-	-	-	-	-	-	-
Daniel Smith ⁽⁶⁾	-	-	-	-	-	-	-	-
Total	69,800	-	-	-	-	173,500	138,110	381,410

2. Appointed 18 October 2021

3. Appointed 4 April 2022

4. Appointed 4 April 2022

5. Appointed 4 April 2022

6. Appointed 18 October 2021; resigned 4 April 2022

7. Appointed 3 February 2022; resigned 4 April 2022

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Remuneration that is performance based % is that percentage of remuneration that consisted of options.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration		At risk - STI	
	2023	2022	2023	2022
Jerome Vitale (i)	99%	-	1%	100%
Sebastian Kneer (ii)	100%	27%	-	73%
Qingtao Zeng (iii)	98%	32%	2%	68%
Simon Mottram (iv)	98%	-	2%	100%
Anthony Trevisan (v)	-	-	-	-
Daniel Smith (vi)	-	-	-	-

* Long-term incentives reflect the value of remuneration consisting of options expensed during the year.

- (i) Appointed 18 October 2021
- (ii) Appointed 4 April 2022, resigned 12 February 2023
- (iii) Appointed 4 April 2022
- (iv) Appointed 4 April 2022
- (v) Appointed 18 October 2021; resigned 4 April 2022
- (vi) Appointed 3 February 2022; resigned 4 April 2022

(c) Service agreements

There are service agreements in place for each executive and non-executive Director and the Chief Executive Officer appointed on 11 September 2023.

(d) Share-based Compensation

Options

No options were issued to directors during the year (2022: 2,000,000 options). 500,000 director options were cancelled during the year, resulting in a write-back of \$43,375.

Performance rights

No performance shares were issued to directors during the year (2022: 3,268,000). 750,000 performance rights were cancelled during the year following resignation of a director, which resulted in a write-back of \$24,654.

Further information regarding options and performance rights is set out in Note 20 of the financial statements.

(e) Equity Instrument disclosures relating to KMP

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options over ordinary shares in the Company provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration Report, if applicable.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

(e) Equity Instrument disclosures relating to KMP (continued)

(ii) Option holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

2023	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Name						
Directors -						
Jerome Vitale	500,000	-	-	-	500,000	500,000
Sebastian Kneer ⁽¹⁾	500,000	-	-	(500,000)	-	-
Qingtao Zeng	500,000	-	-	-	500,000	500,000
Simon Mottram	500,000	-	-	-	500,000	500,000
Total	2,000,000	-	-	(500,000)	1,500,000	1,500,000

1. Resigned 11 February 2023

(iii) Performance rights

The number of performance rights over ordinary shares held by each KMP of the Group during the financial year is as follows:

2023	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Name						
Directors -						
Jerome Vitale ⁽¹⁾	1,014,000	-	(674,000)	-	340,000	-
Sebastian Kneer ⁽¹⁾	800,000	-	-	(800,000)	-	-
Qingtao Zeng ⁽³⁾	1,014,000	-	(674,000)	-	340,000	-
Simon Mottram ⁽⁴⁾	440,000	-	(200,000)	-	240,000	-
Total	3,268,000	-	(1,548,000)	(800,000)	920,000	-

1. Resigned 12 February 2023

(iii) Share holdings

The numbers of shares in the Company held during the financial year by each Director of Oceana Lithium Ltd and other key management personnel of the consolidated group are set out below.

2023	Balance at the start of the year	Received during the year on the exercise of options and conversion of performance rights	Shares subscribed during the year	Balance at the end of the year
Directors				
Jerome Vitale	7,090,000	674,000	-	7,764,000
Sebastian Kneer ⁽¹⁾	-	-	-	-
Qingtao Zeng	5,000,000	674,000	-	5,674,000
Simon Mottram	-	200,000	-	200,000
Total	12,090,000	1,548,000	-	13,638,000

1. Resigned 11 February 2023

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

(f) *Loans to Directors and executives*

No loans were made to Directors of Oceana Lithium Ltd or other key management personnel of the consolidated group, including their personally-related entities.

(g) *Other transactions with Directors and other key management personnel*

A director, Jerome Vitale, has a consulting arrangement in place for the provision of consultancy and management services to the consolidated group through Vitale Corporate (Haramont Pty Ltd). The services are provided at market rates, and no specified period has been agreed.

A director, Qingtao Zeng, has a consulting arrangement in place for the provision of geological services to the consolidated group through Geosmart Consulting Pty Ltd. The services are provided at market rates, and no specified period has been agreed.

No other transactions occurred between the Group and other key management personnel except for the reimbursement at cost of expenditure incurred on behalf of the Group.

The amounts owed to Directors, key management personnel and their related parties as at 30 June 2023 was \$49,500 owed to Vitale Corporate and \$nil owed to Geosmart Consulting Pty Ltd.

Aggregate amounts of each of the above types of other transactions with Directors and key management personnel of Oceana Lithium Ltd:

	2023 \$	2022 \$
Amounts recognised as expense		
Consulting fees:		
Consultancy and management services	106,500	-
Exploration	43,500	-
	150,000	-
Outstanding balance at year end	72,600	-

(h) *Additional information*

The Company has a share trading policy which imposes basic trading restrictions on all employees of the Company with 'insider information', and additional trading restrictions on the Directors of the Company.

Full details of the Share Trading Policy can be found on the Company's website.

No options provided as remuneration were exercised during the year.

Relationship between remuneration and the Group's performance

The following table shows key performance indicators for the Group over the last five years:

	2023	2022	2021	2020	2019
Loss for the year	\$1,407,673	\$1,865,787	n/a	n/a	n/a
Closing Share Price	\$0.39	n/a	n/a	n/a	n/a
KMP Incentives	(\$64,256)	\$311,610	n/a	n/a	n/a
Total KMP Remuneration	\$255,921	\$381,411	n/a	n/a	n/a

DIRECTORS' REPORT

Remuneration Consultants

The Group did not engage the services of any remuneration consultants during the year.

END OF AUDITED REMUNERATION REPORT

SHARES UNDER OPTION

The following unissued ordinary shares of Oceana Lithium Ltd under option are on issue as at the date of this report:

1. 3,500,000 options exercisable at \$0.30 expiring 24 June 2025
2. 8,750,000 options exercisable at \$0.30 expiring 1 April 2026
3. 750,000 options exercisable at \$0.75 expiring 24 June 2026
4. 3,000,000 options exercisable at \$0.30 expiring 10 June 2026

SHARES ISSUED ON THE EXERCISE OF OPTIONS

During the financial year ended 30 June 2023, there were nil shares of Oceana Lithium Ltd issued upon the exercise of options. None have been issued since the end of the financial year. (2022: nil)

INSURANCE OF OFFICERS

Since the end of the previous financial year the consolidated group has paid insurance premiums in respect of directors' and officers' legal expenses and liability insurance. The policies prohibit disclosure of details of the policies or the premiums paid. The Company has not otherwise, during or since the end of the year, except at the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any of its controlled entities against a liability incurred as such an officer or auditor.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Group are important.

Details of the amounts paid or payable to the auditor (Moore Australia Audit (WA)) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Board in its capacity as the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

DIRECTORS' REPORT

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 29.

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

	2023 \$	2022 \$
Assurance services		
Audit Services		
Moore Australia Audit (WA)	32,415	33,604
Total remuneration for audit and assurance services	32,415	33,604
Taxation and Accounting Services		
Moore Australia Corporate Finance (WA) Pty Ltd	-	19,200
Moore Australia (WA)	2,837	-
Total remuneration for taxation services	2,837	19,200

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsible on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under Section 237 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the Directors.



Jerome (Gino) Vitale
Non-Executive Chair

29 September 2023

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF OCEANA LITHIUM LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



SL TAN
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 29th day of September 2023.

FINANCIAL REPORT – 30 JUNE 2023

This financial report includes the consolidated financial statements and notes of Oceana Lithium Ltd and its controlled entities ('Consolidated Group' or 'Group'). The financial report is presented in the Australian currency.

Oceana Lithium Ltd is a company limited by shares, incorporated and domiciled in Australia. Its principal place of business is:

Oceana Lithium Ltd
Level 1, 33 Richardson Street
West Perth WA 6005

Its registered office is:

Oceana Lithium Ltd
Level 8, 99 St Georges Terrace
Perth WA 6000

A description of the nature of the Group's operations and principal activities is included in the Review of Operations in the Directors' report.

The financial report was authorised for issue by the Directors on 29 September 2023. The Company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial reports and other information are available on our website: www.oceanalithium.com.au.

For queries in relation to our reporting please call +61 8 9486 4036 or email dan.smith@oceanalithium.com.au.

OCEANA LITHIUM LTD
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		\$	\$
Revenue from Continuing Operations			
Revenue	4	-	-
Other income	4	36,968	107
		<u>36,968</u>	<u>107</u>
Administration		(96,610)	(99,036)
Audit fees		(32,415)	(52,804)
Compliance fees		(29,912)	(105,103)
Depreciation expense		(6,039)	-
Directors Fees	5	(405,921)	(381,410)
Legal fees		(111,760)	(109,798)
Consultants Fees	5	(426,737)	(1,006,546)
Other expense		(22,301)	(28,435)
Project evaluation expenses		(117,117)	-
Investor and public relations		(127,353)	(58,130)
Foreign exchange gains/(losses)		39,563	(692)
Travelling expenses		(108,039)	(23,940)
Loss before income tax		<u>(1,407,673)</u>	<u>(1,865,787)</u>
Income tax expense/(benefit)	6	-	-
Loss after tax from continuing operations		<u>(1,407,673)</u>	<u>(1,865,787)</u>
Loss for the year attributable to ordinary equity holders of Oceana Lithium Ltd		<u>(1,407,673)</u>	<u>(1,865,787)</u>
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Movement in foreign currency translation reserve		-	-
Other comprehensive income for the year		-	-
Total comprehensive loss for the year attributable to ordinary equity holders of Oceana Lithium Ltd		<u>(1,407,673)</u>	<u>(1,865,787)</u>
Loss per share for the year attributable to members of Oceana Lithium Ltd		Cents	Cents
Continuing operations		(2.17)	(8.32)
Total basic and diluted (loss) per share	16	<u>(2.17)</u>	<u>(8.32)</u>

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

OCEANA LITHIUM LTD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	2,705,790	6,021,660
Trade and other receivables	8	152,499	121,026
Total Current Assets		2,858,289	6,142,686
Non-Current Assets			
Property plant and equipment	9	36,215	-
Exploration and evaluation expenditure	10	3,610,780	1,407,480
Total Non-Current Assets		3,646,995	1,407,480
Total Assets		6,505,284	7,550,166
LIABILITIES			
Current Liabilities			
Trade and other payables	11	350,562	642,286
Total Current Liabilities		350,562	642,286
Total Liabilities		350,562	642,286
Net Assets		6,154,722	6,907,880
EQUITY			
Contributed equity	14	7,892,096	7,271,682
Reserves	15	1,536,086	1,501,985
Accumulated losses	15	(3,273,460)	(1,865,787)
Total Equity		6,154,722	6,907,880

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

OCEANA LITHIUM LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

Balance at Incorporation (18 October 2021)

Loss attributable to ordinary equity holders of Oceana Lithium Ltd

Other comprehensive income -

Foreign currency translation

Total comprehensive loss for the year

Transaction with owners, in their capacity as owners -

Performance rights issued during the year

Options issued during the year

Shares issued during the year, net of costs

Balance at 30 June 2022

At 1 July 2022

Loss attributable to ordinary equity holders of Oceana Lithium Ltd

Other comprehensive income -

Foreign currency translation

Total comprehensive loss for the year

Transaction with owners, in their capacity as owners -

Performance rights issued during the year

Performance rights vested during the year

Performance rights cancelled during the year

Options issued during the year

Options cancelled during the year

Shares issued during the year, net of costs

Balance at 30 June 2023

Contributed Equity	Accumulated Losses	Performance Rights Premium Reserve	Options Premium Reserve	Total
\$	\$	\$	\$	\$
-	-	-	-	-
-	(1,865,787)	-	-	(1,865,787)
-	-	-	-	-
-	(1,865,787)	-	-	(1,865,787)
-	-	138,110	-	138,639
-	-	-	1,363,875	1,363,875
7,271,682	-	-	-	7,271,153
7,271,682	(1,865,787)	138,110	1,363,875	6,907,880
7,271,682	(1,865,787)	138,110	1,363,875	6,907,880
-	(1,407,673)	-	-	(1,407,673)
-	(1,407,673)	-	-	(1,407,673)
-	-	36,251	-	36,251
108,414	-	(108,414)	-	-
-	-	(35,481)	-	(35,481)
-	-	-	185,120	185,120
-	-	-	(43,375)	(43,375)
512,000	-	-	-	512,000
7,892,096	(3,273,460)	30,466	1,505,620	6,154,722

The above Consolidated Statement of Changes in Equity
Should be read in conjunction with the accompanying notes.

OCEANA LITHIUM LTD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		\$	\$
Cash Flows From Operating Activities			
Payments to suppliers and employees		(1,089,685)	(502,777)
Interest received		36,975	107
Net cash outflow from operating activities	22	(1,052,710)	(502,670)
Cash Flows From Investing Activities			
Payments for purchase of property, plant and equipment		(16,426)	-
Payments for exploration and evaluation expenditure		(1,841,167)	-
Payments to acquire tenements		(77,747)	-
Payments to acquire subsidiaries		-	(96,699)
Net cash inflow/(outflow) from investing activities		(1,935,340)	(96,699)
Cash Flows From Financing Activities			
Proceeds from the issue of shares		-	6,765,780
Payments for capital raising costs		(322,750)	(144,751)
Net cash inflow/(outflow) from financing activities		(322,750)	6,621,029
Net increase/(decrease) in cash and cash equivalents		(3,310,800)	6,021,660
Foreign exchange difference		(5,070)	-
Cash at date of incorporation (18 October 2021)/beginning of year		6,021,660	-
Cash at 30 June	7	2,705,790	6,021,660

The above Consolidated Statement of Cash Flows
should be read in conjunction with the accompanying notes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report includes the consolidated financial statements and notes of Oceana Lithium and controlled entities ('Consolidated Group' or 'Group').

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Oceana Lithium Ltd is a for profit entity for the purposes of preparing the financial statements.

Compliance with IFRS

These consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Comparatives

The comparative period is from the Company's incorporation on 18 October 2021. The financial statements comparative figures cover the period from 18 October 2021 to 30 June 2022.

Critical accounting estimates

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Oceana Lithium Ltd) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 22.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealized gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(b) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(c) Exploration and evaluation expenditure

Evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(e) Employee benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Defined contribution superannuation benefits

All employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.50% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(e) Employee benefits (continued)

Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

Equity-settled compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options and performance rights are determined using the Black-Scholes and/or binomial pricing models respectively. The number of performance rights and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(f) Revenue recognition

All revenue is stated net of the amount of goods and services tax (GST).

(g) Equity compensation to non-employees

Equity-settled compensation

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options and performance rights are determined using the Black-Scholes and/or binomial pricing models respectively. The number of performance rights and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(h) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Income tax

The income tax expense (benefit) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit after tax attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Potential shares as a result of options outstanding at the end of the year are not dilutive and therefore have not been included in the calculation of diluted earnings per share.

(m) Foreign currency transactions and balances

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Foreign currency transactions and balances (continued)

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- a. Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- b. Income and expenses are translated at average exchange rates for the period; and
- c. Share capital and retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

(n) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(o) New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The Directors have determined that these new standards do not materially impact the Group.

(p) New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(q) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(q) Financial Instruments (continued)

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss. A financial liability is measured at fair value through profit and loss if the financial liability is:
 - a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
 - held for trading; or
 - initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3: Business Combinations applies, the Company made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Items of plant and equipment are depreciated over their estimated useful lives. The diminishing balance method is used. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Estimates of useful lives are made at the time of acquisition and varied as required.

Expected useful lives are: Plant and Equipment between 4 years and 7 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

NOTE 2 FINANCIAL RISK MANAGEMENT

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Company's accounting policy.

The Group's activities expose it to a variety of financial risks; market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group is engaged in mineral exploration and evaluation, and does not currently sell product and derives only limited revenue from interest earned.

Risk management is carried out by the board as a whole and no formal risk management policy has been adopted but is in the process of development.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the Brazilian Real. Since the Group has not yet commenced mining operations or to sell products the exposure is limited to the movement in loan accounts between the Parent and the Subsidiary located in Brazil.

The Group limits its foreign currency risk by limiting funds held in overseas bank accounts and paying its creditors promptly. The Group's exposure to foreign currency risk on Brazilian Real, translated into Australian Dollars at 30 June, was as follows:

	2023 AUD	2023 BRL	2022 AUD	2022 BRL
Foreign currency assets and liabilities				
Cash and cash equivalents	144,642	450,504	3,332	13,492

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(ii) Interest rate risk

From time to time the Group has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. Exposure to interest rates is limited to the cash and cash equivalents balances.

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

2023	Floating Interest Rate \$	Non-interest bearing \$	Total \$
Financial assets			
Cash and cash equivalents	2,705,790	-	2,705,790
Trade and other receivables	-	152,499	152,499
	<u>2,705,790</u>	<u>152,499</u>	<u>2,858,289</u>
Weighted average interest rate			
Financial liabilities			
Trade and other payables	-	350,562	350,562
	<u>-</u>	<u>350,562</u>	<u>350,562</u>
Net financial assets	<u>2,705,790</u>	<u>(198,063)</u>	<u>2,507,727</u>
2022	Floating Interest Rate \$	Non-interest bearing \$	Total \$
Financial assets			
Cash and cash equivalents	6,021,660	-	6,021,660
Trade and other receivables	-	121,026	121,026
	<u>6,021,660</u>	<u>121,026</u>	<u>6,142,686</u>
Weighted average interest rate			
Financial liabilities			
Trade and other payables	-	642,284	642,284
	<u>-</u>	<u>642,284</u>	<u>642,284</u>
Net financial assets	<u>6,021,660</u>	<u>(521,258)</u>	<u>5,504,402</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

Sensitivity analysis

The following table illustrates sensitivities of the Group's exposure to changes in interest rates. The table indicates the impact on how profit reported at balance date would have been affected by changes in the interest rate risk variable that management considers to be reasonably possible.

	2023	2022
	\$	\$
Net financial assets subject to variable interest rates	2,705,790	6,021,660
Increase in profits resulting from a 1% pa increase in variable interest rates	27,057	60,216
Decrease in profits resulting from a 1% pa decrease in variable interest rates	(27,057)	(60,216)

The following table illustrates sensitivities of the Group's exposure to changes in foreign exchange rates. The table indicates the impact on how other comprehensive income reported at balance date would have been affected by changes in the foreign exchange rate variable that management considers to be reasonably possible.

	2023	2022
	\$	\$
Decrease in other comprehensive income resulting from a 10% increase in Australian Dollar against the Real	10,520	8,835
Increase in other comprehensive income resulting from a 10% decrease in Australian Dollar against the Real	(10,520)	(8,835)

The entity is not exposed to material price risk.

Net Fair Value

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term investments in nature whose carrying value is equivalent to fair value.

(b) Credit risk

Credit risk exposure represents the extent of credit related losses that the Group may be subject to on amounts to be received from financial assets. Credit risk arises principally from trade and other receivables including intercompany loans and cash. The objective of the Group is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. Credit terms are generally 30 days from the invoice date. The Group has no concentrations of credit risk, other than holding all its cash with St George Bank and ANZ. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the statement of financial position, which has not changed materially from the prior year.

Credit risk exposures

Credit risks related to balances with bank and other financial institutions is managed by the Board in accordance with Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. Cash is held with St George Bank and ANZ, which are AA Rated.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

The maximum exposure to credit risk is as follows:

	2023	2022
	\$	\$
Current Assets:		
Cash and cash equivalents	2,705,790	6,021,660
Trade and other receivables	152,499	121,026
Non-Current Assets:		
Trade and other receivables	-	-
	<u>2,858,289</u>	<u>6,142,686</u>

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The Group's current financial assets and liabilities are summarised as follows:

	2023	2022
	\$	\$
Cash and cash equivalents	2,705,790	6,021,660
Trade and other receivables	152,499	121,026
Trade and other payables	<u>(350,562)</u>	<u>(642,284)</u>
	<u>2,507,727</u>	<u>5,504,402</u>

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days from the reporting date.

The contractual amounts payable are equal to the carrying amounts in the accounts.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes assumptions concerning the future. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below

(a) Impairment of assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(b) Share based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes or Binomial option pricing model, using the assumptions detailed in Note 19.

(c) Capitalised exploration and evaluation expenditures

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Company's accounting policy (refer Note 1(c)), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. The Company applies the principles of AASB 6 and recognises exploration and evaluation assets when the rights of tenure of the area of interest are current, and the exploration and evaluation expenditures incurred are expected to be recouped through successful development and exploitation of the area. If, after having capitalised the expenditure under the Company's accounting policy in Note 1(b), a judgment is made that recovery of the carrying amount is unlikely, an impairment loss is recorded in profit or loss in accordance with the Company's accounting policy in Note 1(c). The carrying amounts of exploration and evaluation assets are set out in Note 10.

NOTE 4 REVENUE AND OTHER INCOME

From continuing operations

Interest – unrelated parties

Total Revenue

2023
\$

2022
\$

36,968

107

36,968

107

NOTE 5 EXPENSES AND SIGNIFICANT ITEMS

Significant Items

Consultants fees (incl. share-based payments)

Directors fees (incl. share-based payments)

426,737

405,921

1,006,546

381,410

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 6: INCOME TAX EXPENSE

	2023 \$	2022 \$
a. The components of tax expense comprise:		
Current income tax	-	-
Deferred tax	-	-
	-	-
b. The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 30% from ordinary operations:	(422,303)	(559,733)
Add/(less) tax effect of:		
- Other non-allowable items	151,646	401,654
- Revenue losses not recognised	388,984	174,721
- Effect of tax rates of subsidiaries in different jurisdictions	(4,208)	-
- Other deferred tax balances not recognised	(114,119)	(16,642)
Income tax expense/(benefit) reported in the consolidated statement of profit or loss and other comprehensive income from ordinary operations	-	-
c. Deferred tax recognised		
Deferred Tax Liabilities		
- Capitalised exploration	(99,685)	-
- Trade creditors	-	(10)
Deferred Tax Assets		
- Carry forward revenue losses	99,685	10
Net deferred tax	-	-
d. Unrecognised deferred tax assets at 30% (Note 1):		
Carry forward revenue losses	441,867	174,732
Capital raising costs	12,899	89,411
Provisions and accruals	67,059	4,800
Other	720	911
	522,545	269,854

The tax benefits of the above Deferred Tax Assets will only be obtained if:

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the company in utilising the benefits.

Note 1 - the corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 7 CASH AND CASH EQUIVALENTS

2023
\$

2022
\$

Cash and cash equivalents	2,705,790	6,021,660
Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash at bank	2,705,790	6,021,660
Bank deposits at call	-	-
Cash on hand	-	-
Cash and cash equivalents	2,705,790	6,021,660

Cash at bank earns an interest rate of 0.5%. Refer to note 2 for the Group's exposure to interest rate risk.

NOTE 8 TRADE AND OTHER RECEIVABLES

CURRENT

Other receivables (a)	152,499	121,026
	152,499	121,026

No receivables were past due but not impaired.

NOTE 9 PLANT AND EQUIPMENT

Plant and equipment

Plant and equipment at cost	42,254	-
Less accumulated depreciation	(6,039)	-
Carrying amount at the end of the financial year	36,215	-

Reconciliation

Reconciliations of the carrying amount of plant and equipment at the beginning and end of the financial year are set out below:

Carrying amount at the beginning of the financial year	-	-
Additions	42,254	-
Depreciation expense	(6,039)	-
Carrying amount at the end of the financial year	36,215	-

NOTE 10 EXPLORATION AND EVALUATION EXPENDITURE

2023
\$

2022
\$

Exploration and evaluation assets	3,610,780	1,407,480
Reconciliation:		
Balance at 30 June 2022 and 18 October 2021 (date of incorporation)	1,407,480	-
Issue of ordinary shares – project acquisitions	512,000	1,180,000
Cash payments – project acquisitions	77,747	96,699
Exploration expenditure	1,613,553	130,781
	3,610,780	1,407,480

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 10 EXPLORATION AND EVALUATION EXPENDITURE (continued)

The recoverability of deferred project acquisition costs is dependent upon the successful development and commercial exploitation, or alternately the sale of the areas of interest.

NOTE 11 TRADE AND OTHER PAYABLES

	\$	\$
CURRENT		
Trade and sundry creditors (a)	232,567	626,284
Accrued expenses	117,995	16,000
	<u>350,562</u>	<u>642,284</u>

(a) All creditors are non-interest bearing and are normally settled on 30 day terms, includes \$624,097 for capital raising and corporate advisory costs associated with public offer under IPO.

Refer to note 2 for the Group's exposure to liquidity risk.

NOTE 12 COMMITMENTS

Exploration Expenditure Commitments

In order to maintain rights of tenure to exploration tenements the Group is required to perform exploration work to meet the minimum expenditure requirements as specified by various governments.

Outstanding obligations are not provided for in the accounts and are payable:

Not later than 1 year	117,750	74,900
Later than 1 year but not later than 5 years	-	117,750
Any greater than 5 years	-	-
	<u>117,500</u>	<u>186,650</u>

NOTE 13 CONTINGENT LIABILITIES

As at 30 June 2023, the Group has a 2.5% royalty payable over future concentrate product sold from the Napperby Lithium project.

Performance based payments:

For a period of 3 years from the execution of the Definitive Agreement regarding N Green tenements dated 16 January 2023, within 5 business days of delineation and publication of a minimum JORC classified Mineral Resource of 2 million tonnes or more with a minimum grade at 1.2% Li₂O on either one or both of Exploration Permits 800.306/2020 and 800.307/2020, Oceana will:

- Pay N Green A\$50,000 in cash, and
- Issue N Green 600,000 fully paid ordinary Oceana shares, subject to voluntary escrow for a period of 3 months from the date of issue.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 14 CONTRIBUTED EQUITY

	2023 Shares	2022 Shares	2023 \$	2022 \$
(a) Paid Up Capital				
Ordinary shares – fully paid of no-par value	67,598,000	64,400,000	7,892,096	7,271,682

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and in a poll each share is entitled to one vote.

(b) Movements in ordinary share capital of the Company:

Date	Details	Number of Shares	Issue Price \$	\$
18 Oct 2021	Opening balance (at incorporation)	-		-
30 Jun 2022	Closing Balance	64,400,000		7,271,682
4 Nov 2021	Seed capital raising	3,500,000		51,000
5 Nov 2021	Seed capital raising	2,500,000	0.02	50,000
4 Oct 2021	Seed capital raising	1,000,000	0.001	1,000
8 Oct 2021	Seed capital raising	1,000,000	0.02	20,000
20 Nov 2021	Seed capital raising	1,000,000	0.02	20,000
23 Dec 2021	Seed capital raising	4,680,000		74,600
24 Dec 2021	Seed capital raising	1,000,000	0.001	1,000
29 Dec 2021	Seed capital raising	4,500,000		14,000
31 Dec 2021	Seed capital raising	500,000	0.02	10,000
14 Feb 2022	Seed capital raising	2,250,000	0.001	2,250
5 Mar 2022	Seed capital raising	20,000	0.02	400
14 Mar 2022	Seed capital raising	6,250,000		465,529
31 Mar 2022	Seed capital raising	300,000	0.02	6,000
24 Jun 2022	Consideration shares – acquisition of Consolidate Lithium Trading Pty Ltd	1,000,000	0.20	200,000
24 Jun 2022	Consideration shares – acquisition of Ceara Litio Mineracao Eireli	4,900,000	0.20	980,000
24 Jun 2022	Initial public offer shares	30,000,000	0.20	6,000,000
	Share capital raising costs			(624,097)
30 June 2022	Closing Balance	64,400,000		7,271,682
4 May 2023	Consideration shares – acquisition of N Green tenements	1,600,000	0.32	512,000
16 Dec 2022	Conversion of Class B and C performance rights - Directors	1,598,000		108,414
30 June 2023	Closing Balance	67,598,000		7,892,096

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 14 CONTRIBUTED EQUITY (continued)

(c) Performance rights

	Jun 2023 Rights	Jun 2022 Rights
Balance at 18 October 2021 (date of incorporation)/beginning of year	3,268,000	-
Issue of consultants performance rights	750,000	3,268,000
Cancellation of performance rights	(1,000,000)	-
Vesting of performance rights to ordinary shares	(1,598,000)	-
Balance at 30 June	<u>1,420,000</u>	<u>3,268,000</u>

(d) Option Issues

Options to purchase ordinary shares

	Jun 2023 Options	Jun 2022 Options
Balance at 18 October 2021 (date of incorporation)/beginning of year	16,250,000	-
Cancellation of director options	(500,000)	-
Issue of directors and consultant's options	500,000	5,500,000
Issue of brokers options	-	3,500,000
Issue of advisor options	-	7,250,000
Balance at 30 June	<u>16,250,000</u>	<u>16,250,000</u>

(e) Option Exercise

During the financial year nil options were exercised.

(f) Option Expiry

During the financial year the no options expired unexercised.

(g) Option Cancellation and Lapse

During the financial year nil options lapsed.

(h) Capital Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

The capital structure of the Group consists of equity attributable to equity holders of the parent comprising issued capital, reserves and accumulative losses.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 14 CONTRIBUTED EQUITY (continued)

The working capital position of the Group at 30 June 2023 and 30 June 2022 was as follows:

	2023 \$	2022 \$
Cash and cash equivalents	2,705,790	6,021,660
Other receivables	152,499	121,026
Trade and other payables	(350,562)	(642,284)
Working capital position	2,507,727	5,500,402

The Group is not subject to any externally imposed capital requirements.

Refer to note 2 for Financial Risk Management.

	2023 \$	2022 \$
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NOTE 15 RESERVES AND ACCUMULATED LOSSES

(a) Reserves

Performance rights premium reserve	30,466	138,110
Options premium reserve	1,505,620	1,363,875
	1,536,086	1,501,985

Movements

Performance rights premium reserve

Balance at 18 October 2021 (date of incorporation)/beginning of year	138,110	-
Cancellation of performance rights	(35,481)	-
Conversion of performance rights to ordinary shares	(108,414)	-
Performance rights expense	36,251	138,110
Balance 30 June	30,466	138,110

Options premium reserve

Balance at 18 October 2021 (date of incorporation)/beginning of year	1,363,875	-
Cancellation of options	(43,375)	-
Options issued	185,120	1,363,875
Balance 30 June	1,505,620	1,363,875

(b) Accumulated losses

Movements in accumulated losses were as follows:

Balance 18 October 2021 (date of incorporation)	(1,865,787)	-
Net loss for the year	(1,407,673)	(1,865,787)
Balance 30 June	(3,273,460)	(1,865,787)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 15 RESERVES AND ACCUMULATED LOSSES (continued)

(c) Nature and purpose of reserves

Performance rights premium reserve

This reserve is used to recognise the fair value of performance rights issued.

Options premium reserve

This reserve is used to recognise the fair value of options issued.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in Note 1(n). The reserve is recognised in profit or loss when the net investment is disposed of.

	2023 \$	2022 \$
NOTE 16 LOSS PER SHARE ("EPS")		
<i>Earnings per share from continuing operations</i>		
Loss after income tax	(1,407,673)	(1,865,787)
Weighted average number of shares used in the calculation of the basic EPS.	64,650,549	22,285,966
The number of potential ordinary shares relating to options not exercised at the end of the year. These potential ordinary shares are anti-dilutive and have not been included in the EPS calculations.	-	-
Basic and diluted loss per share	(2.17) cents	(8.32) cents

NOTE 17 DIVIDENDS

There were no dividends paid or recommended during the financial year ended 30 June 2023. (2022: nil)

NOTE 18 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors and specified executives

Disclosures relating to Directors and specified executives are set out in Directors' Remuneration Report.

Wholly-owned group

The consolidated group consists of Oceana Lithium Ltd and its wholly-owned subsidiaries, Consolidate Lithium Trading Pty Ltd, and Ceara Litio Mineracao Eireli. Ownership interests in these subsidiaries are set out in Note 23.

Other related parties

There were no transactions or balances with other related parties including director related entities during the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 19 KEY MANAGEMENT PERSONNEL DISCLOSURES

Key Management Personnel (KMP) Compensation

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid to each member of the Group's KMP for the year ended 30 June 2023.

The totals of remuneration paid to KMP during the year are as follows:

	2023	2022
	\$	\$
Short term employee benefits	292,545	69,800
Post-employment benefits	27,631	-
Share based payments	(64,255)	311,610
	<u>255,921</u>	<u>381,410</u>

Other transactions with related parties

A director, Jerome Vitale, has a consulting arrangement in place for the provision of consultancy and management services to the consolidated group through Vitale Corporate (Haramont Pty Ltd). The services are provided at market rates, and no specified period has been agreed.

A director, Qingtao Zeng, has a consulting arrangement in place for the provision of geological services to the consolidated group through Geosmart Consulting Pty Ltd. The services are provided at market rates, and no specified period has been agreed.

No other transactions occurred between the Group and other key management personnel except for the reimbursement at cost of expenditure incurred on behalf of the Group.

The amounts owed to Directors, key management personnel and their related parties as at 30 June 2023 was \$49,500 owed to Vitale Corporate and \$nil owed to Geosmart Consulting Pty Ltd.

Aggregate amounts of each of the above types of other transactions with Directors and key management personnel of Oceana Lithium Ltd:

	2023	2022
	\$	\$
Amounts recognised as expense		
Consulting fees:		
Consultancy and management services	106,500	-
Exploration	43,500	-
	<u>150,000</u>	<u>-</u>
Outstanding balance at year end	72,600	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 20 SHARE-BASED PAYMENTS

Excluding write-backs, the total expense arising from share based payment transactions recognised during the period in relation to the performance rights was \$36,251, options issued to consultants and brokers was \$185,120, totalling \$221,371 in share based payment expenses for the year.

Performance Rights – Consultants

On 7 October 2022, the Company issued 750,000 performance rights to consultants. These performance rights were issued in one tranche and include a performance milestone. Each performance right will convert into 1 ordinary share of Oceana Lithium Limited upon achievement of the performance milestone.

The company has assessed the probability of achievement and have recognised an expense accordingly. The details are tabled below:

Tranche	Number of Performance Shares	Grant Date	Exercise Price	Probability of achievement of milestone	Expiry Date of Performance Right	Expected Date of Milestone Achievements	Underlying Share Price	Total Fair Value
A	750,000	07/10/22	Nil	50%	01/07/27	30/03/27	\$0.53	\$198,750

Tranche A performance rights were valued at their issue dates and the expense recognised over the life of expected achievement of the milestone, resulting in an expense during the year of \$10,461. This expense has been expensed as consultants fees expense.

Consultant Options– 7 October 2022

On 7 October 2022, the Company issued 500,000 options to consultants, each exercisable at \$0.75 with a 3.72 year expiry period. These options were valued using a Black-Scholes valuation model and the expense recognised in full at their issue date is \$185,120. For the options issued during the period, a Black-Scholes valuation model was used with the valuation model inputs used to determine the fair value at the grant date as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Risk free rate	Dividend yield	Number of options	Value per Option	Total Value \$	Vesting terms
07/10/2022	24/06/26	\$0.53	\$0.75	115%	2.88%	0%	500,000	\$0.370240	185,120	Immediately

(d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of director benefits or share based payment expense were as follows:

	2023 \$	2022 \$
Options issued to directors	(20,881)	173,500
Performance rights issued to directors	(43,374)	138,110
	<u>(64,255)</u>	<u>311,610</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 21 OPERATING SEGMENTS

Identification of reportable segments

The Group operates predominantly in the mining industry. This comprises exploration and evaluation of minerals and metals that are used in the battery storage and electric vehicle sectors. Inter-segment transactions are priced at cost to the Consolidated Group.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a monthly basis. Management has identified the operating segments based on the two principal locations of its projects – Australia and Brazil.

Corporate expenses include administration and regulatory expenses arising from operating an ASX listed entity.

Segment assets include the costs to acquire tenements and the capitalised exploration costs of those tenements. Cash and cash equivalents are reported in the Unallocated segment.

For the Year to 30 June 2023

	Brazil Exploration \$	Australia Exploration \$	Unallocated \$	Total \$
Segment Revenue	-	-	36,968	36,968
Segment Results	-	-	-	36,968
Amounts not included in segment results but reviewed by Board:				
- Corporate charges				(1,302,122)
- Share-based payments				(142,516)
Loss before Income Tax				(1,407,670)
As at 30 June 2023				
Segment Assets	3,068,697	542,083	2,894,504	6,505,284
Segment Liabilities	58,516	-	292,046	350,562

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 21 OPERATING SEGMENTS (continued)

For the Year to 30 June 2022

	Brazil Exploration \$	Australia Exploration \$	Treasury \$	Total \$
Segment Revenue	-	-	107	107
Segment Results	-	-	-	107
Amounts not included in segment results but reviewed by Board:				
- Corporate charges				(615,459)
- Share-based payments				(1,250,435)
Loss before Income Tax				(1,865,787)
As at 30 June 2022				
Segment Assets	1,199,116	208,364	6,142,686	7,550,166
Segment Liabilities	(96)	-	(642,190)	(642,286)

NOTE 22 RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

(a) Reconciliation of operating loss after income tax to the net cash flow from operations:	2023 \$	2022 \$
Operating loss after income tax	(1,407,673)	(1,865,787)
Adjustment for non-cash items:		
- Share-based payments expense	142,516	1,250,435
Change in operating assets and liabilities:		
- Trade and other receivables	(31,470)	(121,026)
- Trade and other payables and provisions	243,917	233,708
Net cash outflow from operating activities	(1,052,710)	(502,670)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 23 SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2023 %	2022 %
Oceana NT Pty Ltd (previously Consolidate Lithium Trading Pty Ltd)	Australia	Ordinary	100	100
Ceará Litio Mineração Ltda (previously Ceará Litio Mineração Eireli)	Brazil	Ordinary	100	100

Ceara Litio Mineracao Eireli acquisition

On 26 June 2022, the Company issued 4,900,000 ordinary shares valued at \$980,000 and paid net cash of \$96,669 to vendors in respect to the acquisition of Ceara Litio Mineracao Eireli, subsequently renamed Ceará Litio Mineração Ltda. Refer to Note 14(b) for further details of the ordinary shares issued.

Consolidate Lithium Trading Pty Ltd acquisition

On 26 June 2022, the Company issued 1,000,000 ordinary shares valued at \$200,000 to vendors in respect to the acquisition of Consolidate Lithium Trading Pty Ltd, subsequently renamed Oceana NT Pty Ltd. Refer to Note 14(b) for further details of the ordinary shares issued.

None of the above entities had any material assets or liabilities at acquisition date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
NOTE 24 PARENT ENTITY DISCLOSURES		
(a) Financial Position of Oceana Lithium Ltd		
CURRENT ASSETS		
Cash and cash equivalents	2,561,179	6,018,358
Trade and other receivables	55,536	43,483
TOTAL CURRENT ASSETS	2,616,715	6,061,841
NON-CURRENT ASSETS		
Other non-current assets	3,829,490	1,403,080
TOTAL NON-CURRENT ASSETS	3,829,490	1,403,080
TOTAL ASSETS	6,446,206	7,464,921
CURRENT LIABILITIES		
Trade and other payables	227,126	557,032
TOTAL CURRENT LIABILITIES	227,126	557,032
TOTAL LIABILITIES	227,126	557,032
NET ASSETS	6,219,079	6,907,889
EQUITY		
Contributed equity	7,892,096	7,271,682
Reserves	1,536,087	1,501,985
Accumulated losses	(3,209,104)	(1,865,778)
TOTAL EQUITY	6,219,079	6,907,889

(b) Financial Performance of Oceana Lithium Ltd

	2023	2022
	\$	\$
Loss for the year	(1,343,326)	(1,865,778)
Total comprehensive loss	(1,343,326)	(1,865,778)

(c) Guarantees entered into by Oceana Lithium Ltd to the debts of its subsidiaries

There are no guarantees entered into by Oceana Lithium Ltd for the debts of its subsidiaries as at 30 June 2023.

(d) Contingent liabilities of Oceana Lithium Ltd

There are no contingent liabilities as at 30 June 2023 other than those disclosed in note 13.

(e) Commitments Oceana Lithium Ltd

There are no commitments as at 30 June 2023.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 25 REMUNERATION OF AUDITORS

During the period the following fees were paid or payable for services provided by the auditors of the Group, their related practices and non-related audit firms.

	2023 \$	2022 \$
Assurance services		
Audit Services		
Moore Australia Audit (WA)	32,415	33,604
Total remuneration for audit services	32,415	33,604
Non-Assurance services		
Taxation and Accounting Services		
Moore Australia Corporate Finance (WA) Pty Ltd	-	19,200
Moore Australia (WA)	2,837	-
Total remuneration for taxation services	2,837	19,200

NOTE 26 EVENTS OCCURRING AFTER THE BALANCE DATE

On 5 July 2023, the Company announced that it had secured firm commitments from new institutions and existing significant shareholders in an oversubscribed placement to raise approximately \$4.1m at \$0.32 per share (Placement). The Placement completed during July 2023 (refer to ASX Announcements dated 5 July 2023, 13 July 2023 and 19 July 2023).

On 5 July 2023, the Company announced that it had entered into an exclusive six-month option to purchase from unrelated parties 100% of Monaro Lithium Canada Inc (MLC Inc), a company incorporated in Canada to hold the Monaro Project Claims covering 104km² of highly prospective Archean rocks in James Bay area, Québec, Canada. The Project area includes 40km of contiguous greenstones known to host lithium-caesium-tantalum (LCT) type mineralisation. If Oceana elects to exercise the option, MLC Inc will become a wholly owned subsidiary of Oceana and its operating vehicle in Canada. Details of the post-acquisition corporate structure, if the option is exercised, the consideration payable and attaching conditions are set out in detail in the Company's announcement of 5 July 2023.

On 7 August 2023, the Company reported the completion of the phase one scout drilling campaign at its Solonópole Lithium Project in Ceará State, Brazil, which has been successful in intercepting multiple thick pegmatites.

On 11 September 2023, the Company announced the appointment of Mr Caue Araujo as Chief Executive Officer. Caue is a qualified Australian-Brazilian geologist and an experienced mining industry professional.

Other than the above no matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect:

- (i) the Group's operations in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2023 and of the performance of the year ended on that date of the consolidated group.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. In the directors' opinion, the financial statements and notes are prepared in compliance with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.
4. The remuneration disclosures included in pages 20 to 27 within the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2023, comply with section 300A of the *Corporations Act 2001*.
5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Jerome Vitale
Non-Executive Chair

29 September 2023

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OCEANA LITHIUM LIMITED****Moore Australia Audit (WA)**Level 15, Exchange Tower,
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www.moore-australia.com.au**Report on the Audit of the Financial Report****Opinion**

We have audited the financial report of Oceana Lithium Ltd (the Company) and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration. The Group consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

In our opinion, the accompanying financial report of the Group is in accordance with *the Corporations Act 2001*, including:

giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCEANA LITHIUM LIMITED (CONTINUED)

Key Audit Matters (continued)

Cash at bank	
Refer to Note 7 Cash & Cash Equivalents	
The Group's total cash at bank holdings of \$2.7 million at balance date makes up 42% of its total assets by value and is considered a critical driver to the Group's ongoing and future exploration operations. We do not generally consider cash to be at a high risk of significant misstatement, or to be subject to a significant level of judgment because it is normally a liquid asset. However, we determined this area to be key audit matter due to the materiality in the context of the financial statements.	Our procedures included, amongst others: • Agree a substantial balance to external bank confirmations. • Agreeing cash/bank holdings to year-end bank reconciliations and bank statements. • Assessed the appropriateness of the disclosures included in the primary financial statements and notes to the financial report.
Capitalised exploration and evaluation expenditure	
Refer to Note 1(c) Exploration and evaluation expenditure, Note 3(c) Critical Accounting Estimates & Judgements – Capitalised Exploration & Evaluation Expenditures & Note 10 Exploration and Evaluation Expenditure	
The Group has capitalised exploration and evaluation expenditure with a carrying value of \$3.6 million as at 30 June 2023. We considered this to be a key audit matter due to the balance making up 56% of total assets as well as the management judgment involved in assessing the carrying value of the assets including: • Determination of whether the expenditure can be associated with finding specific mineral resources; • Determination of whether the capitalised exploration and evaluation expenditure have met the recognition criteria as set out in paragraph Aus7.2 of AASB 6 • Assessing whether any indicators of impairment are present, and if so, judgments applied to determine and quantify any impairment loss.	Our audit procedures included: • Agreeing additions to supporting documentation such as acquisition agreements & tested a sample of exploration and evaluation expenditures capitalised during the year to supporting invoices. • Reviewed tenement registers/licenses and other documents to ensure the Group has ongoing rights to their tenements. • Assessing and evaluating management's assessment on capitalised exploration and evaluation expenditure recognition and that no indicators of impairment existed at the reporting date. • Enquiring with management and reviewing budgets and other supporting documentation such as subsequent ASX announcements as evidence that active and significant operations in, or relation to, the area of interest will be continued in the future. • Assessing the carrying value of these assets for any indicators of impairment including comparing against the Company's market capitalisation.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OCEANA LITHIUM LIMITED (CONTINUED)

Key Audit Matters (continued)

Share-Based Payments	
Refer to Remuneration Report, Note 3(b) Critical Accounting Estimates & Judgements, Note 19 Share Based Payments	
During the financial year, the Group transacted with Key Management Personnel, employees and other parties including: • Issued \$512,000 in ordinary shares as consideration for the purchase of the N Green tenements during the year. • Awarded share-based payments amounting to \$185,120 in the form of share options to consultants/employees. • Awarded performance rights to consultants/employees and the ongoing amortization of performance rights expense granted to Directors in the prior year. The value of share-based payments is a key audit matter due to it being key material transactions, the valuation of which may involve significant judgement and accounting estimation.	Our audit procedures included: • Enquiring and obtaining confirmation from Key Management Personnel regarding any related party transactions occurring during the year. • Reviewing directors' resolutions, minutes of meetings, ASX announcements, other documents and considered other transactions undertaken during the year. • Reviewing payments, receipts and general journals throughout the year, and examining transactions with known related parties, or those that appear large or unusual for the Group. • Assessing the valuation methodology used by management to estimate fair value of share options and performance rights issued for reasonableness. • Assessing whether share-based payments have been appropriately classified and accounted for in the financial statements. • Assessing the appropriateness of the relevant disclosures in the financial statements

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our audit report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Oceana Lithium Ltd, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



SL TAN
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 29th day of September 2023

ADDITIONAL INFORMATION

Information required by Australian Securities Exchange Limited and not shown elsewhere in this report is as follows:-

STATEMENT OF QUOTED SECURITIES AS AT 27 SEPTEMBER 2023

a)	Distribution of Shareholders	No. of Shareholders	No. of Units
	Size of Holding		
	1 – 1,000	66	40,500
	1,001 – 5,000	234	580,885
	5,001 – 10,000	156	1,368,872
	10,001 – 100,000	349	13,285,857
	100,001 and over	104	66,221,886
	Total	909	81,498,000
b)	Number of holders of less than marketable parcels at \$0.215 per unit:	198	254,234

- c) The following shareholders hold 5% or more of the issued capital of the Company as per substantial shareholder notices lodged with ASX:

Name	Units	% of Units
MR JEROME GINO VITALE + MRS MOLLY CLARA VITALE <VITALE SUPER FUND A/C>, HARAMONT PTY LTD <D&V INVESTMENT A/C>	7,764,000	9.52
CONTINENTAL MINING AUSTRALIA PTY LTD <CONTINENTAL A/C>	7,414,500	9.10
WOODSOUTH ASSET MANAGEMENT PTY LTD	5,000,000	6.13
YA HUA INTERNATIONAL INVESTMENT&DEVELOPMENT CO LTD	5,000,000	6.13

- d) Twenty largest shareholders as at 27 September 2023:

Rank	Name	Units	% of Units
1.	CONTINENTAL MINING AUSTRALIA PTY LTD <CONTINENTAL A/C>	7,414,500	9.10
2.	WOODSOUTH ASSET MANAGEMENT PTY LTD	5,000,000	6.14
3.	YAHUA INTERNATIONAL INVESTMENT & DEVELOPMENT CO LTD	5,000,000	6.14
4.	MR JEROME GINO VITALE + MRS MOLLY CLARA VITALE <VITALE SUPER FUND A/C>	4,190,000	5.14
5.	MMH CAPITAL LIMITED	3,675,000	4.51
6.	HARAMONT PTD LTD <D&V INVESTMENT A/C>	3,574,000	4.39
7.	JET CAPITAL PTY LTD THE OSCROW FAMILY A/C>	3,167,922	3.89
8.	MR XIANGENG ZENG	1,940,000	2.38
9.	MR KULWANT SINGH MALHI	1,890,625	2.32
10.	MR DEEPAK NARVANIA	1,600,000	1.96
11.	SAVVY CAPITAL MANAGEMENT PTY LTD	1,225,000	1.50
12.	SOL SAL INVESTMENTS PTY LTD <SOL SAL INVESTMENT A/C>	1,200,000	1.47
13.	BT LITHIUM PTY LTD	1,071,710	1.32
14.	CLIPPER GROUP LIMITED	1,000,000	1.23
15.	LEEWIN EQUITY PTY LTD <DEAKIN FAMILY A/C>	1,000,000	1.23

16.	METAL TIGER PLC	968,750	1.19
17.	ARALAD MANAGEMENT PTY LTD <THE TRK SUPER FUND A/C>	878,750	1.08
18.	RATDOG PTY LTD	850,000	1.04
19.	MR JASON BONTEMPO + MRS TIZIANA BATTISTA <MORRISTON SUPER FUND A/C>	720,000	0.88
20.	DR QINGTAO ZENG	674,000	0.83
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		47,040,257	57.72
Total Remaining Holders Balance		34,457,743	42.28
Total Shares On issue		81,498,000	100.00%

e) Voting Rights

Registered holders of ordinary shares in the capital of the Company may attend and vote at general meetings of the Company in person or by proxy and may exercise one vote for each share held. Every person present at a general meeting as an ordinary shareholder shall have one vote on a show of hands.

f) There are currently no on-market buybacks in process.

g) There following securities are currently subject to escrow.

Security	Number	Restriction Period
Shares	26,823,500	Expiring 24 months from the date of quotation.
Options	15,750,000	Expiring 24 months from the date of quotation.
Performance Rights	3,268,000	Expiring 24 months from the date of quotation.

h) As at 27 September 2023 the following class of unquoted securities had a holder with greater than 20% of the class on issue:

Class/Name	Number of Securities Held	% Held
<i>Options exercisable at \$0.30 each on or before 1 April 2026</i>		
Jet Capital Pty Ltd	3,000,000	32.43%
R-Tek Group Pty Ltd	3,000,000	34.43%
<i>Options exercisable at \$0.30 each on or before 10 June 2026</i>		
Jet Capital Pty Ltd	1,500,000	50%
Continental Mining Pty Ltd	1,500,000	50%

i) Interest in mining and exploration permits

Project	Tenement Details	State/ Country
Solonopole	800.238/2016, 800.240/2016, 800.241/2016, 800.247/2016, 800.474/2016, 800.475/2016, 800.476/2016, 800.477/2016, 800.306/2020, 800.307/2020	Ceara, Brazil
Napperby	EL32836 (Wangala), ELA32841 (Ennugan)	Northern Territory

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