



**SAYONA MINING LIMITED  
AND CONTROLLED ENTITIES**

ABN 26 091 951 978

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A photograph of a mining site. In the foreground, a yellow Komatsu haul truck is parked on a pile of grey crushed rock. In the background, a large, rocky hillside rises under a clear sky. On the right side of the image, a person wearing a white hard hat and a high-visibility orange safety vest is partially visible, looking towards the truck.

# **FINANCIAL REPORT**

## **FOR THE YEAR ENDED**

### **30 JUNE 2023**



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## Directors' Report

Your Directors present their report on Sayona Mining Limited ("the Company") and its controlled entities (the "Consolidated Group" or "Group") for the year ended 30 June 2023.

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

- Director biographical information on page 6;
- Remuneration Report on pages 7 to 14;
- Auditor's Independence Declaration on page 15;
- Financial Report on pages 16 to 49; and
- Directors' Declaration on page 50.

### Directors

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

#### Mr James Brown<sup>(1)</sup>

Appointed 12 August 2013

#### Mr Allan Buckler

Appointed 5 August 2013

#### Mr Paul Crawford

Appointed 10 March 2000

#### Mr Philip Lucas

Appointed 27 August 2023

#### Mr Brett Lynch<sup>(2)</sup>

Appointed 1 July 2019; resigned 27 August 2023

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

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

Further information on the Directors' qualifications, experience and other directorships are set out in this report on page 6.

### Meetings of Directors

During the year, there were a total of 14 meetings of the full Board of Directors. The number of meetings attended by each Director were:

Director	Board Meetings	
	Eligible <sup>(1)</sup>	Attended <sup>(2)</sup>
J Brown	14	14
A Buckler	14	14
P Crawford	14	14
P Lucas <sup>(3)</sup>	-	-
B Lynch	14	14

<sup>(1)</sup> Number of meetings held during the year while the Director was a member of the Board.

<sup>(2)</sup> Number of meetings attended during the year while the Director was a member of the Board.

<sup>(3)</sup> Mr Lucas was appointed as a Non-Executive Director on 27 August 2023.

The Group did not have an audit committee in place at the date of this report. At present, the Non-Executive Directors have assumed the responsibilities of the audit committee. The Board is currently reviewing its corporate governance practices and will establish key governance committees as part of this process.

### Principal Activities

The principal activities of the Group during the year were lithium mining and processing at North American Lithium (NAL) and ongoing identification, evaluation and development of its portfolio

of mineral exploration assets in Australia and Canada, predominantly focusing on lithium.

During the year, the Group completed the refurbishment, upgrade and restart of operations at NAL in conjunction with its strategic partner, Piedmont Lithium Québec Holdings Inc.

The restart of operations was completed on time, culminating in first spodumene concentrate production in March 2023 as part of the commissioning process. The first shipment of 19,200 dry metric tonnes of concentrate took place in August 2023.

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

### Significant Changes in the State of Affairs

On 5 August 2022, the Group announced an agreement with Acuity Capital to increase the At-the-Market Subscription Agreement (ATM) facility limit from \$50 million to \$200 million and extend the expiry date to 31 July 2025. The remaining standby equity capital available under the ATM is \$193.6 million. Under the agreement, Sayona issued a further 155 million shares in November 2022 as collateral against the facility, bringing the total security held by Acuity Capital to 250 million shares. These shares were issued at no cost and are similar to treasury shares.

On 2 September 2022, the S&P Dow Jones Indices announced the September 2022 quarterly rebalance of the S&P/ASX indices, resulting in Sayona Mining Limited being included in the S&P/ASX 200 Index prior to the market opening on 19 September 2022.

On 14 November 2022, the Group announced an agreement with Consolidated Lithium Metals Inc. (CLM) for NAL to acquire a 9.99% interest in CLM for C\$1.5 million. As part of the agreement, NAL acquired 20 claims adjacent to the NAL operation with a further 28 claims part of the Vallée Lithium Project, subject to an earn-in agreement.

On 17 November 2022, the Group announced an agreement with Troilus Gold Corporation to acquire 1,824 claims located near the Moblan Lithium Project for a purchase consideration of \$44.5 million. Pursuant to this agreement, the Group issued 184,331,797 fully paid ordinary shares to Troilus Gold Corporation to settle the transaction. The Group also acquired a 9.26% interest in Troilus Gold Corporation.

On 7 March 2023, the Group entered into a subscription agreement with PearTree Securities Inc. for the issuance of 174,459,177 fully paid ordinary shares at an issue price of \$0.315 per share for aggregate gross proceeds of \$54.9 million using the flow-through-share (FTS) provisions under Canadian tax law. The funds from the placement will be used primarily to accelerate exploration efforts at NAL and Moblan.

On 5 June 2023, the Group completed the first tranche of a \$200 million placement to institutional, professional and sophisticated investors, resulting in the issuance of 940,384,891 fully paid ordinary shares at an issue price of \$0.18 per share for aggregate gross proceeds of \$169.3 million. The second tranche totalling \$30.7 million was completed on 19 July 2023.

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

### OPERATING AND FINANCIAL REVIEW

#### Operating Review

The Group's operations during the year ended 30 June 2023 have been focused on the development of its lithium assets in Québec and working to realise value from its lithium and gold tenements in Western Australia. The Operating and Financial Review includes,

## Directors' Report

where possible, likely developments and expected results from the Group's operations in future financial years.

### QUÉBEC, CANADA

#### North American Lithium (NAL)

During the year, Sayona's primary focus was the restart of spodumene concentrate production at NAL. The restart commenced on time in Q3 FY23 and culminated in the first spodumene concentrate production in March 2023 as part of the commissioning process. The first shipment of 19,200 dry metric tonnes of concentrate took place in August 2023, subsequent to period end.

The first full quarter of operations was achieved in Q4 FY23. The average spodumene concentrate grade achieved was in line with targeted grades, with all key spodumene concentrate parameters in line with offtake specifications. For the full financial year, NAL recorded 33,120 tonnes of spodumene concentrate production.

The current Life of Mine (LOM) has been estimated at 20 years, however Sayona is advancing a 50,000 metre drilling program for NAL and the adjacent Vallée Lithium Project to identify additional resources. The program commenced in Q4 FY23. At 30 June 2023, 31 holes (8,572 metres) had been drilled as part of Phase 1 of the program.

#### NAL Definitive Feasibility Study (DFS)

In April 2023, Sayona announced a DFS combining the NAL operation and Authier Lithium Project. The pre-tax net present value (NPV) of the project was estimated at \$2.2 billion (8% discount rate), representing a significant increase from the pre-tax NPV of \$1 billion disclosed in the pre-feasibility study.

The operation is expected to generate estimated total net revenue of \$7.6 billion with an EBITDA of \$3.7 billion, based on life-of-mine annual average concentrate production of 190,000 tonnes, supporting an after-tax Internal Rate of Return of 2,545%. This clearly demonstrates the Abitibi-Témiscamingue lithium hub's long-term financial and technical viability.

#### NAL Preliminary Carbonate Technical Study

In June 2023, Sayona announced the results of a preliminary carbonate technical study for NAL, confirming the benefits of moving into downstream processing. Study highlights included an estimated pre-tax NPV (8% discount) of \$3.2 billion and pre-tax internal rate of return of 60%, with the project expected to generate an estimated EBITDA of \$7.5 billion over the 16-year life of the carbonate plant. The pre-tax NPV of fully integrated downstream operations at NAL is now estimated at \$5.4 billion, including the NAL DFS.

Sayona and Piedmont will work with technical advisers to undertake a further trade-off study of lithium carbonate versus lithium hydroxide production at NAL, with a definitive technical study to follow for release in 2024.

#### Authier Lithium Project

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

In November 2022, Sayona submitted the Authier project for environmental impact assessment and review under the Québec Government's 'BAPE' (Bureau d'audiences publiques sur l'environnement) process, demonstrating the Group's commitment to transparency and stakeholder engagement. The request was accepted by the Québec Government in February 2023. A revised Environmental and Social Impact Assessment for the project will be produced by December 2023.

#### Tansim Lithium Project

Sayona is focused on ensuring the project generates maximum benefits for all local stakeholders, including First Nations people, together with minimising any environmental impacts. No work was carried out at Tansim during the period as activities focused on NAL and Moblan.

#### Vallée Lithium Project

In November 2022, Sayona announced a strategic acquisition and earn-in between NAL and Consolidated Lithium Metals Inc. at CLM's Vallée Lithium Project. The acquisition and earn-in by NAL comprised 48 claims spanning approximately 1,997 hectares, located adjacent to the NAL operation.

Key aspects of the transaction include the acquisition of 20 claims outright and the right to earn up to a 51% stake in an additional 28 claims, based on spending and funding milestones. The 20 claims acquired outright span 755 hectares, providing an immediate extension to the NAL operating area and allowing for potential future infrastructure expansion at the NAL mine and its processing facility. Pegmatite targets are located close to and along strike from the NAL ore body.

The Group also acquired a 9.99% interest in CLM for approximately C\$1.5 million.

In May 2023, a drilling program commenced over the Vallée Lithium Project and adjacent NAL claims. Of the 50,000 metres of planned drilling, approximately 15,000 metres relates to the Vallée Lithium Project claims.

#### Moblan Lithium Project

During the year, Sayona announced a significant resource upgrade for the Moblan Lithium Project with an initial JORC Mineral Resource estimate, including a maiden resource for the South Pegmatite discovery.

Sayona now estimates a total JORC Measured, Indicated and Inferred Resource of 70.9 million tonnes at 1.15% Li<sub>2</sub>O (0.25% Li<sub>2</sub>O cut-off grade in the sensitivity analysis), representing one of North America's single largest lithium resources. This estimate includes higher grade tonnage opportunities with a Measured, Indicated and Inferred Resource of 51.4 million tonnes at 1.31% Li<sub>2</sub>O (0.55% Li<sub>2</sub>O cut-off grade in the sensitivity analysis).

Sayona aims to further enhance the size and grade of this resource through additional drilling, with a total of 60,000 metres of drilling planned in what is likely to be one of the largest single drilling program's in Québec for 2023.

At 30 June 2023, a total of 163 holes totalling 33,757 metres had been drilled. Following the announcement of initial high grade drilling results at Moblan in July 2023, subsequent to period end, Sayona will proceed directly to a DFS, expected to be released by the end of 2023. The study will examine the development of a mine and concentrator north of Chibougamau, near the Route du Nord in Cree Mistissini territory, with the Moblan Lithium Project serving as the centre of the Eeyou-Istchee James Bay Hub, including the Lac Albert Lithium Project.

#### Lac Albert Lithium Project

In January 2022, Sayona announced the acquisition of 121 new claims in the vicinity of Moblan known as the Lac Albert Lithium Project. Located 3.5km west of the Moblan Lithium Project, in the same proven lithium mining province, the new claims span 6,592 hectares and will be assessed for lithium pegmatite occurrences.

These claims are separate to the Moblan Lithium Project. No activities were undertaken at the Lac Albert Lithium Project during the period.

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## Directors' Report

### Troilus Claims

In November 2022, Sayona announced the acquisition of a 100% interest in 1,824 claims from Troilus Gold Corporation for approximately \$44.5 million. These claims were acquired through an issue of 184,331,797 fully paid ordinary shares in Sayona Mining Limited.

The Group also acquired a 9.26% equity interest in Troilus Gold Corporation by subscribing for 20.4 million shares at C\$0.49 per share. These claims are separate to the Moblan Lithium Project. No activities were undertaken during the period.

### WESTERN AUSTRALIA, AUSTRALIA

#### LITHIUM EXPLORATION

**Morella Lithium Joint Venture Project (Morella 51% / Sayona 49%)**  
Morella Corporation Limited (ASX: 1MC) earned a 51% stake in the joint venture, having satisfied its requirements under the Earn-in Agreement by incurring expenditure of \$1.5 million on exploration within three years.

During the period, a 35-hole drilling program for 2,200 metres was undertaken at the Mallina tenement over the Discovery, Area C and Eastern Pegmatite No. 2 and 3 prospect areas.

Subsequent to the end of FY23, Morella announced that drilling results had identified new areas of mineralisation and extensions to existing mineralised zones.

The nature of the numerous pegmatite bodies identified within the Mallina project suggests the strong possibility of additional lithium discoveries beyond the currently explored area. Planned future work includes additional drilling to further develop the identified mineralisation, as well as additional geochemical and geophysical surface techniques.

#### Tabba Tabba Project

Field work and heritage surveying has advanced drill planning over targets in the south of the lease and southern strike extension to the Tabba Tantalum Mine pegmatite corridor. Drilling is planned to test for potential spodumene rich zonation to the south of the mined tantalum rich pegmatite system.

#### GOLD EXPLORATION

##### Mt Dove Project

A heritage survey was completed during the year over areas where a 3,500 metre air-core / reverse circulation drill program has been planned to test magnetic features and structural targets for bedrock gold anomalism.

Drilling activity will proceed once the final survey report has been delivered. The Mt Dove Project is proximal to De Grey Mining's Hemi discovery.

##### Deep Well Project

Infill soil sample results have confirmed and extended encouraging results in the T5 area of the tenement. Further work is planned to allow targeting for follow up air-core drilling of the geochemical anomalies, as well as further drill testing of magnetic targets within the greater Deep Well lease.

Sayona holds 100% of the lithium rights within Deep Well and exploration is proceeding with an awareness of the lithium potential of the project area.

#### Financial Review

The Group's consolidated loss after income tax for the year ended 30 June 2023 was \$12.9 million (2022: \$73.8 million profit). The operating result for the year ended 30 June 2022 included a gain on acquisition of North American Lithium of \$101.7 million.

At 30 June 2023, the Group's consolidated financial position comprises total assets of \$1,009.6 million (2022: \$661.2 million), total liabilities of \$124.8 million (2022: \$100.5 million) and net assets of \$884.8 million (2022: \$560.6 million). The Group reported cash and cash equivalents of \$211.1 million (2022: \$184.6 million) as at 30 June 2023.

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

The Directors have reasonable grounds to believe the Group is in a strong financial position to grow its current operations.

#### Dividends

No dividends were declared or paid during the financial year.

#### Significant Events After Reporting Date

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

On 28 August 2023, the Group announced changes to the Board of Directors following the resignation of Mr Brett Lynch as Managing Director and Chief Executive Officer. To enable a smooth transition to new leadership, Mr James Brown was appointed as Executive Director and Interim Chief Executive Officer, effective 27 August 2023.

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

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

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

#### External Factors and Risks Affecting the Group's Results

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

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

- global economic uncertainty and liquidity negatively impacting the market for lithium;
- negative commodity price variations and volatility;
- heightened political, social and economic expectations in respect of climate change and the transition to a low-carbon economy;
- political risks and actions by governments and authorities including changes in legislation, regulation and policy;
- major external events or natural disasters;

## Directors' Report

- delays or refusal of relevant approvals to conduct proposed operations;
- inability to deliver safe, stable and predictable operational performance;
- inability to secure supply of logistics chains and critical goods and services;
- exploration and evaluation activity not achieving the expected or desired results;
- inflationary impacts and foreign exchange rate fluctuations; and
- inability to raise additional funds in the future.

### Directors Interest in Shares and Equity Rights

At the date of this report, the interests of the Directors in the ordinary shares and equity rights of the Company are as follows:

Director	Ordinary shares	Equity rights <sup>(1)</sup>
J Brown	10,757,094	-
A Buckler	112,589,051	-
P Crawford <sup>(2)</sup>	171,341,303	10,000,000
P Lucas	-	-

- (1) Equity rights relate to equity awards or options which have been granted.  
 (2) Equity rights for Mr Crawford have vested due to performance conditions being achieved and, subject to being exercised, will convert into ordinary shares.

No equity rights over the ordinary shares of the Company are held by Non-Executive Directors at the date of this report.

The total number of equity rights over the ordinary shares of the Company as at 30 June 2023 is set out in Note 29 to the financial statements.

At the date of this report, the total number of equity rights over the ordinary shares of the Company are as follows:

	Number of equity rights	Exercise price	Expiry / vesting date
<b>Equity awards</b>			
Performance rights <sup>(1)</sup>	13,454,794	N/A	Various
<b>Options</b>			
Equity-settled services <sup>(2)</sup>	2,234,482	\$0.1825	28-Nov-25
Performance rights <sup>(3)</sup>	10,000,000	\$0.1500	17-Jul-24

- (1) Performance rights relate to equity awards granted to employees for nil consideration, subject to performance conditions being met. Refer to Note 29 to the financial statements for further detail on the outstanding equity awards.  
 (2) Equity-settled services relate to options granted to Jett Capital Advisors, LLC in respect of corporate advisory services undertaken for the Group.  
 (3) Performance rights relate to options granted to Mr Paul Crawford, as approved by shareholders at the Extraordinary General Meeting on 17 July 2023. All rights have vested due to performance conditions being achieved and, subject to being exercised, will convert into ordinary shares.

Equity right holders do not have any right to participate in any issue of shares or other interests of the Group or any other entity.

### Company Secretary

Mr Paul Crawford was appointed to the position of Company Secretary on 22 August 2012. Further information on Mr Crawford's qualifications and experience is set out on page 6.

### Indemnification of Directors

During the year, the Group paid insurance premiums to indemnify each of the Directors against liabilities incurred in defending any legal proceedings arising as a result of work performed in their capacity as Director of the Group, other than conduct involving a wilful breach of duty in relation to the Group. The contracts include

a prohibition on disclosure of the premium paid and nature of the liabilities covered under the policy.

### Indemnification of Auditors

The Group has not given an indemnity or entered into any agreement to indemnify, or paid or agreed to pay insurance premiums in respect of any person who is or has been an auditor of the Group or a related body corporate during the year and up to the date of this report.

### Corporate Governance

The Group's Corporate Governance Statement is available at <https://sayonamining.com.au/corporate-governance/>.

### Auditor Independence

The Group's auditor has provided an independence declaration in accordance with the Corporations Act, which is set out on page 15 and forms part of this report.

### Non-Audit Services

The Group's auditor did not undertake any non-audit services during the current or previous financial year.

### Proceedings on behalf of Sayona Mining Limited

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

### Environmental Regulation and Performance

Sayona seeks to be compliant with all applicable environmental laws and regulations relevant to its operations.

The Group's operations are subject to environmental regulation under the law in Australia and Canada. The Directors monitor the Group's compliance with environmental regulation under law in relation to its exploration, mining, and processing activities. In addition, the Group is presently developing comprehensive ESG policies and guidelines to ensure that environmental sustainability is a key factor in managing its operations.

The Group holds all necessary approvals to undertake mining, processing and construction activities at its North American Lithium operation. Technical studies prepared in relation to the restart of operations at NAL and development of Moblan provide Directors with information and technical details in relation to the environmental regulations as they apply to mining and manufacturing operations.

In addition, the Authier Lithium Project is subject to review procedures under the BAPE (Bureau d'audiences publiques sur l'environnement) as the Group seeks permitting approval to develop and operate a new mine. The Moblan Lithium Project will be evaluated by the Environmental and Social Impact Review Committee (COMEX) as the Group seeks to obtain environmental permits required to develop a new mine.

The Directors are aware of non-compliance currently under investigation in Canada. The outcome is unknown up to the date of this report.

### Rounding of Amounts

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

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## Directors' Report

### Board of Directors

#### Mr James Brown, 60

Executive Director and Interim Chief Executive Officer

#### Location

Singapore

#### Term of Office

Mr Brown has served as a Non-Executive Director since 12 August 2013. He was appointed as Executive Director and Interim Chief Executive Officer on 27 August 2023.

#### Qualifications

Mr Brown holds a Graduate Diploma in Mining from University of Ballarat and is a Graduate of the Australian Institute of Company Directors.

#### Experience

Mr Brown is a senior executive with over 40 years' experience in the mining industry in Australia, United States, Africa and Indonesia, including the last 14 years as Managing Director of Morella Corporation Limited. Mr Brown has successfully sourced, developed and operated numerous key global projects with a focus on lithium and battery materials. He has an extensive global investment network to underpin the capital requirements for project investment and development.

#### Current Directorships in Other Listed Entities

Managing Director – Morella Corporation Limited  
Non-Executive Director – Greenwing Resources Limited

#### Other Directorships

Nil

#### Former Directorships in the last 3 years

Nil

#### Mr Allan Buckler, 76

Non-Executive Director

#### Location

Australia

#### Term of Office

Mr Buckler was appointed as a Non-Executive Director on 5 August 2013.

#### Qualifications

Mr Buckler holds a Certificate in Mine Surveying and Mining, First Class Mine Managers Certificate and Mine Surveyor Certificate from the Queensland Government's Department of Mines.

#### Experience

Mr Buckler is a senior executive with over 55 years' experience in the mining industry and has been directly responsible for the commercialisation of several projects from resource identification through to production in Australia and Indonesia.

#### Current Directorships in Other Listed Entities

Non-Executive Director – Morella Corporation Limited

#### Other Directorships

Nil

#### Former Directorships in the last 3 years

Nil

#### Mr Paul Crawford, 66

Executive Director and Chief Financial Officer

#### Location

Australia

#### Term of Office

Mr Crawford was appointed as a Director on 10 March 2000.

#### Qualifications

Mr Crawford holds a Bachelor of Business (Accountancy) from Queensland University of Technology and is a Certified Practising Accountant (CPA). He also holds a Graduate Diploma in Business Law from University of Southern Queensland, Graduate Diploma in Company Secretarial Practice from Governance Institute of Australia and Master of Financial Management from Central Queensland University.

#### Experience

Mr Crawford has over 45 years of commercial experience, including various technical and management roles within the minerals, coal and petroleum industries. In 2001, Mr Crawford established his own corporate consultancy firm, providing accounting, corporate governance, business advisory and commercial management services. Mr Crawford was appointed as Company Secretary in 2012 and has held the position of Chief Financial Officer since 2018.

#### Current Directorships in Other Listed Entities

Nil

#### Other Directorships

Nil

#### Former Directorships in the last 3 years

Nil

#### Mr Philip Lucas, 56

Non-Executive Director

#### Location

Australia

#### Term of Office

Mr Lucas was appointed as a Non-Executive Director on 27 August 2023.

#### Qualifications

Mr Lucas holds a Bachelor of Laws and Juris Doctor from University of Western Australia.

#### Experience

Mr Lucas is Partner and Chairman at boutique corporate and resources law firm, Allion Partners. He has extensive knowledge of the Australian corporate and resources sectors. He also provides advice predominantly in the areas of public company mergers and acquisitions, equity capital markets, corporate governance and corporate law.

#### Current Directorships in Other Listed Entities

Chair – Chilwa Minerals Limited

#### Other Directorships

Nil

#### Former Directorships in the last 3 years

Nil

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## Remuneration Report

The Board is pleased to present the Remuneration Report for the year ended 30 June 2023 (FY23).

### Our Performance

Sayona enjoyed a transformative year in FY23, with the commencement of spodumene (lithium) concentrate production at the North American Lithium (NAL) operation marking an important milestone in the Group's evolution from a developer into a producer.

The first shipment of spodumene concentrate took place in August 2023, subsequent to period end. Consequently, Sayona is well positioned to generate additional cash flow as NAL ramps up production.

A Definitive Feasibility Study (DFS) for the combined NAL and Authier Lithium Project was also completed during the year, confirming a pre-tax net present value (NPV) of \$2.2 billion for the project, representing a significant increase from the pre-tax NPV of \$1 billion disclosed in the pre-feasibility study. A preliminary technical study for lithium carbonate production at NAL showed an estimated standalone pre-tax NPV of \$3.2 billion, with the combined NAL pre-tax NPV of fully integrated downstream operations estimated to exceed \$5 billion.

In the Eeyou-Istchee James Bay Hub, Sayona's Moblan Lithium Project saw a significant increase in its estimated mineral resource following extensive drilling. The JORC Measured, Indicated and Inferred Resource of 51.4 million tonnes @ 1.31% Li<sub>2</sub>O (0.55% Li<sub>2</sub>O in the sensitivity analysis) represents one of North America's single largest lithium resources.

Meanwhile, in Western Australia, exploration activity progressed over tenements prospective for gold and lithium in the Pilbara region, including the joint venture project with Morella Corporation Limited.

### Executive Remuneration

From its origins as a mineral explorer, Sayona's executive remuneration has been cash conservative and low relative to peers. In FY23, as cash-generating projects neared completion and the business continued its progress towards becoming a leading North American lithium producer, the Group expanded its executive leadership team and increased executive salaries to ensure better internal and external equity.

Salaries for the Managing Director and Chief Executive Officer (CEO) and Chief Financial Officer (CFO) were increased by 109% and 22% respectively, although their salaries are still below market median levels. Recent executive appointments, including Mr Guy Belleau as Chief Executive Officer, Sayona Canada (CEO, Canada) on 1 January 2023, have more market competitive remuneration packages in place.

Short-term incentives (STI) have been designed to reward executives and employees for achievement of performance goals that are aligned to the Group's near-term objectives. In FY23, STI outcomes were determined by reference to four measures deemed critical in transitioning Sayona to the next phase of growth. These performance measures were based on delivery of safe and reliable operations, achievement of key project milestones and completion of key strategic initiatives.

In FY23, all STI performance targets were met or exceeded, resulting in a maximum STI of 100% being awarded to executives. Given the need to transition to a more market competitive remuneration framework, the Board approved to pay the STI in cash. No discretion was warranted as formulaic STI results were consistent with market expectations and disclosures, and Total Shareholder Return (TSR) increased by 17% over the performance period despite a decline in lithium prices from the start of the financial year.

No long-term incentives (LTI) or other equity grants were made to Executive Directors in FY23. The final tranche of the equity grant to the CEO, which was approved by shareholders in November 2019 and contingent on share price growth targets over three years, was issued and vested in November 2022. On 17 July 2023, shareholders approved equity grants to the CEO and CFO in respect of past performance. As performance related to current and prior service periods, the value of these equity grants has been disclosed in the remuneration tables in this report.

### Non-Executive Director Remuneration

Board fees were reviewed and benchmarked against industry and ASX peer data, taking into consideration the change in size and complexity of the business. In FY23, the Board approved a 74% increase in Non-Executive Director fees. This increase was necessary to position fees closer to market median levels, particularly as the Group seeks to recruit additional independent Non-Executive Directors.

### Looking Forward

During FY23, Sayona progressed plans to undertake a review of its corporate governance practices, with efforts underway to recruit an independent Chairman and additional independent Non-Executive Directors based in Australia and North America. The Board also engaged an independent remuneration adviser to review the remuneration practices and performance-based structures of the Board and executive leadership team. Consequently, Sayona will be seeking shareholder approval for FY24 equity grants for Executive Directors and an increase in the maximum aggregate fee pool for Non-Executive Directors.

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# Remuneration Report

## Remuneration Report (Audited)

The Remuneration Report forms part of the Directors' Report for the year ended 30 June 2023 and has been prepared in accordance with section 300A of the Corporations Act 2001.

### 1. Summary of Key Elements

The following table summarises the key elements of the Remuneration Report:

Element	Summary	Reference																																														
<b>FY23 Salary Adjustments</b>	<p>Base salary changes:</p> <ul style="list-style-type: none"> <li>Managing Director and Chief Executive Officer's (CEO) base salary was increased by 109% from \$322,500 to \$672,500.</li> <li>Executive Director and Chief Financial Officer's (CFO) base salary was increased by 22% from \$285,741 to \$347,500.</li> </ul> <p>Historically, Sayona's executive remuneration has been low relative to peers in order to conserve cash used to fund project development and operations. As cash-generating projects neared completion, salary increases were necessary to ensure reasonable internal equity with non-KMP executives, and to bring executive remuneration closer to market median levels.</p> <p>The following table summarises findings of a CEO market review. Peers were selected from Australian Securities Exchange (ASX) listed mining companies, including lithium producers. The CEO and CFO remuneration remain below median levels.</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Maximum remuneration</th> <th rowspan="2">Market capitalisation \$M</th> </tr> <tr> <th>Base salary (n=21) \$</th> <th>Fixed (n=21) \$</th> <th>STI (n=19) \$</th> <th>Fixed and STI (n=20) \$</th> </tr> </thead> <tbody> <tr> <td>Average</td> <td>935,166</td> <td>978,091</td> <td>916,205</td> <td>1,828,504</td> <td>4,034</td> </tr> <tr> <td>25<sup>th</sup> Percentile</td> <td>585,900</td> <td>614,807</td> <td>369,000</td> <td>1,025,181</td> <td>619</td> </tr> <tr> <td>50<sup>th</sup> Percentile</td> <td>822,500</td> <td>850,000</td> <td>510,000</td> <td>1,270,079</td> <td>1,932</td> </tr> <tr> <td>75<sup>th</sup> Percentile</td> <td>1,256,100</td> <td>1,256,100</td> <td>1,428,050</td> <td>2,672,925</td> <td>6,180</td> </tr> <tr> <td><b>B Lynch</b></td> <td><b>672,500</b></td> <td><b>700,000</b></td> <td><b>280,000</b></td> <td><b>980,000</b></td> <td><b>1,813</b></td> </tr> <tr> <td><b>Percentile Rank</b></td> <td><b>37</b></td> <td><b>36</b></td> <td><b>9</b></td> <td><b>20</b></td> <td><b>43</b></td> </tr> </tbody> </table> <p>Percentiles are calculated independently.</p> <p>The Chief Executive Officer, Sayona Canada's (CEO, Canada) base salary did not change since his appointment as Executive KMP in January 2023.</p>		Maximum remuneration				Market capitalisation \$M	Base salary (n=21) \$	Fixed (n=21) \$	STI (n=19) \$	Fixed and STI (n=20) \$	Average	935,166	978,091	916,205	1,828,504	4,034	25 <sup>th</sup> Percentile	585,900	614,807	369,000	1,025,181	619	50 <sup>th</sup> Percentile	822,500	850,000	510,000	1,270,079	1,932	75 <sup>th</sup> Percentile	1,256,100	1,256,100	1,428,050	2,672,925	6,180	<b>B Lynch</b>	<b>672,500</b>	<b>700,000</b>	<b>280,000</b>	<b>980,000</b>	<b>1,813</b>	<b>Percentile Rank</b>	<b>37</b>	<b>36</b>	<b>9</b>	<b>20</b>	<b>43</b>	Section 4.1
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<b>FY23 Board Member Fee Adjustments</b>	<p>Board member fees were increased by 74% from \$72,000 to \$125,000.</p> <p>The fee increase was necessary as the Group seeks to recruit additional independent Non-Executive Directors, and to bring Board member fees closer to market median levels.</p>	Section 6																																														
<b>FY23 STI Outcomes</b>	<p>Four performance measures were set for Executive KMP based on delivery of safe and reliable operations, achievement of key project milestones and completion of key strategic initiatives. The measures were critical in transforming Sayona into a leading North American lithium producer whilst also positioning the Group for broader geographic supply and market diversity. The performance measures were:</p> <ul style="list-style-type: none"> <li>Total Recordable Injury Frequency Rate (TRIFR) of 5.0 (or less) for the year ended 30 June 2023;</li> <li>Concentrator at NAL to be operating at a feed rate of 3,800 tonnes per day by 30 June 2023;</li> <li>NAL refurbishment and restart to be completed on time and within budget (including any variances approved by the Board);</li> <li>Announcement of JORC compliant Mineral Resource / Ore Reserve estimate for the Moblan Lithium Project to the Australian Securities Exchange (ASX).</li> </ul> <p>All performance measures were successfully achieved, resulting in a FY23 STI award of 100%. The Board approved to pay the STI in cash.</p>	Section 5.2																																														
<b>Why wasn't STI partly deferred into equity?</b>	<p>Executive base salaries and other statutory entitlements have been cash conservative and low relative to peers. The FY23 STI award is paid in cash to compensate executives for the absence of cash salary relative to peers.</p>	Section 4.1 and 4.2																																														
<b>Discretion</b>	<p>Formulaic STI results associated with testing and achievement of milestones (when referenced to disclosures and market expectations, lithium prices and growth in TSR) indicated that no discretion regarding STI payments was necessary.</p>	Section 4.2 and 5.2																																														

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## Remuneration Report

Element	Summary	Reference
<b>Why wasn't LTI granted in FY23 to Executive Directors?</b>	To attract and retain executives and focus executives on longer term value accretive strategies, an LTI should have been granted. In common with other mineral exploration companies, Sayona's equity grant practices have been irregular and sometimes retrospective. The Group acknowledges that these past practices have not kept pace with our rapid maturation from a mineral explorer to a mid-tier developer and producer. The Board is currently reviewing the remuneration framework with the aim of approving a framework which is aligned with shareholder expectations.	Section 3 and 4.3
<b>Planned Remuneration Framework Changes</b>	<p>During FY23, the Board engaged an independent remuneration advisor to review the remuneration practices and performance-based structures of the Board and executive leadership team.</p> <p>Some of the planned remuneration framework changes include:</p> <ul style="list-style-type: none"> <li>partial deferral of short-term incentive awards to equity for Executive KMP;</li> <li>annual grant of long-term incentive awards to Executive KMP, subject to specific performance conditions and a minimum performance period of three years;</li> <li>introduction of malus and clawback provisions;</li> <li>increase in maximum aggregate fee pool for Non-Executive Directors in anticipation of additional Non-Executive Director appointments;</li> <li>introduction of minimum shareholding requirements.</li> </ul>	Section 8

## 2. Key Management Personnel

Key Management Personnel (KMP) comprise those persons that have responsibility, authority and accountability for planning, directing and controlling the activities of the Company, directly or indirectly, including any director of the Company.

The following table specifies the KMP for the year ended 30 June 2023, unless otherwise stated:

Name	Position	Date appointed
<b>Executive KMP</b>		
B Lynch <sup>(1)</sup>	Managing Director and Chief Executive Officer (CEO)	1 July 2019
P Crawford	Executive Director and Chief Financial Officer (CFO)	10 March 2000
G Belleau	Chief Executive Officer, Sayona Canada (CEO, Canada)	1 January 2023
<b>Non-Executive Directors</b>		
J Brown <sup>(2)</sup>	Non-Executive Director	12 August 2013
A Buckler	Non-Executive Director	5 August 2013

<sup>(1)</sup> Mr Lynch resigned as Managing Director and Chief Executive Officer on 27 August 2023.

<sup>(2)</sup> Mr Brown appointed as Executive Director and Interim Chief Executive Officer on 27 August 2023.

In this report, a reference to "Executive" or "Executives" is a reference to Executive KMP.

## 3. Remuneration Strategy

Over the last twelve months, Sayona has evolved from a developer into a leading North American lithium producer. Historically, Sayona's executive remuneration philosophy has been focused on conserving cash to fund project exploration, development and operations. Executive base salaries and other statutory entitlements have been cash conservative and low relative to peers, and equity grant practices have been irregular and sometimes retrospective. The Group acknowledges that these past practices are no longer appropriate, and is taking steps to implement a more traditional, fit-for-purpose, and steady state remuneration structure from FY24.

## 4. FY23 Executive Remuneration Framework

### 4.1 Base Salary

The following table summarises the base salary received by Executive KMP:

Element	Description	Base salary <sup>(1)</sup>			
Base Salary Levels	Executive KMP	Position	FY22	FY23	Increase
			\$	\$	%
	B Lynch	Managing Director and Chief Executive Officer	322,500	672,500	109%
	P Crawford	Executive Director and Chief Financial Officer	285,741	347,500	22%
	G Belleau <sup>(2)</sup>	Chief Executive Officer, Sayona Canada	-	610,145	-

<sup>(1)</sup> Base salary reflects a full year as Executive KMP.

<sup>(2)</sup> Amounts reported for Mr Belleau have been converted to Australian dollars using an exchange rate of A\$1.00:C\$0.9014.



## Remuneration Report

Element	Description
	As discussed above, a market review of executive remuneration packages was undertaken which indicated remuneration was positioned significantly below the market median. Whilst executive salaries have been increased, there remains a gap to market median levels. The extent of the difference to market median levels reflects past conservatism and changes in the size and complexity of the business. As Sayona evolves, further reviews will be required to ensure executive remuneration is sufficient to attract and retain the skills and experience necessary to create value for shareholders.
Reviews	Salary is determined on appointment and reviewed annually.

### 4.2 Short-Term Incentive

The key elements of the FY23 STI award are as follows:

Element	Description
Purpose	Focus participants on delivery of key objectives set by the Board over a twelve month period and ensure participants exhibit leadership attributes expected of Executive KMP.
Opportunity	The maximum STI opportunity for each Executive KMP is:

Executive KMP	Position	Maximum STI opportunity <sup>(1)</sup>	
		%	\$
B Lynch	Managing Director and Chief Executive Officer	40%	280,000
P Crawford	Executive Director and Chief Financial Officer	40%	150,000
G Belleau <sup>(2)</sup>	Chief Executive Officer, Sayona Canada	100%	610,145

<sup>(1)</sup> Maximum STI opportunity reflects a full year as Executive KMP.

<sup>(2)</sup> Amounts reported for Mr Belleau have been converted to Australian dollars using an exchange rate of A\$1.00:C\$0.9014.

Performance Period	Performance is assessed over the period from 1 July 2022 to 30 June 2023.
Payment Vehicle	The FY23 STI award is paid in cash.
Performance Measures	The FY23 STI award is determined by reference to the following performance measures and weightings:

Performance measures	Weighting %
Total Recordable Injury Frequency Rate (TRIFR) of 5.0 (or less) for the year ended 30 June 2023	25%
Concentrator at NAL to be operating at a feed rate of 3,800 tonnes per day by 30 June 2023	25%
NAL refurbishment and restart to be completed on time and within budget (including any variances approved by the Board)	25%
Announcement of JORC compliant Mineral Resource / Ore Reserve estimate for the Moblan Lithium Project to the Australian Securities Exchange (ASX)	25%

These performance measures were selected due to their alignment with key project milestones and delivery of safe and reliable operations. They were also critical in transforming Sayona from a mineral explorer into a leading North American lithium producer.

Board Discretion	The Board retains the discretion to amend, vary, terminate, or suspend the STI plan at any time.
------------------	--

### 4.3 Long-Term Incentive

The LTI awards granted to KMP in FY23 are detailed in section 5.3.

## 5. FY23 Performance and Executive Remuneration Outcomes

### 5.1 Operating and Financial Performance

A key focus for the Board is to align executive remuneration to the creation of shareholder value and achievement of objectives of the Group. The table below summarises the Group's financial performance over the last five years as required by the Corporations Act 2001:

Key metrics	FY23	FY22	FY21	FY20	FY19
Spodumene concentrate produced (dmt)	33,120	-	-	-	-
Profit/(loss) after income tax (\$M)	(12.9)	73.8	(4.4)	(5.4)	(2.2)
Basic earnings per share (cents)	(0.16)	0.76	(0.13)	(0.26)	(0.13)
Dividends paid (cents per share)	-	-	-	-	-
Closing share price at 30 June (\$)	0.175	0.15	0.087	0.0068	0.008
Market capitalisation (\$M)	1,757	1,238	468	17	14
Annual total shareholder return (%)	17	72	1,179	(15)	(80)

## Remuneration Report

Total shareholder return increased by 17% for the year ended 30 June 2023, driven primarily by the successful restart of operations at North American Lithium and expansion of mineral resources at the Moblan Lithium Project. Since 30 June 2020, Sayona has increased shareholder value by approximately 25 times.

Although no LTI awards were granted to Executive Directors in FY23, the vesting and exercise of various equity grants from prior years coupled with personal investments by the CEO and CFO provided alignment with shareholders over the course of the year. This included the vesting and exercise of the final tranche of the equity grant to the CEO which was approved by shareholders at the 2019 Annual General Meeting and contingent on share price growth targets over a three year period.

### 5.2 FY23 Short-Term Incentive Outcomes

The STI plan rewards executives for achievement of weighted performance measures set by the Board at the beginning of the year. The FY23 performance measures reflect the necessary steps required to transform Sayona into a sustainable lithium producer.

The following table summarises the STI performance measures and outcomes for the year ended 30 June 2023:

Performance measures	Weighting %	Achievement %	Business outcome %
Total Recordable Injury Frequency Rate (TRIFR) of 5.0 (or less) for the year ended 30 June 2023	25%	100%	25%
Concentrator at NAL to be operating at a feed rate of 3,800 tonnes per day by 30 June 2023	25%	100%	25%
NAL refurbishment and restart to be completed on time and within budget (including any variances approved by the Board)	25%	100%	25%
Announcement of JORC compliant Mineral Resource / Ore Reserve estimate for the Moblan Lithium Project to the Australian Securities Exchange (ASX)	25%	100%	25%
	<b>100%</b>		<b>100%</b>

The FY23 STI award for Executive KMP is summarised below:

Executive KMP	Maximum STI %	Maximum STI \$	Business outcome %	Individual outcome %	STI awarded \$	Percentage of maximum STI	
						Awarded %	Forfeited %
B Lynch	40%	280,000	100%	100%	280,000	100%	0%
P Crawford	40%	150,000	100%	100%	150,000	100%	0%
G Belleau <sup>(1)</sup>	100%	302,565	100%	100%	302,565	100%	0%

<sup>(1)</sup> Remuneration reported for Mr Belleau reflects service as Executive KMP from 1 January 2023. The amounts reported have been converted to Australian dollars using an exchange rate of A\$1.00:C\$0.9014.

No discretion was warranted as formulaic STI results were consistent with market expectations and disclosures, and TSR increased by 17% over the performance period despite a decline in lithium prices from the start of the financial year.

### 5.3 FY23 Long-Term Incentive Outcomes and Equity Grants On Foot

#### Equity Awards

The following equity awards were granted to KMP in FY23:

KMP	Award	Grant date	Number of rights granted	Market price on date of grant	Face value \$	Anticipated vesting date
<b>Executive</b>						
G Belleau <sup>(1)</sup>	FY23 Performance Rights	01-Jan-23	8,559,808	\$0.19	1,626,364	30-Jun-27

<sup>(1)</sup> Equity awards granted to Mr Belleau in FY23, subject to the achievement of specific performance measures over the period from 1 January 2023 to 30 June 2027.

The following table summarises the movement and balance of equity rights held by KMP over ordinary shares:

KMP	Award	Equity rights at beginning of the year	Granted during the year	Vested during the year	Lapsed during the year	Equity rights at end of the year
<b>Executive</b>						
G Belleau	FY23 Performance Rights	-	8,559,808	-	-	8,559,808



## Remuneration Report

In July 2023, shareholders approved equity grants to the CEO and CFO in respect of past performance. As performance related to current and prior service periods, the value of these equity grants has been disclosed in the remuneration table in section 7.1.

### Options

The following table summarises the movement and balance of options held by KMP:

KMP	Grant date	Expiry date	Exercise price	Opening balance as at 1 July 2022	Issued in FY23 <sup>(1)</sup>	Exercised in FY23	Lapsed in FY23	Closing balance as at 30 June 2023
<b>Executive</b>								
B Lynch	29-Nov-19	29-Nov-22	\$0.04	2,000,000	-	(2,000,000)	-	-
	29-Nov-19	29-Nov-22	\$0.07	-	4,000,000	(4,000,000)	-	-
P Crawford	28-Jan-22	28-Jul-23	\$0.15	20,000,000	-	-	-	20,000,000
<b>Non-Executive</b>								
J Brown	28-Jan-22	28-Jul-23	\$0.15	10,000,000	-	-	-	10,000,000
A Buckler	28-Jan-22	28-Jul-23	\$0.15	10,000,000	-	-	-	10,000,000

<sup>(1)</sup> Options issued to Mr Lynch in FY23 were approved by shareholders at the 2019 Annual General Meeting. Options were granted subject to the achievement of specific performance measures. Mr Lynch achieved the maximum performance hurdle by increasing the share price to \$0.15 by 30 June 2022 (Maximum LTI Target: \$0.12).

## 6. Non-Executive Director Remuneration

The maximum aggregate fee pool for Non-Executive Directors is US\$500,000 which was approved by shareholders at the Annual General Meeting on 28 January 2022.

During FY23, Board fees were increased to assist with attraction and retention of independent Non-Executive Directors, and to bring Board fees closer to market median levels.

The following table outlines Non-Executive Director fees inclusive of statutory superannuation obligations, effective as at 30 June 2023:

Fee	Position	FY22 \$	FY23 \$	Increase %
Board Fees	Non-Executive Director	72,000	125,000	74%

## 7. Statutory Disclosures

### 7.1 Statutory Remuneration

The following table details the statutory remuneration disclosures prepared in accordance with Corporations Regulations disclosure requirements:

KMP	Year	Short-term benefits					Equity rights <sup>(3)</sup>	Total remuneration	Performance related
		Cash salary and fees	Cash incentive	Other benefits <sup>(1)</sup>	Super-annuation	Other long-term benefits <sup>(2)</sup>			
		\$	\$	\$	\$	\$	\$	%	
<b>Executive</b>									
B Lynch <sup>(4)</sup>	FY23	672,500	280,000	114,983	27,500	-	1,610,000	2,704,983	70%
	FY22	322,500	-	30,694	27,500	-	2,058,000	2,438,694	84%
P Crawford	FY23	347,500	150,000	-	36,922	-	300,000	834,422	54%
	FY22	285,741	-	-	14,259	-	726,500	1,026,500	71%
G Belleau <sup>(5)</sup>	FY23	305,073	302,565	45,985	24,406	-	310,686	988,715	51%
	FY22	-	-	-	-	-	-	-	-
<b>Non-Executive</b>									
J Brown	FY23	125,000	-	-	-	-	-	125,000	0%
	FY22	72,000	-	-	-	-	400,000	472,000	0%
A Buckler	FY23	125,000	-	-	-	-	-	125,000	0%
	FY22	72,000	-	-	-	-	400,000	472,000	0%
<b>Total<sup>(4)</sup></b>	<b>FY23</b>	<b>1,575,073</b>	<b>732,565</b>	<b>160,968</b>	<b>88,828</b>	<b>-</b>	<b>2,220,686</b>	<b>4,778,120</b>	
	<b>FY22</b>	<b>752,241</b>	<b>-</b>	<b>30,694</b>	<b>41,759</b>	<b>-</b>	<b>3,584,500</b>	<b>4,409,194</b>	

<sup>(1)</sup> Other benefits include life insurance, motor vehicle allowances, private health insurance and benefits, and net movements in annual leave entitlements. The amount reported for Mr Lynch for the year ended 30 June 2023 includes a non-recurring encashment of annual leave entitlements.

<sup>(2)</sup> Other long-term benefits include net movements in long service leave entitlements.

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## Remuneration Report

- (3) Equity rights are calculated in accordance with Australian Accounting Standards and reflect the value of equity and equity-related instruments that have been expensed during the year. The amount reported for Mr Belleau for the year ended 30 June 2023 includes a non-recurring grant of \$110,935 in ordinary shares to compensate for benefits forgone from a previous employer.
- (4) Amounts reported for the year ended 30 June 2022 have been restated due to calculation errors.
- (5) Remuneration reported for Mr Belleau reflects service as Executive KMP from 1 January 2023. The amounts reported have been converted to Australian dollars using an exchange rate of A\$1.00:C\$0.9014.

No termination payments were made to KMP in FY23 or FY22.

### 7.2 Options Held by KMP

The following table details the number of options held by KMP and their related parties, including unvested options awarded under incentive plans that are subject to service conditions and vested options that have not yet been exercised and converted into ordinary shares:

	Opening balance as at 1 July 2022	Issued	Exercised and converted to ordinary shares	Other net changes	Closing balance as at 30 June 2023
<b>Executive KMP</b>					
B Lynch	47,159,884	4,000,000	(51,159,884)	-	-
P Crawford	20,000,000	-	-	-	20,000,000
<b>Non-Executive Directors</b>					
J Brown	10,000,000	-	-	-	10,000,000
A Buckler	10,000,000	-	-	-	10,000,000
<b>Total</b>	<b>87,159,884</b>	<b>4,000,000</b>	<b>(51,159,884)</b>	<b>-</b>	<b>40,000,000</b>

All options held as at 30 June 2023 are unlisted.

### 7.3 Ordinary Shares Held by KMP

The following table details the number of ordinary shares held by KMP and their related parties:

	Opening balance as at 1 July 2022	Received as remuneration	Received from exercise of options	Other net changes <sup>(1)</sup>	Closing balance as at 30 June 2023
<b>Executive KMP</b>					
B Lynch	118,109,108	-	51,159,884	(6,236,476)	163,032,516
P Crawford	159,585,689	-	-	550,000	160,135,689
<b>Non-Executive Directors</b>					
J Brown	757,094	-	-	-	757,094
A Buckler	109,589,051	-	-	(7,000,000)	102,589,051
<b>Total</b>	<b>388,040,942</b>	<b>-</b>	<b>51,159,884</b>	<b>(12,686,476)</b>	<b>426,514,350</b>

<sup>(1)</sup> Other net changes include purchases and sales of ordinary shares and participation in equity issues (in capacity as shareholders).

## 8. Planned Remuneration Framework Changes

During FY23, the Board engaged an independent remuneration advisor to review the remuneration practices and performance-based structures of the Board and executive leadership team.

Some of the planned remuneration framework changes include:

- partial deferral of short-term incentive awards to equity for Executive KMP;
- annual grant of long-term incentive awards to Executive KMP, subject to specific performance conditions and a minimum performance period of three years;
- introduction of malus and clawback provisions;
- increase in maximum aggregate fee pool for Non-Executive Directors in anticipation of additional Non-Executive Director appointments;
- introduction of minimum shareholding requirements.



## Remuneration Report

### 9. Remuneration Governance

#### 9.1 Notice Period and Termination Benefits

The table below summarises the employment agreements in place with Executive KMP as at 30 June 2023:

Executive KMP	Position	Notice period by either party	Termination benefit	STI treatment on termination
B Lynch	Managing Director and Chief Executive Officer	3 months	3 months	Not specified
P Crawford	Executive Director and Chief Financial Officer	Not specified	Not specified	Not specified
G Belleau	Chief Executive Officer, Sayona Canada	12 months	12 months	100%

#### 9.2 Remuneration Consultants

The Board may commission and receive independent advice. No remuneration recommendations as defined under Division 1, Part 1.2, 9B (1) of the Corporations Act 2001 were received.

#### 9.3 Other Transactions with KMP and Related Parties

There were no other transactions between the Group and KMP or their related parties, other than those disclosed above and elsewhere in the financial report, that were conducted other than in accordance with normal employee, customer, or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

#### 9.4 Prohibition of Hedging

KMP or closely related parties of KMP are prohibited from entering hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

In addition, the Board's remuneration policy prohibits KMP from using Sayona's shares as collateral in any financial transactions, including margin loan arrangements.

The Directors' Report, incorporating the Remuneration Report, is approved in accordance with a resolution of the Board.



**James Brown**  
Executive Director and Interim Chief Executive Officer



**Paul Crawford**  
Executive Director and Chief Financial Officer

Date: 29 September 2023

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## **Auditor's Independence Declaration**

### **Under Section 307C of the *Corporations Act 2001***

#### **To the Directors of Sayona Mining Limited**

As the lead auditor for the audit of the financial report of Sayona Mining Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

*Nexia Brisbane Audit Pty Ltd.*

#### **Nexia Brisbane Audit Pty Ltd**

*Ann-Maree Robertson.*

#### **Ann-Maree Robertson**

Director

Date: 29 September 2023

## **Advisory. Tax. Audit.**

Registered Audit Company 299289

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## Consolidated Statement of Profit or Loss for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000 Restated*
Revenue	5	-	-
Other income	5	1,695	102,103
Expenses	6	(25,794)	(22,150)
<b>Profit/(loss) from operations</b>		<b>(24,099)</b>	79,953
Financial income	20	16,327	111
Financial expenses	20	(1,506)	(3,037)
<b>Net financial income/(expense)</b>	20	<b>14,821</b>	(2,926)
<b>Profit/(loss) before income tax</b>		<b>(9,278)</b>	77,027
Income tax expense	7	(3,649)	(3,207)
<b>Profit/(loss) after income tax</b>		<b>(12,927)</b>	73,820
<b>Attributable to:</b>			
Equity holders of Sayona Mining Limited		(13,626)	51,459
Non-controlling interests		699	22,361
<b>Earnings per share</b>			
Basic earnings per share (cents)	8	(0.16)	0.76
Diluted earnings per share (cents)	8	(0.16)	0.71

\* Refer to Note 33 for details on restatement of prior period comparatives.

The accompanying notes form part of the consolidated financial statements.

## Consolidated Statement of Comprehensive Income for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000 Restated*
<b>Profit/(loss) after income tax</b>		<b>(12,927)</b>	73,820
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified to the Consolidated Statement of Profit or Loss:</i>			
Foreign exchange rate differences on translation of foreign operations		(4,408)	13,797
<b>Total items that may be reclassified to the Consolidated Statement of Profit or Loss</b>		<b>(4,408)</b>	13,797
<i>Items that will not be reclassified to the Consolidated Statement of Profit or Loss:</i>			
Fair value losses on financial assets at fair value through other comprehensive income, net of tax	24	(1,544)	-
<b>Total items that will not be reclassified to the Consolidated Statement of Profit or Loss</b>		<b>(1,544)</b>	-
<b>Total other comprehensive income/(loss)</b>		<b>(5,952)</b>	13,797
<b>Total comprehensive income/(loss)</b>		<b>(18,879)</b>	87,617
<b>Attributable to:</b>			
Equity holders of Sayona Mining Limited		(18,632)	63,008
Non-controlling interests		(247)	24,609

\* Refer to Note 33 for details on restatement of prior period comparatives.

The accompanying notes form part of the consolidated financial statements.

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## Consolidated Statement of Financial Position as at 30 June 2023

	Note	2023 \$'000	2022 \$'000 Restated*
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	211,119	184,559
Trade and other receivables	9	19,298	9,681
Inventories	10	48,664	-
Current tax assets		1,557	-
Other assets	11	33,919	13,700
<b>Total current assets</b>		<b>314,557</b>	<b>207,940</b>
<b>Non-current assets</b>			
Other financial assets	21	12,943	-
Property, plant and equipment	12	682,073	453,036
Intangible assets	13	-	185
<b>Total non-current assets</b>		<b>695,016</b>	<b>453,221</b>
<b>Total assets</b>		<b>1,009,573</b>	<b>661,161</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	29,497	23,981
Interest bearing liabilities	18	1,944	10
Provisions	16	846	324
<b>Total current liabilities</b>		<b>32,287</b>	<b>24,315</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	18	29,270	23,462
Other liabilities	15	13,956	11,504
Deferred tax liabilities	7	13,983	10,174
Provisions	16	35,254	31,085
<b>Total non-current liabilities</b>		<b>92,463</b>	<b>76,225</b>
<b>Total liabilities</b>		<b>124,750</b>	<b>100,540</b>
<b>Net assets</b>		<b>884,823</b>	<b>560,621</b>
<b>EQUITY</b>			
Share capital	23	770,700	504,255
Reserves	24	12,773	13,551
Accumulated losses		(27,316)	(13,782)
<b>Total equity attributable to equity holders of Sayona Mining Limited</b>		<b>756,157</b>	<b>504,024</b>
Non-controlling interests		128,666	56,597
<b>Total equity</b>		<b>884,823</b>	<b>560,621</b>

\* Refer to Note 33 for details on restatement of prior period comparatives.

The accompanying notes form part of the consolidated financial statements.

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## Consolidated Statement of Changes in Equity for the year ended 30 June 2023

Attributable to equity holders of Sayona Mining Limited						
Note	Share capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance as at 1 July 2022</b>	504,255	13,551	(13,782)	504,024	56,597	560,621
Profit/(loss) after income tax	-	-	(13,626)	(13,626)	699	(12,927)
Other comprehensive loss	-	(5,006)	-	(5,006)	(946)	(5,952)
<b>Total comprehensive loss</b>	-	(5,006)	(13,626)	(18,632)	(247)	(18,879)
Transactions with owners:						
Shares issued	23	276,404	-	276,404	72,316	348,720
Transaction costs	23	(9,959)	-	(9,959)	-	(9,959)
Share based payments		-	4,320	4,320	-	4,320
Transfers and other movements	24	-	(92)	92	-	-
<b>Balance as at 30 June 2023</b>	<b>770,700</b>	<b>12,773</b>	<b>(27,316)</b>	<b>756,157</b>	<b>128,666</b>	<b>884,823</b>
Restated*						
<b>Balance as at 1 July 2021</b>	128,728	304	(67,643)	61,389	6,497	67,886
Profit/(loss) after income tax	-	-	51,459	51,459	22,361	73,820
Other comprehensive income	-	11,549	-	11,549	2,248	13,797
<b>Total comprehensive income</b>	-	11,549	51,459	63,008	24,609	87,617
Transactions with owners:						
Shares issued	23	392,475	-	392,475	26,551	419,026
Transaction costs	23	(16,948)	-	(16,948)	-	(16,948)
Share based payments		-	3,040	3,040	-	3,040
Transfers and other movements	24	-	(1,342)	2,402	(1,060)	-
<b>Balance as at 30 June 2022</b>	<b>504,255</b>	<b>13,551</b>	<b>(13,782)</b>	<b>504,024</b>	<b>56,597</b>	<b>560,621</b>

\* Refer to Note 33 for details on restatement of prior period comparatives.

The accompanying notes form part of the consolidated financial statements.

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## Consolidated Statement of Cash Flows for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Operating activities</b>			
Profit/(loss) before income tax		(9,278)	77,027
Adjustments for:			
Depreciation and amortisation expense		6,162	50
Gain on acquisition of North American Lithium		-	(101,716)
Net financial income and expenses		(14,830)	2,926
Share based payments		4,281	5,919
Changes in assets and liabilities:			
Trade and other receivables		(12,287)	732
Inventories		(47,603)	-
Other assets		(19,626)	(13,656)
Trade and other payables		4,466	3,256
Provisions and other liabilities		19,747	11,711
Cash generated from operations		(68,968)	(13,751)
Interest received		2,817	111
Interest paid		(329)	(1)
<b>Net cash flows from operating activities</b>		<b>(66,480)</b>	<b>(13,641)</b>
<b>Investing activities</b>			
Acquisition of subsidiaries and joint operations, net of cash acquired		-	(221,926)
Exploration expenditure		(66,274)	(10,160)
Purchases of property, plant and equipment		(127,088)	(21,865)
Investments in financial assets		(14,431)	-
Cash outflows from investing activities		(207,793)	(253,951)
Proceeds from sale of property, plant and equipment		63	-
<b>Net cash flows from investing activities</b>		<b>(207,730)</b>	<b>(253,951)</b>
<b>Financing activities</b>			
Proceeds from associated entities		77,806	16,511
Proceeds from interest bearing liabilities		110	-
Repayment of interest bearing liabilities		(776)	(43)
Proceeds from issue of shares and exercise of options		231,870	423,876
Transaction costs associated with share issues		(9,959)	(15,578)
<b>Net cash flows from financing activities</b>		<b>299,051</b>	<b>424,766</b>
<b>Net increase in cash and cash equivalents</b>		<b>24,841</b>	<b>157,174</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>184,559</b>	<b>35,503</b>
Foreign exchange rate differences on cash and cash equivalents		1,719	(8,118)
<b>Cash and cash equivalents at the end of the financial year</b>	17	<b>211,119</b>	<b>184,559</b>

The accompanying notes form part of the consolidated financial statements.

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## Notes to the Financial Statements

These consolidated financial statements and notes represent those of Sayona Mining Limited ("the Company") and its controlled entities (the "Consolidated Group" or "Group"). Where an accounting policy, critical accounting estimate, assumption or judgement is specific to a note, these are described within the note to which they relate. These policies have been consistently applied to all periods presented, except as described in Note 3.

The consolidated financial statements of the Group for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors on 29 September 2023.

### 1. Reporting Entity

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

The nature of the operations and principal activities of the Group are described in the Directors' Report.

The separate financial statements of the parent entity, Sayona Mining Limited, have been presented in Note 32 of this financial report as required by the *Corporations Act 2001*.

### 2. Basis of Preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), International Financial Reporting Standards (IFRS) and other authoritative pronouncements of the International Accounting Standards Board (IASB).

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

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

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

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

#### (a) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year end is provided in Note 25.

Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Subsidiaries are consolidated from the date on which control is obtained to the date on which control is ceased.

#### (b) Critical accounting estimates and judgements

The preparation of the consolidated financial statements require management to apply accounting policies and methodologies based on complex and subjective judgements and estimates. Estimates assume a reasonable expectation of future events and are based on historical experience and assumptions as well as current trends and economic data, obtained both externally and within the Group.

The use of these estimates, assumptions and judgements affects the amounts reported in the consolidated financial statements. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the following notes:

Note	
5	Revenue and Other Income
7	Tax
10	Inventories
12	Property, Plant and Equipment
16	Provisions

#### (c) Foreign currency translation

The Group's consolidated financial statements are presented in Australian dollars, which has been assessed by management as the functional currency of the Group. Management will reassess the Group's functional currency if there are any changes which impact the primary economic environment of the Group.

Transactions denominated in foreign currencies are initially translated into Australian dollars using the exchange rate on the date of the underlying transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate at the end of the reporting period.

Exchange gains or losses on settlement or translation of monetary items are included in the Consolidated Statement of Profit or Loss, except for foreign exchange differences resulting from translation of foreign operations, which are initially recognised in the Consolidated Statement of Other Comprehensive Income and subsequently transferred to the Consolidated Statement of Profit or Loss on disposal of the foreign operation.

Non-monetary items measured on a historical cost basis in a foreign currency are translated into Australian dollars using the exchange rate on the date of the underlying transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate on the date when the fair value is determined. Exchange gains or losses on translation of non-monetary items measured at fair value are recognised in the same manner as gains or losses on change in fair value of the non-monetary item.

#### (d) Goods and Services Tax (GST) and Québec Sales Tax (QST)

Revenues, expenses and assets are recognised net of the amount of GST/QST, except where the amount of GST/QST incurred is not recoverable from the taxation authority.

Receivables and payables are stated inclusive of the amount of GST/QST receivable or payable. The net amount of GST/QST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST/QST components of cash flows arising from investing or financing activities are presented as operating cash flows.

## Notes to the Financial Statements

### 3. New Standards and Interpretations

#### (a) New accounting standards and interpretations effective from 1 July 2022

The following new accounting standards and interpretations have been published and are effective for the year ended 30 June 2023:

##### **AASB 2020-3: Annual Improvements to IFRS Standards 2018–2020 and Other Amendments**

This standard amends:

- a) the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
- b) AASB 3 to update references to the Conceptual Framework for Financial Reporting;
- c) AASB 9 to clarify when the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- d) AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;
- e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and
- f) the fair value measurement requirements in AASB 141 to align with those in other Australian Accounting Standards.

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

#### (b) New accounting standards and interpretations issued but not yet effective

The following new accounting standards and interpretations have been published but are not yet effective for the year ended 30 June 2023 and have not been early adopted by the Group:

##### **AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current**

Amends AASB 101 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver, a breach of covenant, or settlement of a liability).

##### **AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates**

This Standard amends:

- a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies;

- c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and
- e) AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

##### **AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendment narrowed the scope of the recognition exemption in paragraphs 15 and 24 of AASB 112 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendment applies to transactions that occur on or after the beginning of the earliest comparative period presented.

The Group has reviewed these amendments and improvements and does not expect them to have a material impact on the Group.

The Group does not intend to early adopt any of the new standards or interpretations. It is expected that where applicable, these standards and interpretations will be adopted on each respective effective date.



## Notes to the Financial Statements

### Financial Performance

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

#### 4. Segment Reporting

##### (a) Identification of reportable segments

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

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

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

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

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## Notes to the Financial Statements

### 4. Segment Reporting (continued)

#### (b) Segment results

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

Year ended 30 June 2023	Australian operations \$'000	Canadian operations \$'000	Corporate \$'000	Group eliminations \$'000	Total \$'000
Revenue	-	-	-	-	-
Other income	-	1,695	-	-	1,695
<b>Total revenue and other income</b>	-	1,695	-	-	1,695
<b>EBITDA</b>	(247)	(9,076)	(8,614)	-	(17,937)
Depreciation and amortisation expense	-	(6,097)	(65)	-	(6,162)
<b>EBIT</b>	(247)	(15,173)	(8,679)	-	(24,099)
Net financial income/(expense)	-	(946)	15,767	-	14,821
<b>Profit/(loss) before income tax</b>	(247)	(16,119)	7,088	-	(9,278)
Income tax expense	-	(3,649)	-	-	(3,649)
<b>Profit/(loss) after income tax</b>	(247)	(19,768)	7,088	-	(12,927)
<b>Exploration expenditure</b>	593	91,773	-	-	92,366
<b>Capital expenditure<sup>(1)</sup></b>	5	152,989	40	-	153,034
<b>Total assets</b>	3,750	839,539	805,945	(639,661)	1,009,573
<b>Total liabilities</b>	17	112,706	9,804	2,223	124,750

<sup>(1)</sup> Capital expenditure excludes capitalised exploration expenditure.

Restated* Year ended 30 June 2022	Australian operations \$'000	Canadian operations \$'000	Corporate \$'000	Group eliminations \$'000	Total \$'000
Revenue	-	-	-	-	-
Other income	-	102,061	42	-	102,103
<b>Total revenue and other income</b>	-	102,061	42	-	102,103
<b>EBITDA</b>	(142)	88,523	(8,378)	-	80,003
Depreciation and amortisation expense	-	(9)	(41)	-	(50)
<b>EBIT</b>	(142)	88,514	(8,419)	-	79,953
Net financial income/(expense)	-	(1,283)	(1,643)	-	(2,926)
<b>Profit/(loss) before income tax</b>	(142)	87,231	(10,062)	-	77,027
Income tax expense	-	(3,207)	-	-	(3,207)
<b>Profit/(loss) after income tax</b>	(142)	84,024	(10,062)	-	73,820
<b>Exploration expenditure</b>	1,039	9,276	-	-	10,315
<b>Capital expenditure<sup>(1)</sup></b>	-	22,248	-	-	22,248
<b>Total assets</b>	3,153	486,836	431,982	(260,810)	661,161
<b>Total liabilities</b>	28	148,070	1,487	(49,045)	100,540

\* Refer to Note 33 for details on restatement of prior period comparatives.

<sup>(1)</sup> Capital expenditure excludes capitalised exploration expenditure.

#### Inter-segment transactions

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

#### Segment assets

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

#### Segment liabilities

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

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## Notes to the Financial Statements

### 5. Revenue and Other Income

	2023 \$'000	2022 \$'000 Restated*
<b>Revenue</b>		
Revenue from contracts with customers	-	-
<b>Total revenue</b>	-	-
<b>Other income</b>		
Gain on acquisition of North American Lithium	-	101,716
Government grants and incentives	598	42
Other income	1,097	345
<b>Total other income</b>	<b>1,695</b>	102,103
<b>Total revenue and other income</b>	<b>1,695</b>	102,103

\* Refer to Note 33 for details on restatement of prior period comparatives.

#### Recognition and measurement

Revenue is recognised on an accrual basis and is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group.

All revenue is stated net of the amount of goods and services tax and sales tax.

#### Government grants and incentives

Government grants and incentives are recognised at fair value where there is reasonable assurance that the grants and incentives will be received and the Group will comply with all relevant conditions.

#### Key judgements and estimates

##### Gain on acquisition of North American Lithium

On 27 August 2021, the Group acquired 100% of the issued capital of North American Lithium Inc. (NAL), a known lithium reserve and former producer of spodumene concentrate, for a purchase consideration of \$128.6 million. The acquisition was 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 Abitibi-Témiscamingue region.

The gain arising on acquisition of NAL was determined using a discounted cash flow model and required significant input by management, subject to judgements and estimates.

The fair value of NAL's identifiable assets and liabilities was based on life-of-mine plans. Expected future cash flows were based on estimates of future production and commodity prices, operating costs, and forecast capital expenditures using the life-of-mine plan at the date of acquisition. A replacement-cost approach was used to determine the fair value of other property, plant and equipment.

Market uncertainties, historical transactions and future economic expectations were assessed by management and factored into the cash flow model. Estimates of significant expenditure required to restore operations to full commercial production stage were included.

### 6. Expenses

	2023 \$'000	2022 \$'000
Acquisition and transaction costs	-	1,489
Administration and corporate overheads	8,040	3,533
Changes in inventories of finished goods and work in progress	(41,408)	-
Depreciation and amortisation expense	6,162	50
Employee benefits expense	18,928	9,885
External services	21,970	3,417
Raw materials and consumables used	5,060	857
Royalties paid and payable	-	20
All other operating expenses	7,042	2,899
<b>Total expenses</b>	<b>25,794</b>	22,150

## Notes to the Financial Statements

### 7. Tax

#### (a) Income tax expense

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

	2023 \$'000	2022 \$'000 Restated*
Current income tax expense	-	-
Deferred income tax expense	3,649	3,207
<b>Total income tax expense</b>	<b>3,649</b>	<b>3,207</b>

\* Refer to Note 33 for details on restatement of prior period comparatives.

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

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

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

	2023 \$'000	2022 \$'000 Restated*
<b>Profit/(loss) before income tax</b>	<b>(9,278)</b>	77,027
Income tax on profit/(loss) before income tax calculated at 30% (2022: 25%)	(2,783)	19,257
Adjust for tax effect of:		
Gain on acquisition of North American Lithium	-	(25,429)
Mining tax	1,650	2,048
Non-deductible expenses	4,366	3,702
Other non-assessable income	(4,820)	(10)
Tax losses and temporary differences not brought to account	5,236	3,639
<b>Total income tax expense</b>	<b>3,649</b>	<b>3,207</b>

\* Refer to Note 33 for details on restatement of prior period comparatives.

#### (c) Deferred tax balances

	2023 \$'000	2022 \$'000 Restated*
At the beginning of the financial year	10,174	-
Additions through business combinations	-	6,659
Charged to profit or loss	3,649	3,207
Charged to equity	160	308
<b>At the end of the financial year</b>	<b>13,983</b>	10,174

\* Refer to Note 33 for details on restatement of prior period comparatives.

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. The tax effect of certain temporary differences is not recognised, principally with respect to:

- temporary differences arising on the initial recognition of assets or liabilities (other than those arising in a business combination or manner that initially impacted accounting or taxable profit); and
- initial recognition of goodwill.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profits will be available against which the benefit of the deferred tax assets can be utilised. Deferred tax assets are reviewed at each balance sheet date and amended to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority and the Group has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis.

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## Notes to the Financial Statements

### 7. Tax (continued)

#### (d) Movement in deferred tax balances

The composition of the Group's net deferred tax assets and liabilities recognised in the Consolidated Statement of Financial Position and deferred tax expense charged/(credited) to the Consolidated Statement of Profit or Loss is as follows:

	Deferred tax assets		Deferred tax liabilities		Net charge/(credit)	
	2023 \$'000	2022 \$'000 Restated*	2023 \$'000	2022 \$'000 Restated*	2023 \$'000	2022 \$'000 Restated*
<b>Temporary differences</b>						
Deferred income	1,896	1,881	-	-	(15)	(1,881)
Property, plant and equipment	7,331	7,737	91,119	66,232	25,293	58,495
Provisions	13,321	13,238	-	-	(83)	(13,238)
Tax losses	52,856	31,198	-	-	(21,658)	(31,198)
Other	3,279	2,521	1,547	517	272	(2,004)
<b>Total</b>	<b>78,683</b>	<b>56,575</b>	<b>92,666</b>	<b>66,749</b>	<b>3,809</b>	<b>10,174</b>
Set off temporary differences	(78,683)	(56,575)	(78,683)	(56,575)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>13,983</b>	<b>10,174</b>	<b>3,809</b>	<b>10,174</b>

\* Refer to Note 33 for details on restatement of prior period comparatives.

#### (e) Unrecognised deferred tax assets and liabilities

The composition of the Group's unrecognised deferred tax assets and liabilities is as follows:

	2023 \$'000	2022 \$'000 Restated*
Tax losses – capital	6,736	5,614
Tax losses – revenue	22,472	17,101
Temporary differences	-	909
<b>Total unrecognised deferred tax assets</b>	<b>29,208</b>	<b>23,624</b>

\* Refer to Note 33 for details on restatement of prior period comparatives.

The Group has carry forward revenue losses of \$287,902,521 (2022: \$185,272,561) and capital losses of \$22,454,683 (2022: \$22,454,683).

#### (f) Tax consolidation

Sayona Mining Limited and its wholly owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2015 and is therefore taxed as a single entity from that date. Sayona Mining Limited is the head entity of the tax consolidated group. Income tax expense and deferred tax assets and liabilities arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within group" approach by reference to the carrying values in the separate financial statements of each entity and the relevant tax values under tax consolidation. Current tax assets and liabilities and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity of the tax consolidated group). Tax funding arrangements are currently in place between entities in the tax consolidated group.

#### Key judgements and estimates

##### Deferred tax

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the Consolidated Statement of Financial Position. Deferred tax assets are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure and other capital management transactions.

##### Uncertain tax matters – Unused 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. If it occurs outside the recognition period, the adjustment is recognised in the Consolidated Statement of Profit or Loss.

## Notes to the Financial Statements

### 8. Earnings per Share

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

	2023	2022 Restated*
<b>Profit/(loss) attributable to equity holders of Sayona Mining Limited (\$'000)</b>	<b>(13,626)</b>	51,459
<b>Weighted average number of ordinary shares ('000)</b>		
Basic earnings per share denominator	<b>8,695,396</b>	6,794,836
Ordinary shares contingently issuable <sup>(1)</sup>	-	407,180
Diluted earnings per share denominator	<b>8,695,396</b>	7,202,016
<b>Earnings per share (cents)</b>		
Basic	<b>(0.16)</b>	0.76
Diluted	<b>(0.16)</b>	0.71

<sup>(1)</sup> Refer to Note 33 for details on restatement of prior period comparatives.

<sup>(2)</sup> The weighted average number of options contingently issuable into ordinary shares as at 30 June 2023 is 241.8 million. The inclusion of these contingently issuable ordinary shares would have the effect of reducing the loss per share. Accordingly, these potential ordinary shares have not been included in the determination of diluted earnings per share.

#### *Basic earnings per share*

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

#### *Diluted earnings per share*

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

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## Notes to the Financial Statements

### Operating Assets and Liabilities

This section details the assets used and liabilities incurred to generate the Group's trading performance. Assets and liabilities relating to the Group's financing activities are addressed in the Capital Structure and Financial Management section on pages 35 to 43.

#### 9. Trade and Other Receivables

	2023 \$'000	2022 \$'000
Trade receivables	174	577
GST/QST receivable from taxation authorities	18,410	5,934
Other receivables from associated entities <sup>(1)</sup>	-	3,156
Other receivables	714	14
<b>Total trade and other receivables</b>	<b>19,298</b>	<b>9,681</b>
Comprising:		
Current	19,298	9,681
Non-current	-	-

<sup>(1)</sup> Amount relates to outstanding cash calls from Piedmont Lithium Québec Holdings Inc.

#### Recognition and measurement

Trade receivables are generally due within 30 days. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit losses.

The collectability of trade and other receivables is assessed continuously. Individual receivables which are deemed to be unrecoverable are written off by reducing the carrying value directly. At the reporting date, specific allowances are made for any expected credit losses based on a review of all outstanding amounts.

#### 10. Inventories

	2023 \$'000	2022 \$'000
Raw materials and consumables	6,333	-
Work in progress	5,166	-
Finished goods	37,165	-
<b>Total inventories</b>	<b>48,664</b>	<b>-</b>
Comprising:		
Current	48,664	-
Non-current	-	-

#### Recognition and measurement

Inventories are valued at the lower of cost and net realisable value. Cost is determined primarily on the basis of average cost. For processed inventories, cost is derived on an absorption costing basis. Cost comprises the cost of purchasing raw materials and the cost of production, including attributable overheads. Net realisable value is calculated as the estimated proceeds of sale, less an estimate of all further costs required to the stage of completion and all applicable marketing, selling and distribution costs to be incurred.

#### Raw materials and consumables

Raw materials and consumables represent spares, consumables and other supplies yet to be utilised in the production process, except where the raw materials purchased are equivalent products to those that the Group produces and would otherwise classify as work in progress.

#### Key judgements and estimates

##### Carrying value of inventories

The Group reviews the carrying value of inventories regularly to ensure that their cost does not exceed net realisable value. In determining net realisable value, various factors are taken into account including estimated future sales prices based on prevailing commodity prices at the reporting date, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the movement in quantities at each stocking point, the amount of contained metal, and the estimated recovery percentage based on the expected processing method. Physical quantities are assessed primarily through surveys and assays.

Estimates are periodically reassessed by the Group, taking into account technical analysis and historical performance.

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## Notes to the Financial Statements

### 11. Other Assets

	2023 \$'000	2022 \$'000
Deposits	31,993	13,120
Prepayments	1,926	580
<b>Total other assets</b>	<b>33,919</b>	<b>13,700</b>
Comprising:		
Current	33,919	13,700
Non-current	-	-

Deposits include cash deposits, term deposits held with financial institutions with a maturity of more than three months from reporting date, and funds held as security in favour of Ministère de l'Énergie et des Ressources Naturelles (MERN) for mine closure and rehabilitation of North American Lithium.

### 12. Property, Plant and Equipment

Year ended 30 June 2023	Land and buildings \$'000	Plant and equipment \$'000	Mine properties \$'000	Capital works in progress \$'000	Exploration and evaluation \$'000	Total \$'000
<b>Cost</b>						
At the beginning of the financial year	149	236,126	152,234	27,385	37,325	453,219
Additions	1,522	9,901	-	141,611	92,366	245,400
Disposals	(124)	(13,369)	-	-	-	(13,493)
Transfers and other movements	4,668	89,535	77,892	(168,838)	267	3,524
<b>At the end of the financial year</b>	<b>6,215</b>	<b>322,193</b>	<b>230,126</b>	<b>158</b>	<b>129,958</b>	<b>688,650</b>
<b>Accumulated depreciation</b>						
At the beginning of the financial year	(114)	(69)	-	-	-	(183)
Depreciation charge for the year	(408)	(4,860)	(894)	-	-	(6,162)
Disposals	124	32	-	-	-	156
Transfers and other movements	(8)	(108)	(272)	-	-	(388)
<b>At the end of the financial year</b>	<b>(406)</b>	<b>(5,005)</b>	<b>(1,166)</b>	<b>-</b>	<b>-</b>	<b>(6,577)</b>
<b>Net book value as at 30 June 2023</b>	<b>5,809</b>	<b>317,188</b>	<b>228,960</b>	<b>158</b>	<b>129,958</b>	<b>682,073</b>

Year ended 30 June 2022	Land and buildings \$'000	Plant and equipment \$'000	Mine properties \$'000	Capital works in progress \$'000	Exploration and evaluation \$'000	Total \$'000
<b>Cost</b>						
At the beginning of the financial year	149	35	-	-	25,553	25,737
Acquisition of subsidiaries <sup>(1)</sup>	-	203,387	59,889	-	116,561	379,837
Additions	-	1,021	-	21,227	10,315	32,563
Transfers and other movements	-	31,683	92,345	6,158	(115,104)	15,082
<b>At the end of the financial year</b>	<b>149</b>	<b>236,126</b>	<b>152,234</b>	<b>27,385</b>	<b>37,325</b>	<b>453,219</b>
<b>Accumulated depreciation</b>						
At the beginning of the financial year	(12)	(11)	-	-	-	(23)
Depreciation charge for the year	(39)	(11)	-	-	-	(50)
Transfers and other movements	(63)	(47)	-	-	-	(110)
<b>At the end of the financial year</b>	<b>(114)</b>	<b>(69)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(183)</b>
<b>Net book value as at 30 June 2022</b>	<b>35</b>	<b>236,057</b>	<b>152,234</b>	<b>27,385</b>	<b>37,325</b>	<b>453,036</b>

<sup>(1)</sup> On 27 August 2021, the Group acquired 100% of the issued capital of North American Lithium Inc. (NAL). The amounts reported reflect the fair value of identifiable assets at the date of acquisition.

#### Reclassification of asset categories within property, plant and equipment

Mine properties, exploration and evaluation assets and right-of-use assets have been reclassified within property, plant and equipment, in line with changes to Group accounting policies in the current reporting period. This reclassification has been applied retrospectively to prior period comparatives.

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## Notes to the Financial Statements

### 12. Property, Plant and Equipment (continued)

#### Recognition and measurement

Property, plant and equipment is recorded at cost less accumulated depreciation and impairment charges. Cost is the fair value of consideration given to acquire the asset at the time of its acquisition or construction, and includes the direct cost of bringing the asset to the location and condition necessary for operation.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected. Any gain or loss arising on derecognition of the asset is included in the Consolidated Statement of Profit or Loss when the asset is derecognised.

#### (a) Mine properties

Mine properties include:

- capitalised development and production stripping costs;
- mineral rights acquired.

The initial cost of mine properties includes the purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and borrowing costs (where relevant for qualifying assets). 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 date of 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.

#### (i) Capitalised development and production stripping costs

The process of removing overburden and other waste materials to access mineral deposits is known as stripping. Stripping is necessary to obtain access to mineral deposits and occurs throughout the life of an open-pit mine. Stripping is classified as either development stripping or production stripping. Development and production stripping costs are recognised as part of mine properties in property, plant and equipment.

Development stripping costs are initial overburden removal costs incurred to obtain access to mineral deposits that will be commercially produced. These costs are capitalised when it is probable that future economic benefits in the form of access to mineral ores will flow to the Group and costs can be measured reliably. Stripping costs incurred during the development phase of a mine are usually capitalised as part of the depreciable cost of building, developing and constructing the mine.

Production stripping costs are post initial overburden removal costs incurred during the normal course of production, which are usually incurred after the first saleable minerals have been extracted from the component of the ore body. Costs are capitalised where production stripping activity results in improved access to future ore and the following criteria are met:

- the production stripping activity improves access to a specific component of the ore body and it is probable that economic benefits arising from the improved access to future ore production will be realised;
- the component of the ore body for which access has been improved can be identified; and
- costs associated with that component can be measured reliably.

Production stripping costs are allocated between the inventory produced and the production stripping asset using a life-of-component waste-to-ore (or mineral contained) strip ratio. When the current strip ratio is greater than the estimated life-of-component ratio, a portion of the stripping costs are capitalised to the production stripping asset.

#### (b) Capital works in progress

Capital works in progress are measured at cost inclusive of associated on-costs and charges. Costs are only capitalised when it is probable that future economic benefits will flow to the Group and costs can be measured reliably.

All assets included in capital works in progress are reclassified to other categories within property, plant and equipment when the asset is available and ready for use in the manner intended.

#### (c) Right-of-use assets

Right-of-use assets are presented within the respective categories of property, plant and equipment according to the nature of the underlying asset leased. Refer to Note 19 for details on the Group's right-of-use assets and corresponding lease liabilities.



## Notes to the Financial Statements

### 12. Property, Plant and Equipment (continued)

#### (d) Exploration and evaluation expenditure

Exploration and evaluation expenditure is capitalised where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Exploration is defined as the search for potential mineralisation after the Group has obtained legal rights to explore in a specific area and includes topographical, geological, geochemical and geophysical studies and exploratory drilling, trenching and sampling.

Evaluation is defined as the determination of the technical feasibility and commercial viability of a particular prospect. Activities conducted during the evaluation phase include determination of the volume, grade and quality of the deposit, examination and testing of extraction methods and metallurgical or treatment processes, surveys of transportation and infrastructure requirements, and market and finance studies.

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

Exploration and evaluation expenditure incurred prior to the establishment of a commercially viable mineral deposit is expensed as incurred, except for initial payments for the right to explore (including lease acquisition costs). Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

#### (e) Impairment of assets

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

#### (f) Depreciation and amortisation

The carrying values of property, plant and equipment are depreciated to their estimated residual values over the estimated useful lives of the specific assets concerned. Estimates of residual values and useful lives are reassessed annually and any change in estimate is considered in the determination of remaining depreciation charges. Depreciation commences on the date of commissioning.

The major categories of property, plant and equipment are depreciated on a units of production or straight-line basis using the estimated lives indicated below. Where assets are dedicated to a mine or lease and are not readily transferable, the useful life of the asset is subject to the lesser of the asset's useful life and the life of the mine or lease.

Asset category	Depreciation method
Buildings	2 to 20 years straight-line
Land	Not applicable
Mine properties (including mineral rights)	Based on ore reserves on a units of production basis
Plant and equipment	2 to 20 years straight-line
Right-of-use assets	Based on the shorter of the asset's useful life or term of the lease (straight-line)

#### Key judgements and estimates

##### Judgement applied in determining ore reserves and mineral resources

The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons in accordance with the Joint Ore Reserves Committee (JORC) code. Estimation requires assumptions about future commodity prices and demand, exchange rates, production costs, transport costs, mine closure and rehabilitation costs, recovery rates, discount rates and, in some instances, the renewal of mining licences. There are many uncertainties in the estimation process and assumptions that are valid at the time of estimation may change significantly when new information becomes available. New geological or economic data, or unforeseen operational issues, may change estimates of ore reserves and mineral resources. The Group uses judgment as to when to include mineral resources in accounting estimates.

##### Useful economic lives of assets

The determination of useful lives, residual values and depreciation methods is reviewed at each reporting period and involves estimates and assumptions. Any changes to useful lives or any other estimates or assumptions may impact prospective depreciation rates and asset carrying values. The Group applies judgement in determining the useful economic lives of assets and whether any indicators of impairment are present based on internal and external sources of information available. The table above summarises the depreciation methods and rates applied to major categories of property, plant and equipment.

## Notes to the Financial Statements

### 13. Intangible Assets

	2023 \$'000	2022 \$'000
<b>Cost</b>		
At the beginning of the financial year	186	186
Disposals	(185)	-
<b>At the end of the financial year</b>	<b>1</b>	<b>186</b>
<b>Accumulated amortisation</b>		
At the beginning of the financial year	(1)	(1)
<b>At the end of the financial year</b>	<b>(1)</b>	<b>(1)</b>
<b>Net book value at the end of the financial year</b>	<b>-</b>	<b>185</b>

#### Recognition and measurement

The Group capitalises amounts paid for the acquisition of identifiable intangible assets where it is considered that future economic benefits will flow to the Group and the cost of the asset can be measured reliably. Intangible assets held by the Group are stated at acquisition cost, net of any related accumulated amortisation and impairment charges.

#### (a) Goodwill

Where the fair value of consideration paid for a business combination exceeds the fair value of the Group's share of the identifiable net assets acquired, the difference is treated as purchased goodwill. Where the fair value of the Group's share of the identifiable net assets acquired exceeds the fair value of consideration paid, the difference is recognised in the Consolidated Statement of Profit or Loss. Goodwill is not amortised; however, its carrying value is assessed annually against its recoverable amount.

#### (b) Other intangible assets

Amounts paid for the acquisition of identifiable intangible assets, such as software and licences, are capitalised at the fair value of consideration paid and are recorded at cost less accumulated amortisation and impairment charges. Identifiable intangible assets with a finite life are amortised on a straight-line basis over their expected useful life from when the asset is ready for use.

### 14. Trade and Other Payables

	2023 \$'000	2022 \$'000
Trade payables	18,682	5,146
Other payables to associated entities <sup>(1)</sup>	681	17,059
Other payables	10,134	1,776
<b>Total trade and other payables</b>	<b>29,497</b>	<b>23,981</b>
Comprising:		
Current	29,497	23,981
Non-current	-	-

<sup>(1)</sup> At 30 June 2022, Piedmont Lithium Québec Holdings Inc. had agreed to joint funding advances in relation to refurbishment activities at NAL. The outstanding amount has been treated as an equity loan, and represents Piedmont's proportionate share of contributed cash advances to the joint venture. The prior year balance has been reclassified to share capital during the year.

#### Recognition and measurement

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with amounts normally paid within 30 days of recognition of the liability. Amounts are initially recognised at fair value, and subsequently measured at amortised cost. The carrying value of these trade and other payables is considered to approximate fair value due to the short-term nature of the payables.

The Group's obligations for short-term employee benefits are recognised in other payables.

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## Notes to the Financial Statements

### 15. Other Liabilities

	2023 \$'000	2022 \$'000
Deferred income <sup>(1)</sup>	13,956	11,504
<b>Total other liabilities</b>	<b>13,956</b>	<b>11,504</b>
Comprising:		
Current	-	-
Non-current	13,956	11,504

<sup>(1)</sup> As part of the Group's acquisition of Moblan, a royalty agreement was entered into with Lithium Royalty Corp. (LRC). Under the terms of the agreement, royalties are payable to LRC based on tonnages produced from properties acquired as part of the Moblan Lithium Project. Royalties are based on either Gross Overriding Revenue (GOR) or Net Smelter Return (NSR), depending on the property. The Group amortises royalty advances based on tonnages produced and the contractual obligations set out in the agreement.

### 16. Provisions

	2023 \$'000	2022 \$'000
Employee entitlements	846	324
Mine closure and rehabilitation	35,254	31,085
<b>Total provisions</b>	<b>36,100</b>	<b>31,409</b>
Comprising:		
Current	846	324
Non-current	35,254	31,085

The movement in provisions during the year is as follows:

	Employee entitlements \$'000	Mine closure and rehabilitation \$'000	Total \$'000
<b>Year ended 30 June 2023</b>			
At the beginning of the financial year	324	31,085	31,409
Charge/(credit) for the year to the Consolidated Statement of Profit or Loss:			
Underlying charge for the year	1,354	3,925	5,279
Released during the year	(849)	-	(849)
Foreign exchange rate differences	17	244	261
<b>At the end of the financial year</b>	<b>846</b>	<b>35,254</b>	<b>36,100</b>

	Employee entitlements \$'000	Mine closure and rehabilitation \$'000	Total \$'000
<b>Year ended 30 June 2022</b>			
At the beginning of the financial year	117	-	117
Acquisition of subsidiaries <sup>(1)</sup>	-	30,133	30,133
Charge/(credit) for the year to the Consolidated Statement of Profit or Loss:			
Underlying charge for the year	266	-	266
Released during the year	(59)	-	(59)
Foreign exchange rate differences	-	952	952
<b>At the end of the financial year</b>	<b>324</b>	<b>31,085</b>	<b>31,409</b>

<sup>(1)</sup> On 27 August 2021, the Group acquired 100% of the issued capital of North American Lithium Inc. (NAL). The amount reported reflects the fair value of the provision for mine closure and rehabilitation at the date of acquisition.

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## Notes to the Financial Statements

### 16. Provisions (continued)

#### Recognition and measurement

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### (a) Employee entitlements

Employee entitlements expected to be settled within twelve months are presented as current employee benefit obligations. Liabilities for salaries and wages, including non-monetary benefits, and annual leave are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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

#### (b) Mine closure and rehabilitation

The mining and processing activities of the Group normally give rise to obligations for site closure or rehabilitation. Closure and rehabilitation works can include facility decommissioning and dismantling, removal or treatment of waste materials, and site and land rehabilitation in accordance with local laws and regulations and clauses of the permits.

Closure and rehabilitation provisions are recognised at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation and at, or after, the time of closure, for disturbance existing at the reporting date. Routine operating costs that may impact the ultimate closure and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

Closure and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation.

When provisions for mine closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of closure and rehabilitation activities is recognised in property, plant and equipment and depreciated accordingly.

Closure and rehabilitation provisions are also adjusted for changes in costs and estimates. Any adjustments are made prospectively and are accounted for as a change in the corresponding capitalised asset, except where a reduction in the provision is greater than the depreciated capitalised cost of the related assets, in which case the carrying value is reduced to nil and the remaining adjustment is recognised first against other items in property, plant and equipment, and subsequently to the Consolidated Statement of Profit or Loss. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved.

#### Key judgements and estimates

##### Mine closure and rehabilitation provision on acquisition of North American Lithium

The provision recognised at the date of acquisition represents the net present value of mine closure and rehabilitation costs that are expected to be incurred up to the time when the producing mine ceases operations. The provision is based on the Group's internal estimates and modified by the Ministère de l'Énergie et des Ressources Naturelles (MERN). A discount rate of 10% has been applied to reflect the inherent risk in the mining operation.

Assumptions have been made based on the current economic environment, which management believe 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. Actual rehabilitation costs will ultimately depend on market conditions at the relevant time. The timing of closure and rehabilitation will most likely depend on when the mine ceases to produce at economically viable rates.

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

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## Notes to the Financial Statements

### Capital Structure and Financial Management

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

#### 17. Cash and Cash Equivalents

	2023 \$'000	2022 \$'000
Cash	106,458	184,509
Short-term deposits	104,661	50
<b>Total cash and cash equivalents<sup>(1)</sup></b>	<b>211,119</b>	<b>184,559</b>

<sup>(1)</sup> Cash and cash equivalents include \$54.7 million (2022: Nil) which is restricted by legal or contractual arrangements.

Cash and cash equivalents include cash on hand, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less.

#### 18. Interest Bearing Liabilities

	2023 \$'000	2022 \$'000
Lease liabilities <sup>(1)</sup>	6,253	10
Non-convertible redeemable cumulative preference shares	24,849	23,462
Other interest bearing liabilities	112	-
<b>Total interest bearing liabilities</b>	<b>31,214</b>	<b>23,472</b>
Comprising:		
Current	1,944	10
Non-current	29,270	23,462

<sup>(1)</sup> Refer to Note 19 for further details on the Group's leases.

##### Recognition and measurement

All borrowings are initially recognised at their fair value net of directly attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in the Consolidated Statement of Profit or Loss when the liabilities are derecognised. Interest bearing liabilities are classified as current liabilities, except when the Group has an unconditional right to defer settlement for at least twelve months after the reporting date, in which case the liabilities are classified as non-current.

A reconciliation of movements in interest bearing liabilities and other financial liabilities to cash flows arising from financing activities is set out in Note 22 (f).

##### (a) Non-convertible redeemable cumulative preference shares

On 27 August 2021, as part of the acquisition of North American Lithium, the Group exchanged Investissement Quebec's (IQ) second ranking debt of C\$63 million for twenty million non-convertible redeemable cumulative preference shares held by NAL at a par value of C\$1.00 per share. The shares may be redeemed at the option of NAL or at the option of IQ, subject to satisfaction of various performance hurdles.

The terms of the preference shares are detailed below:

- interest is accrued or paid at 5% per annum;
- the shares cannot be converted to equity at any time;
- preference shareholders are not entitled to dividends or to vote at shareholder meetings;
- 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 ten years after the first anniversary of the issue of these shares; and
- in the event of default, liquidation, or receivership, IQ rank before the ordinary shareholders in priority.

The preference shares are recorded at issue price plus accrued interest. Given the nature and conditions impacting on potential redemption terms, the fair value assigned to the preference shares is their face value.



## Notes to the Financial Statements

### 19. Leases

The nature of the Group's leases predominantly relates to assets and equipment supporting the operations in line with the Group's principal activities, as well as real estate in the form of office premises. Lease terms range from three to five years. Lease contracts are negotiated on an individual basis and contain a wide range of terms and conditions.

#### (a) Amounts recognised in the Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position includes the following amounts relating to leases:

	2023 \$'000	2022 \$'000
<b>Right-of-use assets recognised in property, plant and equipment</b>		
Land and buildings		
Cost	1,522	124
Accumulated depreciation	(369)	(114)
Net book value	1,153	10
Plant and equipment		
Cost	5,387	-
Accumulated depreciation	(449)	-
Net book value	4,938	-
<b>Total right-of-use assets</b>	<b>6,091</b>	<b>10</b>
<b>Lease liabilities</b>		
Land and buildings – current	349	10
Land and buildings – non-current	892	-
Plant and equipment – current	1,595	-
Plant and equipment – non-current	3,417	-
<b>Total lease liabilities</b>	<b>6,253</b>	<b>10</b>

Right-of-use asset additions during the year were \$6.9 million (2022: Nil).

Lease liabilities have been measured at the present value of the remaining lease payments over the term of the lease. The present value has been determined using discount rates ranging between 4.50% and 10% (2022: 4.50%).

#### (b) Amounts recognised in the Consolidated Statement of Profit or Loss

The Consolidated Statement of Profit or Loss includes the following amounts relating to leases:

	2023 \$'000	2022 \$'000
Depreciation of right-of-use assets	811	38
Interest on lease liabilities	148	1

#### Recognition and measurement

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. All contracts that are classified as short-term leases (leases with a remaining lease term of twelve months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

##### *Right-of-use assets*

If a lease is present, a right-of-use asset and corresponding lease liability is recognised at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimated future restoration costs, less any lease incentives received. The right-of-use asset is subsequently measured at cost less accumulated depreciation, impairment charges and any adjustments for remeasurement of the lease liability.

Right-of-use assets are depreciated over the term of the lease or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset indicates the Group is likely to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Right-of-use assets are recognised in property, plant and equipment in the Consolidated Statement of Financial Position.

## Notes to the Financial Statements

### 19. Leases (continued)

#### Lease liabilities

Lease liabilities are recognised within interest bearing liabilities in the Consolidated Statement of Financial Position. The lease liability is initially measured at the present value of the lease payments still to be paid at commencement date.

Lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The lessee's incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment and with similar terms, conditions and security.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate or index, if there is a change in the Group's estimate of the amount expected to be payable under a residual guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the right-of-use asset, or is recorded in the Consolidated Statement of Profit or Loss if the carrying value of the right-of-use asset has been reduced to nil.

### 20. Financial Income and Expenses

	2023 \$'000	2022 \$'000
<b>Financial income</b>		
Interest on bank accounts	2,817	111
Net foreign exchange gains	13,510	-
<b>Total financial income</b>	<b>16,327</b>	<b>111</b>
<b>Financial expenses</b>		
Interest on lease liabilities	148	1
Interest on preference shares	1,177	927
Net foreign exchange losses	-	2,109
Other financial expenses	181	-
<b>Total financial expenses</b>	<b>1,506</b>	<b>3,037</b>
<b>Net financial income/(expense)</b>	<b>14,821</b>	<b>(2,926)</b>

### 21. Other Financial Assets

	2023 \$'000	2022 \$'000
<b>Investments in listed entities</b>		
Consolidated Lithium Metals Inc. <sup>(1)</sup>	2,296	-
Troilus Gold Corporation <sup>(2)</sup>	10,647	-
<b>Total other financial assets</b>	<b>12,943</b>	<b>-</b>
Comprising:		
Current	-	-
Non-current	12,943	-

<sup>(1)</sup> On 14 November 2022, the Group acquired a 9.99% shareholding in Consolidated Lithium Metals Inc. (TSXV: CLM) for C\$1.5 million through a private placement. The shares were acquired as part of the Group's agreement with Consolidated Lithium Metals Inc. to acquire claims in the Vallée Lithium Project.

<sup>(2)</sup> On 17 November 2022, the Group completed the acquisition of a 9.26% shareholding in Troilus Gold Corporation (TSXV: TLG) for C\$10 million. The acquisition was completed in two tranches totalling 20.4 million shares at C\$0.49 per share. The shares were acquired as part of the Group's agreement with Troilus Gold Corporation to acquire claims near the Moblan Lithium Project.

#### Recognition and measurement

The Group has elected at initial recognition to classify equity investments as financial assets at fair value through other comprehensive income (FVOCI). The equity securities are not held for trading and are strategic investments for which the Group considers this classification to be more appropriate.

Changes in fair value are accumulated in a separate reserve within equity. The cumulative amount is transferred to the Consolidated Statement of Profit or Loss on disposal of the relevant equity securities.

The fair value of the Group's financial assets at FVOCI is estimated based on quoted market prices at the reporting date and classified as Level 1 on the fair value hierarchy as detailed in Note 22 (e).

## Notes to the Financial Statements

### 22. Financial Instruments and Risk Management

The Group is exposed to market, liquidity and credit risk through its financial instruments, which comprise cash and cash equivalents, receivables, financial assets, other assets and liabilities, payables and interest bearing liabilities. The main purpose of these financial instruments is to fund the principal activities of the Group.

The Board of the Company meets on a regular basis to analyse exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. Management is responsible for developing and monitoring the risk management policies.

#### (a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity price risk. The objective of market risk management is to manage market risk exposures to protect profitability and return on assets.

##### (i) Interest rate risk

The Group is exposed to interest rate risk on its cash and cash equivalents, other assets and interest bearing liabilities from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's net exposure to interest rate risk at the reporting date is as follows:

	2023 \$'000	2022 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	211,119	184,559
Other assets	31,993	13,120
<b>Net exposure</b>	<b>243,112</b>	<b>197,679</b>

##### Sensitivity analysis

The following table demonstrates the sensitivity to a 100 basis point change in interest rates, with all other variables remaining constant:

	Effect on profit after tax 2023 \$'000	Effect on profit after tax 2022 \$'000
+100 basis point change in interest rates	1,702	1,483
-100 basis point change in interest rates	(1,702)	(149)

##### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group operates internationally and is exposed to foreign currency risk arising from currency movements, primarily in respect of transactions and instruments in Canadian and United States (US) dollars. No derivative financial instruments are employed to mitigate the exposed risks.

The Group's net exposure to foreign currency risk (in Australian dollars) at the reporting date is as follows:

	Canadian dollar risk exposure 2023 \$'000	Canadian dollar risk exposure 2022 \$'000	US dollar risk exposure 2023 \$'000	US dollar risk exposure 2022 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	106,120	25,271	975	1,094
Trade and other receivables	19,927	10,530	-	-
Other assets	33,740	11,660	-	-
<b>Financial liabilities</b>				
Trade and other payables	(24,147)	(5,385)	(2,300)	-
Interest bearing liabilities	(30,923)	(23,462)	-	-
Other liabilities	(1,946)	(28,563)	(12,009)	-
<b>Net exposure</b>	<b>102,771</b>	<b>(9,949)</b>	<b>(13,334)</b>	<b>1,094</b>

## Notes to the Financial Statements

### 22. Financial Instruments and Risk Management (continued)

#### Sensitivity analysis

Based on the Group's net financial assets and liabilities as at 30 June, a weakening of the Australian dollar against these currencies as illustrated in the table below, with all other variables held constant, would have the following effect on the Group's profit or loss after tax:

	Effect on profit after tax 2023 \$'000	Effect on profit after tax 2022 \$'000
5% movement in Canadian dollar	3,597	(373)
5% movement in United States dollar	467	41

#### (b) Liquidity risk

Liquidity risk is the risk that the Group may not be able to settle or meet its obligations as they fall due. This risk is managed by ensuring, to the extent possible, that there is sufficient liquidity in place, without incurring unacceptable losses or risking damage to the Group's reputation. The Board manages liquidity risk by sourcing long-term funding, primarily through equity sources.

#### Financial asset and financial liability maturity analysis

The following table shows an undiscounted contractual maturity analysis for financial assets and financial liabilities and reflects management's expectations with respect to realisation of financial assets and financial liabilities and timing of termination:

Year ended 30 June 2023	Weighted average interest rate %	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Total \$'000
<b>Financial assets</b>					
Cash and cash equivalents	2.68%	211,119	-	-	211,119
Trade and other receivables	-	19,298	-	-	19,298
Other financial assets	-	-	-	12,943	12,943
Other assets	2.69%	31,993	-	-	31,993
<b>Total financial assets</b>		<b>262,410</b>	<b>-</b>	<b>12,943</b>	<b>275,353</b>
<b>Financial liabilities</b>					
Trade and other payables	-	29,497	-	-	29,497
Interest bearing liabilities	5.00%	-	112	24,849	24,961
Lease liabilities	9.74%	1,944	4,309	-	6,253
Other liabilities	-	-	-	13,956	13,956
<b>Total financial liabilities</b>		<b>31,441</b>	<b>4,421</b>	<b>38,805</b>	<b>74,667</b>
<b>Net financial instruments</b>		<b>230,969</b>	<b>(4,421)</b>	<b>(25,862)</b>	<b>200,686</b>

Year ended 30 June 2022	Weighted average interest rate %	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Total \$'000
<b>Financial assets</b>					
Cash and cash equivalents	0.06%	184,559	-	-	184,559
Trade and other receivables	-	9,681	-	-	9,681
Other assets	0.67%	13,120	-	-	13,120
<b>Total financial assets</b>		<b>207,360</b>	<b>-</b>	<b>-</b>	<b>207,360</b>
<b>Financial liabilities</b>					
Trade and other payables	-	23,981	-	-	23,981
Interest bearing liabilities	5.00%	-	-	23,462	23,462
Lease liabilities	4.50%	10	-	-	10
Other liabilities	-	-	-	11,504	11,504
<b>Total financial liabilities</b>		<b>23,991</b>	<b>-</b>	<b>34,966</b>	<b>58,957</b>
<b>Net financial instruments</b>		<b>183,369</b>	<b>-</b>	<b>(34,966)</b>	<b>148,403</b>

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## Notes to the Financial Statements

### 22. Financial Instruments and Risk Management (continued)

#### (c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk arises from exposures to deposits with financial institutions, trade and other receivables and deposits. Management monitors credit risk by actively assessing the rating quality and liquidity of counterparties.

The Group's maximum exposure to credit risk at reporting date is \$10.9 million (2022: \$3.7 million).

#### (d) Recognition and measurement

##### *Initial recognition and measurement*

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

##### *Subsequent measurement*

##### *(i) Subsequent measurement of financial assets*

Financial assets are subsequently measured at amortised cost. Measurement is based on two primary criteria:

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

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

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

##### *(ii) Subsequent measurement of financial liabilities*

Financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying value at initial recognition.

##### *Derecognition*

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the Consolidated Statement of Financial Position.

##### *(i) Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expire, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss.

##### *(ii) Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying value of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.



## Notes to the Financial Statements

### 22. Financial Instruments and Risk Management (continued)

#### Impairment

The Group recognises a loss allowance for expected credit losses, using the simplified approach under AASB 9, which requires the recognition of lifetime expected credit loss at all times.

#### (e) Fair values

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

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

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

The aggregate fair values and carrying values of financial assets and liabilities are disclosed in the Consolidated Statement of Financial Position. Fair values are materially in line with carrying values.

#### Fair value measurement

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

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

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>At 30 June 2023</b>				
Financial assets at FVOCI	12,943	-	-	12,943
<b>Total</b>	<b>12,943</b>	<b>-</b>	<b>-</b>	<b>12,943</b>

The Group did not measure any financial assets or liabilities at fair value on a non-recurring basis as at 30 June 2023. There were no transfers between levels of the hierarchy during the year.

#### (f) Changes in liabilities from financing activities

The movement in the Group's liabilities from financing activities during the year is as follows:

	Interest bearing liabilities \$'000	Preference shares \$'000	Lease liabilities \$'000	Total \$'000
<b>Year ended 30 June 2023</b>				
At the beginning of the financial year	-	23,462	10	23,472
Cash movements	110	-	(776)	(666)
Non-cash movements	2	1,387	7,019	8,408
<b>At the end of the financial year</b>	<b>112</b>	<b>24,849</b>	<b>6,253</b>	<b>31,214</b>
<b>Year ended 30 June 2022</b>				
At the beginning of the financial year	-	-	53	53
Cash movements	-	-	(43)	(43)
Non-cash movements	-	23,462	-	23,462
<b>At the end of the financial year</b>	<b>-</b>	<b>23,462</b>	<b>10</b>	<b>23,472</b>

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## Notes to the Financial Statements

### 23. Share Capital

#### Ordinary shares

Ordinary shares are classified as equity. Transaction costs (net of tax, where the deduction can be utilised) arising on the issue of ordinary shares are recognised in equity as a reduction of the share proceeds received.

Where share application monies have been received but the shares have not been issued, these monies are shown as a payable in the Consolidated Statement of Financial Position.

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

	2023 No. shares	2022 No. shares	2023 \$'000	2022 \$'000
At the beginning of the financial year	8,246,752,670	5,153,695,375	504,255	128,728
Shares issued	1,792,385,354	3,093,057,295	276,404	392,475
Transaction costs associated with share issues	-	-	(9,959)	(16,948)
<b>At the end of the financial year</b>	<b>10,039,138,024</b>	<b>8,246,752,670</b>	<b>770,700</b>	<b>504,255</b>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The Company does not have authorised capital or par value in respect of its issued shares.

#### (a) Significant share issues during the year

On 17 November 2022, the Group announced an agreement with Troilus Gold Corporation to acquire 1,824 claims located near the Moblan Lithium Project for a purchase consideration of \$44.5 million. Pursuant to this agreement, the Group issued 184,331,797 fully paid ordinary shares to Troilus Gold Corporation to settle the transaction.

On 24 November 2022, the Group issued 155 million shares to Acuity Capital to be held as collateral against the At-the-Market (ATM) facility, bringing the total security held by Acuity Capital to 250 million shares. Shares were issued following an agreement to increase the facility limit from \$50 million to \$200 million. These shares were issued at no cost and are similar to treasury shares.

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

On 5 June 2023, the Group completed the first tranche of a \$200 million placement to institutional, professional and sophisticated investors, resulting in the issuance of 940,384,891 fully paid ordinary shares at an issue price of \$0.18 per share for aggregate gross proceeds of \$169.3 million. The second tranche totalling \$30.7 million was completed on 19 July 2023.

#### Options

Options are classified as equity and issue proceeds are taken up in the share based payments reserve. Transaction costs (net of tax, where the deduction can be utilised) arising on the issue of options are recognised in equity as a reduction of the option proceeds received.

The movement in options during the year is as follows:

	Listed options		Unlisted options	
	2023 No. options	2022 No. options	2023 No. options	2022 No. options
At the beginning of the financial year	308,290,518	474,857,645	42,000,000	8,000,000
Granted during the year	-	-	6,234,482	53,200,000
Exercised during the year	(304,196,342)	(166,567,127)	(6,000,000)	(19,200,000)
Lapsed during the year	(4,094,176)	-	-	-
<b>At the end of the financial year</b>	<b>-</b>	<b>308,290,518</b>	<b>42,234,482</b>	<b>42,000,000</b>

#### Capital management policy

The Group has been funded predominantly by equity up to the date of this report. Management controls the capital of the Group with the aim of generating long-term shareholder value and ensuring the Group can fund its operations and continue as a going concern. The Group's capital is managed by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and market conditions.

None of the Group's entities are currently subject to externally imposed capital requirements. In addition, there were no changes in the Group's approach to capital management during the year.

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## Notes to the Financial Statements

### 24. Reserves

	Financial asset reserve \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Total \$'000
<b>Year ended 30 June 2023</b>				
At the beginning of the financial year	-	11,789	1,762	13,551
Financial assets at fair value through other comprehensive income	(1,544)	-	-	(1,544)
Foreign exchange differences on translation of foreign operations	-	(3,462)	-	(3,462)
Share based payments	-	-	4,320	4,320
Transfers within equity to retained earnings	-	-	(92)	(92)
<b>At the end of the financial year</b>	<b>(1,544)</b>	<b>8,327</b>	<b>5,990</b>	<b>12,773</b>
<b>Year ended 30 June 2022</b>				
<b>Restated *</b>				
At the beginning of the financial year	-	195	109	304
Foreign exchange differences on translation of foreign operations	-	11,549	-	11,549
Share based payments	-	-	3,040	3,040
Transfers and other movements	-	45	(1,387)	(1,342)
<b>At the end of the financial year</b>	<b>-</b>	<b>11,789</b>	<b>1,762</b>	<b>13,551</b>

\* Refer to Note 33 for details on restatement of prior period comparatives.

#### Financial asset reserve

The financial asset reserve represents the revaluation of financial assets recognised at fair value through other comprehensive income (FVOCI). The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

#### Foreign currency translation reserve

Exchange differences arising on translation of foreign operations are recognised in Consolidated Statement of Other Comprehensive Income and accumulated in a separate reserve within equity. The cumulative amount is transferred to the Consolidated Statement of Profit or Loss on disposal of the foreign operation.

#### Share based payments reserve

The share based payments reserve represents the fair value of share based payments provided to both employees and non-employees. Refer to Note 29 for details on share based payments.

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## Notes to the Financial Statements

### Group and Related Party Information

This section contains information on the structure and related parties of the Group and how it affects the financial performance and position of the Group.

#### 25. Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over the subsidiary when it has existing rights to direct the relevant activities of the subsidiary which are those which significantly affect the subsidiary's returns. The financial statements of subsidiaries are included in the consolidated financial statements for the period they are controlled.

The subsidiaries of the Group at the reporting date are as follows:

Subsidiaries	Country of incorporation	Principal activity	Ownership interest	
			2023 %	2022 %
9474-9454 Québec Inc.	Canada	Exploration	100	-
North American Lithium Inc. <sup>(1)</sup>	Canada	Lithium mining and processing	75	75
Sayona East Kimberley Pty Ltd	Australia	Exploration	100	100
Sayona Inc. <sup>(2)</sup>	Canada	Administrative, management and support services	100	100
Sayona International Pty Ltd	Australia	Investment holding company	100	100
Sayona Lithium Pty Ltd	Australia	Exploration	100	100
Sayona North Inc.	Canada	Exploration	100	100
Sayona Québec Inc. <sup>(1)</sup>	Canada	Investment holding company	75	75

<sup>(1)</sup> Non-controlling ownership interest of 25% is held by Piedmont Lithium Québec Holdings Inc.

<sup>(2)</sup> Subsidiary was previously named 9451-6705 Québec Inc.

#### 26. Interests in Joint Arrangements

The Group's interests in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint arrangements represent the contractual sharing of control between two or more parties in a business venture where decisions about the relevant activities of the arrangement (those that significantly affect the returns of the business venture) require the unanimous consent of the parties sharing control.

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

Project	Country	Counterparty	Ownership interest	
			2023 %	2022 %
Moblan Lithium Project	Canada	SOQUEM Inc.	60	60
Morella Lithium Joint Venture Project	Australia	Morella Corporation Limited	49	100

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

Further details on the arrangements are as follows:

##### (a) Moblan Lithium Project

On 15 October 2021, the Group acquired a 60% interest in the Moblan Lithium Project, a drilling deposit host to high-grade spodumene mineralisation. The project is 40% owned by SOQUEM Inc., a wholly-owned subsidiary of Investissement Québec.

##### (b) Morella Lithium Joint Venture Project

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

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## Notes to the Financial Statements

### 27. Related Party Transactions

#### (a) Parent entity

The ultimate parent entity of the Group is Sayona Mining Limited, which is incorporated and domiciled in Australia.

The registered office of the Company is Level 28, 10 Eagle Street, Brisbane QLD 4000.

#### (b) Subsidiaries, joint ventures and associates

The Group's interests in subsidiaries, joint ventures and associates are disclosed in Note 25.

#### (c) Key management personnel compensation

	2023 \$'000	2022 \$'000 Restated *
Short-term employee benefits	2,468	783
Post-employment benefits	89	42
Share based payments	2,221	3,584
<b>Total key management personnel compensation</b>	<b>4,778</b>	<b>4,409</b>

\* Refer to Note 33 for details on restatement of prior period comparatives.

Further information is provided in the Remuneration Report on pages 7 to 14.

#### (d) Transactions with related parties

	2023 \$'000	2022 \$'000
<b>Transactions with related parties</b>		
Sales of goods and services	18,956	94
Purchases of goods and services	156	121
Interest expense	1,177	927
Net increase (decrease) in other amounts owing with related parties	(11,835)	37,365
Net increase (decrease) in loans with related parties	87	-
Proceeds from related parties	77,806	13,492
<b>Outstanding balances with related parties</b>		
Trade and sundry amounts owing to related parties	34	20
Trade and sundry amounts owing from related parties	44	11
Other amounts owing to related parties	25,530	40,521
Other amounts owing from related parties	-	3,156
Loan amounts owing from related parties	87	-

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

The Board has determined that the value of the services provided from related parties is not sufficiently material to interfere with the Directors' capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Group as a whole, rather than in the interests of an individual security holder or other party.

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## Notes to the Financial Statements

### Other Disclosures

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

### 28. Auditor's Remuneration

The Group's auditor is Nexia Brisbane Audit Pty Ltd.

	2023 \$'000	2022 \$'000
<b>Fees paid and payable to the Group's auditor for assurance services</b>		
Audit and review of financial statements	326	211
<b>Total auditor's remuneration</b>	<b>326</b>	<b>211</b>

### 29. Share Based Payments

The Group uses shares and options to settle liabilities. Share based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

#### (a) Ordinary shares

##### Reconciliation of outstanding equity awards

	Equity rights at beginning of the year	Granted during the year	Vested during the year	Forfeited during the year	Lapsed during the year	Equity rights at end of the year
FY22 Performance Rights <sup>(1)</sup>	4,894,986	-	-	-	-	4,894,986
FY23 Performance Rights <sup>(2)</sup>	-	8,559,808	-	-	-	8,559,808
<b>Total awards</b>	<b>4,894,986</b>	<b>8,559,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,454,794</b>

<sup>(1)</sup> FY22 Performance Rights relate to equity awards granted to employees on 27 January 2022, subject to the achievement of specific performance measures. All rights are expected to vest in FY24.

<sup>(2)</sup> FY23 Performance Rights relate to equity awards granted to Mr Guy Belleau on 1 January 2023, subject to the achievement of specific performance measures over the period from 1 January 2023 to 30 June 2027.

Equity awards are issued for nil consideration and take the form of rights to receive one ordinary share in Sayona Mining Limited for each right granted, subject to performance and/or service conditions being met. Awards do not confer any dividend or voting rights until they convert into ordinary shares at vesting. In addition, awards do not confer any rights to participate in a share issue.

#### (b) Options

##### Reconciliation of outstanding option awards

	Equity rights at beginning of the year	Granted during the year	Exercised during the year	Forfeited during the year	Lapsed during the year	Equity rights at end of the year
<b>Non-recurring awards</b>						
Equity-settled services <sup>(1)</sup>	42,426,423	2,234,482	-	-	(42,426,423)	2,234,482
<b>Option awards</b>						
FY20 Performance Rights	2,000,000	4,000,000	(6,000,000)	-	-	-
FY22 Performance Rights <sup>(2)</sup>	40,000,000	-	-	-	-	40,000,000
<b>Total awards</b>	<b>84,426,423</b>	<b>6,234,482</b>	<b>(6,000,000)</b>	<b>-</b>	<b>(42,426,423)</b>	<b>42,234,482</b>

<sup>(1)</sup> Outstanding equity-settled services relate to options granted to Jett Capital Advisors, LLC in respect of corporate advisory services undertaken for the Group. Options were granted on 28 November 2022 at an exercise price of \$0.1825, expiring on 28 November 2025.

<sup>(2)</sup> Outstanding performance rights relate to options granted to KMP. Options were granted on 28 January 2022 at an exercise price of \$0.15, expiring on 28 July 2023. All options were exercised in July 2023, resulting in cash proceeds of \$6 million.

Option awards do not confer any dividend or voting rights until they convert into ordinary shares. Each option is entitled to be converted into one ordinary share in Sayona Mining Limited. The fair value of options is determined using the Black Scholes valuation model which incorporates all market vesting conditions.

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## Notes to the Financial Statements

### 30. Commitments

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

	2023 \$'000	2022 \$'000
Capital expenditure commitments	79,438	110,000
Exploration expenditure commitments	904	3,812
Other contractual commitments	8,300	-
<b>Total commitments</b>	<b>88,642</b>	<b>113,812</b>

#### Exploration expenditure commitments

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

### 31. Contingent Assets and Liabilities

There were no material contingent assets or liabilities at the end of the reporting period (2022: Nil).

### 32. Parent Entity Information

#### (a) Summary financial information

The individual financial statements for the parent entity, Sayona Mining Limited, include the following aggregate amounts:

	2023 \$'000	2022 \$'000
<b>Result of parent entity</b>		
Profit/(loss) after income tax	106,071	(10,062)
<b>Total comprehensive income/(loss)</b>	<b>106,071</b>	<b>(10,062)</b>
<b>Financial position of parent entity at year end</b>		
Current assets	157,096	171,161
Non-current assets	662,981	266,903
<b>Total assets</b>	<b>820,077</b>	<b>438,064</b>
Current liabilities	5,584	1,487
Non-current liabilities	4,220	-
<b>Total liabilities</b>	<b>9,804</b>	<b>1,487</b>
<b>Net assets</b>	<b>810,273</b>	<b>436,577</b>
<b>Total equity of parent entity</b>		
Share capital	770,700	504,255
Reserves	2,850	1,762
Retained earnings/(accumulated losses)	36,723	(69,440)
<b>Total equity</b>	<b>810,273</b>	<b>436,577</b>

#### (b) Parent entity guarantees

The parent entity has not entered into any guarantees in the current or previous reporting period.

#### (c) Commitments

The parent entity had no contractual or other commitments at the reporting date (2022: Nil).

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## Notes to the Financial Statements

### 33. Restatement of Comparative Information

#### (a) Recognition of deferred tax liabilities

Deferred tax liabilities of \$10.2 million have been recognised as at 30 June 2022 following an external review of the Group's deferred tax position. The adjustment is comprised of \$9.0 million in deferred mining taxes and \$1.2 million in deferred income taxes.

The deferred mining tax is primarily attributable to the book value of the capitalised exploration expenditure as at 30 June 2022, which does not have a tax basis for the purposes of the Québec mining tax return. Accordingly, a deferred tax liability has been recognised in respect of capitalised exploration expenditure.

The gain on acquisition of NAL recognised in FY22 has been restated for deferred mining tax purposes.

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

Year ended 30 June 2022	Reported balance \$'000	Adjustment \$'000	Restated balance \$'000
<b>Consolidated statement of profit or loss</b>			
Other income	108,375	(6,659)	101,716
<b>Profit/(loss) before income tax</b>	<b>83,686</b>	<b>(6,659)</b>	<b>77,027</b>
Income tax expense	-	(3,207)	(3,207)
<b>Profit/(loss) after income tax</b>	<b>83,686</b>	<b>(9,866)</b>	<b>73,820</b>
<b>Consolidated statement of financial position</b>			
Deferred tax liabilities	-	10,174	10,174
<b>Total liabilities</b>	<b>90,366</b>	<b>10,174</b>	<b>100,540</b>
<b>Net assets</b>	<b>570,795</b>	<b>(10,174)</b>	<b>560,621</b>
Reserves	14,385	(834)	13,551
Accumulated losses	(7,361)	(6,421)	(13,782)
<b>Total equity attributable to equity holders of Sayona Mining Limited</b>	<b>511,279</b>	<b>(7,255)</b>	<b>504,024</b>
Non-controlling interests	59,516	(2,919)	56,597
<b>Total equity</b>	<b>570,795</b>	<b>(10,174)</b>	<b>560,621</b>

There is no material impact on the operating, investing or financing cash flows of the Group from the restatement.

#### (b) Restatement of earnings per share

Earnings per share have been recalculated based on the restated earnings attributable to equity holders of the Company in accordance with the adjustment to deferred tax liabilities as detailed above. In addition, an error was identified in the denominator used to calculate earnings per share in FY22. A summary of the adjustments is as follows:

Year ended 30 June 2022	Reported balance	Adjustment	Restated balance
<b>Earnings per share</b>			
Basic earnings per share (cents)	1.23	(0.47)	0.76
Diluted earnings per share (cents)	1.16	(0.45)	0.71

#### (c) Restatement of key management personnel compensation

A detailed review of remuneration identified that short-term employee benefits disclosed in the FY22 Remuneration Report were misstated due to a calculation error. A summary of the adjustments is as follows:

Year ended 30 June 2022	Reported balance \$'000	Adjustment \$'000	Restated balance \$'000
Short-term employee benefits	1,247	(464)	783
Post-employment benefits	42	-	42
Share based payments	3,584	-	3,584
<b>Total key management personnel compensation</b>	<b>4,873</b>	<b>(464)</b>	<b>4,409</b>

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## Notes to the Financial Statements

### 34. Subsequent Events

The following events have arisen since the end of the financial year:

#### *Equity Placement*

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

#### *Board and Leadership Changes*

On 28 August 2023, the Group announced changes to the Board of Directors following the resignation of Mr Brett Lynch as Managing Director and Chief Executive Officer. To enable a smooth transition to new leadership, Mr James Brown was appointed as Executive Director and Interim Chief Executive Officer, effective 27 August 2023.

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

#### *Inaugural shipment of spodumene concentrate from North American Lithium*

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

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

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## Directors' Declaration

In accordance with a resolution of the Directors of the Company, we declare that:

1. In the opinion of the Directors:
  - (a) The consolidated financial statements and notes that are set out on pages 16 to 49 of the Financial Report are in accordance with the Corporations Act, including:
    - (i) complying with Australian Accounting Standards applicable to the Group which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
    - (ii) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date.
  - (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2023.

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



**James Brown**  
Executive Director and Interim Chief Executive Officer



**Paul Crawford**  
Executive Director and Chief Financial Officer

Date: 29 September 2023

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## Independent Auditor's Report to the Members of Sayona Mining Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Sayona Mining Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

#### Key Audit Matters

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

### Advisory. Tax. Audit.

Registered Audit Company 299289

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**Key audit matter**
**Accounting for mine development costs to plant and equipment and mine properties**
**Refer to Note 12**

At 30 June 2023, the carrying value of plant and equipment amounts to \$317.2 million and mine properties amounts to \$229.0 million.

Accounting for mine properties requires management to exercise significant judgement in determining the appropriate estimates to be applied in the application of the Group's accounting policy, including:

- The allocation of mining costs between operating and capital expenditure; and
- Determination of the units of production used to amortise mine properties.

In addition, the mine was in development phase up to 1 May 2023 after which it reached production phase. The accounting and treatment of capitalised development and production stripping costs is affected, depending on which phase the mine is in.

Once production phase has been reached, the key driver of the allocation of costs between operating and capital expenditure is the physical mining data associated with mining activities.

Life-of-mine strip ratios need to be determined and continuously reviewed as production progresses. Costs are capitalised to the extent they relate to expenditures incurred in creating future access to ore rather than current period inventory.

In commissioning mine properties and mine plant and equipment, judgement is also required to allocate capitalised works in progress to either mine properties or plant and equipment when the underlying asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Amortisation is applied to mine properties on a units of production basis. Plant and equipment is depreciated based on the lesser of the asset's useful life and life of mine. The rates of amortisation and depreciation will therefore be revised and updated in accordance with changes in life of mine estimates and levels of production.

**How our audit addressed the key audit matter**

For the allocation and capitalisation of mining and development costs, our procedures included, but were not limited to:

- assessing management's criteria with their determination of whether the mine was in development phase or whether production phase had been reached;
- obtaining an understanding and testing of the key controls management has in place in relation to capitalisation of mining expenditure;
- assessment of the appropriateness of the allocation of costs between operating and capital expenditure, based on the nature of the underlying activity and consideration of whether the mine was in development or production phase;
- Performed physical verification procedures to ascertain the completeness and existence of mine plant and equipment and mine properties recorded in the asset register;
- testing a representative sample of additions in the year to determine whether the capitalisation was appropriate by considering the nature of capitalised works in progress including the value, timing and classification thereof; and
- assessment of transfers from capitalised works in progress to plant and equipment and mine properties, considering whether the underlying assets had been brought into use on that date.

For the Group's amortisation and depreciation calculations, our procedures included, but were not limited to:

- obtaining an understanding of the key controls that management has in place in relation to the calculation of the unit of production amortisation rate and the depreciation rates applicable to plant and equipment;
- assessing the appropriateness of production amortisation rates and depreciation rates for reasonableness and determination of the useful life of mine plant and equipment and mine properties is in line with accounting policies; and
- testing of the mathematical accuracy of the application of production amortisation rates and depreciation rates applied to individual items of plant and equipment and mine properties.

We also assessed the adequacy of the disclosures in Note 12 to the financial statements including the critical accounting estimates and judgements in the accounting policy notes using our understanding obtained from our testing, ensuring the disclosures were consistent with the applied practices and the requirements of the accounting standards.

### **Other Information**

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

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

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

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

### **Responsibilities of the Directors' for the Financial Report**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Remuneration Report**

#### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 7 to 14 of the Directors' Report for the year ended 30 June 2023.

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

#### **Responsibilities**

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

*Nexia Brisbane Audit Pty Ltd.*

**Nexia Brisbane Audit Pty Ltd**

*Ann-Maree Robertson*

**Ann-Maree Robertson**  
**Director**

Brisbane

**Dated:** 29 September 2023