



ABN 26 091 951 978

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2023**

Contents

Directors' Report	2
Auditor's Independence Declaration	5
Consolidated Statement of Profit or Loss	6
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10
Directors' Declaration	26
Independent Auditor's Review Report	27

Directors' Report

Your Directors present their report on Sayona Mining Limited ("the Company") and its controlled entities (the "Consolidated Group" or "Group") for the half year ended 31 December 2023.

The report is prepared in accordance with the requirements of the Corporations Act, with the following information forming part of this report:

- Auditor's Independence Declaration on page 5;
- Interim Financial Report on pages 6 to 28; and
- Additional information on page 29.

Directors

The following persons held office as a Director of Sayona Mining Limited during the half year and up to the date of this report, unless otherwise stated:

Mr James Brown⁽¹⁾

Appointed 12 August 2013

Mr Allan Buckler

Appointed 5 August 2013

Mr Paul Crawford

Appointed 10 March 2000

Mr Lucas Dow

Appointed 14 February 2024

Mr Philip Lucas

Appointed 27 August 2023

Mr Brett Lynch⁽²⁾

Appointed 1 July 2019; resigned 27 August 2023

⁽¹⁾ Mr Brown served as a Non-Executive Director until 26 August 2023. He was appointed as Executive Director and Interim Chief Executive Officer on 27 August 2023.

⁽²⁾ Mr Lynch resigned as Managing Director and Chief Executive Officer on 27 August 2023.

Principal Activities

The principal activities of the Group during the half year were lithium mining and processing at North American Lithium (NAL) and the ongoing identification, evaluation and development of its portfolio of mineral exploration assets in Australia and Canada, predominantly focusing on lithium.

During the period, the Group progressed the ramp-up of the NAL operation, in conjunction with its strategic partner, Piedmont Lithium Québec Holdings Inc.

In August 2023, the Group commenced shipments of spodumene concentrate from NAL, generating first revenue for the operation. Sayona also delivered solid operational outcomes at NAL, with a particular focus on optimising production processes and improving plant stability.

There were no other significant changes in the Group's principal activities during the half year.

Significant Changes in the State of Affairs

On 19 July 2023, the Group completed the second tranche of a \$200 million placement to institutional, professional and sophisticated investors, resulting in the issuance of 170,726,221 fully paid ordinary shares at an issue price of \$0.18 per share for aggregate gross proceeds of \$30.7 million.

On 28 August 2023, the Group announced changes to the Board of Directors following the resignation of Mr Brett Lynch as Managing Director and Chief Executive Officer. To enable a smooth transition to new leadership, Mr James Brown was appointed as Executive

Director and Interim Chief Executive Officer, effective 27 August 2023.

In addition, Mr Philip Lucas was appointed as a Non-Executive Director, effective 27 August 2023. Mr Lucas is an experienced corporate lawyer with a particular focus on equity capital markets, mergers and acquisitions, corporate governance and Australian Securities Exchange regulations and compliance. Mr Lucas is currently Partner and Chair at boutique corporate and resources law firm, Allion Partners and serves as Chair of Chilwa Minerals Limited.

On 6 September 2023, the Group announced the receipt of cash proceeds from the inaugural shipment of spodumene concentrate from NAL. The initial cash payment marked an important milestone in Sayona's evolution from a developer into a leading North American lithium producer.

There were no other significant changes in the Group's state of affairs during the half year.

OPERATING AND FINANCIAL REVIEW

Operating Review

The Group's operations during the half year ended 31 December 2023 have been focused on the development of its lithium assets in Québec and working to realise value from its lithium and gold tenements in Western Australia. The Operating and Financial Review includes, where possible, likely developments and expected results from the Group's operations in future periods.

QUÉBEC, CANADA

North American Lithium (NAL)

The production ramp-up at NAL progressed during the half year ended 31 December 2023. Ore mined for the half year totalled 546,868 wet metric tonnes, an increase of 696% compared to the half year ended 31 December 2022 (prior corresponding period).

Spodumene concentrate production totalled 65,723 dry metric tonnes, compared to nil production in the prior corresponding period.

The first shipment of concentrate took place in August 2023, with a total of 72,152 dry metric tonnes sold by NAL during the period. Sales of concentrate during the period benefitted from higher inventories of finished goods on hand at 30 June 2023.

NAL recorded revenue of \$118.3 million during the period at an average realised selling price (FOB) of \$1,640 per dry metric tonne. Unit operating costs (FOB) averaged \$1,286 per dry metric tonne across the period.

Major capital projects were advanced at NAL during the period, including the Crushed Ore Dome and Tailings Storage Facility 1.

An extensive drilling program was completed during the period, with the objective to identify additional resources on the NAL property. At 31 December 2023, a total of 172 diamond drill holes measuring a total depth of 45,535 metres had been drilled.

Authier Lithium Project

Sayona continues to advance regulatory approvals for the project. With the ongoing ramp-up of the NAL facility, the approval will be based on a much smaller environmental footprint, with no requirement for a concentrator on site.

The environmental assessment process was progressed during the period. Key activities included the relaunch of several studies for finalisation as part of the broader environmental impact study.

In November 2023, public consultations of the project notice were completed with feedback being provided to the Company.

Directors' Report

Finalisation of the impact study is targeted in 2024, with the Québec Government's 'BAPE' (Bureau d'audiences publiques sur l'environnement) process hearings possible as early as the end of 2024.

Pontiac Claims

During the period, a total of 1,284 claims covering 73,535 hectares were transferred to the Group for nil consideration. The claims are located in the Abitibi-Témiscamingue hub in close proximity to the Tansim Lithium Project.

No other activities were undertaken on the Pontiac Claims during the period as the Group focused its efforts on NAL and Moblan.

Tansim Lithium Project

No activities were undertaken at the Tansim Lithium Project during the period as the Group focused its efforts on NAL and Moblan.

Vallée Lithium Project

In May 2023, a drilling program commenced over the Vallée Lithium Project with the objective to explore the south-east extension of the Vallée Lithium deposit. The drilling program was completed during the period, with a total of 66 diamond drill holes measuring a total depth of 15,604 metres being completed.

In addition, NAL fulfilled the first year earn-in option at Vallée Lithium, resulting in the acquisition of a 25% ownership interest in the Vallée Lithium Project on 14 December 2023.

Lac Albert Lithium Project

No activities were undertaken at the Lac Albert Lithium Project during the period as the Group focused its efforts on NAL and Moblan.

Moblan Lithium Project

An extensive drilling program was completed at Moblan during the period, with the objective to explore for extensions to the existing mineral resource, as well as lateral and depth delimitation of the known mineral resources. At 28 September 2023, a total of 287 holes measuring a total depth of 60,084 metres had been drilled.

On 11 July 2023, Sayona announced¹ results from the 2023 drilling program which showed a significant potential expansion to the lithium footprint. The drill results identified a 750 metre eastern extension to the flat lying South Pegmatite system. The newly identified mineralisation extends outside of the April 2023 JORC resource pit shell, indicating the opportunity to expand the existing resource.

Troilus Claims

No activities were undertaken on the Troilus Claims during the period as the Group focused its efforts on NAL and Moblan.

WESTERN AUSTRALIA, AUSTRALIA

LITHIUM EXPLORATION

Morella Lithium Joint Venture Project

The Group holds a 49% interest in the Morella Lithium Joint Venture, which comprises lithium rights to six tenements in the Pilbara covering 426 square kilometres and two tenements in South Murchison covering 48 square kilometres. Morella Corporation Limited (ASX: 1MC) is the manager of the joint venture.

During the period, a total of 66 reverse circulation drill holes measuring a total depth of 3,754 metres had been drilled at the Eastern Pegmatite 2 prospect within the Mallina project. The drilling results have confirmed and improved the understanding of mineralisation previously identified within the Pegmatite 2 area, with 42 holes intersecting lithium mineralisation above 0.5% Li₂O².

¹ Refer ASX announcement on 11 July 2023.

Tabba Tabba Project

In December 2023, a 77-hole air-core drill program totalling 1,473 metres was completed. Drilling was focused on two areas along a 7.5 kilometre lithium prospective corridor within the lease, being the first drilling within the tenement to target lithium pegmatite mineralisation.

Sayona holds a 100% interest in the rights to lithium and pegmatite metals within the lease under an agreement with tenement owners De Grey Mining.

GOLD EXPLORATION

Mt Dove Project

A drill contract was executed for first pass air-core drilling at Mt Dove during the period. The objective of the air-core drill program is to test magnetic features and structural targets beneath cover for bedrock gold anomalism of similar style to De Grey Mining's nearby Hemi discovery.

FINANCIAL RESULTS

Financial Performance

The Group generated its first revenue during the period, driven by the commencement of shipments of spodumene concentrate from NAL. Revenue for the half year ended 31 December 2023 was \$118.3 million (31 December 2022: Nil).

The Group's consolidated loss after income tax for the half year ended 31 December 2023 was \$32.5 million (31 December 2022: \$18.7 million) and loss per share was 0.29 cents (31 December 2022: 0.19 cents per share loss). The loss after income tax was impacted by a write down of inventories to net realisable value of \$24.8 million (31 December 2022: Nil).

Financial Position

At 31 December 2023, the Group's consolidated financial position comprised total assets of \$1,033.6 million (30 June 2023: \$1,009.6 million), total liabilities of \$167.3 million (30 June 2023: \$136.1 million) and net assets of \$866.2 million (30 June 2023: \$873.4 million). The Group reported cash and cash equivalents of \$158.0 million (30 June 2023: \$211.1 million) as at 31 December 2023.

Cash Flow and Liquidity

The Group generated net cash flows from operating activities of \$7.5 million during the period, compared to a net cash outflow of \$52.0 million in the prior corresponding period.

Cash outflows for exploration expenditure and capital expenditure totalled \$98.5 million during the period, in line with expenditure of \$95.0 million in the prior corresponding period.

Cash and cash equivalents at the end of the period decreased to \$158.0 million from \$211.1 million at 30 June 2023, mainly due to the investment in major capital projects at NAL, including the Crushed Ore Dome and Tailings Storage Facility 1.

The Group has various funding options available including the \$200 million ATM facility with Acuity Capital. The Group is also constantly exploring alternative funding options including, but not limited to, production offtake arrangements, debt facilities, equity placements, joint arrangements with external partners, farm-out of interests in exploration tenements or the sale of mineral exploration assets where value has been created through exploration activity.

Dividends

No dividends were declared or paid during the half year.

² Refer ASX announcement (ASX: 1MC) on 5 December 2023.

Directors' Report

Significant Events After Reporting Date

On 25 January 2024, the Group announced it would undertake an operational review of the NAL operation, with a particular focus on optimising the cost structure to manage cash flows and enhance financial sustainability in response to a continued decline in lithium market prices. The Group expects the outcomes of the review to be announced to shareholders and other key stakeholders by the end of March 2024.

On 15 February 2024, the Group announced the appointment of Mr Lucas Dow as a Non-Executive Director, effective 14 February 2024. Mr Dow is a senior resources sector professional who has led resources organisations at the Chief Executive Officer level and held executive and non-executive director roles in both listed and unlisted entities.

On 20 February 2024, the Group announced the results of the Definitive Feasibility Study (DFS) for the Moblan Lithium Project. Study highlights included an estimated post-tax net present value of C\$2.2 billion (8% discount), post-tax internal rate of return of 34.4% and payback of 2.3 years, with the project expected to generate an estimated EBITDA of C\$11.2 billion over the 21-year life of the operation.

No other matters or circumstances have arisen since the end of the reporting period that have significantly affected or may significantly affect the operations, results of operations or state of affairs of the Group in subsequent periods.

External Factors and Risks Affecting the Group's Results

The Group has robust risk management processes and internal compliance and control systems in place to address material business risks.

Notwithstanding, the following risks may affect the Group's ability to achieve its objectives:

- global economic uncertainty and liquidity negatively impacting the market for lithium;
- negative commodity price variations and volatility;
- heightened political, social and economic expectations in respect of climate change and the transition to a low-carbon economy;
- political risks and actions by governments and authorities including changes in legislation, regulation and policy;
- major external events or natural disasters;
- delays or refusal of relevant approvals to conduct proposed operations;
- inability to deliver safe, stable and predictable operational performance;
- inability to secure supply of logistics chains and critical goods and services;
- exploration and evaluation activity not achieving the expected or desired results;
- inflationary impacts and foreign exchange rate fluctuations; and
- inability to raise additional funds in the future.

Auditor Independence

The Group's auditor has provided an independence declaration in accordance with the Corporations Act, which is set out on page 5 and forms part of this report.

Rounding of Amounts

Sayona Mining Limited is an entity to which *Australian Securities and Investments Commission Corporations (Rounding in Financial /Directors' Reports) Instrument 2016/191* (ASIC Instrument 2016/191) applies. Amounts in this Directors' Report and consolidated financial statements have been rounded to the nearest thousand dollars in accordance with *ASIC Instrument 2016/191*, unless otherwise stated.

Forward-Looking Statements

This report may contain certain forward-looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond Sayona's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement. The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled.

Sayona undertakes no obligation to update any forward-looking statement or other statement to reflect events or circumstances after the date of this report (subject to securities exchange disclosure requirements).

The information in this report does not take into account the objectives, financial situation or particular needs of any person. Nothing contained in this report constitutes investment, legal, tax or other advice.

Non-IFRS Measures

This report includes certain non-IFRS financial measures, including underlying measures of earnings or liquidity. Non-IFRS measures should not be considered as alternatives to an IFRS measure of profitability, financial performance or liquidity. In the opinion of the Company's directors, these non-IFRS measures provide useful information to assess the financial performance of the Group over the reporting period.

The Directors' Report is signed in accordance with a resolution of the Board of Directors.



James Brown
Executive Director and Interim Chief Executive Officer



Paul Crawford
Executive Director and Chief Financial Officer

Date: 14 March 2024

Auditor's Independence Declaration Under Section 307C of the *Corporations Act 2001*

To the Directors of Sayona Mining Limited

As lead auditor for the review of the financial statements of Sayona Mining Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sayona Mining Limited and the entities it controlled during the period.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Robertson.

Ann -Maree Robertson
Director

Level 28, 10 Eagle Street
Brisbane, QLD, 4000

Date: 14 March 2024

Advisory. Tax. Audit.

Registered Audit Company 299289

Nexia Brisbane Audit Pty Ltd (ABN 49 115 261 722) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss for the half year ended 31 December 2023

		31 December 2023 \$'000	31 December 2022 \$'000 Restated *
	Note		
Revenue	5	118,340	-
Other income	6	3,664	229
Expenses	7	(155,228)	(20,793)
Profit/(loss) from operations		(33,224)	(20,564)
Financial income	14	4,789	2,572
Financial expenses	14	(2,670)	(727)
Net financial income/(expense)	14	2,119	1,845
Profit/(loss) before income tax		(31,105)	(18,719)
Income tax expense	8	(1,347)	-
Profit/(loss) after income tax		(32,452)	(18,719)
Attributable to:			
Equity holders of Sayona Mining Limited		(29,343)	(15,523)
Non-controlling interests		(3,109)	(3,196)
Earnings per share			
Basic earnings per share (cents)	9	(0.29)	(0.19)
Diluted earnings per share (cents)	9	(0.29)	(0.19)

* Refer to Note 20 for details on restatement of prior period comparatives.

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income for the half year ended 31 December 2023

		31 December 2023 \$'000	31 December 2022 \$'000 Restated *
	Note		
Profit/(loss) after income tax		(32,452)	(18,719)
Other comprehensive income/(loss)			
<i>Items that may be reclassified to the Consolidated Statement of Profit or Loss:</i>			
Foreign exchange rate differences on translation of foreign operations, net of tax		(15,164)	(18,932)
Total items that may be reclassified to the Consolidated Statement of Profit or Loss		(15,164)	(18,932)
<i>Items that will not be reclassified to the Consolidated Statement of Profit or Loss:</i>			
Fair value losses on financial assets at fair value through other comprehensive income, net of tax		(1,119)	(1,560)
Total items that will not be reclassified to the Consolidated Statement of Profit or Loss		(1,119)	(1,560)
Total other comprehensive income/(loss)		(16,283)	(20,492)
Total comprehensive income/(loss)		(48,735)	(39,211)
Attributable to:			
Equity holders of Sayona Mining Limited		(42,514)	(33,830)
Non-controlling interests		(6,221)	(5,381)

* Balances restated based on prior year restatement disclosed in the consolidated financial statements for the year ended 30 June 2023.

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Financial Position as at 31 December 2023

		31 December 2023 \$'000	30 June 2023 \$'000 Restated*
	Note		
ASSETS			
Current assets			
Cash and cash equivalents		157,980	211,119
Trade and other receivables		29,449	19,298
Inventories	10	54,817	48,664
Current tax assets		1,408	1,557
Other assets		29,990	33,919
Total current assets		273,644	314,557
Non-current assets			
Other financial assets		11,768	12,943
Property, plant and equipment	11	748,156	682,073
Total non-current assets		759,924	695,016
Total assets		1,033,568	1,009,573
LIABILITIES			
Current liabilities			
Trade and other payables	12	66,479	29,497
Interest bearing liabilities		14,533	1,944
Other liabilities	13	8,364	7,117
Provisions		1,184	846
Total current liabilities		90,560	39,404
Non-current liabilities			
Interest bearing liabilities		15,663	29,270
Other liabilities	13	11,740	18,217
Deferred tax liabilities		14,883	13,983
Provisions		34,493	35,254
Total non-current liabilities		76,779	96,724
Total liabilities		167,339	136,128
Net assets		866,229	873,445
EQUITY			
Share capital	16	795,773	756,744
Reserves		(3,664)	12,773
Accumulated losses		(52,481)	(24,738)
Total equity attributable to equity holders of Sayona Mining Limited		739,628	744,779
Non-controlling interests		126,601	128,666
Total equity		866,229	873,445

* Refer to Note 20 for details on restatement of prior period comparatives.

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Changes in Equity for the half year ended 31 December 2023

Attributable to equity holders of Sayona Mining Limited							
Restated*	Note	Share capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance as at 1 July 2023		756,744	12,773	(24,738)	744,779	128,666	873,445
Profit/(loss) after income tax		-	-	(29,343)	(29,343)	(3,109)	(32,452)
Other comprehensive loss		-	(13,171)	-	(13,171)	(3,112)	(16,283)
Total comprehensive loss		-	(13,171)	(29,343)	(42,514)	(6,221)	(48,735)
Transactions with owners:							
Shares issued		37,399	-	-	37,399	-	37,399
Transaction costs		(120)	-	-	(120)	-	(120)
Share based payments		-	84	-	84	-	84
Transfers and other movements		1,750	(3,350)	1,600	-	4,156	4,156
Balance as at 31 December 2023		795,773	(3,664)	(52,481)	739,628	126,601	866,229
Restated**							
Balance as at 1 July 2022		504,255	13,551	(13,782)	504,024	56,597	560,621
Profit/(loss) after income tax		-	-	(15,523)	(15,523)	(3,196)	(18,719)
Other comprehensive income		-	(18,307)	-	(18,307)	(2,185)	(20,492)
Total comprehensive income		-	(18,307)	(15,523)	(33,830)	(5,381)	(39,211)
Transactions with owners:							
Shares issued		47,389	-	-	47,389	-	47,389
Transaction costs		-	-	-	-	-	-
Share based payments		-	375	-	375	-	375
Transfers and other movements		-	-	-	-	-	-
Balance as at 31 December 2022		551,644	(4,381)	(29,305)	517,958	51,216	569,174

* Refer to Note 20 for details on restatement of prior period comparatives.

** Balances restated based on prior year restatement disclosed in the consolidated financial statements for the year ended 30 June 2023.

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Cash Flows for the half year ended 31 December 2023

	Note	31 December 2023 \$'000	31 December 2022 \$'000
Operating activities			
Profit/(loss) before income tax		(31,105)	(18,719)
Adjustments for:			
Depreciation and amortisation expense	7	15,578	136
Income from sale of tax benefits under flow through share arrangements	6	(3,014)	-
Net financial income and expenses	14	(2,119)	(1,845)
Share based payments		84	375
Write down of inventories to net realisable value	7	24,840	-
Write-off of capitalised project costs	7	5,312	-
Changes in assets and liabilities:			
Trade and other receivables		(8,064)	(12,945)
Inventories		(32,199)	(6,345)
Other assets		(1,260)	(18,374)
Trade and other payables		36,960	4,752
Provisions and other liabilities		(1,593)	(223)
Cash generated from operations		3,420	(53,188)
Interest received		4,579	1,166
Interest paid		(456)	-
Net cash flows from operating activities		7,543	(52,022)
Investing activities			
Exploration expenditure		(30,660)	(24,680)
Purchases of property, plant and equipment		(67,823)	(70,352)
Investments in financial assets		-	(14,450)
Net cash flows from investing activities		(98,483)	(109,482)
Financing activities			
Proceeds from associated entities		4,156	18,391
Repayment of interest bearing liabilities		(990)	(70)
Proceeds from issue of shares and exercise of options		37,399	47,389
Transaction costs associated with share issues		(1,211)	(1,066)
Net cash flows from financing activities		39,354	64,644
Net increase in cash and cash equivalents		(51,586)	(96,860)
Cash and cash equivalents at the beginning of the period		211,119	184,559
Foreign exchange rate differences on cash and cash equivalents		(1,553)	(471)
Cash and cash equivalents at the end of the period		157,980	87,228

The accompanying notes form part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

These consolidated financial statements and notes represent those of Sayona Mining Limited ("the Company") and its controlled entities (the "Consolidated Group" or "Group").

The consolidated financial statements of the Group for the half year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 14 March 2024.

1. Reporting Entity

Sayona Mining Limited is a for-profit company limited by shares incorporated and domiciled in Australia with a primary listing on the Australian Securities Exchange (ASX) and a secondary listing on the OTCQB Venture Market in the United States (OTCQB).

The nature of the operations and principal activities of the Group are described in the Directors' Report and Note 4 to the consolidated financial statements.

2. Basis of Preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*.

The interim financial report for the half year ended 31 December 2023 does not include all of the information normally included in an annual report. Accordingly, this report should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2023, together with any public announcements made by the Company in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The financial statements have been prepared on a going concern basis as management has assessed that the Group will be able to meet its obligations as and when they fall due and there is no significant uncertainty over the Group's ability to continue as a going concern for the twelve months from the date of this report.

The consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities (including derivative financial instruments) which are required to be measured at fair value.

All amounts are presented in Australian dollars, with values rounded to the nearest thousand in accordance with *ASIC Corporations Instrument 2016/191*, unless otherwise stated.

The same accounting policies and methods of computation have been applied in these consolidated financial statements as compared with the most recent consolidated financial statements of the Group for the year ended 30 June 2023, unless otherwise stated in the notes to the consolidated financial statements.

Where required by Accounting Standards, comparative figures have been reclassified for consistency with changes in presentation for the current financial year.

(a) Critical accounting estimates and judgements

In preparing the consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2023, except as described in Note 3.

3. New Standards and Interpretations

There are a number of new standards and interpretations which are effective for annual reporting periods beginning after 1 July 2023. The Group has not made any changes to its accounting policies or made any retrospective adjustments in relation to these standards and interpretations.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. It is expected that where applicable, these standards and interpretations will be adopted on each respective effective date.

The Group has reviewed these amendments and concluded that none of these changes are likely to have a material impact on the Group.

Notes to the Consolidated Financial Statements

Financial Performance

This section details the results and financial performance of the Group including profitability and earnings per share.

4. Segment Reporting

(a) Identification of reportable segments

The Group is an emerging lithium producer with operations in Australia and Canada. The principal activities of the Group during the half year were lithium mining and processing at North American Lithium and the ongoing identification, evaluation and development of its portfolio of mineral exploration assets in Australia and Canada, predominantly focusing on lithium.

Management has determined the operating segments based on the reports that are used by the Board to make strategic decisions. Due to the geographically disparate nature of the operations, management examines the Group's financial performance and activity from a geographical perspective. During the period, the reportable segments for the Group were segregated between Australian operations, Canadian operations and Corporate activities.

The principal activities of each reportable segment are summarised as follows:

Reportable segment	Principal activities
Australian operations	Operations located in Western Australia, Australia
Graphite projects	Exploration site for graphite in the East Kimberley region
Lithium and gold projects	Exploration of lithium and gold tenements in the Pilbara and Yilgarn regions
Canadian operations	Operations located in Québec, Canada
Abitibi-Témiscamingue Hub	
North American Lithium (NAL)	Lithium mining and processing
Athier Lithium Project	Hard rock lithium deposit
Pontiac Claims	Exploration site for lithium pegmatite occurrences
Tansim Lithium Project	Exploration site for lithium, tantalum and beryllium
Vallée Lithium Project	Earn-in claims located adjacent to NAL
Eeyou Istchee James Bay Hub	
Lac Albert Lithium Project	Exploration site for lithium pegmatite occurrences
Moblan Lithium Project	Drilling deposit host to high-grade spodumene mineralisation
Troilus Claims	Wholly-owned claims located adjacent to the Moblan Lithium Project
Corporate	Corporate activities not directly related to operations

(b) Segment results

Segment performance is measured by Underlying EBIT and Underlying EBITDA. Underlying EBIT is profit before net financial income and expenses, income tax expense and other earnings adjustment items. Underlying EBITDA is Underlying EBIT before depreciation and amortisation expense.

	Australian operations \$'000	Canadian operations \$'000	Corporate \$'000	Group eliminations \$'000	Total \$'000
Half year ended 31 December 2023					
Revenue	-	118,340	-	-	118,340
Total underlying revenue	-	118,340	-	-	118,340
Underlying EBITDA	(159)	17,302	(7,651)	-	9,492
Depreciation and amortisation expense	(1)	(15,528)	(49)	-	(15,578)
Underlying EBIT	(160)	1,774	(7,700)	-	(6,086)
Net financial income/(expense)	-	71	2,048	-	2,119
Income tax expense	-	(1,347)	-	-	(1,347)
Underlying profit/(loss) after income tax	(160)	498	(5,652)	-	(5,314)
Total adjustments to profit/(loss) ⁽¹⁾	-	(30,152)	3,014	-	(27,138)
Profit/(loss) after income tax	(160)	(29,654)	(2,638)	-	(32,452)
Underlying exploration expenditure	236	30,607	-	-	30,843
Underlying capital expenditure	-	67,316	12	-	67,328
Total underlying assets	3,994	872,483	827,506	(670,415)	1,033,568
Total underlying liabilities	1	152,807	13,441	1,090	167,339

⁽¹⁾ Represents the total of all adjustments made to profit or loss. Refer to Note 4 (c) for further details.

Notes to the Consolidated Financial Statements

4. Segment Reporting (continued)

(b) Segment results (continued)

Half year ended 31 December 2022	Australian operations \$'000	Canadian operations \$'000	Corporate \$'000	Group eliminations \$'000	Total \$'000
Revenue	-	-	-	-	-
Total underlying revenue	-	-	-	-	-
Underlying EBITDA	(153)	(16,812)	(3,463)	-	(20,428)
Depreciation and amortisation expense	-	(118)	(18)	-	(136)
Underlying EBIT	(153)	(16,930)	(3,481)	-	(20,564)
Net financial income/(expense)	-	(194)	2,039	-	1,845
Income tax expense	-	-	-	-	-
Underlying profit/(loss) after income tax	(153)	(17,124)	(1,442)	-	(18,719)
Total adjustments to profit/(loss) ⁽¹⁾	-	-	-	-	-
Profit/(loss) after income tax	(153)	(17,124)	(1,442)	-	(18,719)
Underlying exploration expenditure	400	24,280	-	-	24,680
Underlying capital expenditure	-	70,507	-	-	70,507
Total underlying assets	3,555	599,785	476,422	(388,805)	690,957
Total underlying liabilities	84	252,797	1,408	(132,506)	121,783

⁽¹⁾ Represents the total of all adjustments made to profit or loss. Refer to Note 4 (c) for further details.

Inter-segment transactions

Inter-segment transactions are made on a commercial basis. All such transactions are eliminated on consolidation of the Group's financial statements. There were no transfers between segments reflected in the revenues, expenses or results above.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment.

(c) Underlying results reconciliation

The following table reconciles the underlying segment information to the Group's statutory results for the half year:

	31 December 2023 \$'000	31 December 2022 \$'000
Underlying EBITDA	9,492	(20,428)
Depreciation and amortisation expense	(15,578)	(136)
Underlying EBIT	(6,086)	(20,564)
Income from sale of tax benefits under flow through share arrangements ⁽¹⁾	3,014	-
Write down of inventories to net realisable value ⁽²⁾	(24,840)	-
Write-off of capitalised project costs ⁽²⁾	(5,312)	-
Profit/(loss) from operations	(33,224)	(20,564)
Underlying profit/(loss) after income tax	(5,314)	(18,719)
Total adjustments to profit/(loss)	(27,138)	-
Profit/(loss) after income tax	(32,452)	(18,719)

⁽¹⁾ Adjustment to profit/(loss) for Corporate segment. Refer to Note 4 (b) for further details.

⁽²⁾ Adjustments to profit/(loss) for Canadian operations segment. Refer to Note 4 (b) for further details.

(d) Major customers

The Group has a number of customers to whom it provides products. Revenue of \$53.6 million and \$52.9 million was derived from two external customers of NAL, which individually account for greater than 10% of the total segment revenue for Canadian operations (31 December 2022: Nil).

Notes to the Consolidated Financial Statements

5. Revenue

	31 December 2023 \$'000	31 December 2022 \$'000
Sales revenue from contracts with customers ⁽¹⁾	156,844	-
Other revenue ⁽²⁾	(38,504)	-
Total revenue	118,340	-

⁽¹⁾ Sales revenue relates solely to the sale of spodumene concentrate from North American Lithium, with all product delivered to China.

⁽²⁾ Other revenue relates predominantly to provisional pricing adjustments recognised at fair value.

Recognition and measurement

The Group generates revenue primarily from the production and sale of spodumene concentrate. Revenue from the sale of goods is recognised at the point in time in which control of the product passes to the customer based upon agreed delivery terms. In most instances, control passes when the product is loaded onto the vessel and the bill of lading is received, or the product is delivered to a destination specified by the customer. In cases where control of the product is transferred to the customer before shipping takes place, revenue is recognised when the customer has formally acknowledged their legal ownership of the product, which includes all inherent risks associated with control of the product.

The amount of revenue recognised reflects the consideration which the Group expects to be entitled in exchange for transferring the goods to the customer. In some instances, the amount of revenue to be received is provisionally priced and recognised at the estimate of the consideration receivable that is highly probable of not reversing by reference to the relevant contractual price and the estimated product specifications. Provisionally priced sales are subsequently repriced at each reporting period up until when final pricing and settlement is confirmed, with revenue adjustments relating to the quantity and quality of goods sold being recognised in sales revenue.

Provisionally priced sales in which final pricing is referenced to a relevant index include an embedded commodity derivative. The embedded derivative is carried at fair value through profit or loss and presented as part of trade payables or receivables. The period between provisional pricing and final invoicing is typically between 60 and 120 days.

(a) Provisional pricing adjustments

The Group's sales contracts may provide for provisional pricing of sales at the time the product is delivered to the vessel, with final pricing determined using a relevant index price on or after the vessel's arrival at the port of discharge. This provisional pricing relates to the quantity and quality of the commodity sold, which is included in sales revenue, and an embedded derivative relating to the price of the commodity sold. Provisional pricing adjustments relating to the embedded derivative are separately identified as movements in the financial instrument rather than being included within sales revenue. The pricing adjustment mechanism is separated from the host contract and recognised at fair value through profit or loss in accordance with AASB 9 Financial Instruments. These amounts are disclosed separately as provisional pricing adjustments within other revenue rather than being included within sales revenue.

Key estimates and judgements

Estimating variable consideration

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's performance obligations.

Judgement is exercised in estimating variable consideration. This is determined by past experience with respect to returned goods where the customer maintains a right of return pursuant to the customer contract or where the sale of goods or services has a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

6. Other Income

	31 December 2023 \$'000	31 December 2022 \$'000
Government grants and incentives	207	-
Income from sale of tax benefits under flow through share arrangements ⁽¹⁾	3,014	-
Other income	443	229
Total other income	3,664	229

⁽¹⁾ Refer to Note 13 (a) for details on Flow Through Shares.

Notes to the Consolidated Financial Statements

7. Expenses

	31 December 2023 \$'000	31 December 2022 \$'000
Acquisition and transaction costs	-	136
Administration and corporate overheads	4,324	2,805
Changes in inventories of finished goods and work in progress	(30,098)	-
Depreciation and amortisation expense	15,578	136
Employee benefits expense	19,778	6,913
External services	84,585	7,367
Raw materials and consumables used	23,451	2,732
Write down of inventories to net realisable value ⁽¹⁾	24,840	-
Write-off of capitalised project costs ⁽²⁾	5,312	-
All other operating expenses	7,458	704
Total expenses	155,228	20,793

⁽¹⁾ Refer to Note 10 for details on the write down of inventories to net realisable value.

⁽²⁾ Write-off relates to project costs previously capitalised to the Consolidated Statement of Financial Position for which it was deemed unlikely that the future economic benefits associated with the asset would flow to the Group.

8. Income Tax

(a) Income tax expense

Income tax expense comprises current and deferred tax and is recognised in the Consolidated Statement of Profit or Loss, except to the extent that it relates to items recognised directly in the Consolidated Statement of Comprehensive Income.

	31 December 2023 \$'000	31 December 2022 \$'000
Current income tax expense	119	-
Deferred income tax expense	1,228	-
Total income tax expense	1,347	-

Income tax expense charged to profit or loss is the tax payable on the current period's taxable income or loss based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax expense is calculated using the tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Reconciliation of prima facie tax expense to income tax expense

	31 December 2023 \$'000	31 December 2022 \$'000
Profit/(loss) before income tax	(31,105)	(18,719)
Income tax on profit/(loss) before income tax calculated at 30% (31 December 2022: 30%)	(9,332)	(5,616)
Adjust for tax effect of:		
Mining tax	(393)	-
Non-deductible expenses	4,492	963
Other non-assessable income	(925)	-
Tax losses and temporary differences not brought to account	7,505	4,653
Total income tax expense	1,347	-

Notes to the Consolidated Financial Statements

9. Earnings per Share

The following table reflects the profit or loss and number of shares used in the basic and diluted earnings per share (EPS) computations:

	31 December 2023	31 December 2022 Restated *
Profit/(loss) attributable to equity holders of Sayona Mining Limited (\$'000)	(29,343)	(15,523)
Weighted average number of ordinary shares ('000)		
Basic earnings per share denominator	10,262,806	8,379,891
Ordinary shares contingently issuable ⁽¹⁾	-	-
Diluted earnings per share denominator	10,262,806	8,379,891
Earnings per share (cents)		
Basic	(0.29)	(0.19)
Diluted	(0.29)	(0.19)

* Refer to Note 20 for details on restatement of prior period comparatives.

⁽¹⁾ The weighted average number of options contingently issuable into ordinary shares as at 31 December 2023 is 17.1 million (31 December 2022: 294.2 million). The inclusion of these contingently issuable ordinary shares would have the effect of reducing the loss per share. Accordingly, these potential ordinary shares have not been included in the determination of diluted earnings per share.

Basic earnings per share

Basic earnings per share amounts are calculated based on profit or loss attributable to equity holders of Sayona Mining Limited and the weighted average number of ordinary shares outstanding during the half year.

Diluted earnings per share

Dilutive earnings per share amounts are calculated based on profit or loss attributable to equity holders of Sayona Mining Limited and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements

Operating Assets and Liabilities

This section details the assets used and liabilities incurred to generate the Group's trading performance.

10. Inventories

	31 December 2023 \$'000	30 June 2023 \$'000
Raw materials and consumables	8,253	6,333
Work in progress	15,613	5,166
Finished goods	30,951	37,165
Total inventories	54,817	48,664
Comprising:		
Current	54,817	48,664
Non-current	-	-

Write down of inventories to net realisable value

The value of work in progress and finished goods inventories carried at net realisable value as at 31 December 2023 was \$46.6 million (30 June 2023: Nil). Inventory write downs of \$24.8 million were recognised in profit or loss for the half year ended 31 December 2023 (31 December 2022: Nil).

11. Property, Plant and Equipment

	Land and buildings \$'000	Plant and equipment \$'000	Mine properties \$'000	Capital works in progress \$'000	Exploration and evaluation \$'000	Total \$'000
At 31 December 2023						
Cost	6,260	335,848	225,159	45,175	157,397	769,839
Accumulated depreciation	(704)	(18,408)	(2,571)	-	-	(21,683)
Net book value as at 31 December 2023	5,556	317,440	222,588	45,175	157,397	748,156
Net book value as at 1 July 2023	5,809	317,188	228,960	158	129,958	682,073
Additions	-	-	-	67,328	30,843	98,171
Disposals	-	(2)	-	(774)	-	(776)
Transfers and other movements	58	14,035	(4,886)	(21,537)	(3,404)	(15,734)
Depreciation charge	(311)	(13,781)	(1,486)	-	-	(15,578)
Net book value as at 31 December 2023	5,556	317,440	222,588	45,175	157,397	748,156
At 30 June 2023						
Cost	6,215	322,193	230,126	158	129,958	688,650
Accumulated depreciation	(406)	(5,005)	(1,166)	-	-	(6,577)
Net book value as at 30 June 2023	5,809	317,188	228,960	158	129,958	682,073
Net book value as at 1 July 2022	35	236,057	152,234	27,385	37,325	453,036
Additions	1,522	9,901	-	141,611	92,366	245,400
Disposals	-	(13,337)	-	-	-	(13,337)
Transfers and other movements	4,660	89,427	77,620	(168,838)	267	3,136
Depreciation charge	(408)	(4,860)	(894)	-	-	(6,162)
Net book value as at 30 June 2023	5,809	317,188	228,960	158	129,958	682,073

Capital expenditure commitments (including exploration and evaluation expenditure) as at 31 December 2023 were \$36.6 million (30 June 2023: \$80.3 million).

Notes to the Consolidated Financial Statements

11. Property, Plant and Equipment (continued)

Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment includes consideration of external and internal sources of information. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

(a) Impairment assessment

As part of the half year review, the Group identified several indicators of impairment which subsequently led to an assessment of the carrying value of each cash generating unit (CGU) within the Group, with a particular focus on North American Lithium. The key indicators of impairment included the decline in market capitalisation of the Company and significant deterioration in market conditions, specifically relating to the price of spodumene concentrate.

Background

On 27 August 2021, the Group acquired 100% of the issued capital of North American Lithium Inc. (NAL), a Canadian-based mining and exploration company and former producer of spodumene concentrate from its operations in Québec, Canada. Following the acquisition, the Group invested significant funds into the operation to enable the restart of production in March 2023, with the first sale of spodumene concentrate occurring in August 2023.

The Group considers that NAL is a separate CGU as it operates independently from the rest of the Group.

Methodology and key assumptions

Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. As a result, the value in use of the NAL CGU has been calculated over the life of mine based on the discounted cash flows expected to be generated from the continued use of the CGU.

The key assumptions used to estimate the recoverable amount of the NAL CGU are set out below. The assumptions used represent management's assessment of future trends in the relevant industry and have been based on data from external and internal sources.

Key assumptions	Low	High	LOM average
Average realised spodumene concentrate price (US\$ / tonne) ⁽¹⁾	US\$1,070	US\$1,720	US\$1,325
Average foreign exchange rate (CAD/USD)			0.76
Discount rate			8%

⁽¹⁾ During the period, the lithium industry observed a significant and continued decline in lithium market prices. This change in market conditions is reflected in the short-term price assumptions used to calculate the discounted cash flows of the NAL CGU.

Production and cost assumptions are based on forecasted production levels, operating cost and capital requirements, derived from the latest life of mine plans.

Outcomes

The Group performed impairment testing over the NAL CGU and determined that no impairment was required. Additional sensitivities (particularly with respect to spodumene concentrates prices and foreign exchange rates) were also performed to assess the impact on discounted cash flows. The outcome of those sensitivities determined that no impairment was required. As such, the Group estimates that any reasonably possible change in the key assumptions underpinning the recoverable amount of the NAL CGU, in isolation, would not result in an impairment.

Key estimates and judgements

Determination of CGUs

Judgement is applied to identify the Group's CGUs, particularly when assets form part of integrated operations. A key judgement was applied in identifying the NAL operation as a single CGU. As a result, only the CGU assets and cash flows directly attributable to this operation were considered in the impairment assessment of the NAL CGU.

Spodumene concentrate prices

Spodumene concentrate price assumptions are based on the Q4 2023 lithium price forecast from Benchmark Mineral Intelligence.

Foreign exchange rates

Foreign exchange rate assumptions are based on external consensus forecasts. The foreign exchange rate assumptions applied in the discounted cash flow model provide a more conservative recoverable amount than utilising the CAD/USD spot rate as at 31 December 2023, as is required by AASB 136.

Discount rate

In determining fair value, the estimated future cash flows of the CGU have been discounted using a discount rate of 8%. The discount rate applied is in line with industry standards for low-risk mining jurisdictions such as Australia and Canada.

Operating and capital costs

Operating and capital cost assumptions are based on the Group's latest approved budget and life of mine plans.

Notes to the Consolidated Financial Statements

12. Trade and Other Payables

	31 December 2023 \$'000	30 June 2023 \$'000
Trade payables	21,365	18,682
Other payables – associated entities	4,385	681
Other payables – provisional pricing adjustments ⁽¹⁾	8,944	-
Other payables	31,785	10,134
Total trade and other payables	66,479	29,497
Comprising:		
Current	66,479	29,497
Non-current	-	-

⁽¹⁾ Refer to Note 5 (a) for details on provisional pricing adjustments.

13. Other Liabilities

	31 December 2023 \$'000	30 June 2023 \$'000 Restated *
Deferred income	11,740	13,956
Flow through share premium liability	8,364	11,378
Total other liabilities	20,104	25,334
Comprising:		
Current	8,364	7,117
Non-current	11,740	18,217

* Refer to Note 20 for details on restatement of prior period comparatives.

(a) Flow Through Shares

Under Canadian taxation legislation, mining companies may issue flow through shares to finance eligible exploration programs. A flow through share arrangement enables a company to incur qualifying exploration and evaluation expenditure and renounce the related income tax deductions to investors. On issuance, the Company allocates the proceeds from issuance between issued capital and the sale of tax benefits (or flow through share premium), which is equal to the estimated premium that investors pay for the flow through feature. Issued share capital is recognised at fair value with the residual value recognised as a flow through share premium liability.

At initial recognition, the sale of tax benefits is deferred and presented as other liabilities in the Consolidated Statement of Financial Position as the entity has not yet fulfilled its obligations to pass on the tax deductions to investors. Upon expenditure being incurred, the Company derecognises the liability and recognises the premium as other income in the Consolidated Statement of Profit or Loss. The expenditure also gives rise to a deferred tax liability which is recognised as the difference between the carrying value and tax base of the qualifying expenditure.

The Company has elected to apply the renunciation process prospectively and has relied upon the "look-back" rule which allows the Company to renounce eligible expenditures incurred up to an entire calendar year following the last day of the calendar year in which the flow through shares were issued.

Notes to the Consolidated Financial Statements

14. Financial Income and Expenses

	31 December 2023 \$'000	31 December 2022 \$'000
Financial income		
Interest on bank accounts	4,789	1,166
Net foreign exchange gains	-	1,406
Total financial income	4,789	2,572
Financial expenses		
Interest on borrowings	4	-
Interest on lease liabilities	286	52
Interest on preference shares	633	589
Net foreign exchange losses	1,582	-
Other financial expenses	165	86
Total financial expenses	2,670	727
Net financial income/(expense)	2,119	1,845

Notes to the Consolidated Financial Statements

Capital Structure and Financial Management

This section details the capital structure and related financing activities of the Group.

15. Financial Assets and Liabilities

The following table reflects the carrying value of financial assets and liabilities by class:

	Held at FVTPL \$'000	Designated as FVOCI \$'000	Amortised cost \$'000	Total \$'000
At 31 December 2023				
Financial assets				
Current				
Cash and cash equivalents	-	-	157,980	157,980
Trade and other receivables	-	-	29,449	29,449
Other assets	-	-	28,745	28,745
Total current financial assets	-	-	216,174	216,174
Non-current				
Other financial assets	-	11,768	-	11,768
Total non-current financial assets	-	11,768	-	11,768
Total financial assets	-	11,768	216,174	227,942
Financial liabilities				
Current				
Trade and other payables	8,944	-	57,535	66,479
Interest bearing liabilities	-	-	14,533	14,533
Total current financial liabilities	8,944	-	72,068	81,012
Non-current				
Interest bearing liabilities	-	-	15,663	15,663
Other liabilities	-	-	11,740	11,740
Total non-current financial liabilities	-	-	27,403	27,403
Total financial liabilities	8,944	-	99,471	108,415
At 30 June 2023				
Financial assets				
Current				
Cash and cash equivalents	-	-	211,119	211,119
Trade and other receivables	-	-	19,298	19,298
Other assets	-	-	31,993	31,993
Total current financial assets	-	-	262,410	262,410
Non-current				
Other financial assets	-	12,943	-	12,943
Total non-current financial assets	-	12,943	-	12,943
Total financial assets	-	12,943	262,410	275,353
Financial liabilities				
Current				
Trade and other payables	-	-	29,497	29,497
Interest bearing liabilities	-	-	1,944	1,944
Total current financial liabilities	-	-	31,441	31,441
Non-current				
Interest bearing liabilities	-	-	29,270	29,270
Other liabilities	-	-	13,956	13,956
Total non-current financial liabilities	-	-	43,226	43,226
Total financial liabilities	-	-	74,667	74,667

Notes to the Consolidated Financial Statements

15. Financial Assets and Liabilities (continued)

(a) Recognition and measurement

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

Financial instruments 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.

Financial assets are subsequently measured at fair value or amortised cost based on 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.

With the exception of derivative contracts and provisionally priced trade payables which are carried at fair value through profit or loss, the Group's financial liabilities are subsequently measured at amortised cost.

(b) Fair value measurement

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis after initial recognition, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

The fair value of cash and cash equivalents and non-interest bearing financial assets and liabilities approximates their carrying value due to their short-term maturity.

The carrying value of financial assets and liabilities measured at fair value is principally calculated based on inputs other than quoted prices that are observable for these financial assets or liabilities, either directly (i.e. as unquoted prices) or indirectly (i.e. derived from prices). Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Group's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates.

The Group applies the following hierarchy for financial assets and liabilities carried at fair value:

Fair value hierarchy	Valuation inputs
Level 1	Based on unadjusted quoted prices in active markets for identical financial assets and liabilities.
Level 2	Based on inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly (i.e. as unquoted prices) or indirectly (i.e. derived from prices).
Level 3	Based on inputs not observable in the market using appropriate valuation models, including discounted cash flow modelling.

Where the carrying value of financial assets and liabilities do not approximate their fair value, the fair value has been measured based on inputs in the hierarchy as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 31 December 2023				
Other financial assets	11,768	-	-	11,768
Trade and other payables	-	(8,944)	-	(8,944)
Total	11,768	(8,944)	-	2,824
At 30 June 2023				
Other financial assets	12,943	-	-	12,943
Total	12,943	-	-	12,943

The Group did not measure any financial assets or liabilities at fair value on a non-recurring basis as at 31 December 2023. There were no transfers between levels of the hierarchy during the half year.

Notes to the Consolidated Financial Statements

16. Share Capital

Ordinary shares

The movement in fully paid ordinary shares during the half year is as follows:

	31 December 2023 No. shares	30 June 2023 No. shares	31 December 2023 \$'000	30 June 2023 \$'000 Restated*
At the beginning of the period	10,039,138,024	8,246,752,670	756,744	504,255
Shares issued	254,157,990	1,792,385,354	39,149	262,448
Transaction costs associated with share issues	-	-	(120)	(9,959)
At the end of the period	10,293,296,014	10,039,138,024	795,773	756,744

* Refer to Note 20 for details on restatement of prior period comparatives.

(a) Significant share issues during the half year

On 19 July 2023, the Group completed the second tranche of a \$200 million placement to institutional, professional and sophisticated investors, resulting in the issuance of 170,726,221 fully paid ordinary shares at an issue price of \$0.18 per share for aggregate gross proceeds of \$30.7 million.

Options

The movement in options during the half year is as follows:

	Listed options		Unlisted options	
	31 December 2023 No. options	30 June 2023 No. options	31 December 2023 No. options	30 June 2023 No. options
At the beginning of the period	-	308,290,518	42,234,482	42,000,000
Granted during the period	-	-	10,000,000	6,234,482
Exercised during the period	-	(304,196,342)	(40,000,000)	(6,000,000)
Lapsed during the period	-	(4,094,176)	-	-
At the end of the period	-	-	12,234,482	42,234,482

Notes to the Consolidated Financial Statements

Other Disclosures

This section contains other information that must be disclosed to comply with accounting standards and other pronouncements, but is not considered critical in understanding the financial performance or position of the Group.

17. Interests in Joint Arrangements

The Group has interests in the following joint arrangements at reporting date:

Project	Country	Counterparty	Ownership interest	
			31 December 2023 %	30 June 2023 %
Moblan Lithium Project	Canada	Investissement Québec	60	60
Morella Lithium Joint Venture Project	Australia	Morella Corporation Limited	49	49
Vallée Lithium Project	Canada	Consolidated Lithium Metals Inc.	25	-

The above interests represent arrangements in which the parties maintain direct interests in each asset, and obligations for the liabilities, relating to the arrangement. Accordingly, the Group has accounted for the above arrangements as joint operations. The Group's interest in the assets and liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Further details on the arrangements are as follows:

(a) Moblan Lithium Project

On 15 October 2021, the Group acquired a 60% interest in the Moblan Lithium Project, a deposit host to high-grade spodumene mineralisation. The project is 40% owned by Investissement Québec. The ownership interest in the claims was transferred from SOQUEM Inc. to Investissement Québec pursuant to the Moblan Joint Venture Agreement Deed of Assignment dated 31 December 2023.

(b) Morella Lithium Joint Venture Project

On 1 November 2022, Morella Corporation Limited satisfied the requirements under the Earn-In Agreement relating to several Pilbara tenements with lithium rights located in the Pilgangoora district in Western Australia, Australia. Under the agreement, Morella Corporation Limited was required to spend \$1.5 million on exploration within three years in order to earn a 51% interest in the project.

(c) Vallée Lithium Project

On 14 November 2022, the Group announced a strategic acquisition and earn-in between North American Lithium Inc. and Consolidated Lithium Metals Inc. (formerly Jourdan Resources Inc.) in relation to the Vallée Lithium Project. The acquisition and earn-in comprised forty-eight claims spanning approximately 1,997 hectares, located adjacent to the NAL operation.

Key aspects of the transaction included the acquisition of twenty claims outright and the right to earn up to a 51% stake in an additional twenty-eight claims, subject to spending and funding milestones.

18. Related Party Transactions

The following table reflects significant transactions with related parties during the half year:

	31 December 2023 \$'000	30 June 2023 \$'000
Transactions with related parties		
Sales of goods and services	53,332	-
Interest expense	633	1,177
Net increase/(decrease) in other amounts owing with related parties	(124)	(11,835)
Proceeds from related parties (excluding sales of goods and services)	19,616	77,915
Outstanding balances with related parties		
Other amounts owing to related parties	29,316	25,530
Other amounts owing from related parties	3,910	-

Transactions between related parties are at market prices or on normal commercial terms, no more favourable to the Group than those arranged with third parties.

Notes to the Consolidated Financial Statements

19. Contingent Assets and Liabilities

There were no material contingent assets or liabilities at the end of the reporting period (30 June 2023: Nil).

20. Restatement of Comparative Information

(a) Recognition of flow through share premium liability

On 7 March 2023, the Group entered into a subscription agreement with PearTree Securities Inc. for the issuance of 174,459,177 fully paid ordinary shares at an issue price of \$0.315 per share for aggregate gross proceeds of \$54.9 million using the flow through share provisions under Canadian tax law. The gross proceeds received by the Group are required to be used by 31 December 2024 to incur Canadian exploration expenses (CEE) that qualify as flow through critical mineral mining expenditures as defined in the Income Tax Act (Canada).

Subsequent to issuing the consolidated financial statements for the year ended 30 June 2023, the Group conducted a review of the accounting treatment of the flow through share arrangement. The review identified the need to allocate the proceeds from issuance of flow through shares between issued capital and the sale of tax benefits (or flow through share premium), which is equal to the estimated premium that investors pay for the flow through feature.

At initial recognition, issued share capital is recognised at fair value with the residual value recognised as a flow through share premium liability and presented as other liabilities in the Consolidated Statement of Financial Position. Upon expenditure being incurred, the Company derecognises the liability and recognises the premium as other income in the Consolidated Statement of Profit or Loss.

A summary of the adjustments made to the Consolidated Statement of Profit or Loss and Consolidated Statement of Financial Position from the recognition of the flow through share premium liability is set out as follows:

	Reported balance \$'000	Adjustment \$'000	Restated balance \$'000
Year ended 30 June 2023			
Consolidated statement of profit or loss			
Other income	1,695	2,578	4,273
Profit/(loss) before income tax	(9,278)	2,578	(6,700)
Profit/(loss) after income tax	(12,927)	2,578	(10,349)
Consolidated statement of financial position			
Current liabilities			
Other liabilities	-	7,117	7,117
Total current liabilities	32,287	7,117	39,404
Non-current liabilities			
Other liabilities	13,956	4,261	18,217
Total non-current liabilities	92,463	4,261	96,724
Total liabilities	124,750	11,378	136,128
Net assets	884,823	(11,378)	873,445
Share capital	770,700	(13,956)	756,744
Accumulated losses	(27,316)	2,578	(24,738)
Total equity attributable to equity holders of Sayona Mining Limited	756,157	(11,378)	744,779
Total equity	884,823	(11,378)	873,445

There is no impact on the comparative profit or loss, earnings per share or operating, investing or financing cash flows of the Group for the half year ended 31 December 2022.

(b) Restatement of earnings per share

As part of the half year review, the Group identified an error in the denominator used to calculate earnings per share for the half year ended 31 December 2022. A summary of the adjustments is set out as follows:

	Reported balance	Adjustment	Restated balance
Half year ended 31 December 2022			
Earnings per share (cents)			
Basic	(0.22)	0.03	(0.19)
Diluted	(0.22)	0.03	(0.19)

Notes to the Consolidated Financial Statements

21. Subsequent Events

The following events have arisen since the end of the reporting period:

Operational Review at North American Lithium

On 25 January 2024, the Group announced it would undertake an operational review of the North American Lithium operation, with a particular focus on optimising the cost structure to manage cash flows and enhance financial sustainability in response to a continued decline in lithium market prices. The Group expects the outcomes of the review to be announced to shareholders and other key stakeholders by the end of March 2024.

Moblan Lithium Project Definitive Feasibility Study

On 20 February 2024, the Group announced the results of the Definitive Feasibility Study (DFS) for the Moblan Lithium Project. Study highlights included an estimated post-tax net present value of C\$2.2 billion (8% discount), post-tax internal rate of return of 34.4% and payback of 2.3 years, with the project expected to generate an estimated EBITDA of C\$11.2 billion over the 21-year life of the operation.

No other matters or circumstances have arisen since the end of the reporting period that have significantly affected or may significantly affect the operations, results of operations or state of affairs of the Group in subsequent periods.

Directors' Declaration

In accordance with a resolution of the Directors of Sayona Mining Limited, we declare that:

In the opinion of the Directors:

- a) The consolidated financial statements and notes that are set out on pages 6 to 25 of the Interim Financial Report are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date.
- b) There are reasonable grounds to believe that Sayona Mining Limited will be able to pay its debts as and when they become due and payable.

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



James Brown
Executive Director and Interim Chief Executive Officer



Paul Crawford
Executive Director and Chief Financial Officer

Date: 14 March 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sayona Mining Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Sayona Mining Limited (the Company and its subsidiaries ("the Group")), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual 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 review report.

Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Advisory. Tax. Audit.

Registered Audit Company 299289

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Robertson.

Ann -Maree Robertson
Director

Level 28, 10 Eagle Street
Brisbane, QLD, 4000

Date: 14 March 2024

Corporate Directory

Company

Sayona Mining Limited
ABN 26 091 951 978

The Company is listed on the Australian Securities Exchange (ASX)
ASX Code: SYA

The Company is quoted on the OTCQB Venture Market (OTCQB)
OTCQB Code: SYAXF

Directors

Mr James Brown
Executive Director and Interim Chief Executive Officer

Mr Allan Buckler
Non-Executive Director

Mr Paul Crawford
Executive Director and Chief Financial Officer

Mr Lucas Dow
Non-Executive Director

Mr Philip Lucas
Non-Executive Director

Executive Leadership Team

Mr James Brown
Executive Director and Interim Chief Executive Officer

Mr Paul Crawford
Executive Director and Chief Financial Officer

Mr Sylvain Collard
Executive Vice President and Chief Operating Officer

Company Secretary

Mr Paul Crawford

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