

**SAYONA MINING LIMITED
AND CONTROLLED ENTITIES**

ABN 26 091 951 978

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2018**

The information contained in this report is to be read in conjunction with the Company's 2018 Annual Report and any announcements made to the market during the half year ended 31 December 2018.

**SAYONA MINING LIMITED
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DIRECTORS' REPORT

Your Directors present their report of the Company and its controlled entities for the half-year ended 31 December 2018.

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.

Dennis O'Neill	Alan Buckler
Paul Crawford	James Brown

REVIEW OF OPERATIONS

The loss of the consolidated group after providing for income tax for the half year was \$1,149,203 (2017: \$1,172,140).

AUTHIER LITHIUM PROJECT, CANADA

The Company's primary focus during the half-year has been on completing work required to commence the development of the project, including the definitive feasibility study, community consultation and permitting. Authier is a near-term development project and cash-flow generation opportunity. The Company believes it will create significant share value-uplift potential for shareholders as the project advances towards development.

Authier is a hard rock spodumene lithium deposit scheduled for development as an open cut mine, initially producing a 6% spodumene concentrate. Production is planned to commence in 2020.

Definitive Feasibility Study

On 24 September 2018, the Company announced a positive DFS for the flagship Authier project. The DFS confirmed the project's potential to deliver a profitable and sustainable new lithium mine that will provide new jobs, investment and other benefits for all stakeholders.

Key findings of the DFS include:

- Pre-tax net present value (NPV) of C\$184.8m (AUD \$194.0m), pre-tax internal rate of return (IRR) of 33.7% and estimated payback of 2.6 years
- Annual average concentrate production of 87,400 tonnes at 6% Li₂O;
- Average annual revenue of C\$80 million;
- Mine gate cash costs of C\$416/t and FOB Port cash costs of C\$482/t (US\$366/t);
- Initial capital expenditure of C\$89.9 million;
- Updated Ore Reserve of 12.10 Mt @ 1.00% Li₂O (Proven Reserve 6.10Mt @ 0.99% Li₂O and Probable Reserve 6.00 Mt @ 1.02% Li₂O) delivers a mine life of 18 years.

Permitting Process

The Authier project has been designed to access the permitting route under Section 22 of the Quebec Environmental Quality Act. This requires the project to remain under a maximum production threshold of 2,000 tonnes per day (tpd). Under this mechanism, environmental studies and public consultation is undertaken by the Company in accordance with Mining Act specifications.

On 20 December 2018, Sayona lodged a mining lease application for the Authier deposit. A mining lease grants rights of access and use of the surface for mining purposes. Supporting documentation included:

- rehabilitation plan;

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- definitive feasibility study; and
- certified report describing the nature and extent of the deposit and its probable value.

Sayona also filed an application to the Ministry of the Environment for initial overburden stripping and the construction of an overburden stockpile, water management facilities, an access road and other minor related infrastructure. The application included an updated Environmental and Social Evaluation (ESE) study. The update of the ESE reflects the company's commitment to comply with, or exceed, all Provincial and municipal regulatory requirements for the mine development. This application triggers the review process of the Authier project within the Ministry of the Environment.

Subsequent to the end of the period, the Quebec Environment Minister advised that the Authier project would be subject to the environmental impact assessment and review procedures under the BAPE (bureau d'audiences publiques en environnement). This is an extended permitting process. The Company continues reviewing options to take the project forward to development.

Community Consultation

On 18 August 2018, the Company ended its three month consultation period. Sayona held three public consultation sessions with different stakeholders located near the Project (La Motte, Pikogan and Amos). The purpose of these meetings was to present the results of the environmental studies, the progress of the project and to take into account the concerns of people in relation to the project. Communication channels continue to be maintained with stakeholders to ensure full transparency with local partners.

During the period, Sayona opened an office in La Motte, which is north-west of Montreal and the seat of the municipal council region where Authier is located. This will become the new head office for the Sayona team in Quebec. The office is also open to the community to access information about the Authier project.

Subsequent to period end, the company also announced the appointment of Serge Rouillier as Manager for Sustainable Development. Serge is an experienced executive with a sound background in the mining industry.

Marketing and Finance

The Company's strategy is to initially develop Authier and sell lithium concentrate while it completes the test work and feasibility study for a downstream processing facility producing lithium carbonate and/or hydroxide. The strategy is analogous to other lithium developers in Quebec including Nemaska and North American Lithium.

During the period, the Company has actively engaged with a number of potential product off-takers. Strong interest has been received from Chinese concentrate converters interested in purchasing Authier concentrates or value-adding in country. The Company has undertaken marketing roadshows in China and Asia. The Company plans on building on this work to secure binding off-take contracts for the Authier production.

In addition, the Company is engaged with a number of parties interested in financing the Authier project. Potential financing strategies include royalties, concentrate pre-sales and convertible notes. The objective of the financing strategy is to minimise dilution to shareholders.

Tansim Exploration Project

Tansim is situated 82 kilometres south-west of the Authier project in Quebec. It comprises 65 mineral claims of approximately 12,000 hectares, and is prospective for lithium, tantalum and beryllium.

During the period large spodumene crystals were identified in an initial reconnaissance visit to the site. Mapping and sampling programs were undertaken to define drill targets.

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Selective sampling was undertaken at priority prospects, Viau-Dallaire, Viau and Gauthier with a total of 21 samples taken over exposed pegmatites.

Encouraging assay results include:

- Viau-Dallaire : 14 grab selective samples ranging from 0.96% Li₂O to 2.47% Li₂O
- Viau: 4 grab selective samples ranging from 0.22% Li₂O to 4.5% Li₂O
- Gauthier: 3 grab selective samples that did not return significant Li₂O grade

In all cases high-grade lithium results were associated with albite-spodumene pegmatite with coarse grain spodumene crystals up to 30 centimetres in length. The assays reported were all very low in iron content (averaging 0.63%).

A drilling program to follow up identified targets is scheduled to commence in February 2019. Exploration is being closely co-ordinated with the local First Nations Group, Long Point First Nation, who will provide support services for work programs.

WESTERN AUSTRALIAN PROJECTS

Western Australia is a premium lithium province with world-class, high-grade lithium deposits associated with rare metal pegmatites.

Sayona's leases in the Pilbara region cover some 1,898km² and are centred in the world class Pilgangoora lithium district. Exploration during the half-year included RC drilling at the Mallina project, where three zones of spodumene pegmatite were targeted. Other work included the collection of 260 rock and 619 soil geochemical samples during reconnaissance over regional tenure as well as detailed soil geochemistry and pegmatite mapping at Tabba Tabba.

At the Tabba Tabba project, new pegmatites were identified in the north of the project area. These are tantalum rich and returned up to 352ppm Li₂O and 581ppm tantalum (not same sample).

At Moolyella pegmatite in the southern project area returned up to 1.40% Li₂O.

These encouraging results require further systematic exploration.

Great Sandy Option

In December 2018, the Company made the final option payment to Great Sandy Pty Ltd ("Great Sandy") to acquire an 80% interest in a package of 6 tenements covering 694 km² in the Pilgangoora lithium district of Western Australia.

In January 2019, the Company entered into an agreement with Great Sandy to acquire the remaining 20% interest for \$100,000. Settlement was made through the issue of new shares in Sayona. The Company now holds a 100% interest in the tenement package.

Corporate

At balance date, assets totalled \$22,421,220, which included a cash balance of \$4,495,764.

SUBSEQUENT EVENTS

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

1. On 14 January 2019, the Company entered into an agreement to acquire the remaining 20% of the tenure acquired under the option to purchase agreement with Great Sandy Pty Ltd. Sayona holds a 100% unencumbered interest in the tenement package.
2. On 6 March 2019, the Quebec Environment Minister announced that the Authier project would be subject to the environmental impact assessment and review procedures under the BAPE

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(bureau d'audiences publiques en environnement). This is an extended permitting process. The Company continues reviewing options to take the project forward to development.

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.



Dennis C. O'Neill
Director

Brisbane

14 March 2019



Paul A. Crawford
Director

Reference to Previous ASX Releases

This report refers to the following previous ASX releases:

- Authier Project Expanded JORC Ore Reserves & Resources - 24 September 2018; and
- Positive Authier Definitive Feasibility Study - 24 September 2018.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and all material assumptions and technical parameters continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Forward Looking Statements

This document may contain certain forward looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond Sayona Limited's control. Actual events or results may differ materially from the events or results expected or implied in any forward looking statement. The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward looking statements will be or are likely to be fulfilled. Sayona Mining Limited undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this presentation (subject to securities exchange disclosure requirements). The information in this presentation does not take into account the objectives, financial situation or particular needs of any person. Nothing contained in this presentation constitutes investment, legal, tax or other advice.

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2018 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: 14 March 2019

Nexia Brisbane Audit Pty Ltd

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Note	Consolidated Group	
		31 December 2018 \$	31 December 2017 \$
Revenue and other income	2	90,329	25,740
Administrative expenses		(621,602)	(622,234)
Current period exploration & evaluation expenditure written-off	2	(56,752)	(85,170)
Employee benefit expense		(513,774)	(459,609)
Occupancy expenses		(47,404)	(30,867)
Loss before income tax		(1,149,203)	(1,172,140)
Income tax expense		-	-
Loss for the period		(1,149,203)	(1,172,140)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss		(32,797)	122,793
Total comprehensive income for the half year		(32,797)	122,793
Total comprehensive loss attributable to members		(1,182,000)	(1,049,347)
Earnings per Share			
From continuing operations			
Basic earnings per share (cents per share)	9	(0.07)	(0.11)
Diluted earnings per share (cents per share)	9	(0.07)	(0.11)
Dividends per share (cents per share)		-	-

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Note	Consolidated Group 31 December 2018 \$	30 June 2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		4,495,764	10,275,738
Trade and other receivables		331,234	484,445
Other assets	3	103,071	175,134
Total Current Assets		4,930,069	10,935,317
NON-CURRENT ASSETS			
Property, plant and equipment		70,005	5,518
Exploration and evaluation asset	4	17,421,146	13,319,187
Total Non-Current Assets		17,491,151	13,324,705
TOTAL ASSETS		22,421,220	24,260,022
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	909,033	1,531,489
Provisions		39,877	47,811
Total Current Liabilities		948,910	1,579,300
TOTAL LIABILITIES		948,910	1,579,300
NET ASSETS		21,472,310	22,680,722
EQUITY			
Issued capital	6	79,157,089	79,183,501
Reserves		(52,071)	(19,274)
Accumulated losses		(57,632,708)	(56,483,505)
TOTAL EQUITY		21,472,310	22,680,722

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

Consolidated Group	Note	Issued Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Total \$
Balance at 1 July 2017		63,165,259	(54,177,564)	(125,752)	-	8,861,943
Loss for the period		-	(1,172,140)	-	-	(1,172,140)
Other comprehensive income for the period		-	-	122,793	-	122,793
Total comprehensive income/(loss) for the period		-	(1,172,140)	122,793	-	(1,049,347)
Transactions with owners in their capacity as owners and other transfers						
Shares issued during the period	6	5,074,101	-	-	-	5,074,101
Transaction costs	6	(536,270)	-	-	-	(536,270)
Share based payments/transactions	6	240,000	-	-	22,522	262,522
Total transactions with owners		4,777,831	-	-	22,522	4,800,353
Balance at 31 December 2017		67,943,090	(55,349,704)	(2,959)	22,522	12,612,949
Balance at 1 July 2018		79,183,501	(56,483,505)	(19,274)	-	22,680,722
Loss for the period		-	(1,149,203)	-	-	(1,149,203)
Other comprehensive income/(loss)		-	-	(32,797)	-	(32,797)
Total comprehensive income/(loss) for the period		-	(1,149,203)	(32,797)	-	(1,182,000)
Transactions with owners in their capacity as owners and other transfers						
Shares issued during the period	6	16	-	-	-	16
Transaction costs	6	(38,928)	-	-	-	(38,928)
Share based payments/transactions	6	12,500	-	-	-	12,500
Total transactions with owners		(26,412)	-	-	-	(26,412)
Balance at 31 December 2018		79,157,089	(57,632,708)	(52,071)	-	21,472,310

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Consolidated Group	
	31 December 2018	31 December 2017
	\$	\$
<hr/>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,791,132)	(1,105,864)
Interest received	82,969	13,240
Sale of geological information	-	12,500
Insurance refunds	7,360	-
Net cash provided by (used in) operating activities	<u>(1,700,803)</u>	<u>(1,080,124)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(67,130)	(2,339)
Capitalised exploration expenditure	(3,973,715)	(1,219,126)
Net cash provided by (used in) investing activities	<u>(4,040,845)</u>	<u>(1,221,465)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	16	5,074,101
Costs associated with shares & option issues	(38,928)	(536,270)
Net cash provided by (used in) financing activities	<u>(38,912)</u>	<u>4,537,831</u>
Net increase/(decrease) in cash held	(5,780,560)	2,236,242
Cash at 1 July	10,275,738	1,216,054
Effect of exchange rates on cash holdings in foreign currencies	586	(187)
Cash at 31 December	<u>4,495,764</u>	<u>3,452,109</u>

The accompanying notes form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

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 2018 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 2018, together with any public announcements made during the following half year.

These interim financial statements were authorised for issue on 14 March 2019.

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.

The Company has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements either is not relevant or not material.

NOTE 2: RESULT FOR THE PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Revenue

	Half Year Ended 31 Dec 2018 \$	Half Year Ended 31 Dec 2017 \$
Interest received from other persons	82,969	13,240
Sale of geological information	-	12,500
Insurance refunds	7,360	-
	90,329	25,740

Expenses

Exploration expenditure expensed during period	56,752	85,170
Foreign exchange loss	1,141	11,039
Depreciation	1,983	2,966
	1,983	2,966

NOTE 3: OTHER ASSETS

Current:

	31 December 2018 \$	30 June 2018 \$
Deposits	2,184	2,154
Prepayments	100,887	172,980
	103,071	175,134

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

NOTE 4: EXPLORATION AND EVALUATION ASSET	31 December 2018	30 June 2018
	\$	\$
Exploration and evaluation expenditure carried forward in respect of areas of interest are:		
Exploration and evaluation phase - company interest 100%	16,229,431	12,712,550
Exploration and evaluation phase - subject to joint operation	1,191,715	606,637
	17,421,146	13,319,187
(a) Movement in exploration and evaluation expenditure:	Non-Joint Operation	
Opening balance - at cost	12,712,550	7,697,147
Capitalised exploration expenditure	3,516,881	5,015,403
Carrying amount at 31 December 2018	16,229,431	12,712,550
(b) Movement in exploration and evaluation expenditure:	Subject to Joint Operation	
Opening balance - at cost	606,637	127,014
Capitalised exploration & evaluation expenditure	585,078	479,623
Carrying amount at 31 December 2018	1,191,715	606,637

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.

Movements during the period on exploration & evaluation assets included \$3,269,969 on the Authier Lithium project in Canada.

Commitments in respect of exploration projects are set out in Note 7. In addition, the Group has options for an interest in projects as set out below:

Sayona Lithium Pty Ltd

On 4 February 2016, the Company entered into a binding heads of agreement with Mr Bruce Legendre to acquire a 100% interest in Western Australian mineral tenement E59/2092.

The agreement provided for an initial payment of \$15,000 and issue of 1,000,000 fully paid ordinary shares in the parent entity to acquire 80% of the tenement with a further 3 year option to acquire the remaining 20% for \$100,000.

The Group holds an 80% interest in the project at balance date. Under the agreement, the vendor is entitled to receive a 1% gross production royalty and is entitled to explore for and develop other non-lithium commodity within the Tenement during the option period.

On 4 February 2017, the Company entered into an option agreement with Great Sandy Pty Ltd to acquire a number of tenements in the Pilgangoora lithium district of Western Australia.

The option provides for the Company to acquire an 80% interest in all the tenements by making staged payments in cash or shares, at Great Sandy's election, of \$300,000 within 12 months and a further \$300,000 within 24 months of the agreement date. The Agreement also provides for a free carried interest of Grant Sandy up to decision to mine. Great Sandy can elect to convert the 20% interest to a 2% gross smelter royalty.

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NOTE 4: EXPLORATION AND EVALUATION ASSET (CONT)

On 19 December 2017, the Group exercised its option and made the initial \$300,000 payment under the agreement. Of this, \$80,000 was settled through the issue of 1,869,159 ordinary shares.

On 18 December 2018, the Group exercised its option and made the second \$300,000 payment under the agreement.

Sayona Quebec Inc.

On 16 March 2017, the Company entered into an option-to-purchase agreement to acquire a tenement to the east of the company's Authier project in Quebec, Canada. The option to purchase CDC2187652 is exercisable anytime in the next five years, by making payments including CAD\$25,000 on signing, \$5,000 on each anniversary between years two to five, and CAD\$75,000 on exercise of the option.

The Group held no interest in the project at 31 December 2018.

On 15 October 2018, the Group entered into an agreement to purchase four additional Mineral Claims 2472424, 2472425, 2480180, 2507910, to extend the Authier project. The agreement provided for an initial share issue of CAD\$12,500 worth of shares, and a payment of CAD\$12,500 in cash. On 27 November 2018, the Group paid AUD\$12,500 through a share issue of 492,126 shares.

NOTE 5: TRADE AND OTHER PAYABLES

	31 December 2018	30 June 2018
	\$	\$
Current:		
Trade creditors	770,384	1,115,265
Sundry creditors and accrued expenses	138,649	416,224
Total trade & other payables (unsecured)	909,033	1,531,489

NOTE 6: ISSUED CAPITAL

	31 December 2018	30 June 2018
	\$	\$
1,716,024,391 (30 June: 1,715,532,065) fully paid ordinary shares	79,157,089	79,183,501
	Half Year Ended 31 Dec 2018	Half Year Ended 31 Dec 2017
	No.	No.
Balance at the beginning of the reporting period	1,715,532,065	974,796,586
Shares issued during the period:		500,227,175
27 November 2018, new issue of shares at \$0.078 per share following the conversion of options.	200	-
27 November 2018, new issue of shares at \$0.025 per share in part settlement of tenement acquisition.	492,126	-
Balance at reporting date	1,716,024,391	1,475,023,761
(b) Options on issue are as follows:		
(i) Unlisted employee and officer options		
Balance at beginning of reporting period	-	-
Granted during the period*	-	5,000,000
Exercised during the period*	-	(5,000,000)
Expired during the period	-	-
Balance at reporting date	-	-

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

NOTE 7: 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 2018	30 June 2018
	\$	\$
Not later than 1 year	675,052	3,904
Between 1 year and 5 years	1,625,663	3,579
Total commitment	<u>2,300,715</u>	<u>7,483</u>

NOTE 8: 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. In the current period, there were no arrangements with related parties in place.

NOTE 9: EARNINGS PER SHARE

	Half Year Ended 31 Dec 2018	Half Year Ended 31 Dec 2017
	No.	No.
The earnings figures used in the calculation of both the basic Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	1,715,623,038	1,111,456,393
Weighted average number of dilutive securities outstanding	-	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the period used in the calculation of diluted EPS	<u>1,715,623,038</u>	<u>1,111,456,393</u>

NOTE 10: DIVIDENDS

No dividends were declared or paid during the period.

NOTE 11: CONTINGENT LIABILITIES

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

NOTE 12: EVENTS AFTER THE END OF THE INTERIM PERIOD

Key events since the end of the financial year have been:

On 24 January 2019, the Group exercised the final option payment to Great Sandy Pty Ltd, by issuing 5,235,602 shares (\$100,000) to acquire the final 20% of the tenure. The Group now holds 100% unencumbered interest in the tenement package.

On 6 March 2019, the Quebec Environment Minister announced that the Authier project would be subject to the environmental impact assessment and review procedures under the BAPE (bureau d'audiences publiques en environnement). This is an extended permitting process. The Company continues reviewing options to take the project forward to development.

NOTE 13: SHARE BASED PAYMENTS

On 27 November 2018, the Company issued 492,126 shares (value \$12,500) as part settlement of the acquisition of additional mining claims for the Authier project in Canada.

NOTE 14: OPERATING SEGMENTS

The Group has operated 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		Half Year Ended 31		Half Year Ended 31	
	December		December		December	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
REVENUE						
Revenue	88,729	25,430	1,600	310	90,329	25,740
Total segment revenue	88,729	25,430	1,600	310	90,329	25,740
RESULT						
Loss from ordinary activities before income tax expense	(1,030,111)	(1,163,366)	(119,092)	(8,774)	(1,149,203)	(1,172,140)
ASSETS						
Segment assets	7,432,879	5,350,609	14,988,341	7,848,710	22,421,220	13,199,319
LIABILITIES						
Segment liabilities	182,460	363,835	766,450	222,535	948,910	586,370

Segment accounting policies are consistent with the economic entity.

**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 2018 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.



Dennis C. O'Neill
Director



Paul Crawford
Director

Dated this: 14th day of March 2019

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sayona Mining Limited, which comprises the consolidated condensed statement of financial position as at 31 December 2018, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 (including Australian Accounting Interpretations) 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. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 Sayona Mining Limited's financial position as at 31 December 2018 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*. As the auditor of Sayona Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Sayona Mining Limited as attached to the director's report, would be in the same terms if given to the directors as at the time of this auditor's review report.

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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SAYONA MINING LIMITED
(CONTINUED)****Conclusion**

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 is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of Sayona Mining Limited's financial position as at 31 December 2018 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.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Nigel Bamford

N D Bamford

Director

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

Date: 14 March 2019