

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES**

ABN 26 091 951 978

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2020**

The information contained in this report is to be read in conjunction with the Company's 2020 Annual Report and any announcements made to the market during the half year ended 31 December 2020.

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978**

DIRECTORS' REPORT

Your Directors present their report of the Company and its controlled entities for the half-year ended 31 December 2020.

DIRECTORS

The names of the Company's Directors in office during the half year or until the date of this report are set out below.

Brett Lynch	Alan Buckler	Dennis O'Neill *
Paul Crawford	James Brown	

* Mr O'Neill resigned on 25th January 2021

REVIEW OF OPERATIONS

The loss of the consolidated group for the half year was \$983,462 (2019: \$1,372,004). At 31 December 2020 assets of the Group total \$27,834,500 including cash balances of \$4,582,080 and exploration assets of \$22,812,404.

AUTHIER LITHIUM PROJECT, CANADA

The Company's primary focus has been on its flagship project, the Authier Lithium Project in Québec, Canada, a hard rock spodumene lithium deposit scheduled for development as an open cut mine.

A revised definitive feasibility study (DFS) announced in November 2019 showed its potential to become a sustainable and profitable new mine, with an estimated NPV of C\$216 million, a pre-tax IRR of 33.9% and estimated capital payback within 2.7 years.

PERMITTING PROCESS

The Authier project is subject to the environmental impact assessment and review procedures under the BAPE (bureau d'audiences publiques en environnement). Under this process, the Group is seeking approval to process in the order of 2,600 tonnes per day, providing for an approximate mine life of 14 years and estimated annual average spodumene concentrate production of around 115,000 tonnes (at 6% Li₂O).

In August the Company announced a new works program to specifically address queries raised by MELCC. Studies were commissioned by a number of leading experts to address these queries, including geotechnical studies, technological risk, emergency response, dust, waste and water management and road access.

In addition, several environmental characterisation studies have been conducted, including an environmental site assessment, soil characterisation, wetlands study, inventory of plants and non-timber forest products of interest to the Abitibiwinni First Nation, water quality and other research.

All studies were completed by the end of the reporting period and the final report will be submitted in January 2021.

COMMUNITY CONSULTATION

The Group continues to engage closely with all stakeholders, including local municipalities, landowners, First Nations communities, non-governmental organisations and other stakeholders, with the engagement effort led by its local team in Québec.

TANSIM EXPLORATION PROJECT

Tansim is situated 82 kilometres south-west of the Authier project in Quebec. It comprises 191 mineral claims of approximately 11,000 hectares, and is prospective for lithium, tantalum and beryllium.

Adding to its flagship Authier project, the emerging Viau-Dallaire prospect also offers the potential to become a new lithium deposit.

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978**

DIRECTORS' REPORT

During the period, the Group acquired an additional 11 claims within the project area. In addition, the final option payment was made in December 2020 to acquire the final 50% interest in claims subject to the option agreement.

Further exploration work is planned at Tansim in 2021, including reconnaissance sampling at the new acreage and Phase 2 drilling at the Viau-Dallaire prospect.

NORTH AMERICAN LITHIUM MINE & PLANT

North American Lithium (NAL) has a lithium mine and concentrator located in Abitibi, near the established mining district of Val d'Or, Québec.

The Group considers NAL a near-term growth opportunity, given its proximity to the Group's flagship Authier Lithium Project. The Group has the unique competitive advantage of being able to combine ore produced from Authier with ore produced at NAL, facilitating a significant improvement in plant performance and economics.

In February 2020, the Group submitted its bid for NAL assets. Following a number of extensions to the bid close date, the Québec's Superior Court issued a ruling that the bidding process be relaunched, with all bidders to resubmit their offers for NAL to the monitor (administrator). A revised bid was lodged subsequent to period end on 15 January 2021.

WESTERN AUSTRALIAN PROJECTS

The Group's leases in Western Australia cover 1,083 sq km and comprise lithium tenure in the Pilbara and Yilgarn areas and graphite tenements in the East Kimberley. During the half-year, approximately \$200,000 was expended by the Group, in addition to activity undertaken by Altura.

The Pilbara regional project covers 913 sq km and is centred in the world-class Pilgangoora lithium district. The project is prospective for hard rock spodumene mineralisation, associated with fractionated albite - spodumene pegmatite systems.

Recently, the gold potential of the Pilbara tenement package has become apparent following the Hemi gold discovery by De Grey Mining Limited. The Group has gold rights to eight leases covering 808 sq km.

Initial work will focus on the Mt Dove Project, E47/3950, located 10km south-west of the Hemi project. Fieldwork will include orientation soil geochemistry over two target areas and reconnaissance mapping over the one area of outcrop already identified.

Additional work will also be undertaken at the Tabba Tabba East tenement, E45/4703, which is located near the Malindra Stock and Wallarenya Granodiorite. These high-Mg diorites of the Indee Suite are similar to those which host the Hemi and Toweranna gold mineralisation further to the west.

In August 2019, the Group announced an earn-in agreement with leading listed lithium producer, Altura Mining Limited (Altura), whereby Altura was to spend A\$1.5 million on exploration across the Pilgangoora project portfolio over a three-year period, earning a 51% interest. In November 2020 Sayona resumed full ownership of its Pilbara gold and lithium tenement portfolio after terminating its Earn-In Agreement with Altura. Altura has not earned any interest in the leases.

CORPORATE

In July 2020, the Group announced the early close out of the convertible securities funding facility provided by U.S.-based Obsidian Global GP (Obsidian). The secured facility of up to \$2.75 million with Obsidian was announced on 10 January 2020. All amounts drawn under the facility have either been converted to shares or repaid.

In July 2020, the Company raised A\$2.65 million by placing the subscription shortfall from the renounceable rights issue undertaken in April 2020, together with an additional \$100,000 placement to a director which was approved at the Company's Annual General Meeting.

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978**

DIRECTORS' REPORT

In September 2020, the Company entered into a Share Placement Agreement with Battery Metals Capital Group, LLC (BMCG).

Under this Agreement the Company received US\$2,000,000 and issued 39,545,230 shares for value \$276,817. The balance of the funds received will be settled by a share issue on or before 7 March 2022.

In addition, under the Agreement the company issued 45,000,000 shares to BMCG as collateral security.

Separately, under the Agreement, the Company also issued 90,432,267 shares to BMCG to raise \$542,594.

Other share issues completed by the Company in the period included:

- 331,250,000 shares raising \$2,650,000 under an entitlement offer and placement.
- 68,700,000 shares raising \$650,000 under the Acuity Capital Controlled Placement Agreement.
- 12,500,000 shares raising \$100,000 under a Director placement approved by shareholders.
- 3,437,500 shares as a share based payment for \$27,500 relating to capital raising services

Options issued by the Company in the period were:

- 195,593,766 listed options issued attaching to the share entitlement offer and placement.
- 48,000,000 unlisted options to BMCG as a fee for the Share Placement Agreement.

In addition to the funding facilities outlined above and subsequent to the end of the reporting period, the Group entered into an agreement with Piedmont Lithium Limited which provides additional funding.

SUBSEQUENT EVENTS

In addition to advancing its Australian and Canadian exploration projects as set out above, the following matters or circumstances have arisen since balance date:

- On 11 January 2021, the Company announced a strategic partnership with Piedmont Lithium Limited (Piedmont). Under a Shares Subscription Agreement, Piedmont will acquire an initial 9.9% equity interest in Sayona ("Share Placement") and two unsecured convertible notes ("Convertible Notes"), which upon conversion would result in Piedmont being issued a further 10% of Sayona's issued capital for total consideration of approximately US\$7 million.
- Under a Share Purchase Agreement, Piedmont will also acquire a 25% stake in Sayona Québec Inc for approximately US\$5 million.
- The Company and Piedmont have also agreed a binding offtake arrangement under which Piedmont will acquire the greater of 60,000 tpa of spodumene concentrate or 50% of Sayona Québec's production over life of mine.
- On 13 January 2021, the Company issued 336,207,043 new ordinary shares to Piedmont at an issue price of A\$0.0119 per share, pursuant to the Share Purchase Agreement.
- On 18 January 2021, the Company issued 177,034,028 new ordinary shares to Battery Metals at an issue price of A\$0.007 per share, pursuant to the Share Purchase Agreement.
- On 18 January 2021, the Company issued 872,093 new ordinary shares at an issue price of A\$0.03 per share, following exercise of options.
- On 22 January 2021, the Company issued 7,738,952 new ordinary shares at an issue price of A\$0.02 per share, following exercise of options.
- On 25 January 2021, the Company announced the resignation of Mr Dennis O'Neil as a director.
- On 27 January 2021, the Company issued 930,233 new ordinary shares at an issue price of A\$0.03 per share, following exercise of options.

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978**

DIRECTORS' REPORT

- On 1 February 2021, the Company issued 910,318 new ordinary shares at an issue price of A\$0.045 per share, to settle acquisition of an exploration tenement.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached.

Signed in accordance with a resolution of the Directors.



Brett L. Lynch
Managing Director
Brisbane



Paul A. Crawford
Director

5th February 2021

Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001**To the Directors of Sayona Mining Limited**

As lead audit director for the review of the financial statements of Sayona Mining Limited for the half-year ended 31 December 2020, 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 half-year.

**Nexia Brisbane Audit Pty Ltd****N D Bamford**
Director

Date: 5 February 2021

Nexia Brisbane Audit Pty Ltd

Registered Audit Company 299289
Level 28, 10 Eagle Street
Brisbane QLD 4000
GPO Box 1189
Brisbane QLD 4001
p +61 7 3229 2022
f +61 7 3229 3277
e email@nexiabrisbane.com.au
w nexia.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Nexia Brisbane Audit Pty Ltd (ABN 49 115 261 722) is an independent firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd, deliver services in its own name or otherwise. Nexia International Limited and the member firms of the Nexia International network (including those members which trade under a name which includes NEXIA) are not part of a worldwide partnership.

The trademarks NEXIA INTERNATIONAL, NEXIA and the NEXIA logo are owned by Nexia International Limited and used under licence.

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES**
ABN 26 091 951 978

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

		Consolidated Group	
		31 December 2020	31 December 2019
	Note	\$	\$
Revenue and other income	2	336,223	9,472
Administrative expenses		(795,149)	(637,627)
Current period exploration & evaluation expenditure written-off		(69,569)	(69,090)
Employee benefit expense		(454,967)	(674,759)
Loss before income tax	2	(983,462)	(1,372,004)
Income tax expense		-	-
Loss for the period		(983,462)	(1,372,004)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss		(459,788)	118,381
Total comprehensive income for the half year		(459,788)	118,381
Total comprehensive loss attributable to members		(1,443,250)	(1,253,623)
Earnings per Share			
From continuing operations			
Basic earnings per share (cents per share)	10	(0.03)	(0.07)
Diluted earnings per share (cents per share)	10	(0.03)	(0.07)
Dividends per share (cents per share)		-	-

The accompanying notes form part of these financial statements.

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

		Consolidated Group	
		31 December	30 June
		2020	2020
Note		\$	\$
ASSETS			
CURRENT ASSETS			
	Cash and cash equivalents	4,582,080	492,660
	Trade and other receivables	150,226	228,361
3	Other assets	81,539	38,864
	Total Current Assets	4,813,845	759,885
NON-CURRENT ASSETS			
	Property, plant and equipment	141,570	151,720
4	Exploration and evaluation asset	22,812,404	21,193,106
5	Right of use asset	66,681	85,733
	Total Non-Current Assets	23,020,655	21,430,559
	TOTAL ASSETS	27,834,500	22,190,444
LIABILITIES			
CURRENT LIABILITIES			
6	Trade and other payables	4,219,172	894,189
	Provisions	80,032	61,429
5	Lease Liability	39,190	37,540
	Total Current Liabilities	4,338,394	993,158
NON-CURRENT LIABILITIES			
5	Lease Liability	31,945	51,558
	Total Non-Current Liabilities	31,945	51,558
	TOTAL LIABILITIES	4,370,339	1,044,716
	NET ASSETS	23,464,161	21,145,728
EQUITY			
7	Issued capital	88,407,864	84,930,181
	Reserves	152,666	328,454
	Accumulated losses	(65,096,369)	(64,112,907)
	TOTAL EQUITY	23,464,161	21,145,728

The accompanying notes form part of these financial statements.

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES**
ABN 26 091 951 978

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

Consolidated Group	Note	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Total
		\$	\$	\$	\$	\$
Balance at 1 July 2019		79,309,022	(58,709,156)	623,705	-	21,223,571
Loss for the period		-	(1,372,004)	-	-	(1,372,004)
Other comprehensive income for the period		-	-	118,381	-	118,381
Total comprehensive income/(loss) for the period		-	(1,372,004)	118,381	-	(1,253,623)
Transactions with owners in their capacity as owners and other transfers						
Shares issued during the period		1,934,119	-	-	-	1,934,119
Transaction costs		-	-	-	-	-
Share based payments/transactions		275,000	-	-	24,100	299,100
Total transactions with owners		2,209,119	-	-	24,100	2,233,219
Balance at 31 December 2019		81,518,141	(60,081,160)	742,086	24,100	22,203,167
Balance at 1 July 2020		84,930,181	(64,112,907)	214,319	114,135	21,145,728
Loss for the period		-	(983,462)	-	-	(983,462)
Other comprehensive income/(loss)		-	-	(459,788)	-	(459,788)
Total comprehensive income/(loss) for the period		-	(983,462)	(459,788)	-	(1,443,250)
Transactions with owners in their capacity as owners and other transfers						
Shares issued during the period	7	4,246,911	-	-	-	4,246,911
Transaction costs	7	(769,228)	-	-	-	(769,228)
Share based payments/transactions	7	-	-	-	284,000	284,000
Total transactions with owners		3,477,683	-	-	284,000	3,761,683
Balance at 31 December 2020		88,407,864	(65,096,369)	(245,469)	398,135	23,464,161

The accompanying notes form part of these financial statements.

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	Consolidated Group	
	31 December 2020	31 December 2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(755,430)	(1,135,872)
Government subsidies	315,190	-
Interest received	2,546	9,472
Finance costs	(1,837)	(2,626)
Net cash provided by (used in) operating activities	(439,531)	(1,129,026)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,605)	(16,532)
Capitalised exploration expenditure	(1,596,993)	(2,059,958)
Net cash provided by (used in) investing activities	(1,607,598)	(2,076,490)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	3,942,595	1,894,119
Costs associated with shares & option issues	(252,411)	(84,020)
Repayments of right of use asset lease liabilities	(17,963)	(19,800)
Share subscription amounts received	2,468,535	-
Net cash provided by (used in) financing activities	6,140,756	1,790,299
Net increase/(decrease) in cash held	4,093,627	(1,415,217)
Cash at 1 July	492,660	1,822,133
Effect of exchange rates on cash holdings in foreign currencies	(4,207)	349
Cash at 31 December	4,582,080	407,265

The accompanying notes form part of these financial statements.

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for the half year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Sayona Mining Limited ("the Company") is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Company and its controlled entities ("the Group"). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the following half year.

These interim financial statements were authorised for issue on the date of signing the Director's Declaration.

Accounting Policies

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

New Accounting Standards Adopted

There are no new or amended Accounting Standards which have become applicable for the current financial reporting period.

NOTE 2: RESULT FOR THE PERIOD	Half Year Ended 31 Dec 2020	Half Year Ended 31 Dec 2019
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Revenue		
Interest received from unrelated parties	2,546	9,472
Government subsidy and incentive receipts	315,190	-
Other income	18,487	-
	336,223	9,472
Expenses		
Exploration expenditure expensed during period	69,569	69,090
Foreign exchange loss/(gain)	(4,138)	(134)
Depreciation & amortisation	6,864	7,649
Amortisation on right of use assets	19,052	19,052
Finance costs on lease liabilities	1,837	2,626
	1,837	2,626

NOTE 3: OTHER ASSETS

	31 December 2020	30 June 2020
	\$	\$
Current:		
Deposits	2,188	2,238
Prepayments	79,351	36,626
	81,539	38,864

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

NOTE 4: EXPLORATION AND EVALUATION ASSET	31 December 2020	30 June 2020
	\$	\$
Exploration and evaluation expenditure carried forward in respect of areas of interest are:		
Exploration and evaluation phase - group interest 100% (a)	20,972,917	17,839,978
Exploration and evaluation phase - subject to joint operation (b)	1,839,487	3,353,128
	<u>22,812,404</u>	<u>21,193,106</u>
(a) Movement in exploration and evaluation expenditure:	Non-Joint Operation	
Opening balance - at cost	17,839,978	19,111,142
Capitalised exploration expenditure	1,746,568	2,534,017
Transfer from joint operations	1,794,866	(1,849,946)
Capitalised exploration expenditure written off	-	(1,545,618)
Foreign Currency translation movement	(408,495)	(409,617)
	<u>20,972,917</u>	<u>17,839,978</u>
(b) Movement in exploration and evaluation expenditure:	Subject to Joint Operation	
Opening balance - at cost	3,353,128	766,257
Capitalised exploration & evaluation expenditure	315,455	767,192
Transfer to non-joint operations	(1,794,866)	1,849,946
Foreign Currency translation movement	(34,230)	(30,267)
	<u>1,839,487</u>	<u>3,353,128</u>

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and development of projects, or alternatively, through the sale of the areas of interest.

Commitments in respect of exploration projects are set out in Note 8.

During the period, the Group resumed responsibility for its Pilbara gold and lithium tenement portfolio after terminating its Earn-In Agreement with Altura Mining Limited. Altura had not earned any interest in the tenements.

In December 2020, the Group paid the final C\$250,000 option payment to Quebec Precious Metals Inc. to acquire an additional 50% in relevant Tansim tenements. The Group now holds a 100% interest in the tenements.

NOTE 5: RIGHT OF USE ASSETS & LEASE LIABILITY	31 December 2020	30 June 2020
	\$	\$
The Group has a lease of premises with possible expiry in 2022. Lease payments are subject to annual adjustments, and there is an option to extend.		
Right-of-use assets		
Leased Building	123,836	123,836
Accumulated Depreciation	(57,155)	(38,103)
	<u>66,681</u>	<u>85,733</u>

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

NOTE 5: RIGHT OF USE ASSETS & LEASE LIABILITY (continued)	31 December 2020	30 June 2020
	\$	\$
Movement in carrying amounts:		
Opening balance	85,733	-
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	-	123,836
Depreciation Expense	(19,052)	(38,103)
Net Carrying Amount	66,681	85,733
Lease Liability		
Current	39,190	37,540
Non Current	31,945	51,558
	71,135	89,098

NOTE 6: TRADE AND OTHER PAYABLES

	31 December 2020	30 June 2020
	\$	\$
Current:		
Trade creditors	544,923	642,963
Sundry creditors and accrued expenses	1,259,969	251,226
Share placement proceeds in advance of issue	2,414,280	-
Total trade & other payables (unsecured)	4,219,172	894,189

During the period, the Company entered into a Share Placement Agreement with Battery Metals Capital Group, LLC. The agreement provides for a US\$2 million prepayment of a placement of ordinary shares worth US\$2.18 million. At balance date, Battery Metals had advanced US\$2 million to the Group and new shares to the value of US\$400,000 had been issued.

Under the Share Placement Agreement the balance of the proceeds will be applied against share issues on or before 7 March 2022 (at the option of the Company).

Under the agreement the Company issued 45,000,000 shares, for nil consideration, as collateral.

In addition to these investments, Sayona has the option at its sole discretion to receive an additional investment of US\$2,000,000 for Placement Shares worth US\$2,180,000 at each of the six month, 12 month and 18 month anniversaries of the date of completion of the initial investment (for total additional investments of US\$6,000,000 for Placement Shares worth US\$6,540,000). Sayona is under no obligation to draw down these additional investments.

Battery Metals nominate when Placement Shares in relation to all or part of each investment previously made are to be issued, within 18 months of each investment having been made. The purchase price of the Placement Shares is 90% of the average of the five daily volume-weighted average prices during a specified period prior to the date of issuance of the shares. If a request that Placement Shares be issued within the first nine months of an investment, the percentage used in the determination of the purchase price will be increased to 92%.

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

NOTE 7: ISSUED CAPITAL	31 December 2020	30 June 2020
	\$	\$
Fully paid ordinary shares	88,407,864	84,930,181
	Half Year Ended 31 Dec 2020	Half Year Ended 31 Dec 2019
	No.	No.
Balance at the beginning of the reporting period	2,468,958,700	1,722,574,344
Shares issued during the period:		346,746,381
22 July 2020, new issue of shares at \$0.008 per share issued under an entitlement offer.	210,833,567	
22 July 2020, new issue of shares at \$0.008 per share issued as a placement.	120,416,433	
7 August 2020, new issue of shares at \$0.008 per share issued for services provided.	3,437,500	
7 September 2020, new issue of shares at \$0.007 per share pursuant to the Battery Metals share placement agreement.	39,545,230	
27 October 2020, new issue of shares at \$0.0095 per share pursuant to the Acuity Capital agreement.	68,700,000	
2 November 2020, new issue of shares at \$0.008 per share as a Director Placement approved by shareholders.	12,500,000	
2 November 2020, new issue of shares at zero value issued to Battery Metals Capital.	45,000,000	
11 December 2020, new issue of shares at \$0.006 per share issued to Battery Metals Capital.	90,432,267	
Balance at reporting date	3,059,823,697	2,069,320,725

All share issues in the current period were for cash other than:

- Issue of 3,437,500 shares valued at \$27,500 for services provided (charged to Profit & Loss).
- Issue of 39,545,230 shares valued at \$276,817 pursuant to the Battery Metals share placement agreement (charged to Profit & Loss).
- Issue of 45,000,000 shares at nil value to Battery Metals Capital pursuant to the Battery Metals share placement agreement. (Refer Note 6).

(b) Options on issue are as follows:	Half Year Ended 31 Dec 2020	30 June 2020
	No.	No.
(i) Unlisted employee and officer options		
Balance at beginning of reporting period	8,000,000	-
Granted during the period	-	8,000,000
Exercised during the period	-	-
Expired during the period	-	-
Balance at reporting date	8,000,000	8,000,000

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

NOTE 7: ISSUED CAPITAL (continued)	Half Year Ended 31 Dec 2020 No.	30 June 2020 No.
(ii) Listed options		
Balance at beginning of reporting period	182,716,433	120,242,589
Granted during the period	195,593,766	182,716,433
Exercised during the period	-	(6,749)
Expired during the period	-	(120,235,840)
Balance at reporting date	<u>378,310,199</u>	<u>182,716,433</u>

During the period, 171,875,016 options were granted to shareholders as part of a capital raise. These options are exercisable at \$0.02 each and expire on 29 April 2023. No value is ascribed to these shareholder options for accounting purposes.

In addition, a further 23,718,750 options were issued to advisors providing services in relation to the capital raise. These options are also exercisable at \$0.02 each and expire on 29 April 2023. These options are valued at \$0.002 for accounting purposes.

	Half Year Ended 31 Dec 2020 No.	30 June 2020 No.
(iii) Other Unlisted options		
Balance at beginning of reporting period	114,992,301	-
Granted during the period	48,000,000	114,992,301
Exercised during the period	-	-
Expired during the period	-	-
Balance at reporting date	<u>-</u>	<u>-</u>
Balance at reporting date	<u>162,992,301</u>	<u>114,992,301</u>

During the period, 48,000,000 unlisted options were issued to Battery Metals as a fee, pursuant to the Share Placement Agreement. Options are exercisable at \$0.013 each, expiring 2 November 2023. These options are valued at \$0.005 for accounting purposes.

NOTE 8: COMMITMENTS

(a) Exploration commitments

The entity must meet minimum expenditure commitments on granted exploration tenements to maintain those tenements in good standing. If the relevant mineral tenement is relinquished the expenditure commitment also ceases.

The following commitments exist at balance date but have not been brought to account.

	31 December 2020 \$	30 June 2020 \$
Not later than 1 year	960,413	1,193,834
Between 1 year and 5 years	997,271	997,271
Total commitment	<u>1,957,684</u>	<u>2,191,105</u>

The Group has submitted a bid for the assets of North American Lithium Inc. (NAL) with the Court appointed Monitor. Details are provided in the Review of Operations section of the Directors' Report. A successful bid for NAL would result in additional financial commitments to the Group. It is not possible to quantify any commitment at this time.

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

NOTE 9: RELATED PARTY TRANSACTIONS

Related party transactions are on normal commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated. Related parties of the Group are directors and their associates. In the current period related party transactions were consistent with those reported in the 2020 financial statements - involving remuneration and equity interests.

NOTE 10: EARNINGS PER SHARE	Half Year Ended 31 Dec 2020	Half Year Ended 31 Dec 2019
	No.	No.
The earnings figures used in the calculation of both the basic EPS and the dilutive EPS are the same.		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	2,835,690,884	1,863,505,051
Weighted average number of ordinary shares and potential ordinary shares outstanding during the period used in the calculation of diluted EPS	2,835,690,884	1,863,505,051

NOTE 11: DIVIDENDS

No dividends were declared or paid during the period.

NOTE 12: CONTINGENT LIABILITIES

There were no material contingent liabilities at the end of the reporting period.

NOTE 13: EVENTS AFTER THE END OF THE INTERIM PERIOD

In addition to advancing its Australian and Canadian exploration projects, the following matters or circumstances have arisen since balance date:

- On 11 January 2021, the Company announced a strategic partnership with Piedmont Lithium Limited (Piedmont). Under a Shares Subscription Agreement, Piedmont will acquire an initial 9.9% equity interest in Sayona ("Share Placement") and two unsecured convertible notes ("Convertible Notes"), which upon conversion would result in Piedmont being issued a further 10% of Sayona's issued capital for total consideration of approximately US\$7 million.
- Under a Share Purchase Agreement, Piedmont will also acquire a 25% stake in Sayona Québec Inc for approximately US\$5 million
- The Company and Piedmont have also agreed a binding offtake arrangement under which Piedmont will acquire the greater of 60,000 tpa of spodumene concentrate or 50% of Sayona Québec's production over life of mine.
- On 13 January 2021, the Company issued 336,207,043 new ordinary shares to Piedmont at an issue price of A\$0.0119 per share, pursuant to the Share Purchase Agreement.
- On 18 January 2021, the Company issued 177,034,028 new ordinary shares to Battery Metals at an issue price of A\$0.007 per share, pursuant to the Share Purchase Agreement.
- On 18 January 2021, the Company issued 872,093 new ordinary shares at an issue price of A\$0.03 per share, following exercise of options.
- On 22 January 2021, the Company issued 7,738,952 new ordinary shares at an issue price of A\$0.02 per share, following exercise of options.
- On 25 January 2021, the Company announced the resignation of Mr Dennis O'Neil as a director.

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

NOTE 13: EVENTS AFTER THE END OF THE INTERIM PERIOD (continued)

- On 27 January 2021, the Company issued 930,233 new ordinary shares at an issue price of A\$0.03 per share, following exercise of options.
- On 1 February 2021, the Company issued 910,318 new ordinary shares at an issue price of A\$0.045 per share, to settle acquisition of an exploration tenement.

NOTE 14: SHARE BASED PAYMENTS

On 22 July 2020, 22,000,000 listed options were issued to Maye Capital Pty Ltd for services provided at \$0.02 each, expiry date 29 April 2023.

On 7 August 2020, 3,437,500 new shares at \$0.008 per share were issued for services provided.

On 7 September 2020, 39,545,230 new shares at \$0.007 per share were issued pursuant to the Battery Metals Capital share placement agreement.

On 2 November 2020, 45,000,000 new shares at zero value were issued pursuant to the Battery Metals Capital share placement agreement.

During the period, 48,000,000 unlisted options were issued to Battery Metals as a fee, pursuant to the Share Placement Agreement. Options are exercisable at \$0.013 each, expiring 2 November 2023.

NOTE 15: OPERATING SEGMENTS

The Group operates internationally, in the mineral exploration industry. Segment reporting is based on the whole of entity. Geographical segment information is as follows:

	Australia		Overseas		Consolidated Group	
	Half Year Ended 31 December		Half Year Ended 31 December		Half Year Ended 31 December	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
REVENUE						
Revenue	335,806	4,797	417	4,675	336,223	9,472
Total segment revenue	335,806	4,797	417	4,675	336,223	9,472
RESULT						
Loss from ordinary activities before income tax expense	(795,852)	(1,225,701)	(187,610)	(146,303)	(983,462)	(1,372,004)
ASSETS						
Segment assets	6,331,266	3,834,078	21,503,234	19,637,469	27,834,500	23,471,547
LIABILITIES						
Segment liabilities	2,941,993	323,784	1,428,346	1,028,616	4,370,339	1,352,400

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978**

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The attached financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
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.

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



Brett L. Lynch
Managing Director



Paul Crawford
Director

Dated this: 5th February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SAYONA MINING LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying 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 2020, the consolidated statement of profit or loss and 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 half-year financial report of Sayona Mining Limited does not comply with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of Sayona Mining Limited's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with 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.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SAYONA MINING LIMITED (CONTINUED)***Directors' Responsibility for the Half-Year Financial Report***

The directors of Sayona Mining Limited 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.

Auditor's Responsibility

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 Company's financial position as at 31 December 2020 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 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****N D Bamford**

Director

Level 28, 10 Eagle Street,
Brisbane, QLD, 4000

Date: 5 February 2021