SAYONA
MINING LIMITED

ANNUAL REPORT 2019

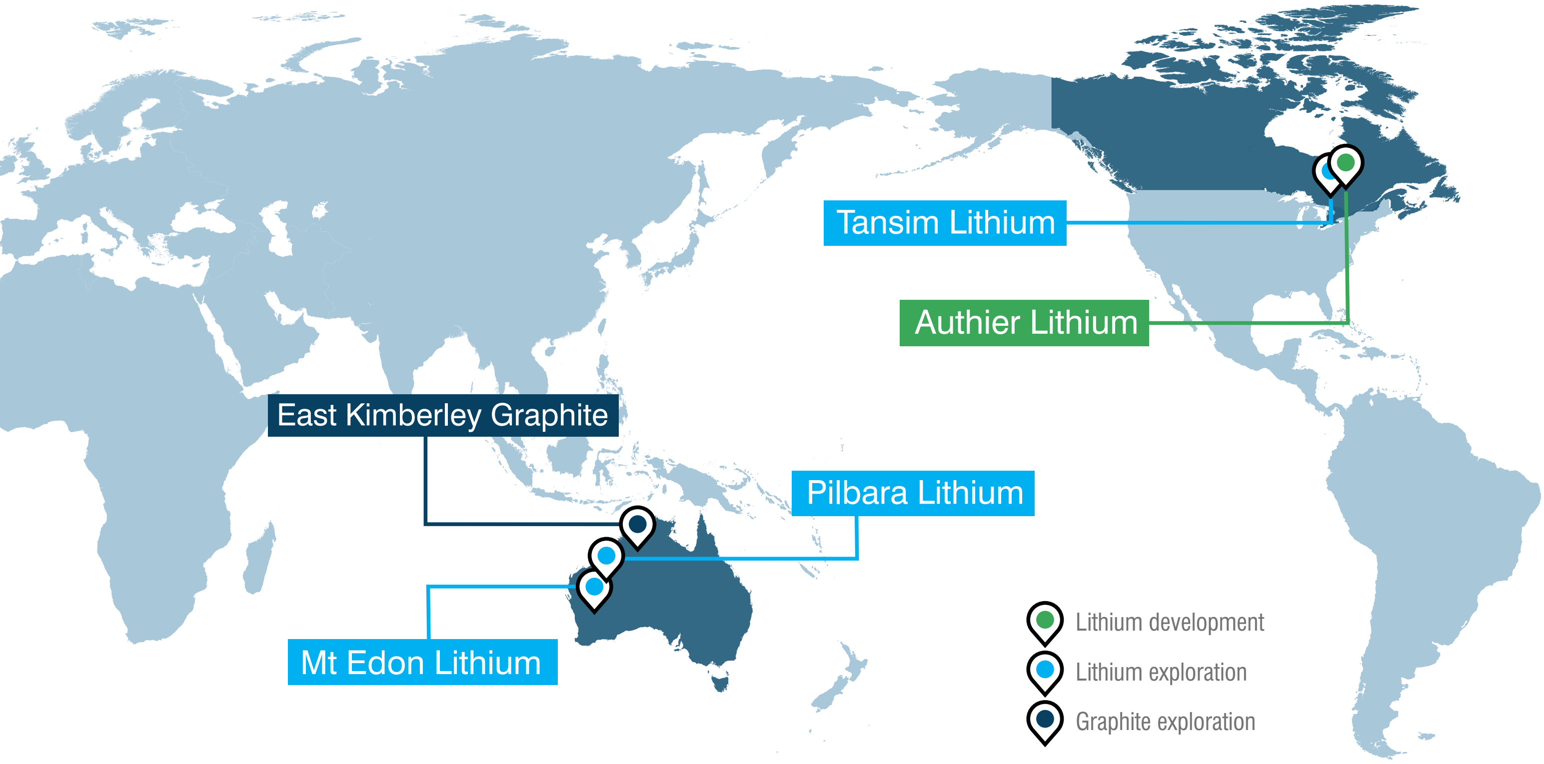
SAYONA

MINING LIMITED

PLUGGED INTO AN ELECTRIC FUTURE

CONTENTS

THE COMPANY



> A POSITIVE DEFINITIVE FEASIBILITY STUDY… DEMONSTRATED AUTHIER'S POTENTIAL AS A PROFITABLE AND SUSTAINABLE NEW LITHIUM MINE

Sayona Mining Limited (ASX:SYA) is an emerging lithium producer focused on providing materials for the construction of lithium-ion batteries, an essential component for the rapidly growing renewable energy technology sector.

The Company's flagship development is the Authier Lithium Project in Québec, Canada. A positive Definitive Feasibility Study (DFS), completed in September 2018, demonstrated the project's potential as a profitable and sustainable new lithium mine.

Québec is pursuing the development of a complete lithium value chain, from extraction to processing.

In the midst of current global trade uncertainty, it is well positioned to become a key hub of downstream processing facilities to feed the North American lithium-ion battery market.

Sayona also holds a portfolio of lithium and graphite exploration projects in the world-class Pilgangoora lithium district of Western Australia.

The Company is backed by an experienced board with a track record of successful lithium project development. This is supported by a management team with global experience in financing, developing and managing major resource projects.

Together, they have the expertise necessary to drive the sustainable development of Sayona's projects and to maximise stakeholder returns.

HIGHLIGHTS

DFS confirms the Authier project profitability with a projected pre-tax NPV of CAD$**184**m (AUD$**194**m)

Ore Reserve for Authier increased to **12.1** million tonnes

Leadership team strengthened with the appointment of a new Managing Director in Australia and CEO in Québec

Project pipeline advances with positive drilling results from Tansim Lithium Project (Canada) & Mallina Project (Western Australia)

MANAGING DIRECTOR'S REVIEW

Dear Shareholder

The past year has seen significant advances for Sayona as we progress towards our target of becoming a profitable and sustainable lithium producer.

Significantly, our flagship Authier Lithium Project in Québec, Canada has become a highly strategic asset amid the U.S.-China trade war and an increasing focus by U.S. lawmakers on the need to secure supplies of strategic battery minerals such as lithium.

This, together with the Québec's Government public and private support of the province's lithium industry, has given Sayona's projects a tremendous boost.

Notably, this has included recent comments by Québec's Premier Francois Legault, describing lithium as a "jewel" that the province has yet to exploit with a vision of producing "100-per-cent Québec batteries."

Firstly however, looking back at fiscal 2019, I would like to draw your attention to some of the past year's highlights for our Company.

Positive DFS for Authier

Authier's potential to become a profitable and sustainable new lithium mine was highlighted by the definitive feasibility study (DFS) released in September 2018.

While the DFS is now subject to review based on the project's revised regulatory pathway, it pointed towards positive outcomes for all stakeholders.

For the local community, the new mine could create around 150 jobs in construction and 160 jobs in operation, with Sayona giving priority to local employment and suppliers.

It would also make a sizeable economic contribution to Québec and Canada, providing royalties and other tax revenues for community benefit, while also supporting Québec's strategy of developing a complete lithium value chain.

Authier also benefits from Québec's excellent infrastructure, including low-cost hydroelectric power, extensive road and rail networks and access to skilled labour, along with its close proximity to major battery markets in the United States.

However, any new mining project cannot proceed without community support and Authier is no exception.

In March 2019, the Québec Environment Minister advised the project would be subject to the environmental impact assessment and review procedures under the BAPE *(bureau d'audiences publiques en environnement)*. This compared to the previous regulatory pathway, which specified a maximum production threshold of 2,000 tonnes (t) per day.

For Sayona, this was a positive outcome based on a number of considerations. Significantly, the DFS is now undergoing review based on a higher daily production limit of 2,600t, with an estimated 14-year mine life and annual spodumene output of 115,000t (6% Li_2O).

This 30 per cent increase in the daily production rate now positions Authier to take advantage of potential downstream processing, adding much greater value to the project as shown by a previous concept study.

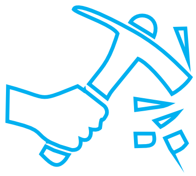
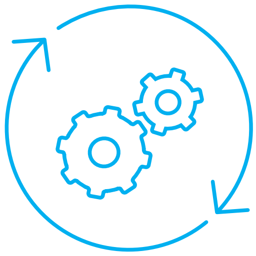
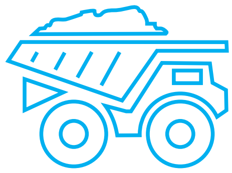
The DFS review also allows Sayona to further optimise the project, while ensuring it meets community expectations concerning environmental protection.

An environmental impact assessment released in May 2018 showed the project would have no impact on the water quality of the Esker Saint-Mathieu-Berry and this will be further demonstrated by the new environmental impact statement (EIS) currently underway.

In addition, the extra review and consultation procedures under the BAPE process will help ensure community acceptance, including support from key stakeholders such as local municipalities, landowners, First Nation communities and others.

Sayona is committed to Québec's regulatory process and will continue working hard to earn a social licence to operate. Pending the necessary approvals and financing, construction could start as early as 2021 and mining operations in 2022.

"Authier's potential to become a profitable and sustainable new lithium mine was highlighted by the definitive feasibility study released in September 2018."


Project pipeline advances

Together with Authier, Sayona's project pipeline also advanced over the past year in a positive sign for future value creation.

In August 2018, Sayona announced high-grade lithium assays from initial reconnaissance sampling at the Tansim Lithium Project, located 82 kilometres south-west of Authier. Tansim comprises 139 mineral claims covering 8,500 hectares and is seen as prospective for lithium, tantalum and beryllium.

In April 2019, drilling results highlighted the potential for a new lithium deposit, with 11 diamond drill holes intersecting concentrations of spodumene mineralisation. While at an early stage, Tansim's prospectivity and its proximity to Authier could make it a potentially valuable addition to the Company's lithium portfolio.

Meanwhile, in Western Australia, drilling at the Mallina Project showed positive results including 4m @ 2.18 per cent Li_2O, including a peak assay value of 3.18%. While further drilling is required, the results showed Mallina's potential among the Company's other projects in the world-class Pilgangoora lithium district.

Post-balance date, in August 2019, Sayona announced an earn-in agreement with lithium producer Altura Mining. Under the agreement, Altura will spend $1.5 million on exploration across the project portfolio over a three-year period to earn a 51 per cent interest.

With Sayona sharing common directors with Altura, this agreement is a truly win-win deal for both companies. For Altura, it provides access to a highly prospective exploration portfolio, while for Sayona, the Company can benefit from any exploration upside while focusing on its most advanced project, Authier.

New management team

These are exciting times for Sayona and the Company has received an injection of fresh talent with a new leadership team appointed in both Australia and Canada.

In May 2019, Guy Laliberté was appointed as Sayona Québec's new Chief Executive Officer, further strengthening the Québec team following the January appointment of Serge Rouillier as Manager, Sustainable Development.

Guy and Serge have a wealth of experience both in Québec and internationally and are playing a vital role in enhancing Sayona's community engagement activities.

Sayona cut the ribbon on a new office in the township of La Motte in January 2019, opened by the mayor and other dignitaries, as further demonstration of the Company's commitment to the local community. And post balance date, on July 1, I was delighted to be appointed as Sayona's new Australian based Managing Director.

Shareholder support

Finally, I would like to thank shareholders for their support amid recent challenging market and economic conditions.

Sayona's Board and management are fully aligned with shareholders' interests and this was clearly shown by our investment of nearly $1 million in a placement in conjunction with a Shareholder Share Purchase Plan (SPP). The SPP closed on 23 August, having secured, together with the placement, some $1.9 million to advance the Company's key projects.

For shareholders, the year ahead points to some major milestones for Sayona, including the completion of Authier's revised DFS and further advances in our project pipeline. The Company also continues to pursue other potential opportunities to add value for shareholders.

Demand for lithium-ion batteries continues to rise amid the revolution in energy and transport, and with analysts pointing to a looming supply deficit for lithium in the early to mid-2020s the outlook is highly favourable.

Add to this the Company's experienced Board that has a track record of successfully developing resource projects around the world, together with Sayona's strategically beneficial position in Québec and the future looks very bright indeed.

On behalf of the Board, thank you again to our shareholders, employees, contractors, suppliers, partners and all others connected with Sayona for your support. I look forward to meeting you and sharing our vision of Sayona's prosperous future in lithium, the fast-growing metal of the 21st century.

Yours sincerely

B. Lynch

Brett Lynch
Managing Director

LEADERSHIP TEAM

Sayona is backed by an experienced Board with a proven track record of taking mining projects from exploration through to development and final production.

It is further supported by a new leadership team in Québec with global mining project development capabilities and expertise in local government, community and stakeholder engagement.

The Company is now well-positioned with an experienced executive team in place to drive the development of the Authier and Tansim projects in Canada, and its lithium prospects in Western Australia.

L to R James Brown, Dan O'Neill, Paul Crawford

Brett Lynch
Managing Director
Brett is an experienced mining engineer, company director and CEO with a strong background in international mining and mining related businesses. He has over 30 years' experience in business development and management with a proven track record of delivering shareholder value through converting opportunities to outcomes. Brett was appointed Managing Director on 1 July 2019.

Paul Crawford
Executive Director & Company Secretary
Paul is an experienced company secretary with qualifications in accountancy, financial management and business law. He has 40 years of commercial experience, including various technical and management roles within the minerals, coal and petroleum industries. Paul is the principal of his own corporate consultancy firm, providing accounting, corporate governance, business advisory and commercial management services. He joined the Board of Sayona in 2000.

Dan O'Neill
Non-Executive Director
Dan is an exploration geologist with more than 40 years' experience in exploration project and corporate management. He has held positions with a number of Australian and multinational exploration companies and was a founding director of lithium producer, Orocobre. Dan joined the Board of Sayona in 2000 and was Managing Director until July 2019. He is also a Non-executive Director of Altura Mining Limited.

James Brown
Non-Executive Director
James is a mining engineer with extensive operational and development experience in the coal mining industry in Australia and Indonesia, including 22 years with New Hope Corporation. He was appointed to the Sayona Board in 2013. James is also Managing Director of Altura Mining Limited.

Alan Buckler
Non-Executive Director
Alan has over 45 years' experience in the mining industry and has been directly responsible for the commercialisation of several projects in Australia and Indonesia, from resource identification through to production. He is a former Director and Chief Operations Officer of New Hope Corporation. Alan joined the Sayona Board in 2013. He is also a Non-executive Director of Altura Mining Limited.

Guy Laliberté
Chief Executive Officer, Sayona Québec
Guy is an experienced project director and construction manager in the mining and heavy industry sector. Born in Québec, he has more than 35 years' project management experience in major international mining and construction projects. The Authier development will be the fourth open-pit mining project he has led, either as project director or construction manager. Guy joined Sayona in May 2019.

Serge Rouillier
Manager Sustainable Development, Sayona Québec
Serge is an experienced mining executive, born in Québec and skilled in stakeholder and community engagement. Serge joined Sayona in January 2019 and is focused on ensuring community and stakeholder views are reflected in the Company's development plans for Authier.

OPERATIONS

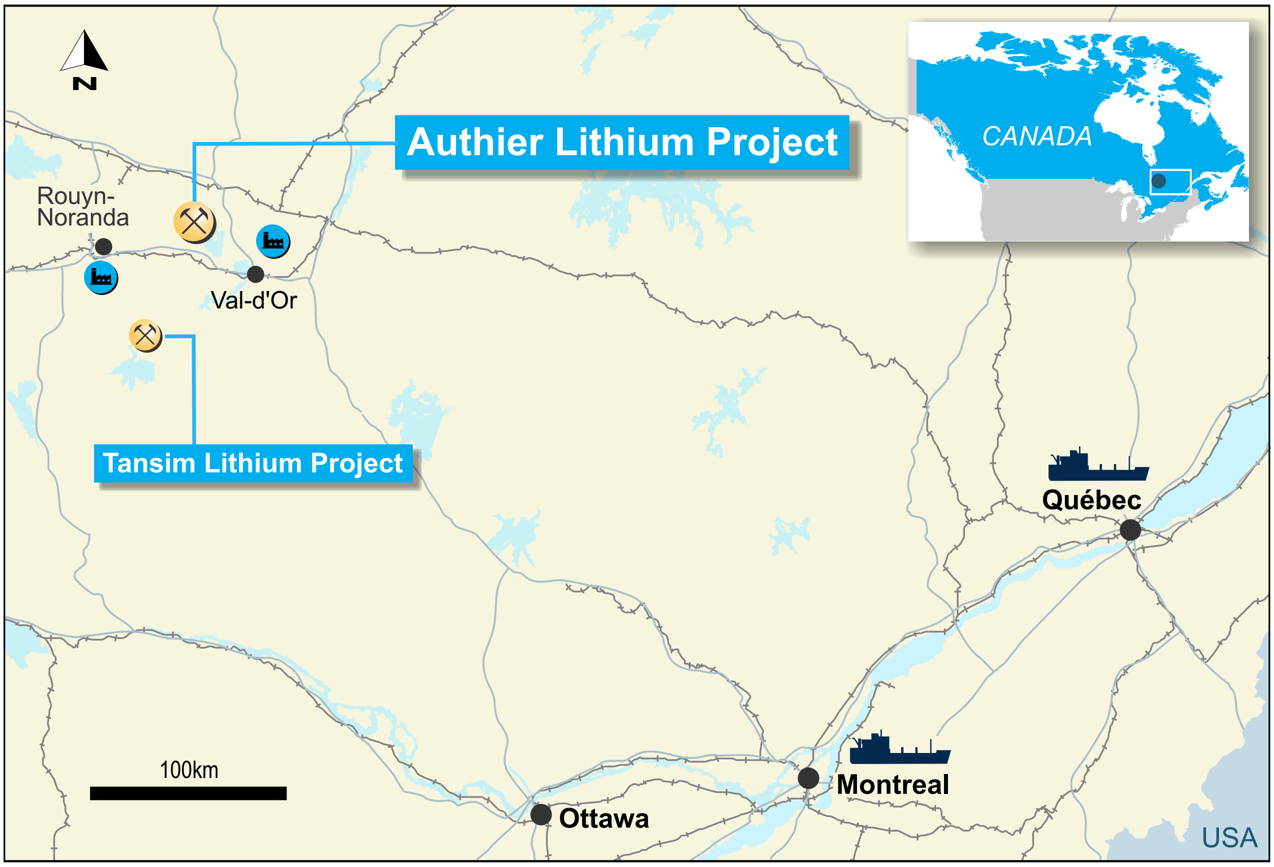
Authier Project

Sayona's Authier Lithium Project (Authier) is a hard rock spodumene lithium deposit scheduled for development as an open cut mine initially producing a 6% Li_2O spodumene concentrate, the source of high grade, low contaminant lithium carbonate.

An updated JORC Ore Mineral Resource and Reserve statement, reported in September 2018, has identified a Total Resource of identified a Total Resource of 20.94 million tonnes at 1.01% Li_2O, and a Proved Reserve of 12.1 million tonnes at 1.00% Li_2O*.

The key attraction of the project is its near-term development potential. The Company has completed a DFS which confirmed the project's potential to become a sustainable and profitable new lithium mine. This was undertaken on the basis of a daily production limit of 2,000 t, as per the previously planned regulatory pathway.

However, the DFS is now being reviewed under a revised regulatory pathway, as announced in March 2019. The new proposed daily production limit of 2,600 t, a 30% increase on the previous limit, will position the project to pursue downstream processing opportunities.



Authier Project location

* *Refer Resources and Reserves, page 22*

Sayona is focused on completing the required environmental studies and community engagement to obtain all regulatory approvals.

Authier is located approximately 590 kilometres north-west of Montréal, near the city of Val d'Or, a major mining service centre, in the province of Québec. The region has a highly-skilled local workforce, access to low-cost hydroelectric power and excellent infrastructure with established road and rail facilities to export ports.

In December 2018, Sayona announced its participation in a joint study on the development of a lithium-ion battery industry in Québec. The study will be carried out with the financial support of the Québec Ministry of Economy and Innovation and other partners. It will assess how Québec can leverage its competitive advantages, including its proximity to major markets, to ensure the province is strategically positioned to benefit from the clean energy revolution that is driving demand for lithium-ion battery technology.

Definitive Feasibility Study

A DFS, completed in September 2018, confirmed Authier's potential as a profitable and sustainable new lithium mine that will provide new jobs and economic benefits for the local community, and positive outcomes for all stakeholders.

The new mine has the potential to create 150 jobs in construction and up to 160 jobs in operation, with the Company giving priority to local employment and suppliers.

The deposit at Authier is hosted in a spodumene bearing pegmatite intrusion and has been defined by more than 31,000 metres of drilling.

The projected life of mine production is 1.58 million tonnes of spodumene concentrate. It will be mined by low-cost open-cut methods enhanced by the shallow and thick nature of the mineralisation, allowing spodumene ore to be processed from the commencement of mining.

The DFS clearly demonstrated the viability of a mining and processing operation, with the necessary infrastructure in place to support the development of the project.

Key findings of the DFS included:

- Pre-tax NPV of CAD$184.8 million and IRR 33.7% (real terms at 8% discount rate);
- Annual average concentrate production of 87,400 t at 6% Li_2O;
- Average annual revenue of CAD$80 million;
- FOB Port cash costs of CAD$482/t (US$366/t);
- Low start-up capital of CAD$89.9 million;
- LOM strip ratio of 6.9:1;
- 18-year mine life.

In March 2019, the Québec Environment Minister announced the project would be subject to the environmental impact assessment and review procedures under the BAPE.

Subsequently, the Company announced it would be seeking approval, based on a sustainable development approach, to process in the order of 2,600 tonnes per day, providing for an approximate mine life of 14 years and estimated annual average spodumene concentrate production of around 115,000 tonnes at 6% Li_2O. Sayona is now undertaking a review of its DFS under these new parameters.

Permitting

When it was announced that the Authier project would be subject to the environmental impact assessment and review procedures under the BAPE, the Québec Environment Minister said the process would enable Sayona to "present the environmental protection measures likely to ensure the acceptability of its project, both socially and environmentally as well as economically."

Following the announcement, Sayona decided to undertake further community engagement and environmental studies, including an Environmental Impact Assessment (EIA) as per Article 31.1 of the *Environment Quality Act*.

Sayona had already completed an Environmental Assessment Study for the project, which showed it would have no impact on the water quality of the Esker Saint-Mathieu-Berry, a local source of potable water, and that any other impacts arising from the operations would be minimal after the application of mitigation measures.

In May 2019, engineering consultancy BBA was appointed to review the original mine plan and the 2018 DFS in accordance with the new approval process, and based on the optimised production levels.

Overall the BAPE permitting process is expected to take up to 18 months. Pending regulatory approval, the construction process for Authier is targeting commencement in 2021 with mining operations beginning in 2022.

Environmental, Community and First Nations

Sayona's mining activities are underpinned by a fundamental premise based on a sustainable development approach and respect for the local communities and environments in which it operates.

In June 2019, Sayona commenced an environmental impact study (EIS) for the Authier project. This is part of the overall permitting process along with public consultation and review, ultimately leading to a ministerial recommendation and government decision. The 30-day public consultation period began in mid-June for comments on issues to be addressed in the study. Sayona is aiming to submit the EIS in late 2019.

During the year discussions were held, and are continuing, with First Nations Pikogan for an Economic Benefits Agreement with the Abitibiwinni community. The target is to conclude and sign the final agreement in Q4 2019.

An ongoing Community Relations Program has been developed to engage and inform local stakeholders. This program includes information sessions and consultations with municipalities, landowners, the Algonquine First Nation community, non-governmental environmental organisations and recreational associations. The involvement of stakeholders will continue throughout the various project stages.

In addition, the Company has been engaging with the broader community outside the immediate project area. Meetings are continuing with regional councils, other mining companies, government organisations and other key business stakeholders in the region.

To further strengthen Sayona's community engagement efforts, the Company has opened an office in La Motte, a municipality in close proximity to the Authier project. Community members are encouraged to visit the office to learn more about Sayona's plans for the sustainable development of the proposed mine and the economic benefits it can return to the region.

Tansim Project

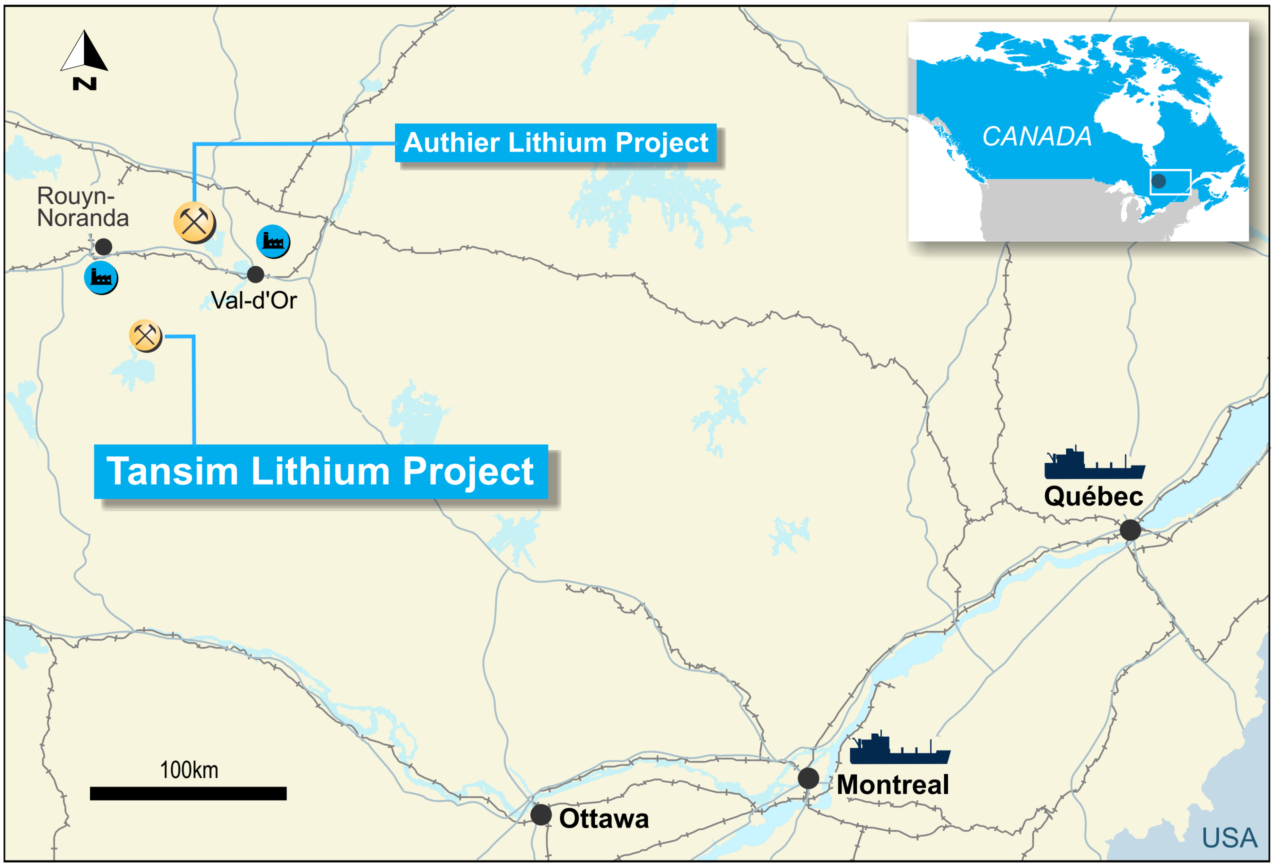
Sayona has expanded its Canadian lithium footprint with the staged acquisition of the Tansim lithium exploration project in Québec. The Tansim project is located 82 kilometres south-west of Authier.

The project comprises 141 mineral claims of 8,500 hectares and is prospective for lithium, tantalum and beryllium.

The priority targets at Tansim are Viau-Dallaire and Viau. An 11-hole drilling program was undertaken at the Viau-Dallaire outcrop in February 2019. In April 2019, positive drilling results were returned with interceptions of variable concentrations of spodumene mineralisation, boosting the prospects for an additional lithium deposit within close proximity to Authier. Follow-up drilling and test work is being planned.

Also, in April, Sayona expanded the Tansim project with the acquisition of the Lac Simard lithium prospect, Val d'Or, from a private company, Exiro Minerals Corp (Exiro). Under the agreement Sayona can acquire a 100% interest by making cash and share payments and undertaking work on the property over a three-year period, with Exiro retaining a 2% net smelter return royalty.

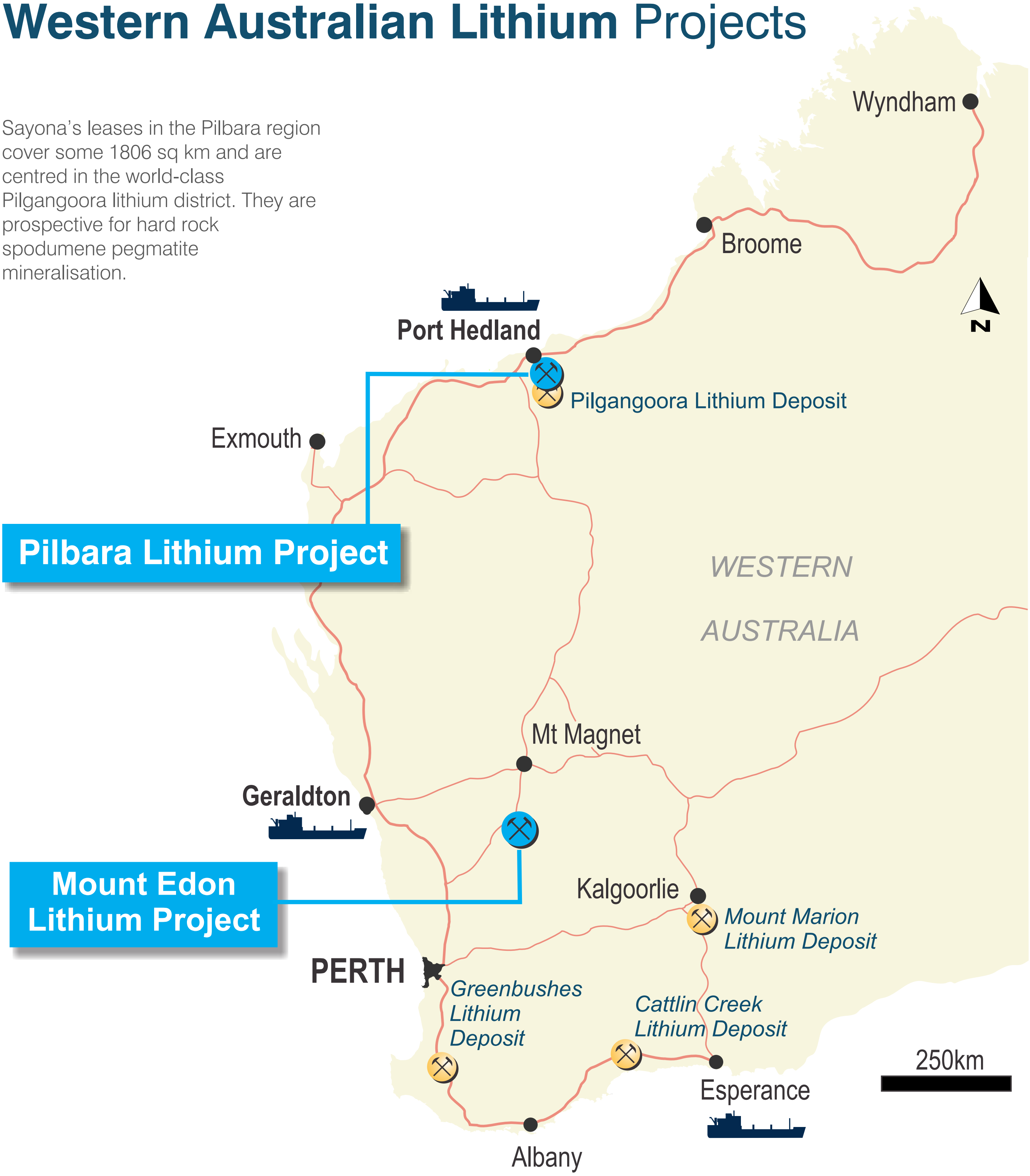
Exploration at Tansim is being closely coordinated with the local First Nations group, Winneway Long Point First Nation, which will provide support services for future work programs.



Tansim Project location

Western Australian Lithium Projects

Sayona's leases in the Pilbara region cover some 1806 sq km and are centred in the world-class Pilgangoora lithium district. They are prospective for hard rock spodumene pegmatite mineralisation.



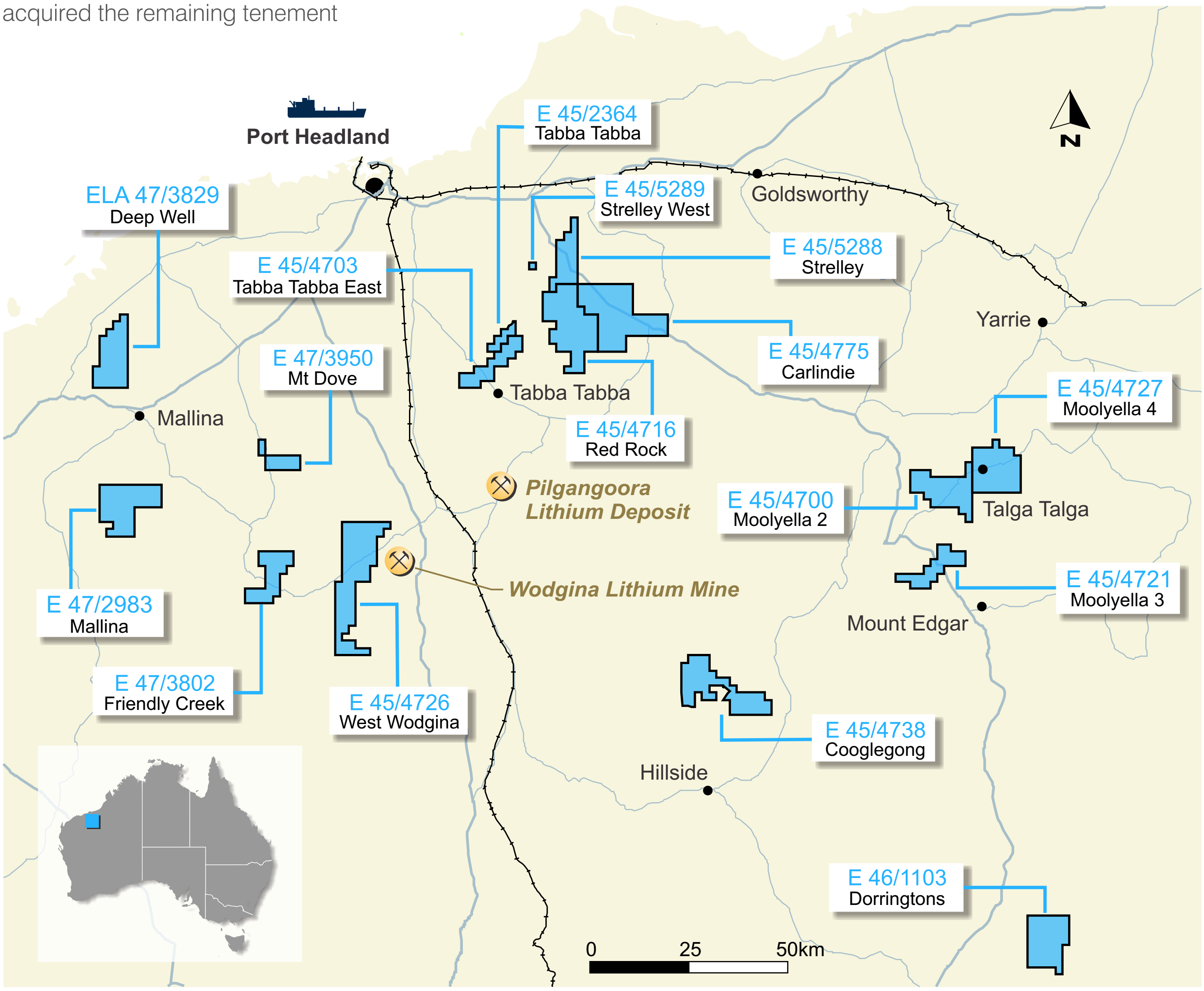
Work during the year focussed on continued systematic exploration of this large tenement holding, which has seen little past lithium exploration. Results have advanced the prospectivity of the package and identified new fractionated pegmatites, with drilling at Mallina identifying new zones of spodumene bearing pegmatite.

In January 2019, Sayona exercised the Great Sandy Option and also acquired the remaining tenement equities, to give it a 100% ownership over six tenements in the Pilbara, including the Mallina project.

In August 2019, subsequent to year-end, Sayona announced an earn-in agreement with leading lithium producer, Altura Mining Limited (Altura).

Under the agreement, Altura will spend AUD$1.5 million on exploration across the project portfolio over a three-year period to earn a 51% interest. Sayona will retain the right to contribute to project evaluation and development.

This agreement with an established and experienced lithium miner will enable Sayona to advance the potential of its Western Australian exploration assets.



Pilbara Tenements

Mallina Project

The Mallina Project is the most advanced project in the Pilbara portfolio. Multiple zones of newly discovered spodumene pegmatites have been identified within a 25 sq km area.

In October 2018, the Company announced the completion of a 30-hole RC drilling program totalling 2,225 metres. The drilling intersected a varied suite of pegmatite and aplite bodies of variable dip, strike and thickness.

The identification of spodumene pegmatite from surface and of good intensity (to a maximum 3.18% Li_2O, intersected from 1 to 2m in drill hole SMRC040) provides encouraging evidence that the project can host economic grades of lithium mineralisation.

There is considerable scope for further drill testing, especially at the Area C prospect where shallow mineralisation is open at depth and along strike to the north and south.

During the year the project was awarded a state government grant for a rebate on direct drilling costs. Under this grant, Sayona received $83,252 for the October drilling program.

Tabba Tabba project

The Tabba Tabba Project, 40km north of Pilgangoora, is located in an area of historic tin and tantalum mining. Spodumene pegmatite has been identified in the immediate region and the project provides exposure to the area's emerging lithium prospectivity.

During the year, further pegmatites and seven main geochemical targets were defined at Tabba Tabba. Planning for first pass drilling of three of the pegmatite targets has been completed and statutory approvals for drilling obtained.

Additional exploration over the broader tenement holding has included rock sampling to identify fractionated granites and pegmatites for a more detailed assessment.

Moolyella and other Pilbara project areas

The Moolyella Project is located east of Marble Bar in an area where lithium, tin and tantalum mineralisation and spodumene pegmatites are associated with the intrusion of the Moolyella monzogranite. Within the Company's Moolyella tenure (three tenements covering 334 sq km) a number of lithium-cesium-tantalum albite pegmatites have been identified.

Within the northern portion of E45/4700 rock sampling of mica rich pegmatite has returned up to 1.40% Li_2O. Further exploration is planned to follow up these encouraging results, and to test more broadly the prospective margins of the source intrusions.

Reconnaissance style exploration was also carried out over the company's other Pilbara tenure.

Mt Edon lithium project

The Mt Edon Project covers the southern portion of the Paynes Find greenstone belt, South Murchison, and is host to an extensive swarm of pegmatites.

Geochemistry to date has identified a general westward increase in the fractionation of the known pegmatites. Field reconnaissance has focussed around this western target, identifying new areas of pegmatites, as well as more detailed mapping around a known lepidolite occurrence to the east.

Further work is warranted to identify if albite – spodumene pegmatites are present in these areas.

East Kimberley Graphite Project

Past exploration by Sayona has identified graphite mineralisation within a 25-kilometre strike extent of the Corkwood geochemical and geophysical anomaly.

During the year the first reconnaissance of the southern project area was undertaken. Up to four graphitic horizons were observed with units up to 30m wide at surface. Sampling of graphite gneiss returned assay results ranging from 0.44% up to 8.01% TGC (total graphitic carbon).

While Sayona's primary activities are focused on its lithium projects, the Company believes that Corkwood has considerable value and is seeking partners to explore and develop the project.

SAYONA INVESTMENT PROPOSITION

Authier is an advanced project on track for development; nearby Tansim is showing early promise as emerging project.

Located in a first world country with access to world-class, low-cost infrastructure.

Profitable and sustainable project based on 2018 DFS.

Opportunity to value-add Authier concentrates; growing US and global demand for lithium amid battery revolution for cars & energy.

Board and management team have a track record of delivering projects around the world, including lithium.

Québec's premier promotes lithium, eyeing 100% Québec batteries.

TENEMENT SCHEDULE

Western Australia

Tenement	Location	Interest in Tenement
E59/2092	Western Australia	80%, with rights to 100% of pegmatite minerals
E59/2055	Western Australia	100% (pegmatite minerals)
E45/2364	Western Australia	100% (pegmatite minerals)
E45/4703	Western Australia	100%
E45/4716	Western Australia	100%
E45/4726	Western Australia	100%
E45/4738	Western Australia	100%
E45/4775	Western Australia	100%
E80/4511	Western Australia	100%
E80/4949	Western Australia	100%
E47/3802	Western Australia	100%
E47/3950	Western Australia	100%
ELA47/3829	Western Australia	100%
ELA45/5288	Western Australia	100%
ELA45/5289	Western Australia	100%
E47/2983	Western Australia	100% (pegmatite minerals)
E46/1103	Western Australia	100%
E45/4721	Western Australia	100%
E45/4727	Western Australia	100%
E45/4700	Western Australia	100%

Canada

Tenement	Location	Interest in Tenement
2116146	Authier, Québec	100%
2116154	Authier, Québec	100%
2116155	Authier, Québec	100%
2116156	Authier, Québec	100%
2183454	Authier, Québec	100%
2183455	Authier, Québec	100%
2187651	Authier, Québec	100%
2187652	Authier, Québec	100%
2192470	Authier, Québec	100%
2192471	Authier, Québec	100%
2194819	Authier, Québec	100%
2195725	Authier, Québec	100%
2219206	Authier, Québec	100%
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2247101	Authier, Québec	100%
2472424	Authier, Québec	100%
2472425	Authier, Québec	100%
2480180	Authier, Québec	100%
2507910	Authier, Québec	100%
1133877	Authier, Québec	100%
2415443	Authier, Québec	100%
2415444	Authier, Québec	100%

Tenement	Location	Interest in Tenement
2436732	Tansim, Québec	50%
2436733	Tansim, Québec	50%
2436734	Tansim, Québec	50%
2438472	Tansim, Québec	50%
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2438474	Tansim, Québec	50%
2438475	Tansim, Québec	50%
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2440843	Tansim, Québec	50%
2440844	Tansim, Québec	50%
2440845	Tansim, Québec	50%
2440846	Tansim, Québec	50%
2440847	Tansim, Québec	50%
2440848	Tansim, Québec	50%
2440849	Tansim, Québec	50%
2440850	Tansim, Québec	50%
2440851	Tansim, Québec	50%

Tenement	Location	Interest in Tenement
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2440853	Tansim, Québec	50%
2440854	Tansim, Québec	50%
2440855	Tansim, Québec	50%
2440856	Tansim, Québec	50%
2440857	Tansim, Québec	50%
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2440860	Tansim, Québec	50%
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2440898	Tansim, Québec	50%
2440899	Tansim, Québec	50%
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2440901	Tansim, Québec	50%
2440902	Tansim, Québec	50%
2440903	Tansim, Québec	50%
2440907	Tansim, Québec	50%
2440908	Tansim, Québec	50%
2440909	Tansim, Québec	50%
2440919	Tansim, Québec	50%
2440920	Tansim, Québec	50%
2440925	Tansim, Québec	50%
2440930	Tansim, Québec	50%
2440935	Tansim, Québec	50%

Tenement	Location	Interest in Tenement
2440936	Tansim, Québec	50%
2440991	Tansim, Québec	100%
2440992	Tansim, Québec	100%
2440993	Tansim, Québec	50%
2440994	Tansim, Québec	50%
2450758	Tansim, Québec	50%
2519251	Tansim, Québec	100%
2519252	Tansim, Québec	100%
2519253	Tansim, Québec	100%
2519254	Tansim, Québec	100%
2519255	Tansim, Québec	100%
2519256	Tansim, Québec	100%
2519257	Tansim, Québec	100%
2519258	Tansim, Québec	100%
2519259	Tansim, Québec	100%
2519260	Tansim, Québec	100%
2519261	Tansim, Québec	100%
2519262	Tansim, Québec	100%
2519263	Tansim, Québec	100%
2519264	Tansim, Québec	100%
2519265	Tansim, Québec	100%
2519266	Tansim, Québec	100%
2519267	Tansim, Québec	100%
2519268	Tansim, Québec	100%
2519269	Tansim, Québec	100%
2519270	Tansim, Québec	100%
2519271	Tansim, Québec	100%
2519272	Tansim, Québec	100%
2519273	Tansim, Québec	100%
2519274	Tansim, Québec	100%
2519275	Tansim, Québec	100%

Tenement	Location	Interest in Tenement
2519276	Tansim, Québec	100%
2519277	Tansim, Québec	100%
2519278	Tansim, Québec	100%
2519279	Tansim, Québec	100%
2519280	Tansim, Québec	100%
2519281	Tansim, Québec	100%
2519282	Tansim, Québec	100%
2519283	Tansim, Québec	100%
2519284	Tansim, Québec	100%
2519285	Tansim, Québec	100%
2519286	Tansim, Québec	100%
2519287	Tansim, Québec	100%
2519288	Tansim, Québec	100%
2519289	Tansim, Québec	100%
2519290	Tansim, Québec	100%
2519291	Tansim, Québec	100%
2519292	Tansim, Québec	100%
2519293	Tansim, Québec	100%
2519294	Tansim, Québec	100%
2519295	Tansim, Québec	100%
2519296	Tansim, Québec	100%
2519297	Tansim, Québec	100%
2519298	Tansim, Québec	100%
2519299	Tansim, Québec	100%
2519300	Tansim, Québec	100%
2519301	Tansim, Québec	100%
2519302	Tansim, Québec	100%
2519303	Tansim, Québec	100%
2519304	Tansim, Québec	100%
2519305	Tansim, Québec	100%
2519306	Tansim, Québec	100%

Tenement	Location	Interest in Tenement
2519307	Tansim, Québec	100%
2519308	Tansim, Québec	100%
2519309	Tansim, Québec	100%
2519310	Tansim, Québec	100%
2519311	Tansim, Québec	100%
2519312	Tansim, Québec	100%
2519313	Tansim, Québec	100%
2519314	Tansim, Québec	100%
2519315	Tansim, Québec	100%
2519316	Tansim, Québec	100%
2519317	Tansim, Québec	100%
2519318	Tansim, Québec	100%
2519319	Tansim, Québec	100%
2519320	Tansim, Québec	100%
2519321	Tansim, Québec	100%
2519322	Tansim, Québec	100%
2519323	Tansim, Québec	100%
2519324	Tansim, Québec	100%

RESOURCES AND RESERVES

In September 2018, Sayona announced updated Resource and Reserve estimates for the Authier project.

A DFS completed in September 2018 demonstrated the technical and financial viability of constructing an open-cut mining operation and processing facility producing spodumene concentrate.

The positive DFS is considered sufficient to determine, in accordance with the JORC Code 2012, that a subset of the Measured and Indicated Mineral Resource be classified as Ore Reserves – see Table 1.

The Authier project has been subject to more than 31,000 metres of drilling. Between 2010 and 2012 Glen Eagle, the previous tenement holders, completed 8,990 metres of diamond drilling in 69 diamond drill holes (DDH) of which 7,959 metres were drilled on the Authier deposit; 609 metres (five DDH) were drilled on the northwest and 422 metres on the south-southwest of the property.

Sayona has completed three phases of drilling totalling more than 11,000 metres in 81 DDH. All the holes completed by Sayona and included in the Mineral Resource Estimate have used standard DDH, HQ or NQ core diameter size, using a standard tube and bit. The drilling programs have been subject to very robust QA/QC procedures.

A revised independent JORC Mineral Resource (2012) estimate has been prepared and is outlined in Table 2.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and all material assumptions and technical parameters continue to apply and have not materially changed.

The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Table 1:

Authier JORC Ore Reserve Estimate (0.55% Li_20 cut-off grade)

Category	Tonnes (Mt)	Grades (% Li_20)	Contained Li_20 (t)
Proven Reserve	6.10	0.99	60,390
Probable Reserve	6.00	1.02	61,200
Total Reserves	**12.10**	**1.00**	**121,590**

Note: The Ore Reserve Estimate is inclusive of dilution and ore loss.

Table 2:

Authier JORC Mineral Resource Estimate (0.55% Li_20 cut-off grade)

Category	Tonnes (Mt)	Grades (% Li_20)	Contained Li_20 (t)
Measured Resource	6.58	1.02	67,100
Indicated Resource	10.60	1.01	107,100
Measured + Indicated Resource	**17.18**	**1.01**	**174,200**
Inferred Resource	3.76	0.98	36,800
Total Resource	**20.94**	**1.01**	**211,000**

LITHIUM IS A JEWEL
FOR QUEBÉC ...
IT WILL CREATE
100 PER CENT
QUEBÉC
BATTERIES

(Québec Premier Francois Legault, quoted by the Montreal Gazette, 19 August 2019)

Your Directors present their report on the consolidated entity (Group) consisting of Sayona Mining Limited and its controlled entities for the financial year to 30 June 2019. The information in the following operating and financial review and the Remuneration Report forms part of this Directors' Report for the financial year ended on 30 June 2019 and is to be read in conjunction with this Directors' Report.

DIRECTORS

The Directors of the Company during or since the end of the financial year are listed below. During the year, there were 8 meetings of the full Board of Directors. The meetings attended by each Director were:

DIRECTOR	ELIGIBLE TO ATTEND	ATTENDED
D.C. O'Neill	8	8
P.A. Crawford	8	8
A. C. Buckler	8	8
J. S. Brown	8	8
B. L. Lynch (appointed 1 July 2019)	0	0

The Company does not have an Audit Committee. The role of the Audit Committee has been assumed by the full Board. The size and nature of the Company's activities does not justify the establishment of a committee at this time.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY`

The names and qualifications of current Directors are summarised as follows:

Brett L. Lynch	**Managing Director**
Qualifications	Company Director Diploma; Graduate Diploma of Business (Accounting); Bachelor of Engineering (Mining) (Honours).
Experience	Appointed a Director on 1 July 2019. An experienced international company director and CEO with a strong background in mining and mining related businesses across Australia, Asia, USA, Russia and emergent markets. Global executive and leadership experience with a focus on commercial results and owner/shareholder value. International business development Manager with proven ability to translate opportunities to outcomes.
Interest in Shares	Nil
Directorships in other listed entities during the 3 years prior to current year	Nil
Paul A Crawford	**Director (Executive) & Company Secretary**
Qualifications	Bachelor of Business – Accountancy; CPA, Master of Financial Management, Graduate Diploma in Business Law, Graduate Diploma in Company Secretarial Practice.
Experience	Board member since 2000. Forty years of commercial experience, including various technical and management roles within the minerals, coal and petroleum industries. Principal of his own corporate consultancy firm, providing accounting, corporate governance, business advisory and commercial management services.

Interest in Securities	100,915,315 ordinary shares, 769,650 listed options and 1,162,790 unlisted options.
Directorships in other listed entities during the 3 years prior to current year	Nil
Dennis C O'Neill	**Director (Non-Executive)** (from 1 July 2019)
Qualifications	Bachelor of Science - Geology
Experience	Board member since 2000. Over 40 years' experience in exploration project and corporate management. He has held positions with a number of Australian and multinational exploration companies and has managed exploration programs in a diverse range of commodities and locations.
Interest in Shares	86,593,477 ordinary shares
Directorships in other listed entities during the 3 years prior to current year	Altura Mining Limited
Allan C Buckler	**Director (Non-Executive)**
Qualifications	Certificate in Mine Surveying and Mining, First Class Mine Manager's Certificate and a Mine Surveyor Certificate issued by the Queensland Government's Department of Mines.
Experience	Appointed to the Board on 5 August 2013. Over 35 years' experience in the mining industry and has taken lead roles in the establishment of several leading mining and port operations in both Australia and Indonesia. Significant operations such as PT Adaro Indonesia, PT Indonesia Bulk Terminal and New Hope Coal Australia have been developed under his leadership.
Interest in Securities	99,668,717 ordinary shares, 980,392 listed options and 872,093 unlisted options.
Directorships in other listed entities during the 3 years prior to current year	Altura Mining Limited, Interra Resources Limited
James S Brown	**Director (Non-Executive)**
Qualifications	Graduate Diploma in Mining from University of Ballarat
Experience	Appointed to the Board on 12 August 2013. Over 30 years' experience in the coal mining industry in Australia and Indonesia, including 22 years at New Hope Corporation. He was appointed as Managing Director of Altura in September 2010. His coal development and operations experience includes the New Acland and Jeebropilly mines in South East Queensland, the Adaro and Multi Harapan Utama operations in Indonesia and Blair Athol in the Bowen Basin in Central Queensland.
Interest in Securities	3,187,463 ordinary shares and 69,294 listed options
Directorships in other listed entities during the 3 years prior to current year	Altura Mining Limited

DIVIDENDS

No dividends were declared or paid during the financial year.

SHARE OPTIONS

At the date of this report, the unissued ordinary shares of Sayona Mining Limited under option are as follows:

Grant Date	Expiry Date	Exercise Price	No. under Option
31 May 2018	30 April 2020	7.8 cents	120,242,589
23 August 2019	23 July 2022	3.0 cents	63,611,528

Options holders do not have any rights to participate in any issue of shares or other interests of the Company or any other entity.

Movements in listed and unlisted shareholder options, together with unlisted employee options are set out in the state of affairs section of this report and Note 15 in the financial report.

During the year ended 30 June 2019, 200 listed options were exercised at an exercise price of $0.078 per share (options were issued on 31 May 2018). No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

There are no other options granted over unissued shares or interests in any Group entity during or since the end of the year.

INDEMNIFICATION OF DIRECTORS AND AUDITORS

The consolidated Group has paid insurance premiums to indemnify each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The contracts include a prohibition on disclosure of the premium paid and nature of the liabilities covered under the policy.

The Company 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 Company or a related body corporate during the year and up to the date of this report.

PROCEEDING ON BEHALF OF THE COMPANY

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

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

AUDITOR INDEPENDENCE

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

Non-Audit Services

There were no non-audit services provided by the Company's auditors in the current or previous financial year.

PRINCIPAL ACTIVITY

The consolidated Group's principal activity during the financial year has been the identification, acquisition and evaluation of mineral exploration assets, focusing on lithium. During the year, the Company completed a definitive feasibility study on the Authier Project in Canada and exploration activity on a number of projects in Australia and Canada.

There were no significant changes in these activities during the financial year.

BUSINESS MODEL AND OBJECTIVES

The Company's primary objective is to provide shareholders with satisfactory returns.

This is to be achieved through implementation of the Company's business model of identifying, evaluating and developing its portfolio of exploration and development assets.

OPERATING RESULTS

The entity's consolidated operating loss for the financial year after applicable income tax was $2,225,651 (2018: $2,328,463). Tenement acquisition, exploration and evaluation expenditure during the year totalled $5,919,690 (2018: $5,724,378).

REVIEW OF OPERATIONS

The Company's primary focus during the year has been on completing the studies and seeking the approvals required to commence the development of the Authier Lithium Project, including the Definitive Feasibility Study. Authier is a near-term development project and cash-flow generation opportunity. The Company believes it will create significant share value-uplift potential for shareholders as the project advances towards development.

Authier, Canada

Sayona's Authier Lithium Project (Authier) is a hard rock spodumene lithium deposit scheduled for development as an open cut mine initially producing a 6% Li_2O spodumene concentrate, the source of high grade, low contaminant lithium carbonate.

The Company's strategy is to initially develop Authier and sell lithium concentrates while it completes the test work and feasibility study for a downstream processing facility producing lithium carbonate and/or hydroxide.

JORC Mineral Resources Upgrade

In September 2018 Sayona announced updated Resource and Reserve estimates for the Authier project (refer ASX Announcement 24 September 2018, "Boost for Authier Project as JORC Ore Reserves Expand").

An initial DFS, completed in September 2018, demonstrated the technical and financial viability of constructing an open-cut mining operation and processing facility producing spodumene concentrate (refer ASX Announcement 24 September 2018, "Positive Authier Definitive Feasibility Study Reaffirms Potential of Sustainable New Lithium Mine").

The positive DFS is considered sufficient to determine, in accordance with the JORC Code 2012, that a subset of the Measured and Indicated Mineral Resource be classified as Ore Reserves – see Table 1.

The Authier deposit has approximately 31,000 metres of drilling in 176 holes.

Table 1– Authier JORC Ore Reserve Estimate (0.55% Li_2O cut-off grade)			
Category	**Tonnes (Mt)**	**Grades (% Li_2O)**	**Contained Li_2O (t)**
Proven Reserve	6.10	0.99	60,390
Probable Reserve	6.00	1.02	61,200
Total Reserves	**12.10**	**1.00**	**121,590**
Note: The Ore Reserve Estimate is inclusive of dilution and ore loss.			

A revised independent JORC Mineral Resource (2012) estimate has been prepared and is outlined in Table 2.

Table 2 – Authier JORC Mineral Resource Estimate (0.55% Li_20 cut-off grade)			
Category	**Tonnes (Mt)**	**Grades (%Li_20)**	**Contained Li_20**
Measured Resource	6.58	1.02	67,100
Indicated Resource	10.60	1.01	107,100
Mea. + Ind. Resource	**17.18**	**1.01**	**174,200**
Inferred Resource	3.76	0.98	36,800
Total Resource	**20.94**	**1.01**	**211,000**

Authier Definitive Feasibility Study

In September 2018, a Definitive Feasibility Study (DFS) was completed, confirming Authier's potential as a profitable and sustainable new lithium mine that will provide new jobs and economic benefits for the local community and positive outcomes for all stakeholders.

Key findings of the DFS included:

- Pre-tax NPV of CAD$184.8 million and IRR 33.7% (real terms at 8% discount rate);
- Annual average concentrate production of 87,400 tonnes at 6% Li_2O;
- Average annual revenue of CAD$80 million;
- FOB Port cash costs of CAD$482/t (US$366/t);
- Low start-up capital of CAD$89.9 million;
- LOM strip ratio of 6.9:1;
- 18-year mine life.

In March 2019 the Québec Environment Minister announced the project would be subject to the environmental impact assessment and review procedures under the BAPE.

Subsequently, the Company announced it would be seeking approval, based on a sustainable development approach, to process in the order of 2,600 tonnes per day, providing for an approximate mine life of 14 years and estimated annual average spodumene concentrate production of around 115,000 tonnes at 6% Li_2O. Sayona is now undertaking a review of its 2018 DFS under these new parameters.

Permitting Process Update

When it was announced that the Authier project would be subject to the environmental impact assessment and review procedures under the BAPE, Sayona commenced further community engagement and environmental studies, including an Environmental Impact Assessment (EIA) as per Article 31.1 of the Environment Quality Act. Sayona had already completed an Environmental Assessment Study for the project, which showed it would have no impact on the water quality of the Esker Saint-Mathieu-Berry, a local source of potable water, and that any other impacts arising from the operations would be minimal after the application of mitigation measures.

In May 2019, engineering consultancy BBA was appointed to review the original mine plan and the 2018 DFS in accordance with the new approval process, and based on optimised production levels in the order of 2,600 tonnes per day.

Environment, Community and First Nations

In June 2019, Sayona commenced an environmental impact study (EIS) for the Authier project. The 30-day public consultation period began in mid-June for comments on issues to be addressed in the study. Sayona is aiming to submit the EIS in late 2019.

During the year discussions were held, and are continuing, with First Nations Pikogan for an Economic Benefits Agreement with the Abitibiwinni community. The target is to conclude and sign the final agreement in Q4 2019.

In addition, the Company has been engaging with the broader community outside the immediate project area. Meetings are continuing with regional councils, other mining companies, government organisations and other key business stakeholders in the region.

Tansim Exploration Project

The Tansim lithium project, also in Québec, is situated 82 kilometres south-west of Authier. The project comprises 141 mineral claims of 85,000 hectares, and is prospective for lithium, tantalum, and beryllium.

An 11-hole drilling program was undertaken at the Viau-Dallaire outcrop in February 2019. In April 2019, positive drilling results were returned with interceptions of variable concentrations of spodumene mineralisation, boosting the prospects for an additional lithium deposit within close proximity to Authier.

Also, in April, Sayona expanded the Tansim project with the acquisition of the Lac Simard lithium prospect, Val d'Or from Exiro Minerals Corp (Exiro). Under the agreement Sayona can acquire a 100% interest by making cash and share payments and undertaking work on the property over a three-year period, with Exiro retaining a 2% net smelter return royalty.

Western Australian Lithium Projects

Exploration tenure in Western Australia includes leases covering some 1,806 sq km in the world class Pilgangoora lithium district.

In January 2019 Sayona exercised the Great Sandy Option and also acquired the remaining tenement equities, to give it a 100% ownership over six tenements in the Pilbara, including the Mallina project.

In August 2019, subsequent to year end, Sayona announced an earn-in agreement with leading lithium producer, Altura Mining Limited (Altura). Under the agreement, Altura will spend AUD$1.5 million on exploration across the project portfolio over a three-year period to earn a 51% interest. Sayona will retain the right to contribute to project evaluation and development.

Mallina Project

The Mallina project is the most advanced project in the Pilbara portfolio. Multiple zones of newly discovered spodumene pegmatites have been identified within a 25 sq km area.

During the period the Company completed a 30-hole drilling program totalling 2,225 metres. The drilling intersected a varied suite of pegmatite and aplite bodies of variable dip, strike and thickness. The identification of spodumene pegmatite from surface and of good intensity (to a maximum 3.18% Li_2O) provided encouraging evidence that the project can host economic grades of lithium mineralisation.

There is considerable scope for further drill testing, especially at the Area C prospect where shallow mineralisation is open at depth and along strike to the north and south.

During the year the project was awarded a state government grant for a rebate on direct drilling costs. Under this grant, Sayona received $83,252 for the October drilling program.

Tabba Tabba Project

The Tabba Tabba project, 40km north of Pilgangoora, is located in an area of historic tin and tantalum mining. Spodumene pegmatite has been identified in the immediate region and the project provides exposure to the area's emerging lithium prospectivity.

During the year, further pegmatites and seven main geochemical targets were defined at Tabba Tabba. Planning for first pass drilling of three of the pegmatite targets has been completed and statutory approvals for drilling obtained.

Additional exploration over the broader tenement holding has included rock sampling to identify fractionated granites and pegmatites for a more detailed assessment.

Moolyella and Other Pilbara Project Areas

The Moolyella project is located east of Marble Bar in an area where lithium, tin and tantalum mineralisation and spodumene pegmatites are associated with the intrusion of the Moolyella monzogranite. Within the Company's Moolyella tenure (three tenements covering 334 sq km) a number of lithium-cesium-tantalum albite pegmatites have been identified.

Within the northern portion of E45/4700 rock sampling of mica rich pegmatite has returned up to 1.40% Li_2O. Further exploration is planned to follow up these encouraging results, and to test more broadly the prospective margins of the source intrusions.

Reconnaissance style exploration was also carried out over the Company's other Pilbara tenure.

Mt Edon Lithium Project

The project covers the southern portion of the Paynes Find greenstone belt, South Murchison, and is host to an extensive swarm of pegmatites.

Geochemistry to date has identified a general westward increase in the fractionation of the known pegmatites. Field reconnaissance has focussed around this western target, identifying new areas of pegmatites, as well as more detailed mapping around a known lepidolite occurrence to the east.

Further work is warranted to identify if albite – spodumene pegmatites are present in these areas.

East Kimberley Graphite Project

Past exploration by Sayona has identified graphite mineralisation within a 25-kilometre strike extent of the Corkwood geochemical and geophysical anomaly.

During the year the first reconnaissance of the southern project area was undertaken. Up to four graphitic horizons were observed with units up to 30m wide at surface. Sampling of graphite gneiss returned assay results ranging from 0.44% up to 8.01% TGC (total graphitic carbon).

While Sayona's primary activities are focused on its lithium projects, the Company believes that Corkwood has considerable value and is seeking partners to explore and develop the project.

FINANCIAL POSITION, CONTINUED OPERATIONS AND FUTURE FUNDING

At 30 June 2019, the Company's Statement of Financial Position shows total assets of $22,208,323, of which $1,822,133 was cash, total liabilities of $984,752 and net assets of $21,223,571.

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

As set out in note 1 to the financial statements, the ability of the Group to execute its currently planned activities requires the Group to raise additional capital within the next 12 months. The Group currently has initiatives in place, including raising $1,890,000 in capital and entering into an Earn-in Agreement in respect of certain of the Group's exploration portfolio.

Over recent years the Group has focused on its exploration and evaluation of its assets to the point where the Authier Lithium Project is subject to a definitive feasibility study, with the potential to advance to development.

The Directors believe that the Group is in a strong and stable financial position to grow its current operations.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes during the year include:

- On 24 January 2019, the Group acquired the final 20% interest under an option agreement with Great Sandy Pty Ltd to acquire a number of tenements in the Pilgangoora lithium district of Western Australia. On 18 December 2018, the Group made the second $300,000 payment under the agreement to acquire an 80% interest in relevant tenements. Agreement was subsequently reached to acquire the remaining interest through payment of $100,000 to Great Sandy Pty Ltd. Settlement consisted of issuing 5,235,602 shares. The Group now holds 100% unencumbered interest in the tenement package;
- On 6 March 2019, the Québec Environment Minister advised that the Authier project would be subject to the environmental impact assessment and review procedures under the BAPE. Subsequently the Company announced it would be seeking approval, based on a sustainable development approach, to process in the order of 2,600 tonnes per day, providing for an approximate mine life of 14 years and estimated annual average spodumene concentrate production of around 115,000 tonnes at 6% Li_2O. Sayona is now undertaking a review of its DFS under these new parameters;
- On 24 June 2019 the Company initiated a Share Purchase Plan (SPP), giving eligible shareholders the opportunity to subscribe for up to $15,000 worth of new shares. The offer also included a free attaching unlisted option for every two new shares issued, exercisable at 3 cents and having an expiry date of 23 July 2022; and
- Other equity transactions completed in the year were the issue of a total of 1,806,477 shares for acquisition of exploration tenements and the issue of 200 shares on conversion of share options.

SIGNIFICANT EVENTS AFTER BALANCE DATE

- Mr Brett Lynch commenced as Managing Director of the Group on 1 July 2019;
- On 8 August 2019, the Company announced an Earn-in Agreement with lithium producer Altura Mining Limited, over Sayona's Western Australian lithium portfolio in the world-class Pilgangoora lithium district. Under the agreement, Altura will spend $1.5 million on exploration across the project portfolio over three years to earn a 51% interest, with Sayona retaining the remaining project interest. Sayona retains the right to contribute to project evaluation and development in the future to participate in the upside potential;
- On 14 August the Company announced that a placement would be undertaken to Directors, management and a major shareholder to raise approximately $1.2 million. The placement will be on the same terms as the SPP announced on 24 June 2019;
- On 23 August 2019, the Company issued 83,295,471 new shares at an issue price of $0.0086 each, and 41,647,702 free attaching options to applicants under the SPP announced on 24 June 2019. Options are exercisable at $0.03 each, expiring on 23 July 2022; and
- On 23 August 2019, the Company also issued 43,927,651 new shares at an issue price of $0.0086 each, and 21,963,826 free attaching options to eligible parties under the placement announced on 14 August 2019. Options are exercisable at $0.03 each, expiring on 23 July 2022. Shares and options have not been issued to Directors under the placement pending shareholder approval at the Company's annual general meeting.

No other matters or circumstances have arisen since 30 June 2019 which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

During the year, the Company has focused on completing the studies required to commence the development of the Authier project and initiate the permitting process. Authier is a near-term development project and cash-flow generation opportunity. The Company believes it will create significant share value-uplift potential for shareholders as the project advances towards development.

The Company's strategic focus will continue to be on the development of Authier and the exploration and evaluation its other assets. The assets range from early stage exploration to advanced projects with potential for advancement to production.

To complete mine development at the Authier project, the Company is likely to require additional funding. The form of this funding is currently undetermined and likelihood of success unknown. Consequently, it is not possible at this stage, to predict future results of the activities.

Business Risks

The following exposure to business risks may affect the Group's ability to achieve the objectives outlined above:

- that the feasibility study and associated technical works will not achieve the results expected;
- all relevant approvals are obtained to conduct proposed operations;
- potential delays arising through the various stages to commissioning of the Authier and other projects;
- exploration and evaluation success on individual projects; and
- the ability to raise additional funds in the future.

ENVIRONMENTAL REGULATION

The Company's operations are subject to environmental regulation under the law in Australia and Canada.

The Directors monitor the Company's compliance with environmental regulation under law, in relation to its exploration activities. The Directors are not aware of any compliance breach arising during the year and up to the date of this report.

CORPORATE GOVERNANCE

Sayona's Corporate Governance Statement is available on the Company's website www.sayonamining.com.au/corporate-governance.

REMUNERATION POLICY

The Company's remuneration policy seeks to align Director and executive objectives with those of shareholders and the business, while at the same time recognising the development stage of the Company and the criticality of funds being utilised to achieve development objectives. The Board believes that the current policy has been appropriate and effective in achieving a balance of objectives.

The Board's policy for determining the nature and amount of remuneration for Key Management Personnel (KMP) of the consolidated Group is based on the following:

- The remuneration policy developed and approved by the Board;
- KMP may receive a base salary, superannuation, fringe benefits, options and performance incentives;
- The remuneration structure for KMP is based on a number of factors including length of service, particular experience of the individual concerned and overall performance of the Group;
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met;
- Incentives paid in the form of options or rights are intended to align the interests of the KMP and the Company with those of the shareholders; and
- The Board reviews KMP packages annually by reference to the consolidated Group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each party and is based predominantly on the forecast growth of the consolidated Group, project milestones and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria.

The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives possible and reward them for performance results leading to long-term growth in shareholder wealth.

All remuneration paid to KMP is valued at the cost to the Company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board collectively determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align their interests with shareholders' interests.

Options granted under incentive arrangements do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is measured using a binomial lattice pricing model which incorporates all market vesting conditions.

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

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

ENGAGEMENT OF REMUNERATION CONSULTANTS

The Company does not engage remuneration consultants.

PERFROMANCE BASED REMUNERATION

KPIs are set annually, in consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and shareholder value, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and relevant industry standards.

RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim. The first is a performance-based bonus based on KPIs, and the second is the issue of options to executives and directors to encourage the alignment of personal and shareholder interests. The Company believes this policy has been effective in increasing shareholder wealth over recent years, subject to volatility in commodity prices and financial markets.

The following table shows some key performance data of the Group for the last three years, together with the share price at the end of the respective financial years.

	2017	2018	2019
Exploration Expenditure ($)	7,109,318	5,724,378	5,919,690
Exploration Tenements (no. including applications)	25	40	185
Net Assets ($)	8,861,943	22,680,722	21,223,571
Share Price at Year-end ($)	0.015	0.040	0.008
Dividends Paid ($)	Nil	Nil	Nil

EMPLOYMENT DETAILS OF MEMBERS OF KEY MANAGEMENT PERSONNEL

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated Group. The table also illustrates the proportion of remuneration that was performance and non-performance based, and the proportion of remuneration received in the form of options.

Key Management Personnel	Position held at 30 June 2019 & change during the year	Contract Details	Proportion of Remuneration: Related to performance	Proportion of Remuneration: Not related to performance	Total
			Options	Salary & Fees	
D O'Neill	Executive Director. Assumed role of CEO from 31 July 2018	No fixed term, termination as provided by Corporations Act	-	100%	100%
P Crawford	Executive Director Company Secretary	No fixed term, termination as provided by Corporations Act	-	100%	100%
A Buckler	Non-Executive Director	No fixed term, termination as provided by Corporations Act	-	100%	100%
J Brown	Non-Executive Director	No fixed term, termination as provided by Corporations Act	-	100%	100%

Employment Contract of Chief Executive Officer

During the year, the Chief Executive Officer responsibilities were assumed by Managing Director Mr O'Neill. No formal contract is in place with Mr O'Neill. This is not expected to change in the immediate future. Mr O'Neill resigned as CEO and Managing Director on 1 July 2019. Mr O'Neill remains a non-executive director.

Mr Brett Lynch was appointed Chief Executive Officer of the Group on 1 July 2019. The Company has entered into a contract of service with Mr Lynch.

Under the agreement, the Company may terminate the Chief Executive Officer's contract by giving three months' notice. In the case of serious misconduct the Company can terminate employment at any time. If the Company terminates the agreement within the first twelve months of employment or in the event of a change of control transaction involving the Company his employment is involuntarily terminated without cause, Mr Lynch will be entitled to 12 months' notice or payment in lieu of notice.

The contract provides for annual review of the compensation value. The terms of this agreement are not expected to change in the immediate future.

CHANGES IN DIRECTORS AND EXECUTIVES SUBSEQUENT TO YEAR END

Mr Brett Lynch was appointed Managing Director on 1 July 2019.

There have been no other changes to Directors or executives since the end of the financial year.

REMUNERATION EXPENSE DETAILS (KMP)

The remuneration of each Director and Chief Executive Officer of the Company during the year is detailed in the following table. Amounts have been calculated in accordance with Australian Accounting Standards.

2019	Short term benefits		Equity Settled Options	Post-employment superannuation	Long term benefits	Total
Key Management Personnel	Salary & Fees	Non-Cash Benefits				
D O'Neill	273,972	-	-	26,028	-	300,000
P Crawford	273,972	-	-	26,028	-	300,000
A Buckler (1)	75,000	-	-	-	-	75,000
J Brown	75,000	-	-	-	-	75,000
	697,944	-	-	52,056	-	750,000

2018	Short term benefits		Equity Settled Options	Post-employment superannuation	Long term benefits	Total
Key Management Personnel	Salary & Fees	Non-Cash Benefits				
D O'Neill	123,288	-	-	11,712	-	135,000
P Crawford	123,288	-	-	11,712	-	135,000
A Buckler (1)	60,000	-	-	-	-	60,000
J Brown	60,000	-	-	-	-	60,000
C Nolan	241,482	-	-	22,941	-	264,423
	608,058	-	-	46,365	-	654,423

(1) Represents payments made to Shazo Holdings Pty Ltd, an entity controlled by Mr Allan Buckler, to provide directorial and exploration technical services.

SECURITIES RECEIVED THAT ARE NOT PERFORMANCE-RELATED

No members of KMP may receive securities that are not performance-based as part of their remuneration package.

SHARE-BASED PAYMENTS

No options were granted as remuneration to KMP during the current or previous year. KMP may hold shareholder options acquired in their capacity as shareholders.

KMP SHAREHOLDINGS

The number of ordinary shares held by each KMP of the Group during the financial year is as follows:

Key Management Personnel	Balance 1 July 2018	Remun-eration	Exercise of Options (*)	Other Changes (**)	Balance 30 June 2019
D O'Neill	86,593,477	-	-	-	86,593,477
P Crawford	98,440,535	-	-	-	98,440,535
A Buckler	97,924,530	-	-	-	97,924,530
J Brown	3,187,463	-	-	-	3,187,463
Total	286,146,005	-	-	-	286,146,005

*Remuneration options and shareholder options
** Share trades and participation in share issues

OTHER EQUITY-RELATED KMP TRANSACTIONS

Options held by KMP in their capacity as shareholders at 30 June 2019:

P Crawford 769,650 listed options
A Buckler 980,392 listed options
J Brown 69,294 listed options

There were no other transactions involving equity instruments apart from those described in the tables above relating to options and shares.

OTHER TRANSACTIONS WITH KMP AND/OR THEIR RELATED PARTIES

There were no other transactions conducted between the Group and KMP or their related parties, other than those disclosed above, 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.

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

Dennis O'Neill
Director

Paul Crawford
Director

Signed: 13 September 2019
Brisbane, Queensland

Nexia Australia

Auditor's Independence Declaration

Under Section 307C of the *Corporations Act 2001*

To the Directors of Sayona Mining Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 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.

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

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Nigel Bamford

N D Bamford
Director

Date: 13 September 2019

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FINANCIAL STATEMENTS
2018

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STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Group 2019 $	2018 $
Revenue and other income	2	124,098	79,288
Administrative expenses		(1,076,859)	(1,273,353)
Exploration expenditure expensed during year		(74,188)	(229,352)
Employee benefit expense		(1,070,894)	(832,231)
Foreign exchange losses		(5,354)	(14,495)
Occupancy costs		(122,454)	(58,320)
Loss before income tax	3	(2,225,651)	(2,328,463)
Tax expense	4	-	-
Loss for the year		(2,225,651)	(2,328,463)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations		642,979	106,478
Items that will not be reclassified subsequently to profit or loss		-	-
Other comprehensive income/(loss) for the year		642,979	106,478
Total comprehensive income or (loss) attributable to members		(1,582,672)	(2,221,985)
Earnings per Share:			
Basic and diluted earnings per share (cents per share)	6	(0.13)	(0.17)
Dividends per share (cents per share)		-	-

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Group 2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,822,133	10,275,738
Trade and other receivables	9	272,933	484,445
Other assets	10	91,775	175,134
Total Current Assets		2,186,841	10,935,317
NON-CURRENT ASSETS			
Property, plant and equipment	11	144,083	5,518
Exploration and evaluation asset	12	19,877,399	13,319,187
Total Non-Current Assets		20,021,482	13,324,705
TOTAL ASSETS		22,208,323	24,260,022
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	945,906	1,531,489
Provisions	14	38,846	47,811
Total Current Liabilities		984,752	1,579,300
TOTAL LIABILITIES		984,752	1,579,300
NET ASSETS		21,223,571	22,680,722
EQUITY			
Issued capital	15	79,309,022	79,183,501
Reserves	16	623,705	(19,274)
Accumulated losses		(58,709,156)	(56,483,505)
TOTAL EQUITY		21,223,571	22,680,722

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

Consolidated Group		Share Capital	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Total
		$	$	$	$	$
Balance at 30 June 2017		63,165,259	(54,177,564)	(125,752)	-	8,861,943
Loss attributable to members of the entity		-	(2,328,463)	-	-	(2,328,463)
Other comprehensive income for the year		-	-	106,478	-	106,478
Total comprehensive income for the year		-	(2,328,463)	106,478	-	(2,221,985)
Other						
Reserve transferred to retained earnings		-	22,522	-	(22,522)	-
Total other		-	22,522	-	(22,522)	-
Transactions with owners in their capacity as owners						
Shares issued during the year	15	17,578,853	-	-	-	17,578,853
Transaction costs		(1,560,611)	-	-	-	(1,560,611)
Share based payments	22	-	-	-	22,522	22,522
Total transactions with owners		16,018,242	-	-	22,522	16,040,764
Balance at 30 June 2018		79,183,501	(56,483,505)	(19,274)	-	22,680,722
Loss attributable to members of the entity		-	(2,225,651)	-	-	(2,225,651)
Other comprehensive income for the year		-	-	642,979	-	642,979
Total comprehensive income for the year		-	(2,225,651)	642,979	-	(1,582,672)
Transactions with owners in their capacity as owners						
Shares issued during the year	15	133,555	-	-	-	133,555
Transaction costs		(8,034)	-	-	-	(8,034)
Total transactions with owners		125,521	-	-	-	125,521
Balance at 30 June 2019		79,309,022	(58,709,156)	623,705	-	21,223,571

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Group 2019 $	Consolidated Group 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,717,552)	(1,586,817)
Sale of technical information		-	12,500
Interest received		114,238	66,788
Other income		9,860	-
Net cash provided by (used in) operating activities	17	(2,593,454)	(1,507,529)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	(144,051)	(4,862)
Capitalised exploration expenditure	12	(5,713,891)	(5,207,482)
Net cash provided by (used in) investing activities		(5,857,942)	(5,212,344)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	15	16	16,920,493
Costs associated with share and option issues		(8,034)	(1,142,251)
Net cash provided by (used in) financing activities		(8,018)	15,778,242
Net increase (decrease) in cash held		(8,459,414)	9,058,369
Cash at beginning of financial year		10,275,738	1,216,054
Effect of exchange rates on cash holdings in foreign currencies		5,809	1,315
Cash at end of financial year	8	1,822,133	10,275,738

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Sayona Mining Limited and Controlled Entities (the “Consolidated Group” or “Group”).

The separate financial statements of the parent entity, Sayona Mining Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

Financial information for Sayona Mining Limited as an individual entity is included in Note 25.

The financial statements have been authorised for issue as at the date of the Directors' Declaration.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Continued Operations and Future Funding

The financial statements have been prepared on a going concern basis which contemplates that the Group will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. At 30 June 2019, the Group had $1,521,794 of exploration commitments due within one year, in addition to other ongoing corporate and operational expenditure. Net current assets of the Group at balance date total $1,202,089.

The ability of the Group to execute its currently planned activities requires the Group to raise additional capital within the next 12 months. Because of the nature of its operations, the Directors recognise that there is a need on an ongoing basis for the Group to regularly raise additional cash funds to fund future exploration activity and meet other necessary corporate expenditure. Accordingly, when necessary, the Group investigates various options for raising additional funds which may include but is not limited to an issue of shares, a farm-out of an interest in one or more exploration tenements or the sale of exploration assets where increased value has been created through previous exploration activity.

At the date of this financial report, initiatives undertaken by the Group include the raising of additional $1,890,000 in capital and entering into an Earn-in Agreement in respect of certain of the Group's exploration portfolio (refer note 23). In addition to these initiatives the Group plans to raise further funds, however no formal arrangements are currently in place.

The Directors have concluded that in the current circumstances, there exists a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern. Nevertheless, after taking into account the various funding options available the Directors have a reasonable expectation that the Group will have adequate resources to fund its future operational requirements and for these reasons they continue to adopt the going concern basis in preparing the financial report.

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Sayona Mining Limited) and all of the subsidiaries. Subsidiaries are entities that the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 26.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-Consolidated Group and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated Group is Sayona Mining Limited. Tax expense/income, deferred tax liabilities and deferred tax assets 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 amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets 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 in the tax-consolidated Group). No tax funding arrangements are currently in place between the entities in the tax-consolidated Group.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

Plant and equipment are measured on a cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that 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.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for plant and equipment are in the range between 4% and 40%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

Exploration and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised, where the Group has right of tenure, to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

The term "Joint Operation" has been used to describe "farm-in" and "farm-out" arrangements.

Where the Group has entered into joint operation agreements on its areas of interest, the earn-in contribution by the joint operation partner is offset against expenditure incurred. Earn-in contributions paid, or expenditure commitments incurred by the Company to acquire a joint venture interest are expensed when incurred up to the time an interest is acquired.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restoration Costs

The Group currently has no obligation for any restoration costs in relation to discontinued operations, nor is it currently liable for any future restoration costs in relation to current areas of interest. Consequently, no provision for restoration has been deemed necessary.

Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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.

Fair Value of Assets and Liabilities

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

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

Financial Instruments

The Group has adopted the new accounting standard AASB 9 (financial instruments) with effect from 1 July 2018. As the Group's only receivables are GST/VAT recoveries and sundry items, adoption of AASB 9 has no material impact on the financial statements and there are no adjustments to current or prior period amounts.

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 (ie 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.

Classification and subsequent measurement

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 of allocating interest expense in profit and loss over the relevant period. The effective interest rate is the internal rate of return of the financial assets or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Financial assets are subsequently measured at amortised cost.

Measurement is on the basis of 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.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie 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 amount 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.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, 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 the 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 (ie 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 amount and the sum of the consideration received and receivable is recognised in profit or loss.

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.

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group’s entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which are the parent entity’s functional currency.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

Other long-term 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 on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Equity Settled Compensation

The Group operates an employee share and option plan. 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 it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The fair value of options is determined using a binomial pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Cash and Cash Equivalents

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.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, 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.

Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity 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.

Issued Capital

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 allotted, these monies are shown as a payable in the statement of financial position.

Share options are classified as equity and issue proceeds are taken up in the option 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.

Revenue and Other Income

The Group has adopted the new revenue accounting standard AASB 15 (revenue from contracts with customers) with effect from 1 July 2018. As the Group's only revenue is interest and sundry income items, adoption of AASB 15 has no material impact in the financial statements and there are no adjustments to current or prior period amounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest revenue is recognised using the effective interest method. All revenue is stated net of the amount of goods and services tax.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

These accounting policies also apply in respect of the Group's Canada operations in relation to VAT.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Earnings per Share (EPS)

Basic earnings per share

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the parent entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per ordinary share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Adjusting Events

The weighted average number of shares outstanding during the period and for all periods presented are adjusted for events, other than the conversion of potential ordinary shares that have changed the number of ordinary shares outstanding without a corresponding change in resources.

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Impairment - general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. No impairment has been recognised for the year.

Exploration and evaluation expenditure (Note 12):

The Group capitalises expenditure relating to exploration and evaluation 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. For some areas of interest the Group has assessed the

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

existence of reserves and considers the expenditure is recoverable through successful development of the area.

For other areas of interest exploration activity continues and the directors are of the belief that such expenditure should not be written off since technical and feasibility studies in such areas have not yet concluded.

Tax Losses Available (Note 4):

The availability of the Group's carry forward tax losses are based on estimates of tax deductibility of exploration expenditure, and compliance with tax laws in Australia and Canada.

New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are relevant to the Group, but not yet mandatorily applicable, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in *AASB 117: Leases and related Interpretations*. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with *AASB 116: Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

AASB 16 will apply to the Group's premises lease, which is currently on a short-term month to month basis. Assuming a two year lease tenure, the estimated value of the right-to-use asset and lease liability is $79,200 and any impact on profit and loss is immaterial.

NOTE 2: REVENUE AND OTHER INCOME	**2019**	**2018**
	$	**$**
Interest received from unrelated parties	114,238	66,788
Sale of technical information	-	12,500
Insurance refunds	7,360	-
Other income	2,500	-
Total revenue and other income	124,098	14,539

NOTE 3: LOSS FOR THE YEAR

(i) Expenses:

Included in expenses are the following items:	2019 $	2018 $
Rental expense on operating lease	120,451	55,996
Foreign exchange loss	5,354	14,495
Depreciation	9,369	6,641

(ii) Significant Revenue and Expenses

The following significant revenue and expense items are relevant in explaining the financial performance:

Exploration and evaluation expenditure expensed during the year	(74,188)	(229,352)

NOTE 4: INCOME TAX EXPENSE

(a) The prima facie tax on loss from ordinary activities is reconciled to the income tax as follows:

Prima facie tax payable on loss from ordinary activities before income tax at 27.5% (2018: 27.5%).	(612,054)	(640,327)
Adjust for tax effect of:		
Exploration expenditure capitalised	(166,935)	(1,315,724)
Other deductible costs (net)	(350,531)	-
Other non-deductible costs (net)	-	334,667
Tax losses and temporary differences not brought to account	1,129,520	1,621,384
Income tax expense attributable to entity	-	-
Weighted average effective tax rate (nil due to tax losses)	0.00%	0.00%

(b) Deferred tax assets and liabilities not brought to account, the net benefit of which will only be realised if the conditions for deductibility set out in Note 1 occur:

Temporary differences	(619,807)	172,017
Tax losses - Revenue	5,181,442	7,756,000
Tax losses - Capital	6,175,038	6,175,038
Net unbooked deferred tax asset	10,736,673	14,103,055

The Group has unconfirmed carry forward losses for revenue of $18,942,527 (2018: $28,203,636) and for capital of $22,454,683 (2018: $22,454,683). Carry forward revenue losses have been revised in the current year following a review of the eligibility of prior year Australian losses under carry forward loss rules and the estimation of Canadian losses available.

The tax benefits will only be obtained if the conditions in Note 1 are satisfied; the economic entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised and if the economic entity continues to comply with the conditions for deductibility imposed by the relevant tax legislation.

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the Directors Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP), and other information (including equity interests) for the year ended 30 June 2019.

(a) The names of key management personnel of the Group who have held office during the financial year are:

Key Management Personnel	Position
Dennis O'Neill	Managing Director
Paul Crawford	Director - Executive
Allan Buckler	Director - Non-executive
James Brown	Director - Non-executive

(b) The totals of remuneration paid to KMP of the Company and Group during the year are as follows:

	2019 $	2018 $
Short-term employee benefits	697,944	608,058
Post-employment benefits	52,056	4,635
Other long-term benefits	-	-
Share-based payments	-	-
Total KMP compensation	750,000	654,423

Short-term employee benefits

These amounts include salary, fees and paid leave benefits paid to the directors, or their related entities (Note 18).

Post-employment benefits

These amounts are the superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the option, rights and shares granted on grant date.

NOTE 6: EARNINGS PER SHARE

The earnings figures used in the calculation of both the basic EPS and the dilutive EPS are the same as the profit or (loss) in the statement of profit or loss and other comprehensive income.

	2019 $	2018 $
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	1,718,318,957	1,333,621,930
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the year used in the calculation of diluted EPS	1,718,318,957	1,333,621,930

Options to acquire ordinary shares in the parent company are the only securities considered as potential ordinary shares in determination of diluted EPS. These securities are not presently dilutive and have been excluded from the calculation of diluted EPS.

NOTE 7: AUDITORS' REMUNERATION	2019 $	2018 $
Remuneration of the auditor for:		
- auditing or reviewing the financial reports	37,000	34,000
- other assurance services	-	-
	37,000	34,000

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	772,005	1,221,575
Short-term bank deposits	1,050,128	9,054,163
Cash at bank and on hand	1,822,133	10,275,738

The effective interest rate on short-term bank deposits was 1.75% (2018: 2.49%). These deposits have an average maturity of 88.63 days.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flow is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	1,822,133	10,275,738

NOTE 9: TRADE AND OTHER RECEIVABLES

Current (unsecured):		
Other Debtors	272,933	484,445
	272,933	484,445

Other debtors includes $271,273 (2018: $449,722) of GST/VAT amounts due from the Australian and Canadian taxation authorities, which represents a significant concentration of credit risk to the Group.

NOTE 10: OTHER ASSETS

Current:		
Deposits	2,281	2,154
Prepayments	89,494	172,980
	91,775	175,134

NOTE 11: PLANT AND EQUIPMENT

Plant and equipment	2019 $	2018 $
At cost	172,701	24,728
Accumulated depreciation	(28,618)	(19,210)
Total plant and equipment	144,083	5,518
Reconciliation of the carrying amounts for property, plant and equipment:		
Balance at the beginning of year	5,518	7,297
Additions	144,051	4,862
Depreciation expense	(9,369)	(6,641)
Foreign currency translation movement	3,883	-
Carrying amount at the end of year	144,083	5,518

NOTE 12: EXPLORATION AND EVALUATION ASSET

Exploration and evaluation expenditure carried forward in respect of areas of interest are:		
Exploration and evaluation phase - group interest 100% (a)	19,111,142	12,712,550
Exploration and evaluation phase - subject to joint operation (b)	766,257	606,637
	19,877,399	13,319,187

(a) Movement in exploration and evaluation expenditure:	**Non-Joint Operation**	
Opening balance - at cost	12,712,550	7,697,147
Capitalised exploration and evaluation expenditure	4,609,557	5,015,403
Transfer from joint operations	1,096,431	-
Foreign currency translation movement	692,604	-
Carrying amount at end of year	19,111,142	12,712,550

(b) Movement in exploration and evaluation expenditure:	**Subject to Joint Operation**	
Opening balance - at cost	606,637	127,014
Capitalised exploration and evaluation expenditure	1,237,873	479,623
Transfer to joint operations	(1,096,431)	-
Foreign currency translation movement	18,178	-
Carrying amount at end of year	766,257	606,637

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

Movements during the year on exploration and evaluation assets included $4,164,921 (2018: $4,769,829) on the Authier Lithium Project in Canada. A further $1,680,581 (2018: $725,197) has been expended on existing and new projects. Of that total, $133,540 (2018: $80,000) was settled by issue of 7,042,079 (2018: 1,869,159) ordinary shares in the Company.

Commitments in respect of exploration projects are set out in Note 19. In addition, the Group has options on projects as set out in Note 24.

NOTE 13: TRADE AND OTHER PAYABLES

	2019 $	2018 $
Current (unsecured):		
Trade creditors	710,287	1,115,265
Sundry creditors and accrued expenses	235,619	416,224
Total trade and other payables	945,906	1,531,489
Financial liabilities at amortised cost classified as trade and other payables:		
Financial liabilities as trade and other liabilities (refer Note 20)	945,906	1,531,489

NOTE 14: PROVISIONS

Current:		
Provision for employee entitlements	38,846	47,811
Opening balance	47,811	46,271
Additional provisions	48,056	39,632
Amounts used	(57,021)	(38,092)
Balance at year end	38,846	47,811

NOTE 15: ISSUED CAPITAL

	2019 $	2018 $
Fully paid ordinary shares	79,309,022	79,183,501

Ordinary shares issued during the year	No.	No.
Balance at the beginning of the reporting period	1,715,532,065	974,819,553
Shares issued during the prior year:	-	740,712,512
Shares issued during the current year:		
On 27 November 2018, new issue of shares at $0.078 per share following a conversion of options.	200	-
On 27 November 2018, new issue of shares at $0.025 per share in settlement of tenement acquisition.	492,126	-
On 24 January 2019, new issue of shares at $0.0191 per share in settlement of tenement acquisition	5,235,602	-
On 23 April 2019, new issue of shares at $0.0160 per share in settlement of tenement acquisition	1,314,351	-
Balance at reporting date	1,722,574,344	1,715,532,065

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.

NOTE 15: ISSUED CAPITAL (continued)

Options on issue are as follows:

	2019 $	2018 $
(i) Unlisted employee and officer options		
Balance at beginning of reporting period	-	-
Granted (Note 22)	-	5,000,000
Exercised (Note 22)	-	(5,000,000)
Expired	-	-
Balance at reporting date	-	-

	2019 $	2018 $
(ii) Listed options		
Balance at beginning of reporting period	120,242,789	-
Granted	-	120,242,789
Exercised	(200)	-
Expired	-	-
Balance at reporting date	120,242,589	120,242,789

Options granted on 31 May 2018 to shareholders, exercisable at $0.078 each and expire 30 April 2020.

Capital management policy

Exploration companies such as Sayona Mining Limited are funded by share capital during exploration and a combination of share capital and borrowings as they move into the development and operating phases of their business life.

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

NOTE 16: RESERVES

Foreign currency translation reserve

The foreign currency translation reserve recorded exchange differences arising on translation of a foreign controlled subsidiary.

Options reserve

The options reserve records amounts recognised as expenses on valuation of employee share options.

NOTE 17: CASH FLOW INFORMATION	2019 $	2018 $
(a) Reconciliation of Cash Flow from Operations with Loss from Ordinary Activities after Income Tax:		
Loss from ordinary activities after income tax	(2,225,651)	(2,328,463)
Non-cash flows in profit from ordinary activities:		
Depreciation	9,369	6,641
Share based payments - exploration and corporate	-	160,000
Share based payments - remuneration	-	22,522
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	232,078	(158,168)
(Increase)/Decrease in other assets	90,128	(129,146)
(Decrease)/Increase in creditors and accruals	(689,937)	917,545
(Increase)/Decrease in provisions	(9,441)	1,540
Cash flows from operations	(2,593,454)	(1,507,529)

(b) Non-cash Financing and Investing Activities

On 27 November 2018, 492,326 new shares were issued in settlement of tenement acquisition.

On 24 January 2019, 5,235,602 new shares were issued in settlement of tenement acquisition.

On 23 April 2019, 1,314,351 new shares were issued in settlement of tenement acquisition.

In the prior year a total of 10,072,296 shares were issued in settlement of tenement acquisitions and capital raise fees.

NOTE 18: RELATED PARTY TRANSACTIONS

(a) The Group's main related parties are as follows:

Key Management Personnel:

Any persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or non-executive) of the Group, are considered key management personnel (see Note 5).

(b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

During the year, the parent entity engaged Shazo Holdings Pty Ltd, an entity controlled by Mr Allan Buckler, a director of the Company, to provide directorial and exploration technical services. Fees of $75,000 were incurred during the year (2018:$60,000). $Nil was owed by the Company at 30 June (2018: $15,000).

NOTE 19: COMMITMENTS	2019 $	2018 $
(a) Operating lease commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements:		
Not later than 1 year	3,579	3,904
Between 1 year and 5 years	-	3,579
Total commitment	3,579	7,483

In addition to the above, the Group has a month to month lease for office premises.

NOTE 19: COMMITMENTS (continued)

(b) Exploration commitments

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

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

	2019 $	2018 $
Not later than 1 year	1,521,794	765,004
Between 1 year and 5 years	1,105,871	-
Total commitment	2,627,665	765,004

NOTE 20: FINANCIAL RISK MANAGEMENT

The Group's financial instruments mainly comprises cash balances, receivables and payables. The main purpose of these financial instruments is to provide finance for group operations.

The totals for each category of financial instruments, measured in accordance with *AASB 9: Financial Instruments* as detailed in the accounting policies to these financial statements are detailed in the table outlining financial instruments composition and maturity analysis in part (b) below.

Financial Risk Management Policies

The Board of the Company meets on a regular basis to analyse exposure and to 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 Company's risk management framework. Management is responsible for developing and monitoring the risk management policies.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk, consisting of interest rate risk and foreign exchange risk. These risks are managed through monitoring of forecast cashflows, interest rates, economic conditions and ensuring adequate funds are available.

(a) Credit Risk

Credit risk arises from exposures to deposits with financial institutions and sundry receivables (Notes 8 and 9).

Credit risk is managed and reviewed regularly by the Board. The Board monitors credit risk by actively assessing the rating quality and liquidity of counter parties.

The carrying amount of cash and receivables recorded in the financial statements represent the Group's maximum exposure to credit risk. Concentration of credit risk is set out in Note 9.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. This risk is managed by ensuring, to the extent possible, that there is sufficient liquidity to meet liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

The Board manages liquidity risk by sourcing long-term funding, primarily from equity sources.

NOTE 20: FINANCIAL RISK MANAGEMENT (continued)

Financial liability and financial asset maturity analysis

The table below reflects an undiscounted contractual maturity analysis for financial assets and financial liabilities and reflects management's expectations as to the timing of termination and realisation of financial assets and liabilities.

Consolidated Group	1 year or less	1 to 2 years	More than 2 years	Total
	$	$	$	$
2019				
Financial assets				
Cash and cash equivalents (i)	1,822,133	-	-	1,822,133
Receivables (ii)	272,933	-	-	272,933
	2,095,066	-	-	2,095,066
Financial liabilities				
Payables (ii)	945,906	-	-	945,906
	945,906	-	-	945,906
Net cash flow on financial instruments	1,149,160	-	-	1,149,160

2018	1 year or less	1 to 2 years	More than 2 years	Total
Financial assets	$	$	$	$
Cash and cash equivalents (i)	10,275,738	-	-	10,275,738
Receivables (ii)	484,445	-	-	484,445
	10,760,183	-	-	10,760,183
Financial liabilities				
Payables (ii)	1,531,489	-	-	1,531,489
	1,531,489	-	-	1,531,489
Net cash flow on financial instruments	9,228,694	-	-	9,228,694

(i) Floating interest with a weighted average effective interest rate of 1.75% (2018: 2.49%).

(ii) Non-interest bearing.

(c) Market Risks

(i) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, arises in relation to the Company's bank balances.

This risk is managed through the use of variable rate bank accounts.

(ii) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency movements, primarily in respect of the Canadian and US Dollar. No derivative financial instruments are employed to mitigate the exposed risks. Risk is reviewed regularly, including forecast movements in these currencies by the senior executive team and the Board.

NOTE 20: FINANCIAL RISK MANAGEMENT (continued)

These foreign exchange risks arose from:

- Cash held in Canadian and US dollars.
- Canadian and US dollar denominated receivables and payables.

	CAD	USD
The Group's exposure (in AUD) to foreign currency risk at the reporting date was as follows:	**2019**	**2019**
Cash and cash equivalents	98,892	4,503
Receivables	262,606	-
Payables	(630,649)	-
Net exposure	(269,151)	4,503

	CAD 2018	USD 2018
Cash and cash equivalents	102,394	11,598
Receivables	443,179	-
Payables	(1,280,987)	(34,620)
Net exposure	(735,414)	(23,022)

(d) Sensitivity analysis

If the spot Australian Dollar rate strengthened/weakened by 5 percent against the US Dollar, with all other variables held constant, the Group's post-tax result for the year would have been $238 +/- (2018: $1,139).

If the spot Australian Dollar rate strengthened/weakened by 5 percent against the Canadian Dollar, with all other variables held constant, the Group's post-tax result for the year would have been $13,457 +/- (2018: $36,770).

The Group has performed sensitivity analysis relating to its exposure to interest rate risk. At year-end, the effect on profit and equity as a result of a 1% change in the interest rate, with all other variables remaining constant would be +/- $18,221 (2017: $102,757).

(e) Fair Values

The aggregate fair values and carrying amounts of financial assets and liabilities are disclosed in the statement of financial position and notes to the financial statements. Fair values are materially in line with carrying values, due to the short term nature of all these items.

NOTE 21: CONTINGENT LIABILITIES

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

NOTE 22: SHARE BASED PAYMENTS

Options

Options issued under employee share based payment arrangements are summarised as:	2019 Number of Options No	2019 Weighted Average Exercise Price $	2018 Number of Options No	2018 Weighted Average Exercise Price $
Outstanding at beginning of the year	-	-	-	-
Granted	-	-	5,000,000	0.040
Forfeited	-	-	-	-
Exercised	-	-	5,000,000	0.040
Expired	-	-	-	-
Outstanding at period end	-	-	-	-
Exercisable and vested at year end	-	-	-	-

The Company established the Sayona Mining Limited Employees and Officers Share Option Plan on 26 November 2014. All members become eligible to participate at the discretion of the Board. Options forfeit one month after the holders ceases to be employed by the Company.

There were no options issued under this plan during the year.

Shares

On 15 October 2018, 200 new shares were issued on conversion of listed options.

On 27 November 2018, 492,326 shares were issued in settlement of a tenement acquisition.

On 24 January 2019, 5,235,602 shares were issued in settlement of a tenement acquisition.

On 23 April 2019, 1,314,351 shares were issued in settlement of a tenement acquisition.

The value of the shares issued was determined by reference to the market price.

NOTE 23: EVENTS AFTER BALANCE SHEET DATE

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

Mr Brett Lynch commenced as Managing Director of the Group on 1 July 2019.

On 8 August 2019, the Company announced an Earn-in Agreement with lithium producer Altura Mining Limited, over Sayona's Western Australian lithium portfolio in the world-class Pilgangoora lithium district.

Under the agreement, Altura will spend $1.5 million on exploration across the project portfolio over three years to earn a 51% interest, with Sayona retaining the remaining project interest. Sayona retains the right to contribute to project evaluation and development in the future to participate in the upside exploration potential.

On 14 August 2019 the Company announced that a placement would be undertaken to Directors, management and a major shareholder to raise approximately $1.2 million. The placement will be on the same terms as the SPP announced on 24 June 2019.

On 23 August 2019, funds raised totalled $716,341 from the issue of 83,295,471 new shares at an issue price of $0.0086 each, and 41,647,702 free attaching options to applicants under the SPP announced on 24 June 2019. Options are exercisable at $0.03 each, expiring on 23 July 2022.

NOTE 23: EVENTS AFTER BALANCE SHEET DATE (continued)

On 23 August 2019, the Company also issued 43,927,651 new shares at an issue price of $0.0086 each, and 21,963,826 free attaching options to eligible parties under the placement announced on 14 August 2019. Options are exercisable at $0.03 each, expiring on 23 July 2022. Funds raised totalled $377,778 and further shares to raise $800,000 committed to by Directors have not been issued under the placement pending shareholder approval at the Company's annual general meeting.

There have been no other key events since the end of the financial year.

NOTE 24 JOINT ARRANGEMENTS

The Group has entered into joint arrangements with the following parties. Joint arrangements are in the form of options to acquire mineral tenements (refer Note 12).

Sayona Lithium Pty Ltd

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

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

The Group holds an 80% interest in the project at 30 June 2019. Under the agreement, the vendor is entitled to receive a 1% gross production royalty and is entitled to explore for and develop other non-lithium commodities within the tenement during the option period.

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

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

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

On 18 December 2018, the Group made the second $300,000 payment under the agreement to attain the 80% interest in relevant tenements.

On 24 January 2019, the Group acquired the final 20% of the tenure subject of the agreement through payment of $100,000 to Great Sandy Pty Ltd, by issuing 5,235,602 shares. The Group now holds 100% unecumbered interest in the tenement package.

Sayona Quebéc Inc.

On 16 March 2017, the Company entered into an option-to-purchase agreement to acquire a tenement to the east of the company's Authier project in Quebéc, Canada. The option to purchase CDC2187652 is exercisable anytime in the next five years, by making payments including CAD$25,000 on signing, CAD$5,000 on each anniversary between years two to five, and CAD$75,000 on exercise of the option. At 30 June 2019, the Company held a 100% interest in the property.

On 18 January 2018, the Company entered into an acquisition agreement with Matamec Explorations Inc in relation to a number of mineral claims in Quebéc. The acquisition includes the staged payments of cash and exploration commitments, and net smelter royalty payable to Matamec should Sayona achieve 100% ownership.

NOTE 24: JOINT ARRANGEMENTS (continued)

The staged acquisition strategy enables Sayona to obtain an initial 50% interest in the property through the expenditure of CAD$105,000 for claim renewal costs of the property, as required by the Quebéc department of natural energy and resources.

Sayona can then earn 100% interest in the property by completing the milestones in the timeframes outlined below:

- Investing CAD$200,000 in exploration and pay CAD$100,000 in cash to Matamec within the first 12 months; and
- Investing CAD$350,000 in exploration and pay CAD$250,000 in cash to Matamec within 12 and 24 months of signing.

At 30 June 2019, the Company held a 50% interest in the property (Tansim project).

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

On 28 February 2019, the Company expanded the Tansim project with the acquisition of the Lac Simard lithium prospect from Exiro Minerals Corp (Exiro). Under the agreement Sayona can acquire a 100% interest by making cash and share payments and undertaking work on the property over a three-year period, with Exiro retaining a 2% net smelter return royalty. At 30 June 2019, the Company held a 100% interest in the property.

NOTE 25: PARENT ENTITY INFORMATION

The following information relates to the parent entity, Sayona Mining Limited. This information has been prepared using consistent accounting policies as presented in Note 1.

	2019 $	2018 $
Current assets	1,750,503	10,229,890
Non-current assets	19,810,778	12,731,956
Total assets	21,561,281	22,961,846
Current liabilities	337,710	281,124
Non-current liabilities	-	-
Total liabilities	337,710	281,124
Net Assets	21,223,571	22,680,722
Contributed equity	79,309,022	79,183,501
Option Reserve	-	-
Accumulated losses	(58,085,451)	(56,502,779)
Total equity	21,223,571	22,680,722
Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	1,582,672	2,176,941
Total other comprehensive income	-	-
Total comprehensive loss for the year	1,582,672	2,176,941

NOTE 25: PARENT ENTITY INFORMATION

Guarantees

There are no parent company guarantees.

Contingent Liabilities

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

NOTE 26: INTERESTS IN SUBSIDIARIES

Information about principal subsidiaries

Sayona Lithium Pty Ltd, incorporated in Australia on 4 September 1986. The parent entity holds 100% of the ordinary shares of the entity. The Company holds options to acquire and tenement applications for lithium tenements in Western Australia.

Sayona East Kimberley Pty Ltd, incorporated in Australia on 18 June 2015. The parent entity holds 100% of the ordinary shares of the entity. The Company holds options on graphite tenements in Western Australia.

Sayona International Pty Ltd, incorporated in Australia on 29 April 2016. The parent entity holds 100% of the ordinary shares of the entity. The Company was established to hold overseas projects acquired by the Group. No assets were held by the entity at 30 June 2019.

Sayona Quebéc Inc. incorporated in Canada on 7 July 2016. The parent entity holds 100% of the ordinary shares of the entity. The Company was established to hold overseas projects acquired by the Group. The Company holds the Authier Lithium Project and Tansim Lithium Project at 30 June 2019.

These subsidiaries have share capital consisting solely of ordinary shares which are held directly by the Group.

There are no significant restrictions over the Group's ability to access or use assets and settle liabilities of the Group.

Each subsidiary's principal place of business is also its country of incorporation, and year ends coincide with the parent company.

NOTE 27: SEGMENT REPORTING

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

Primary Reporting: Geographical Segments

	Australia		Overseas		Consolidated Group	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**	**$**	**$**
REVENUE						
Revenue	112,405	78,875	11,693	413	124,098	79,288
Total revenue from ordinary activities	112,405	78,875	11,693	413	124,098	79,288

NOTE 27: SEGMENT REPORTING (continued)

RESULT

	Australia		Overseas		Consolidated Group	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Profit/(loss) from ordinary activities before income tax expense	(504,925)	(2,197,589)	(1,720,726)	(130,874)	(2,225,651)	(2,328,463)
Income tax expense	-	-	-	-	-	-
Profit/(loss) from ordinary activities after income tax expense	(504,925)	(2,197,589)	(1,720,726)	(130,874)	(2,225,651)	(2,328,463)
ASSETS						
Segment assets	5,000,144	12,367,549	17,208,179	11,892,473	22,208,323	24,260,022
LIABILITIES						
Segment liabilities	341,931	293,744	642,821	1,285,556	984,752	1,579,300

There were no transfers between segments reflected in the revenues, expenses or result above. The pricing of any intersegment transactions is based on market values.

Segment accounting policies are consistent with the economic entity.

NOTE 28: FAIR VALUE MEASUREMENT

The Group does not measure any assets or liabilities at fair value on a recurring basis after initial recognition.

The Group does not subsequently measure any assets or liabilities at fair value on a non-recurring basis.

NOTE 29: COMPANY DETAILS

The registered office and principal place of business is:

Sayona Mining Limited
Unit 68
283 Given Terrace
Paddington Queensland 4064

DIRECTOR'S DECLARATION

The Directors of the Company declare that:

1. The attached financial statements and notes are in accordance with the *Corporations Act 2001* and:

    (a) comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

    (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance of the consolidated Group for the year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

3. The Directors have been given the declarations by their Chief Executive Officer and Chief Finance Officer required by section 259A of the *Corporations Act 2001*.

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

Dennis O'Neill
Director

Paul Crawford
Director

Dated this: 13th day of September 2019

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 2019, the consolidated statement of profit or loss and other 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 2019 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 and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which states that the Group's ability to execute its currently planned exploration and evaluation activities requires the Group to raise additional funds. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Nexia Australia

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

(continued)

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.

Key audit matter	How our audit addressed the key audit matter
Carrying value of exploration and evaluation assets **Refer to note 12 (exploration and evaluation assets)** As at 30 June 2019 the carrying value of exploration and evaluation assets is \$19,877,399. This is a significant asset of the Group. The Group's accounting policy in respect of exploration and evaluation assets is outlined in Note 1. This is a key audit matter due to the fact that significant judgement is applied in determining whether the capitalized exploration and evaluation assets meet the recognition criteria set out in AASB6 Exploration for and Evaluation of Mineral Resources.	Our procedures included, amongst others: • We obtained evidence as to whether the rights to tenure of the areas of interest remained current at balance date and as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future; • We obtained evidence of the future intention for the areas of interest, including reviewing future budgeted expenditure and related work programs; • We obtained an understanding of the status of ongoing exploration programs, for the areas of interest; • We obtained evidence as to the assumptions made by management in the determination of the recoverable value of the asset.

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

(continued)

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 2019, but does not include the financial report and the auditor's report thereon. The Annual Report will be made available to us after the date of this auditor's report. 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and request that a correction be made.

Directors' responsibility 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 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 responsibility 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.

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

(continued)

- 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 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

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

(continued)

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 13 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Sayona Mining Limited for the year ended 30 June 2019 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

Nigel Bamford

ND Bamford
Director

Level 28, 10 Eagle Street
Brisbane Qld 4000

Date: 13 September 2019

Following is additional information required by the ASX Limited and not disclosed elsewhere in this report. The following information is provided as at 31 August, 2019.

1. Shareholding:

Distribution of Shareholders Number:

Category Number (Size of Holding)	Ordinary Shares (Number)
1 - 1,000	236
1,001 - 5,000	281
5,001 - 10,000	376
10,001 - 100,000	1,970
100,001 - and over	1,567
	4,430

The number of shareholdings held in less than marketable parcels is 2,405.

Twenty Largest Holders - Ordinary Shares

		Number of Shares Held	% of Total Issued Capital
1.	Terryjoy Pty Ltd <T & J Smith Super Fund A/C>	124,569,768	6.73
2.	P Point Pty Ltd <AB Super Fund A/C>	97,343,137	5.26
3.	Cropanly Pty Ltd <Two Endeavour Super A/C>	94,752,791	5.12
4.	E M Enterprises (Qld) Pty Ltd <Sherwood Super Fund A/C>	84,391,052	4.56
5.	Citicorp Nominees Pty Limited	69,116,954	3.74
6.	HSBC Custody Nominees (Australia) Limited	46,905,190	2.54
7.	Mr Robert Veitch + Mrs Elaine Veitch <Veitch Super Fund A/C>	32,225,301	1.74
8.	Mr Robert Desmond Wooding	30,868,410	1.67
9.	Merrill Lynch (Australia) Nominees Pty Limited	26,742,479	1.45
10.	J P Morgan Nominees Australia Limited	23,056,592	1.25
11.	Moverly Superannuation Pty Ltd <Moverly Super Fund A/C>	17,844,187	0.96
12.	BNP Paribas Noms Pty Ltd <DRP>	17,029,390	0.92
13.	Bubevich Investments Pty Ltd <Bubevich Family A/C>	15,500,000	0.84
14.	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	13,408,567	0.72
15.	Mike Moore Super Pty Ltd <Mike Moore Super Fund A/C>	13,054,729	0.71
16.	Guy Laliberte	12,919,897	0.70
17	Mr Christopher Paul Dredge + Mrs Nanette Alexandra Dredge <Dredge Super Fund A/C>	11,821,030	0.64
18.	Mr Hong Lam Pham	10,133,154	0.55
19.	HVVK Investments Pty Ltd	10,000,000	0.54
20.	Kabila Investments Pty Limited	7,876,449	0.43
		759,559,077	41.06%

Twenty Largest Holders - Options

		Number of Options Held	% of Total Options Issued
1.	CS Third Nominees Pty Limited < HSBC Cust Nom Au Ltd 13 A/C>	12,352,942	10.27
2.	HSBC Custody Nominees (Australia) Limited - GSCO ECA	12,000,000	9.98
3.	HSBC Custody Nominees (Australia) Limited	9,865,935	8.21
4.	CS Fourth Nominees Pty Limited < HSBC Cust Nom Au Ltd 11 A/C>	6,313,726	5.25
5.	HSBC Custody Nominees (Australia) Limited - A/C 2	5,028,522	4.18
6.	Merrill Lynch (Australia) Nominees Pty Limited <MLPRO A/C>	4,901,961	4.08
7.	Mrs Jane Louise Hirst	4,156,819	3.46
8.	Citicorp Nominees Pty Limited	3,243,980	2.70
9.	Mr Graham McIntyre	3,141,035	2.61
10.	Craig Meath Super Pty Ltd <Craig Meath Superfund A/C>	3,022,500	2.51
11.	Mr Craig Stephen Meath	3,002,273	2.50
12.	Mr David Michael Gartner	3,000,000	2.49
13.	M & K Korkidas Pty Ltd <M&K Korkidas P/L S/Fund A/C>	2,739,091	2.28
14.	J P Morgan Nominees Australia Limited	2,499,176	2.08
15.	CCK Pty Limited <CCK Super Fund A/C>	2,220,099	1.85
16.	Jannarn Pty Ltd <The Prabhakar Superfund A/C>	2,058,822	1.71
17.	Mr Trilochana Reddy	2,000,000	1.66
18.	Mt Paul Joseph Simms	2,000,000	1.66
19.	Mr Man Kem Tan + Ms Hee Jeng Tou	2,000,000	1.66
20.	Spider Capital Ltd	1,647,059	1.37
		87,193,940	75.52%

The names of the substantial shareholders listed in the Company's register at the relevant date are:

Shareholder	Number of Shares Held	% of Issued Capital
Terryjoy Pty Ltd <T & J Smith Super Fund A/C>	124,569,768	6.73%
P Point Pty Ltd <AB Super Fund A/C>	97,343,137	5.26%
Cropanly Pty Ltd <Two Endeavour Super A/C>	94,752,791	5.12%

Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

There are no voting rights attaching to the Options, but voting rights as detailed above will attach to the ordinary shares issued when the Options are exercised.

2. Registers of securities are held at the following address:

Computershare Investor Services Pty Limited
Level 1, 200 Mary Street,
Brisbane Qld 4000

3. Securities Exchange Listing

Quotation has been granted for all the ordinary shares issued by the Company on all Member Exchanges of the ASX Limited.

4. Restricted Securities

The Company has no restricted securities on issue.

Reference To Previous ASX Releases

Certain information relating to Mineral Resources, Exploration Targets and Exploration Data associated with the Company's projects in this Report has been extracted from the following ASX Announcements. This Annual Report also refers to the following previous ASX releases:

- Boost for Authier Project as JORC Ore Reserves expand 24 September 2018
- Positive Authier Definitive Feasibility Study, 24 September 2018
- Acquisition Boosts Holding in World-Class WA Lithium District, 29 Jan 2019
- Drilling Completed at Mallina Lithium Project, 31 Oct 2018
- Step Up of Engagement Following Québec Regulatory Decision, 6 Mar 2019
- Sayona Pushing Forward with New Lithium Mine for Québec, 28 Mar 2019
- Drilling Results Boost Prospects for New Lithium Deposit at Tansim 09 Apr 2019
- Sayona Expands Tansim Project with New Acquisition 15 Apr 2019
- Engineering Firm Appointed for Updated Authier DFS 28 May 2019
- New EIS Launched for Authier Lithium Project 24 June 2019
- Altura Earn-In Agreement Boosts Sayona's Australian Lithium Assets 8 August 2019
- SPP & Placement Secure $1.9M to Advance Sayona Projects 23 August 2019

Copies of these reports are available to view on the Sayona Mining Limited website www.sayonamining.com.au. These reports were issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and all material assumptions and technical parameters continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

CORPORATE DIRECTORY

Sayona Mining Limited
ABN 26 091 951 978

ASX Code

SYA

Directors

Mr Brett Lynch – Managing Director
Mr Paul Crawford – Executive Director
Mr Dan O'Neill – Non-Executive Director
Mr Alan Buckler – Non-Executive Director
Mr James Brown – Non-Executive Director

Company Secretary
Mr Paul Crawford

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SAYONA
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