SAYONA MINING LIMITED
AND CONTROLLED ENTITIES

ABN 26 091 951 978

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2021

The information contained in this report is to be read in conjunction with the Company's 2021 Annual Report and any announcements made to the market during the half year ended 31 December 2021.

DIRECTORS' REPORT

Your Directors present their report of the Company and its controlled entities ("the Group") for the half-year ended 31 December 2021.

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	Paul Crawford	Alan Buckler	James Brown

REVIEW OF OPERATIONS

The profit of the consolidated group after providing for income tax for the half year was A$93,947,189 (2020: A$983,462 loss). Included in the profit for the half-year was a A$108,374,739 gain on acquisition of the North American Lithium Inc. subsidiary

CONTINUED OPERATIONS AND FUTURE FUNDING

At 31 December 2021 total assets of the Group were A$444,895,939 including cash balances of A$30,128,153, property, plant & equipment of A$201,255,083, together with mine and exploration assets of A$208,378,440.

The Group's primary focus over the next 12 months is the restart of spodumene concentrate production at NAL from the first quarter 2023 together with an evaluation of downstream processing potential at NAL is progressing.

A definitive feasibility study (DFS) is underway for the profitable production of spodumene concentrate at NAL, combined with production from nearby Authier.

To complete the refurbishment and restart of the NAL assets, undertake mine development at the Authier Project and other planned activity, the Group is likely to require additional funding. The form of this funding is currently undetermined and the likelihood of success unknown. Consequently, it is not possible at this stage, to predict future results of the activities.

The financial statements have been prepared on a going concern basis which contemplates that the Group will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

CANADA

NORTH AMERICAN LITHIUM (NAL)

In August 2021, Sayona announced the completion of its A$128.6m acquisition of North American Lithium Inc. (NAL) with its strategic partner, Piedmont Lithium Inc. through its subsidiary Sayona Québec Inc.

NAL comprises 19 contiguous claims covering approximately 582 ha, situated in La Corne township in Québec's Abitibi-Témiscamingue region. The project lies 60 km north of the city of Val d'Or, a major mining service centre, and in proximity to Sayona's Authier Lithium Project (Authier).

The Group is targeting the restart of spodumene concentrate production at NAL from the first quarter 2023. In addition, an evaluation of downstream processing at NAL is progressing, as per the NAL acquisition agreement.

In September 2021, the Group announced a project review showed potential to significantly increase the lithium resource at NAL. Consultants BBA Inc. were engaged to produce an updated Canadian NI 43-101 study of NAL's resource base to facilitate conversion to Australia's JORC standard. The results were announced post-balance date, on 1 March 2022, showing a doubling of the combined NAL and Authier projects' JORC resource, with a combined Measured, Indicated and Inferred Mineral Resource of 119.1 million tonnes @ 1.05% Li_2O.

NAL – Open Pit Constrained Mineral Resource Statement using a 0.6% Li_2O cut-off			
Category	**Tonnes**	**Li_2O %**	**Contained Li_2O (t)**
Measured	1,471,000	0.99	14,600
Indicated	52,806,000	1.01	533,300
Measured and Indicated	54,277,000	1.01	548,200
Inferred	13,874,000	0.96	133,200

NAL – Underground Constrained Mineral Resource Statement using a 0.8% Li_2O cut-off			
Category	**Tonnes**	**Li_2O %**	**Contained Li_2O (t)**
Measured			
Indicated	19,398,000	1.18	228,900
Measured and Indicated	19,398,000	1.18	228,900
Inferred	14,372,000	1.19	171,000

NAL – Total Open Cut and Underground Mineral Resource Statement			
Category	**Tonnes**	**Li_2O %**	**Contained Li_2O (t)**
Total JORC Resource (Measured, Indicated and Inferred)	**101,921,000**	**1.06**	**1,081,300**

Authier – Open Pit Constrained Mineral Resource Statement using a 0.55% Li_2O cut-off			
Category	Tonnes	Li_2O %	Contained Li_2O (t)
Measured	6,042,000	0.98	59,200
Indicated	8,098,000	1.03	83,400
Measured and Indicated	14,140,000	1.01	142,800
Inferred	2,996,000	1.00	30,000

Authier – Total Mineral Resource Statement			
Category	**Tonnes**	**Li_2O %**	**Contained Li_2O (t)**
Total JORC Resource (Measured, Indicated and Inferred)	**17,136,000**	**1.01**	**173,000**

Total Mineral Resource Statement NAL and Authier			
Category	**Tonnes**	**Li_2O %**	**Contained Li_2O (t)**
NAL and Authier JORC Mineral Resource Estimate (Measured, Indicated and Inferred)	**119,057,000**	**1.05**	**1,250,000**

A definitive feasibility study (DFS) is underway for the profitable production of spodumene concentrate at NAL, combined with production from nearby Authier. The integration of NAL with Authier will transform both operations and create a world-scale Abitibi lithium hub from which the Group aims to produce 220kt of spodumene 6% or 30kt LCE (lithium carbonate equivalent).

MOBLAN LITHIUM PROJECT (MOBLAN)

Moblan is located in the Eeyou-Istchee James Bay region of northern Québec, a proven lithium mining province which hosts established, world-class lithium resources including Nemaska Lithium's Whabouchi mine. It is well serviced by key infrastructure and transport and has access to low-cost, environmentally friendly hydropower.

In October 2021, the Group announced it had completed the acquisition of its 60% interest in Moblan tenements for US$86.5 million (A$116.6 million). The remaining 40% interest is held by SOQUEM Inc, a wholly owned subsidiary of Investissement Québec.

Moblan is host to high-grade spodumene mineralisation in a well-studied deposit with more than 17,000 metres of diamond drilling. It has a Mineral Resource Foreign Estimate of 12.03Mt @ 1.4% Li_2O* and there is potential to expand this resource based on previous geotechnical drilling, which intersected up to 29.1m of continuous spodumene-bearing pegmatites outside the resource envelope.

In December 2021, the Group announced plans for a major drilling program at the project consisting of 55 drill holes totalling nearly 9,000m. The drilling program, which commenced in January 2022, aims to identify extensions to the Moblan deposit and define mineralisation in nearby spodumene pegmatites. In addition, the Group will undertake a revised definitive feasibility study targeting an increase in its spodumene production capacity.

** The Mineral Resources and Ore Reserves stated are foreign estimates and are not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify the foreign estimates as Mineral Resources or Ore Reserves in accordance with the JORC Code. It is uncertain that following evaluation and/or further exploration work that the foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code.*

EXPANSION OF NORTHERN QUÉBEC LITHIUM HUB

On 25 January 2022, the Group announced the expansion of its Northern Québec lithium hub through the acquisition of 121 new claims west of the Moblan Lithium Project. Known as the Lac Albert Project, the new claims span 6,592 ha and will be assessed for lithium pegmatite occurrences during the 2022 Northern Hemisphere summer. The new claims are separate to the Moblan joint venture agreement.

AUTHIER LITHIUM PROJECT (AUTHIER)

Authier is a hard rock spodumene lithium deposit which has a key role in the Group's planned multi-project Abitibi lithium hub.

The Group continues to advance regulatory approvals for the project however, since the acquisition of NAL, these will be based on a much smaller environmental footprint (ie, no requirement for a concentrator on-site).

In early July 2021, the Group announced testing results showing Authier spodumene is capable of being processed into high purity, 99.99% lithium hydroxide.[1]

[1] *Disclaimer: The purity of the material is defined as the weight of LiOH.H2O in the sample divided by the total sample weight, comprised of lithium values as LiOH.H2O-plus-impurities, expressed as a percentage. To five figures the sample purity is 99.990%.*

The analysis does not extend to anions other than the hydroxide ion OH. It does not determine levels of chloride, carbonate or nitrate, while sulphur present is assumed to be as sulphate ion. Sodium and potassium values are likely to be present as nitrates while any carbonate present would arise from contamination from atmospheric CO2; the processing facilities cannot entirely exclude exposure of samples to the atmosphere. Impurity levels are

A portion of the lithium hydroxide sample was dispatched to Novonix Battery Technology Solutions in Nova Scotia Canada, to evaluate its conformity with lithium-ion battery standards and its performance in commercial cells. This will demonstrate the project's ability to deliver a high-purity product suitable for leading battery and cathode makers in North America. Results are pending.

In December 2021, a 25-hole, 3,908 metre diamond drill program was completed at Authier with the aim of expanding the current ore resource, improving the strip ratio and accelerating production to enhance its profitability. The drilling campaign also tested for potential repetition of lithium pegmatite in the southern lease sector.

The results included 9m @ 1.46% Li_2O, with lithium pegmatite mineralisation identified west of the resource and the planned mining area. Three additional follow-up holes were completed to infill new mineralisation, with assay results pending. Follow-up work includes updated resource estimates (announced in March 2022) and an updated definitive feasibility study integrating Authier with NAL.

TANSIM LITHIUM PROJECT

Tansim is situated 82 kilometres south-west of the Authier project in Québec. It comprises 355 mineral claims of approximately 20,546 hectares, and is considered a highly valuable potential component of the Group's Abitibi lithium hub.

A 26-hole diamond drill program for 4,200m is planned for Tansim, with some 3,400m at the Viau-Dallaire prospect and approximately 800m at the Viau prospect. The program aims to expand the lithium mineralisation at Viau-Dallaire and provide material for mineralogical study and metallurgical test work to support a Mineral Resource estimate.

An Exploration Target* for the Viau-Dallaire prospect has been estimated at between 5 million tonnes and 25 million tonnes, at an estimated grade of 1.2-1.3% Li_2O.

** The potential quantity and grade of the Exploration Target is conceptual in nature and is therefore an approximation. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in an estimation of a Mineral Resource.*

AUSTRALIA

WESTERN AUSTRALIAN PROJECTS

The Group's leases in Western Australia cover 1,072 sq km and comprise lithium and gold tenure in the Pilbara and Yilgarn areas and graphite prospective tenements in the East Kimberley.

PILBARA EXPLORATION

The Group's Pilbara portfolio comprises 12 leases totalling 933 sq km in area within the Pilgangoora lithium district. Ten of the tenements have associated gold rights and are proximal to De Grey Mining's 6.8Moz Au Hemi gold discovery.

Of the 12 Pilbara tenements with lithium rights, 10 are subject to an earn-in agreement with Morella Corporation Limited (Morella) (previously Altura Mining), with the two remaining tenements held within the Group's exploration portfolio. All are located in the Pilgangoora lithium district.

In August 2021, Morella completed its due diligence on the Pilbara lithium projects and reached agreement to commence its earn-in period, requiring it to spend A$1.5 million on exploration within

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generally so low that they are at the threshold of measurement capabilities by the analytical equipment employed, so variations are to be expected in repeat analyses on material from the one sample batch.

three years to earn a 51% interest.

In December 2021, Morella announced the completion of an extensive technical review over the Mal\lina Lithium Project and other Pilbara tenements related to the earn-in. Drilling at Mallina is planned for the first half of 2022.

SAYONA LITHIUM TENURE

Sayona retains the lithium rights to the Tabba Tabba lease and Deep Well tenement area. During the period past data over these areas was reviewed and some drill planning was undertaken.

PILBARA GOLD EXPLORATION

The Group's Pilbara gold leases are prospective for intrusion-related gold mineralisation, similar in style to that identified at the Hemi gold discovery.

The Group is using its knowledge of late-stage intrusions, built up in the search for pegmatite mineralisation, to fast-track identification of Hemi-style targets.

The Group's tenement portfolio remains effectively untested for its gold potential, with large areas masked by surficial cover. During the period air-photo mapping was undertaken over part of the tenement area and planning for airborne geophysical surveying over prospective areas commenced. Statutory approval for drilling was granted and planning for heritage surveying advanced. An A$2.7 million budget and work program has been approved for calendar year 2022.

EAST KIMBERLEY GRAPHITE PROJECT

The Group's past exploration has included identification of coarse flake graphite mineralisation, hosted in sediments off the Tickalara Metamorphics. Project data was reviewed during the half year but no field work was carried out.

CORPORATE

CHANGES IN STATE OF AFFAIRS

CAPITAL RAISING ACTIVITIES

In July 2021, Sayona undertook a placement to raise A$45 million through the issue of 600,000,000 new fully paid shares at an offer price of A$0.075 per new share. Sayona's major shareholder and strategic partner, Piedmont, subscribed for A$8 million in the Placement.

Sayona also launched a Share Purchase Plan (SPP) for shareholders at the same offer price as the Placement. The SPP closed oversubscribed, with applications totalling approximately A$68 million, more than 13 times the initial amount targeted. The Board subsequently used its discretion to accept oversubscriptions to A$20 million.

In October 2021, Sayona announced a Placement to global institutional, professional and sophisticated investors raising A$100 million through the issue of 689,655,173 new fully paid ordinary shares at an offer price of A$0.145 per new share.

Sayona also undertook a Non-Renounceable Rights Issue at the same offer price as the Placement. It was conducted on the basis of one new share for every 35 existing shares and raised A$17,325,395 through valid acceptances and applications for additional shortfall shares from eligible shareholders, amounting to 119,671,618 new shares.

The Company also received firm commitments from institutional, professional and sophisticated investors for the remaining rights issue shortfall of 56,370,424 shares, totalling A$8,173,700.

PROMOTION TO MSI GLOBAL SMALL CAP INDEX

In November 2021, U.S.-based MSCI Inc. announced Sayona's promotion to the MSCI Global Small Cap Index. This US dollar index captures small cap representation across 23 developed markets. With 4,419 constituents as at October 2021, the index covers around 14% of the free float-adjusted market capitalisation in each country.

The promotion follows a period of strong growth in market value of the Group, and is expected to drive further interest in the Group from global institutional investors, particularly those from North America, Europe and Asia.

OTCQB LISTING

In August 2021, Sayona announced its listing on the OTCQB Venture Market under the stock code of 'SYAXF'. Operated by New York-based OTC Markets Group, which provides financial markets for 11,000 U.S. and global securities, the OTCQB Venture Market provides transparent and efficient trading in entrepreneurial and development stage U.S. and international companies.

IMPACT OF COVID19 PANDEMIC ON OPERATIONS

The Group's core business is mineral exploration and development in Australia and Canada. Throughout the year and to the date of this report the Group has not experienced any significant adverse impact. Government directives and travel restrictions, primarily in Quebec, have limited the Group's ability to undertake some activity. The situation has eased significantly recently and operations are returning to normal.

The Directors are actively monitoring the Group's financial condition, operations and workforce. Although the Group cannot estimate the length or gravity of the impacts of these events at this time, if the pandemic continues beyond the short-term or worsens, then this may have an adverse effect on the Group's results of future operations, financial position and liquidity in the financial year 2022.

OUTLOOK

The outlook for the Group is positive. The Group's strategic focus is the restart of spodumene concentrate production at NAL from the first quarter 2023 together with an evaluation of downstream processing potential at NAL is progressing.

A definitive feasibility study (DFS) is underway for the profitable production of spodumene concentrate at NAL, combined with production from nearby Authier. The integration of NAL with Authier will transform both operations and create a world-scale Abitibi lithium hub.

The Group is also looking to build on its acquisition of an interest in the Moblan project, with a view to establishing a Northern Québec lithium hub.

To complete the refurbishment and restart of the NAL assets, undertake mine development at the Authier Project and other planned activity, the Group is likely to require additional funding. The form of this funding is currently undetermined and likelihood of success unknown. Consequently, it is not possible at this stage, to predict future results of the activities.

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:

- Following the Company's Annual General Meeting held on 28 January 2022, the following securities were issued
    - 38,633,420 shares to executives of the Company at an issue price of A$0.11 each; and
    - 40,000,000 options to convert to new shares at an exercise price of A$0.15 and expiring 28 July 2023.
- On 25 January 2022, the Company announced that it expanded its Northern Québec lithium hub by pegging 121 new claims west of the Moblan Lithium Project. The granted claims are 100% owned by the Group.

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	**Paul A. Crawford**
Managing Director	**Director**

Brisbane

16 March 2022

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 2021, 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: 16 March 2022

SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
ABN 26 091 951 978

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Consolidated Group 31 December 2021 $	30 June 2021 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		30,128,153	35,502,596
Trade and other receivables		2,662,387	10,412,500
Other assets	3	2,443,298	43,648
Total Current Assets		35,233,838	45,958,744
NON-CURRENT ASSETS			
Mine Properties	5	59,190,884	-
Property, plant and equipment	6	201,255,083	162,222
Exploration and evaluation asset	7	149,187,556	25,552,728
Right of use asset	8	28,578	47,629
Total Non-Current Assets		409,662,101	25,762,579
TOTAL ASSETS		444,895,939	71,721,323
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	7,465,110	3,665,560
Provisions	10	68,686	116,872
Lease Liability	8	33,524	37,540
Total Current Liabilities		7,567,320	3,819,972
NON-CURRENT LIABILITIES			
Other financial liabilities	11	11,021,137	-
Provisions	10	29,781,408	-
Lease Liability	8	-	15,224
Interest bearing borrowings	12	21,933,352	-
Total Non-Current Liabilities		62,735,897	15,224
TOTAL LIABILITIES		70,303,217	3,835,196
NET ASSETS		374,592,722	67,886,127
EQUITY			
Issued capital	13	314,705,062	128,727,789
Reserves		(436,441)	304,633
Accumulated Profits/(losses)		2,090,994	(67,643,223)
Non-Controlling Interests		58,233,107	6,496,928
TOTAL EQUITY		374,592,722	67,886,127

The accompanying notes form part of these financial statements.

SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Consolidated Group	Note	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Non-Controlling Interests	Total
		$	$	$	$		$
Balance at 1 July 2020		84,930,181	(64,112,907)	214,319	114,135	-	21,145,728
Profit/(loss) for the period		-	(983,462)	-	-	-	(983,462)
Other comprehensive income for the period		-	-	(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		4,246,911	-	-	-	-	4,246,911
Transaction costs		(769,228)	-	-	-	-	(769,228)
Share based payments/transactions		-	-	-	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
Balance at 1 July 2021		128,727,789	(67,643,223)	195,680	108,953	6,496,938	67,886,137
Profit for the period		-	68,353,465	-	-	25,593,724	93,947,189
Other comprehensive income/(loss)		-	-	(730,482)	-	(243,494)	(973,976)
Total comprehensive income/(loss) for the period		-	68,353,465	(730,482)	-	25,350,230	92,973,213
Transactions with owners in their capacity as owners and other transfers							
Shares issued during the period	13	195,209,836	-	-	-	26,385,939	221,595,775
Transaction costs	13	(9,232,563)	-	-	-	-	(9,232,563)
Transfer from option reserve on exercise of option	13	-	1,380,752	-	(1,380,752)	-	-
Share based payments - options exercised	13	-	-	-	1,370,160	-	1,370,160
Total transactions with owners		185,977,273	1,380,752	-	(10,592)	26,385,939	213,733,372
Balance at 31 December 2021		314,705,062	2,090,994	(534,802)	98,361	58,233,107	374,592,722

The accompanying notes form part of these financial statements.

SAYONA MINING LIMITED
AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	Consolidated Group 31 December 2021 $	31 December 2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(3,483,089)	(755,430)
Government subsidies		42,133	315,190
Interest received		5,525	2,546
Interest and other costs of finance paid		(936)	(1,837)
Other income		1,480	-
Net cash provided by (used in) operating activities		(3,434,887)	(439,531)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for subsidiary, net of cash acquired	4A	(105,264,361)	-
Payment for Moblan tenements	4B	(116,661,862)	-
Net receipt of royalty advances	11	8,619,784	-
Purchase of property, plant and equipment	6	(87,896)	(10,605)
Capitalised exploration expenditure	7	(8,090,453)	(1,596,993)
Net cash provided by (used in) investing activities		(221,484,788)	(1,607,598)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	13	227,395,786	3,942,595
Costs associated with shares & option issues	13	(7,862,455)	(252,411)
Repayments of right of use asset lease liabilities	8	(19,240)	(17,963)
Share subscription amounts received		-	2,468,535
Net cash provided by (used in) financing activities		219,514,091	6,140,756
Net increase/(decrease) in cash held		(5,405,584)	4,093,627
Cash at 1 July		35,502,596	492,660
Effect of exchange rates on cash holdings in foreign currencies		31,141	(4,207)
Cash at 31 December		30,128,153	4,582,080

The accompanying notes form part of these financial statements.

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 2021 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 2021, together with any public announcements made during the following half year.

Continued Operations and Future Funding

At 31 December 2021 total assets of the Group were A$444,895,939 including cash balances of A$30,128,153, property, plant & equipment of A$201,255,083, together with mine and exploration assets of A$208,378,440.

The Group's primary focus over the next 12 months is the restart of spodumene concentrate production at NAL from the first quarter 2023 together with an evaluation of downstream processing potential.

A definitive feasibility study (DFS) is underway for the profitable production of spodumene concentrate at NAL, combined with production from nearby Authier.

To complete the refurbishment and restart of the NAL assets, undertake mine development at the Authier Project and other planned activity, the Group is likely to require additional funding. The form of this funding is currently undetermined and likelihood of success unknown. Consequently, it is not possible at this stage, to predict future results of the activities.

The Directors are confident that the additional funding can be raised as and when required, given the prospects of the Canadian projects and the equity raised in the last 18 months prior to balance date.

The financial statements have been prepared on a going concern basis which contemplates that the Group will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The financial report does not include adjustments relating to the recoverability or classification of recorded assets or to amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern

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. In addition, the following accounting policies were applied to the reporting period.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Restoration Costs

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

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

Mine Properties

(a) Mines under construction

Mine properties under construction comprises exploration and evaluation expenditure once the work completed to date supports the future development of the property and such development receives appropriate approvals.

All subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised in 'Mines under construction'. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalised, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognised in the statement of profit or loss and other comprehensive income. After production starts, all assets included in 'Mines under construction' are then transferred to 'Producing mines' which is also a sub-category of 'Mine properties'.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Initial recognition

Upon completion of the mine construction phase, the assets are transferred into "Property, plant and equipment" or "Mine properties". Items of property, plant and equipment and producing mine are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Mine properties also consist of the fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition. When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

(ii) Depreciation/amortisation

Accumulated mine development costs are depreciated/amortised on a unit of production (UOP) basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case, the straight-line method is applied. The unit of account for run-of-mine (ROM) costs is tonnes of ore, whereas the unit of account for post-ROM costs is recoverable ounces of gold and recoverable tonnes of copper. Rights and concessions are depleted on the UOP basis over the economically recoverable reserves of the relevant area. The UOP rate calculation for the depreciation/amortisation of mine development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure. Economically recoverable reserves include proven and probable reserves.

The estimated fair value attributable to the mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of the acquisition is amortised on a UOP basis, whereby the denominator is the proven and probable reserves, and for some mines, a portion of mineral resources which are expected to be extracted economically. These other mineral resources may be included in depreciation calculations in limited circumstances and where there is a high degree of confidence in their economic extraction. This would be the case when the other mineral resources do not yet have the status of reserves merely because the necessary detailed evaluation work has not yet been performed and the responsible technical personnel agree that inclusion of a proportion of measured and indicated resources is appropriate based on historic reserve conversion rates.

The estimated fair value of the mineral resources that are not considered to be probable of economic extraction at the time of the acquisition is not subject to amortisation, until the resource becomes probable of economic extraction in the future and is recognised in exploration and evaluation assets.

The premium paid in excess of the intrinsic value of land to gain access is amortised over the life of the mine.

Other plant and equipment, such as mobile mine equipment, is generally depreciated on a straight-line basis over their estimated useful lives, as follows:

- Buildings 20 years
- Plant and equipment 5 to 15 years

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive income when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period and adjusted prospectively, if appropriate.

Non-convertible Redeemable Preference Shares

Preference share capital is classified as equity if it is non-convertable, non-redeemable or redeemable only at the discretion of the Parent Entity, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon declaration by the directors. Preference share capital is classified as a liability if it is non-convertible or if it is redeemable on a set date or at the option of the shareholders, or where the dividends are mandatory. Dividends thereon are recognised as interest expense in profit or loss.

Critical Accounting Estimates

The Group has identified new significant judgements and estimates and assumptions in the half year period:

Significant Judgements:
Accounting for acquisition of a business

The Group completed the acquisition of North American Lithium Inc (NAL) on 27 August 2021.

Accounting for business combinations under the scope of AASB3: Business Combinations is complex and requires judgements and estimates to be made in determining several matters including but not limited to:

- Identifying the acquirer
- Determining the date on which the Group achieved control of the subsidiary
- Determining the purchase price consideration paid
- Identifying the assets acquired and liabilities assumed as part of the transaction, and
- Determining the fair values to be attributed to the identifiable assets acquired and liabilities assumed.

Purchase Price Consideration

As detailed in Note 4A the purchase price consideration included cash and the issue of redeemable preference shares.

The difference between the consideration paid by the vendors for the fair value of the assets acquired and liabilities assumed at acquisition date, resulted in a A$108,374,739 gain on acquisition. The fair value of the assets acquired and liabilities assumed was estimated by calculating the present value of the future expected cash flows. A discount rate of 10% was used.

Significant judgements are involved in assessing the future cash flows of the acquired business, including revenue, expenditure and growth rates applied for revenue and gross main. The assessment of discount rates required judgement, with the IRR determined as the appropriate discount rate.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Judgement has been applied as to valuation methodology and valuation range. The directors engaged an independent expert to assist. In determining the fair value of NAL the independent expert prepared an Estimate Valuation Report in conformity with Canadian Institute of Chartered Business Valuators Practice Standards for valuation reports in respect of the following NAL assets and liabilities:

- Plant and equipment
- Mining Interest
- Reclamation Provision

Other NAL assets and liabilities (i.e. other than those detailed above) were excluded from the valuation prepared by the independent expert. The book value of other assets and liabilities acquired, namely current accounts receivable and current accounts payable and accruals as at acquisition date were assumed to approximate their fair value.

Given the size and complexity of the acquisition transaction, the acquisition accounting is provisional. A final assessment will be performed in measuring the fair value of the assets acquired and liabilities assumed prior to the finalisation of acquisition accounting.

Significant Estimates:
(i) Uncertain tax position – Unutilised tax losses on acquisition

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances arises. The adjustment is treated as a reduction to goodwill if it has occurred during the measurement period or if outside the recognition period, is recognised in the statement of profit or loss and other comprehensive income.

(ii) Functional currency

Management have determined the functional currency for the parent entity and its subsidiaries, is the currency of the primary economic environment in which the entity operates, which is the Australian dollar. The currencies of entities in the Groupares the Canadian dollar and Australian dollar. Determining the functional currency involves judgements to identify the primary economic environment and the Company will reconsider the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Estimates and assumptions:
Mine restoration

The ultimate mine restoration costs are uncertain, and costs estimates can vary in response to many factors including estimates of the extent of costs of rehabilitation activities, technological changes, regulatory changes, cost increases compared to inflation rates and changes in discount rates. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

New Accounting Standards Adopted

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

NOTE 2: RESULT FOR THE PERIOD

	Half Year Ended 31 Dec 2021 $	Half Year Ended 31 Dec 2020 $
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Revenue and other income		
Gain from bargain purchase	108,374,739	-
Interest received from unrelated parties	99,561	2,546
Government subsidy and incentive receipts	42,133	315,190
Other income	17,063	18,487
	108,533,496	336,223
Expenses		
Transaction cost on NAL acquisition	130,380	-
Transaction cost on Moblan acquisition	1,352,809	-
Finance costs on preference shares	375,065	-
Exploration expenditure expensed during period	2,491,367	69,569
Foreign exchange loss/(gain)	4,853,712	(4,138)
Depreciation & amortisation	11,123	6,864
Amortisation on right of use assets	19,050	19,052
Finance costs on lease liabilities	936	1,837

NOTE 3: OTHER ASSETS

	31 December 2021 $	30 June 2021 $
Current:		
Deposits	2,169,826	-
Prepayments	273,472	43,648
	2,443,298	43,648

NOTE 4: SIGNIFICANT TRANSACTION AND EVENTS

This section provides additional information which will help users understand how changes in the Group structure have impacted the financial position and performance of the Group as a whole and the significant events that have occurred during the year impacting the financial position and performance of the Group.

(A) Business Combinations

The Group acquired 100% of the issued capital of North American Lithium Inc. (NAL), a known lithium reserve and former producer of spodumene, on 27 August 2021, for a purchase consideration of A$128.6m.

The acquisition is part of the Group's strategy to integrate NAL's assets with its nearby Authier Lithium Project and expand its lithium reserves and processing operations in the lithium battery industry.

a) Acquisition date fair values

The provisional fair values of identifiable assets and liabilities of North American Lithium Inc. as at the date of acquisition were:

NOTE 4: SIGNIFICANT TRANSACTION AND EVENTS (continued)

Provisional fair value

Assets	**A$**	**C$**
Mine properties (pre-production) (2)	59,889,276	54,905,000
Mine plant and equipment	203,387,264	186,460,390
Receivables (1)	3,031,408	2,779,120
Cash and cash equivalents	1,524,703	1,397,810
	267,832,651	245,542,320
Liabilities		
Trade and other payables	(720,025)	(660,102)
Provisions (Note 10)	(30,133,223)	(27,625,390)
	(30,853,248)	(28,285,492)
Total identifiable net assets at fair value	236,979,403	217,256,828
Gain from bargain purchase	(108,374,739)	(99,355,268)
Total consideration	128,604,664	117,901,560

(1) The directors believe the receivables are fully recoverable and no provision for impairment is required.

(2) Because the mine was in care and maintenance prior to acquisition, significant expenditure is planned to restore operations to full commercial production stage.

(b) Acquisition-date fair value of consideration transferred

	A$	**C$**
Cash paid	106,789,064	97,901,560
Preference shares issued	21,815,600	20,000,000
	128,604,664	117,901,560

The fair values disclosed are provisional as at 31 December 2021. This is because the acquisition occurred on 27 August, and due to the complexity of the acquisition and the inherently uncertain nature of the mining sector, particularly in valuing intangible exploration and evaluation assets, further work will be required to confirm the final fair values. The finalisation of the valuation work required to determine the fair values of the assets and liabilities acquired will be completed within 12 months of the acquisition date, at the latest.

The Group used a discounted cash flow model to estimate tacquisition fair values, based on the life-of-mine plans. Expected future cash flows are based on estimates of future production and commodity prices, operating costs, and forecast capital expenditures using the life-of-mine plan as at the acquisition date.

A replacement-cost approach was used to determine the fair value of other property, plant and equipment.

The gain from bargain purchase of A$108,374,739 arises principally because of the following factors:

· NAL filed for bankruptcy protection in May 2019 and the sale process did not occur until 2021, more than two years after the commencement of bidding for an asset in a Companies' Creditors Arrangement Act ("CCAA") process and thus the price paid can be lower than full value in a non-bankruptcy sale;

· Over the 12 months prior to approval of the Group's bid, a number of government restrictions including travel restrictions were in place due to the COVD-19 pandemic. It is possible that travel restrictions and capital markets uncertainties resulting from COVID-19 also impacted the market competition for the NAL assets;

· NAL had over C$400 million invested. NAL's historical investment in mining, concentrate and refining capacity significantly exceeds the aggregate purchase price; and

NOTE 4: SIGNIFICANT TRANSACTION AND EVENTS (continued)

The Company's share price was $0.031 and market capitalization was A$138.9 million on 26 May 2021, the day prior to signing an agreement to acquire NAL. At the end of business day on 27 May, the Company's share price rose to $0.045 and market capitalization increased to $201.50 million, an increase of approximately 45%. This demonstrates the market's view that the NAL acquisition is value accretive to Sayona.

From the date of acquisition to 31 December 2021, NAL bargain purchase contributed A$108 million to Group revenue and A$105 million to Group profit.

Included within other expenses in the statement of profit or loss and other comprehensive income are acquisition-related costs totalling A$130,380. The costs include advisory, legal, accounting and other professional fees.

(B) Joint Arrangements

During the period, the Group entered into a joint arrangement in Quebec through the acquisition of a 60% interest in the Moblan Lithium Project for US$86.5 million (A$116.7 million) and transaction costs of $1,352,809 were incurred. The remaining 40% interest is held by SOQUEM Inc., a wholly owned subsidiary of Investissement Québec. Sayona will manage the project on behalf of the joint holders.

Under the agreement with Lithium Royalty Corp. (LRC), Sayona acquired a 60% interest in the Moblan project held by Guo Ao Lithium Ltd. The project includes certain mineral claims, technical data and studies as well as the rights of Guo Ao in the joint venture formed with SOQUEM.

In consideration for the assignment by LRC of its rights to acquire the Moblan Interest, Sayona has agreed to the following terms with LRC:

a) in consideration for a US$5 million payment by LRC, the grant by Sayona to LRC of a Gross Overriding Revenue (GOR) Royalty on the Moblan Interest, calculated as follows:
   (i) 2.5% for the first 1 million tonnes (Mt) of ore per annum produced from the Moblan Project;
   (ii) 1.5% for any tonne of ore per annum produced from the Moblan Project in excess of the first 1 Mt.

b) in consideration for a US$3 million payment by LRC, Sayona will cause the transfer to LRC of the 2% Net Smelter Return (NSR) Royalty currently owned by Quebec Precious Metals Inc. on the Tansim project;

c) in consideration for a US$500,000 payment by LRC, the grant by Sayona to LRC of a 1.5% GOR Royalty on Sayona's Mallina Project in Western Australia;

d) Sayona and LRC have also agreed to enter into an offtake agreement with respect to the Moblan Project on the following key terms:
   (i) 10% of Sayona's ownership participation in the Moblan Project of the annual production for life of mine;
   (ii) price at a 5% discount to the prevailing market terms; and

e) Payment by Sayona to LRC of a US$1 million structuring fee on closing of the acquisition of LRC's rights to acquire the Moblan Interest.

NOTE 5: MINE PROPERTIES	31 December 2021 $	30 June 2021 $
Cost as at June 30 2021	-	-
Acquisition (refer note 4A)	59,889,276	-
Foreign currency translation movement	(698,392)	-
Cost as at December 31,2021.	59,190,884	-

During the period, the Group acquired the mining interests in North American Lithium (NAL). The Group plans to refurbish the production facilities and recommence production.

NOTE 6: MINE PLANT & EQUIPMENT	31 December 2021 $	30 June 2021 $
Mine Plant and equipment		
At cost	201,323,210	219,142
Accumulated depreciation	(68,127)	(56,920)
Total plant and equipment	201,255,083	162,222

Reconciliation of the carrying amounts for property, plant and equipment:

Balance at the beginning of year	162,222	151,720
Additions through acquisition (note 4A)	203,387,264	-
Additions other	87,896	31,758
Depreciation expense	(11,123)	(13,654)
Foreign currency translation movement	(2,371,176)	(7,602)
Carrying amount at the end of year	201,255,083	162,222

NOTE 7: EXPLORATION AND EVALUATION ASSETS	31 December 2021 $	30 June 2021 $
Exploration and evaluation expenditure carried forward in respect of areas of interest are:		
Exploration and evaluation phase - group interest 100% (a)	31,659,521	23,523,843
Exploration and evaluation phase - subject to joint operation (b)	117,528,035	2,028,885
	149,187,556	25,552,728

(a) Movement in exploration and evaluation expenditure:	Non-Joint Operation	
Opening balance - at cost	23,523,843	17,839,978
Capitalised exploration expenditure	7,430,917	3,805,078
Transfer from joint operations	-	1,842,720
Capitalised exploration expenditure written off	-	(81,708)
Foreign Currency translation movement	704,761	117,775
Carrying amount at end of year.	31,659,521	23,523,843

(b) Movement in exploration and evaluation expenditure:	Subject to Joint Operation	
Opening balance - at cost	2,028,885	3,353,128
Capitalised exploration & evaluation expenditure	(465,048)	508,642
Additions through acquisition (Note 4B)	116,561,471	-
Transfer to non-joint operations	-	(1,842,720)
Foreign Currency translation movement	(597,273)	9,835
Carrying amount at end of year.	117,528,035	2,028,885

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 14.

NOTE 7: EXPLORATION AND EVALUATION ASSETS (continued)

During the period, the Group entered into a revised Earn-In Agreement for its Pilbara lithium tenement portfolio with Morella Limited (formerly known as Altura Mining Limited). Morella had not earned any interest in the tenements.

During the period, the Group entered into a joint arrangement in Canada through the acquisition of a 60% interest in the Moblan Lithium Project for US$86.5 million. The remaining 40% interest is held by SOQUEM Inc., a wholly owned subsidiary of Investissement Québec. Sayona will manage the project on behalf of the joint holders.

Located approximately 130km north-west of Chibougamau, Moblan is host to high-grade spodumene mineralisation, with a Mineral Resource Foreign Estimate of 12.03Mt @ 1.4% Li2O. It is hosted in a well-studied deposit, with previous exploration work comprising 132 diamond drill holes for more than 17,559m, establishing a 1.5km strike.

NOTE 8: RIGHT OF USE ASSETS & LEASE LIABILITY

	31 December 2021	30 June 2021
	$	$
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	(95,258)	(76,207)
	28,578	47,629
Movement in carrying amounts:		
Opening balance	47,629	85,733
Depreciation Expense	(19,051)	(38,104)
Net Carrying Amount	28,578	47,629
Lease Liability		
Current	33,524	37,540
Non Current	-	15,224
	33,524	52,764

NOTE 9: TRADE AND OTHER PAYABLES

	31 December 2021	30 June 2021
	$	**$**
Current:		
Trade creditors	3,580,524	1,648,184
Sundry creditors and accrued expenses	3,884,586	2,017,376
Total trade & other payables (unsecured)	7,465,110	3,665,560

NOTE 10: PROVISIONS

	31 December 2021 $	30 June 2021 $
Current		
Provision for employee entitlements	68,686	116,872
Non Current		
Provision for mine restoration (a)	29,781,408	-

The Group acquired in the NAL transaction a provision for the future cost of rehabilitating mine sites and related production facilities.

The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to 2030, which is when the producing mine properties are expected to cease operations. These provisions have been created based on the Group's internal estimates and modified by the Ministere de I'Energie et des Ressources naturelles ("MERN").

Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time.

Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future lithium prices, which are inherently uncertain.

NOTE 11: OTHER FINANCIAL LIABILITIES

	31 December 2021 $	30 June 2021 $
Royalty advances	11,021,137	-

NOTE 12: INTEREST BEARING BORROWINGS

Non-convertible redeemable cumulative preference shares (a)	21,933,352	-

(a) Preference Shares on issue are as follows:

Issued during the period:		
27 August 2021, issued as part of the settlement of the acquisition of North American Lithium (note 4A)	21,815,600	-
Interest accrued	375,065	-
Foreign Currency translation movement	(257,313)	-
Balance at reporting date	21,933,352	-

On August 2021,as part of the acquisition of NAL by Sayona Quebec the Group exchanged Investissement Quebec (IQ)'s second ranking debt of C$63million for NAL's 20,000,000 non-convertible redeemable cumulative preference shares a par value of C$1.00.

These shares are classified as a non-current financial liability in the balance sheet. Interest is accrued or paid at 5% per annum. The shares may be redeemed at the option of NAL or at the option of IQ, subject to satisfaction of various performance hurdles. The shares cannot be converted to equity at any time.

NOTE 12: INTEREST BEARING BORROWINGS (continued)

Terms of the preference shares are detailed below:

Preference shareholders are not entitled to dividends or to vote at shareholder meetings.

In the event of default, liquidation, receivership IQ rank before the ordinary shareholders in priority.

Redemption commences in accordance with the NAL Constitution and Governance Agreement once the mine is in commercial operation and the redemption term is up to 10 years after the first anniversary of the issue of these shares.

Interest of A$375,065 was accrued in the half year to 31 December 2021.

At 31 December 2021, the financial liability has been recorded at its issue price plus accrued interest. Given the complexity of the redemption terms the fair value assigned to the preference shares is provisional. An assessment will be performed to measure the probability adjusted fair value prior to the finalisation of acquisition accounting.

NOTE 13: ISSUED CAPITAL

	31 December 2021 $	30 June 2021 $
Fully paid ordinary shares	314,705,062	128,727,789

(a) Ordinary shares	Half Year Ended 31 Dec 2021 No.	Half Year Ended 31 Dec 2020 No.
Balance at the beginning of the reporting period	5,153,695,375	2,468,958,700
Shares issued during the period:		590,864,997
9 July 2021, issue of shares on conversion of options at $0.02	1,950,000	-
19 July 2021, placement of shares at $0.075	423,631,222	-
20 July 2021, issue of shares on conversion of options at $0.02	275,000	-
20 July 2021, issue of shares on conversion of options at $0.03	58,140	-
28 July 2021, issue of shares on conversion of options at $0.02	275,508	-
4 August 2021, issue of shares on conversion of options at $0.03	1,744,186	-
4 August 2021, issue of shares on conversion of options at $0.02	1,072,424	-
6 August 2021, issue of shares on conversion of options at $0.02	242,648	-
6 August 2021, issue of shares on conversion of options at $0.03	4,302,326	-
12 August 2021, issue of shares on conversion of options at $0.02	197,675	-
12 August 2021, issue of shares on conversion of options at $0.03	26,030,699	-
13 August 2021, issue of shares on conversion of options at $0.02	1,000,000	-
13 August 2021, issue of shares on conversion of options at $0.03	656,977	-
18 August 2021, issue of shares on conversion of options at $0.02	850,000	-
18 August 2021, issue of shares on conversion of options at $0.03	97,140	-
19 August 2021, issue of shares on conversion of options at $0.0145	13,200,000	-
23 August 2021, issue of shares at $0.0075	176,368,779	-
25 August 2021, issue shares under a Share Purchase Plan at $0.0075	266,666,917	-
25 August 2021, issue shares at $0.0453	40,850,399	-
31 August 2021, issue of shares on conversion of options at $0.02	5,830,993	-

NOTE 13: ISSUED CAPITAL (continued)	Half Year Ended 31 Dec 2021 No.	Half Year Ended 31 Dec 2020 No.
31 August 2021, issue of shares on conversion of options at $0.03	116,279	-
10 September 2021, issue of shares on conversion of options at $0.02	3,720,663	-
10 September 2021, issue of shares on conversion of options at $0.03	401,866	-
29 September 2021, issue of shares on conversion of options at $0.02	26,539,634	-
29 September 2021, issue of shares on conversion of options at $0.03	795,995	-
30 September 2021, issue of shares on conversion of options at $0.02	1,234,847	-
6 October 2021, issue of shares on conversion of options at $0.02	5,667,500	-
6 October 2021, issue of shares on conversion of options at $0.03	860,000	-
11 October 2021, issue of shares on conversion of options at $0.02	2,007,552	-
11 October 2021, issue of shares on conversion of options at $0.03	755,814	
11 October 2021, issue placement at $0.14503	689,655,173	-
14 October 2021, issue placement at $0.15470	133,971	-
19 October 2021, issue placement at $0.02	11,604,902	-
19 October 2021, issue placement at $0.03	538,392	-
19 October 2021, issue placement at $0.0145	3,279,401	-
27 October 2021, issue of shares on conversion of options at $0.02	1,040,466	-
1 November 2021, issue of shares on conversion of options at $0.02	15,902	-
1 November 2021, issue of shares on conversion of options at $0.145	176,042,042	-
16 November 2021, issue of shares on conversion of options at $0.02	1,050,000	-
16 November 2021, issue of shares on conversion of options at $0.03	348,837	-
23 November 2021, issue of shares on conversion of options at $0.02	194,820	-
6 December 2021, issue of shares on conversion of options at $0.02	1,181,061	-
6 December 2021, issue of shares on conversion of options at $0.03	925,000	-
6 December 2021, issue of shares on conversion of options at $0.03	4,000,000	-
20 December 2021, issue of shares on conversion of options at $0.02	800,000	-
Balance at reporting date	7,051,906,525	3,059,823,697

Options on issue are as follows:

(i) Unlisted employee and officer options		
Balance at beginning of reporting period	8,000,000	8,000,000
Granted during the period	-	-
Exercised during the period	(4,000,000)	-
Expired during the period	-	-
Balance at reporting date	4,000,000	8,000,000

(ii) Listed options		
Balance at beginning of reporting period	474,857,645	182,716,433
Granted during the period	-	195,593,766
Exercised during the period	(92,239,952)	(10,610,596)
Expired during the period	-	-
Transfer from unlisted options	-	107,158,042
Balance at reporting date	382,617,693	474,857,645

NOTE 13: ISSUED CAPITAL (continued)	Half Year Ended 31 Dec 2021 No.	Half Year Ended 31 Dec 2020 No.
(iii) Other Unlisted options		
Balance at beginning of reporting period	-	114,992,301
Granted during the period	13,200,000	66,666,666
Exercised during the period	(13,200,000)	(74,500,925)
Expired during the period	-	-
Transfer to listed options	-	(107,158,042)
Balance at reporting date	-	-

NOTE 14: COMMITMENTS

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 2021 $	30 June 2021 $
Not later than 1 year	1,177,328	1,051,848
Between 1 year and 5 years	997,271	312,440
Total commitment	2,174,599	1,364,288

NOTE 15: 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 2021 financial statements - involving remuneration and equity interests.

NOTE 16: EARNINGS PER SHARE	Half Year Ended 31 Dec 2021 No.	Half Year Ended 31 Dec 2020 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	6,306,045,339	2,835,690,884
Weighted average number of ordinary shares and potential ordinary shares outstanding during the period used in the calculation of diluted EPS	6,755,746,624	2,835,690,884

NOTE 17: DIVIDENDS

No dividends were declared or paid during the period.

NOTE 18: CONTINGENT LIABILITIES

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

NOTE 19: EVENTS AFTER THE END OF THE INTERIM PERIOD

Following the Company's Annual General Meeting held on 28 January 2022, the following securities were issued:

- 38,633,420 shares to executives of the Company at an issue price of A$0.11 each; and
- 40,000,000 options to convert to new shares at an exercise price of A$0.15 and expiring 28 July 2023.

On 25 January 2022, the Company announced that it expanded its Northern Québec lithium hub by pegging 121 new claims west of the Moblan Lithium Project. The granted claims are 100% owned by the Group.

NOTE 20: SHARE BASED PAYMENTS

On 19 August 2021, 13,200,000 listed options were issued to Jett Capital Pty Ltd for services provided at $0.0145 each, expiry date 18 August 2024.

On 14 October 2021, 133,971 listed shares were issued at $0.1547 as part of a performance bonus of an Sayona Quebec Inc employee.

On 27 August 2021, subsidiary North American Lithium Inc. (NAL) issued 20 million redeemable cumulative preference shares as part of the consideration for the Group's acquisition of NAL. (refer note 4A)

NOTE 21: INTEREST IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2.

Name	Principal Place of Business	Country of Incorpration	Ownership interest*	
			2021	2020
			%	%
Sayona East Kimberly Pty Ltd	Australia	Australia	100	100
Sayona International Pty Ltd	Australia	Australia	100	100
Sayona Inc	Canada	Canada	100	100
Sayona Quebec Inc	Canada	Canada	75	-
Sayona Nord Inc	Canada	Canada	100	-
North American Lithum Inc	Canada	Canada	100	-

* The proportion of ownership interest is equal to the voting power held. Ownership interests are directly held.

NOTE 22: 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 Half Year Ended 31 December		Overseas Half Year Ended 31 December		Consolidated Group Half Year Ended 31 December	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
REVENUE						
Revenue	64,373	335,806	108,469,123	417	108,533,496	336,223
Total segment revenue	64,373	335,806	108,469,123	417	108,533,496	336,223
RESULT						
Profit/(Loss) from ordinary activities before income tax expense	(6,226,421)	(795,852)	100,173,610	(187,610)	93,947,189	(983,462)
ASSETS						
Segment assets	31,096,678	10,690,889	413,799,261	21,503,234	444,895,939	32,194,123
LIABILITIES						
Segment liabilities	1,248,152	2,941,993	69,055,065	1,428,346	70,303,217	4,370,339

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 2021 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	**Paul Crawford**
Managing Director	**Director**

Dated this: 16th day of March 2022

Nexia Australia

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 condensed statement of financial position as at 31 December 2021, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed 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 2021 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.

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Independent Auditor's Review Report to the Members of Sayona Mining Limited (continued)

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 2021 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

Date: 16 March 2022