



OCEANA LITHIUM LIMITED

ACN: 654 593 290

CONSOLIDATED INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2022

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Oceana Lithium Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Oceana Lithium Limited (the **Company**) and the entities it controlled at the end of, or during, the half-year ended 31 December 2022 (**Period**).

DIRECTORS

The following persons were directors of the Company during the half-year and up to the date of this report, unless otherwise indicated:

Mr Jerome (Gino) Vitale – Non-executive Chairman
Mr Sebastian Kneer – Non-executive Director (resigned 11 February 2023)
Dr Qingtao Zeng – Non-executive Director
Mr Simon Mottram – Non-executive Director

RESULTS AND DIVIDENDS

The consolidated entity loss after income tax for the half-year is \$757,894 (2021: \$40,061). There is no dividend paid or recommended.

REVIEW OF OPERATIONS

The Solonópole project area is located in Ceará State, northeastern Brazil and consists of eight exploration permits covering approximately 114km² (**Figure 1**). The project is approximately three hours by road from the state capital and deep-water port of Fortaleza and is well serviced by sealed highways and high voltage electricity.

Field work at Solonópole commenced in August 2022, with the initial focus on the prospective Lapinha Zone in the southern part of the tenure held by Oceana. Field work conducted by previous explorer Cougar Metals in 2017-2018 in this area returned values of **up to 9.29% Li₂O** and **up to 4,311 ppm Ta₂O₅**, respectively. The samples were taken from several prospects with outcropping pegmatites within this area including from the Zilcar 2 underground workings which were historically targeted by artisanal miners (**Figure 2**).

A regional exploration database for the Solonópole project area acquired from a previous mineral explorer is currently being reviewed by the Company's exploration team. Integration of this data into the Company's database is also expected to aid the initial drill targeting process where the initial focus will be to determine the size and grade of artisanal workings with lithium potential.

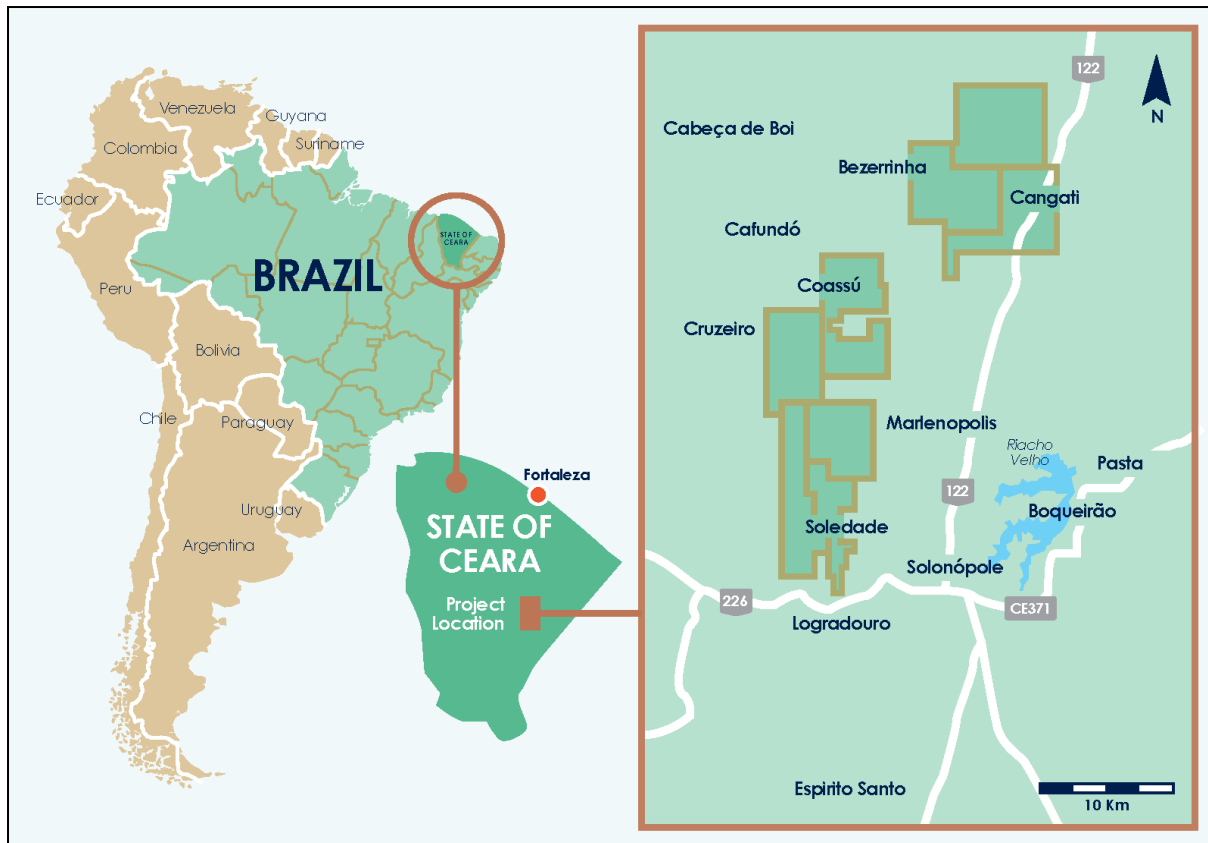


Figure 1: Solonópole Lithium Project location, Brazil

The Company appointed James Abson as Senior Exploration Geologist and Renato Braz Sue as in-country Exploration Manager during the September quarter. The Solonópole Project technical team has been progressively enhanced, with the appointment a new field geologist, a dedicated GIS manager, several qualified field technicians, and an exploration admin manager. Various company premises have been secured in the township of Solonópole which will serve as an exploration base and office, staff accommodation as well as core-shed and sample storage facility.

The expanded team is expected to accelerate systematic exploration which will include continuation of soil the sampling program, mapping and sampling of historic artisanal mines, trenching and first pass RC and/or diamond drilling across priority targets identified from field work.

Option Agreement with N Green Minerais Ltda (“N Green”)

On 16 January 2023, the Company announced the signing of a binding option agreement with N Green Minerais Ltda (“**N Green**”), which gives Oceana the right to acquire a 100% interest in Exploration Licences 800306/2020 and 800307/2020 including rights to lithium and all other minerals except any gemstone bearing minerals. Both permits are located within the Company’s Solonópole Lithium project area held by wholly owned subsidiary Ceará Litio Mineração Ltda (“**Ceará Litio**”) in the state of Ceará, Brazil (see **Figure 3**).

The Departamento Nacional De Produção Mineral (**DNPM**) carried out a study of lithium-bearing pegmatites and garimpeiro workings in 2012 called the “Estudo Dos Pegmatitos Litíferos Da Região De Solonópole – CE”. Four (4) DNPM lithium-bearing pegmatites are located within the 800306/2020 permit, as well as an additional four (4) outcropping pegmatites of unknown potential. Garimpeiro and dimension-stone pits ~100m in strike length and over 23m wide have been mapped. At the Mina Bom Jesus de Baixo occurrence, DNPM reported lepidolite with up to 3.16% Li_2O , as well as amblygonite at the Mina dos Porfilhos, located to the north of the permit (See **Figure 4**). The 800307/2020 permit is reported by N Green to contain at least one outcropping pegmatite.

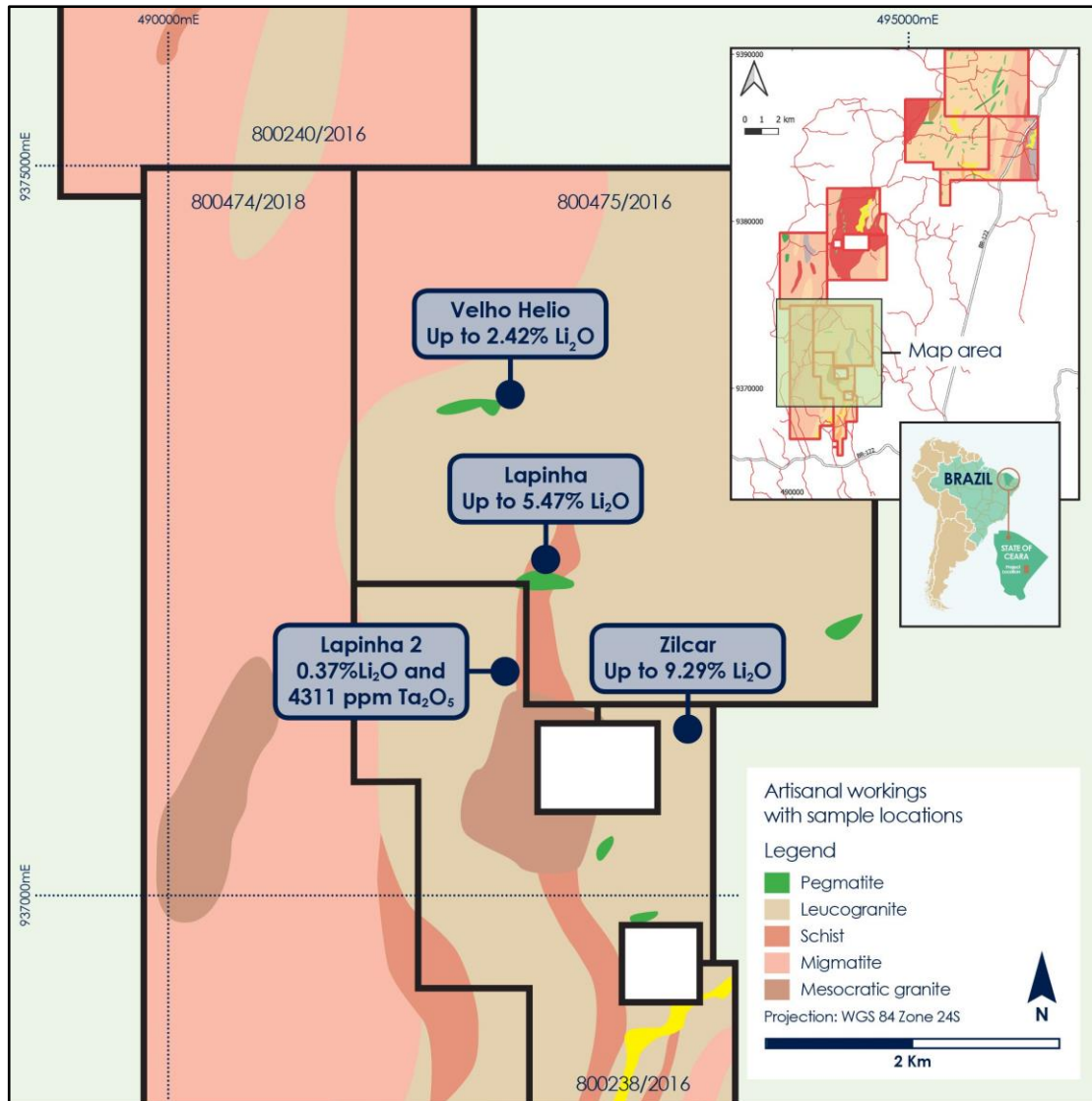


Figure 2: Solonópole Project - Lapinha area showing high grade lithium and tantalum values recovered by previous explorer's field work in 2017-2018 and focus of current sampling

Various samples collected by N Green within the 800306/2020 permit in 2018 and in 2022 were assayed by SGS Geosol (a joint venture between SGS Global and Geosol Geologia e Sondagens of Brazil) and were confirmed by Oceana directly with SGS Geosol as having returned high-grade lithium results as summarized in **Table 1** below. The Mina dos Porfilhos reported **Li grades up to 3.34% Li₂O** from an unknown rock. Anomalous Li results were also reported from Mina Bom Jesus de Baixo. These rock samples were taken from known locations and returned grades **up to 4.25% Li₂O**.

On 1 March 2023, the Company reported the presence of high- grade near surface lithium mineralisation, including spodumene, at the Bom Jesus de Baixo pegmatite, (see **Table 1; Figure 5 and Photos 1 and 2**). This zoned LCT pegmatite is believed to be the largest identified in the area to date and is located within the N Green permit 800306/2020.

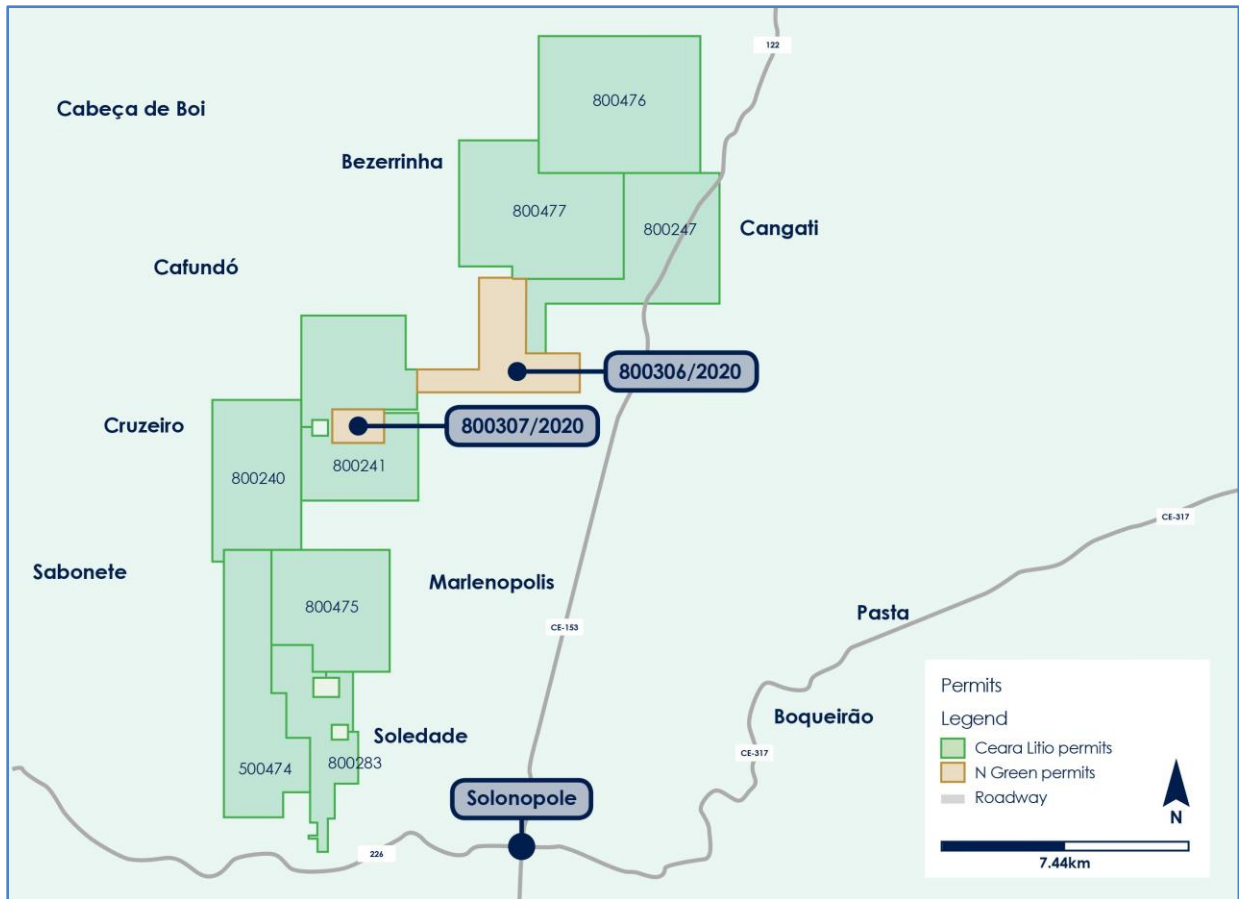


Figure 3: Oceana permits (green) in relation to N Green permits (tan).

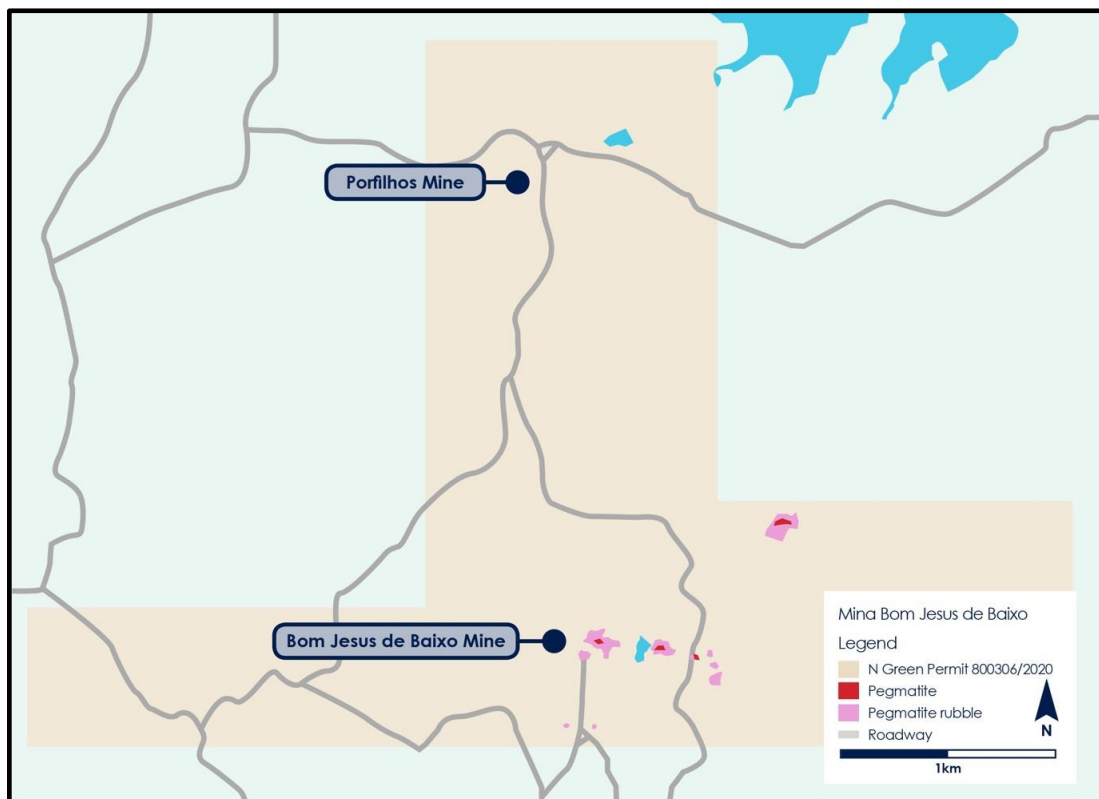


Figure 4: N Green permit 800306/2020 (area shown in tan) in relation to the DNPM reported mines and various mapped pegmatites (red polygons) and pegmatite rubble (pink polygons).

Sample ID	Target	Type	Suspected Lithology	Confirmed Lithology	Li ₂ O (%)
38	Bom Jesus de Baixo (pit)	rock grab	lepidolite	lepidolite	3.61%
47	Bom Jesus de Baixo (pit)	rock grab	lepidolite	lepidolite	3.56%
28	Bom Jesus de Baixo (pit)	rock grab	lepidolite	lepidolite	3.21%
49	Bom Jesus de Baixo (pit)	rock grab	amblygonite	amblygonite	3.09%
45	Bom Jesus de Baixo (pit)	rock grab	lepidolite	lepidolite	3.07%
48	Bom Jesus de Baixo (pit)	rock grab	lepidolite	lepidolite	2.87%
31	Bom Jesus de Baixo (pit)	rock grab	lepidolite	lepidolite	2.66%
29	Bom Jesus de Baixo (pit)	rock grab	spodumene (altered clay)	spodumene	1.87%
40	Bom Jesus de Baixo (pit)	rock grab	white pegmatite	Li-bearing pegmatite (+ minor lepidolite)	1.72%
32	Bom Jesus de Baixo (pit)	rock grab	spodumene (altered clay)	spodumene	1.49%
46	Bom Jesus de Baixo (pit)	rock grab	lepidolite	lepidolite	1.38%
34	Bom Jesus de Baixo (pit)	rock grab	spodumene (clevelandite?)	spodumene	0.94%
37	Bom Jesus de Baixo (pit)	rock grab	spodumene (clevelandite?)	spodumene (+ minor lepidolite)	0.81%

Table 1: Highlights from Oceana sampled assay data summary from Mina Bom Jesus de Baixo pit (SGS Geosol Laboratórios Ltda: Cert # GQ2215240, 06/02/2023). (refer ASX Announcement 1 March 2023)

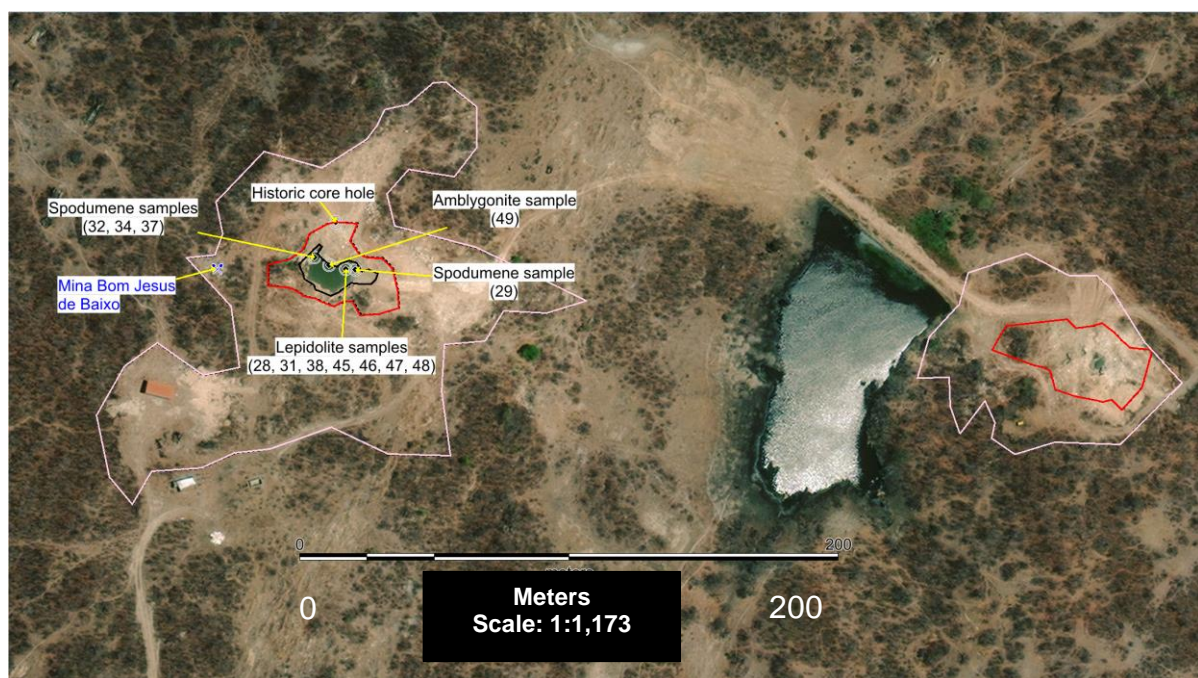


Figure 5: Google Earth image of Mina Bom Jesus de Baixo pit (red polygon being pegmatite outcrop; pink polygon being pegmatite rubble) showing Oceana's sampling locations (black dots) as reported.

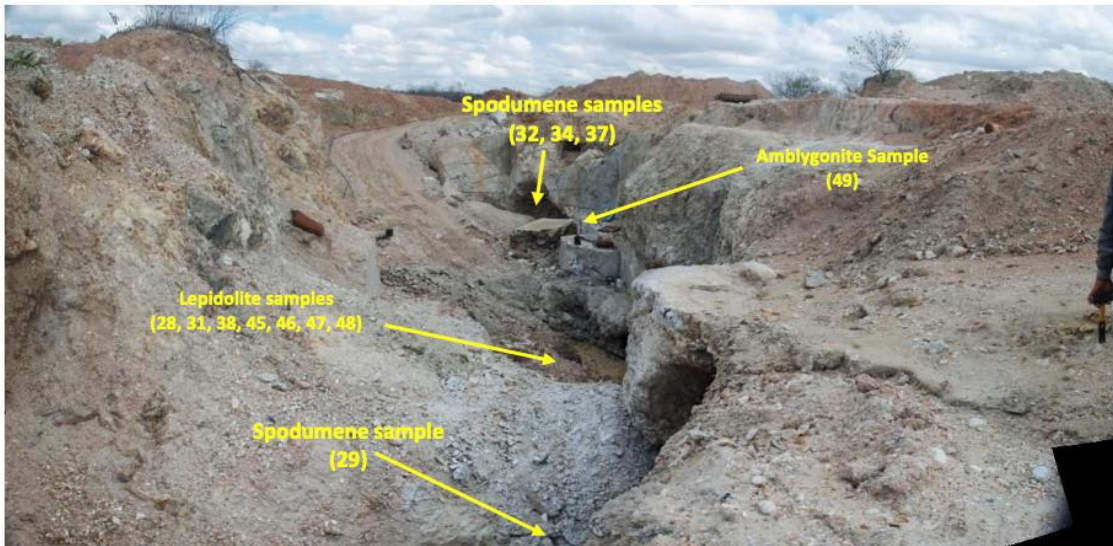


Photo 1: Mina Bom Jesus de Baixo pit showing Oceana's sampling locations as reported.



Photo 2: In-situ weathered spodumene crystals in the Mina Bom Jesus de Baixo pit

Napperby Lithium Project, Northern Territory

The Napperby Lithium Project consists of a granted exploration licence (EL32836) covering an area of ~650km² and an exploration license application (ELA32841) covering an area of more than 512km². The Napperby lithium project is located within the Northern Arunta pegmatite province near the settlement of Ti Tree, approximately 250km northwest of Alice Springs and 250km south of Tennant Creek along the Stuart Highway in the Northern Territory close to Central Australian Railway with access to Darwin Port (**Figure 6**).

Pegmatite occurrences have been identified with historical Sn and Ta production.

The Wangala license (EL32836) was granted on 23 March 2022 for an initial term of six years has been historically explored for gold, tin, tungsten, tantalum and uranium. More recent exploration has continued to focus on the Wangala granite, where numerous significant mineral occurrences – such as up to 23.7% Sn- have been reported.

On 7 September 2022, the Company announced that it has engaged HyVista Corporation (“HyVista”) to conduct a hyperspectral survey at Napperby. HyVista has over 20 years of operational experience in conducting airborne surveys for the mineral exploration sector and is regarded as the premier global airborne hyperspectral service provider for large area surveys. The survey was completed in December 2022, with the subsequent data processing completed in early 2023. The Company is reviewing the processed data, including the interpretation of the images of different alteration minerals, and will use this to plan an upcoming field program at Napperby.

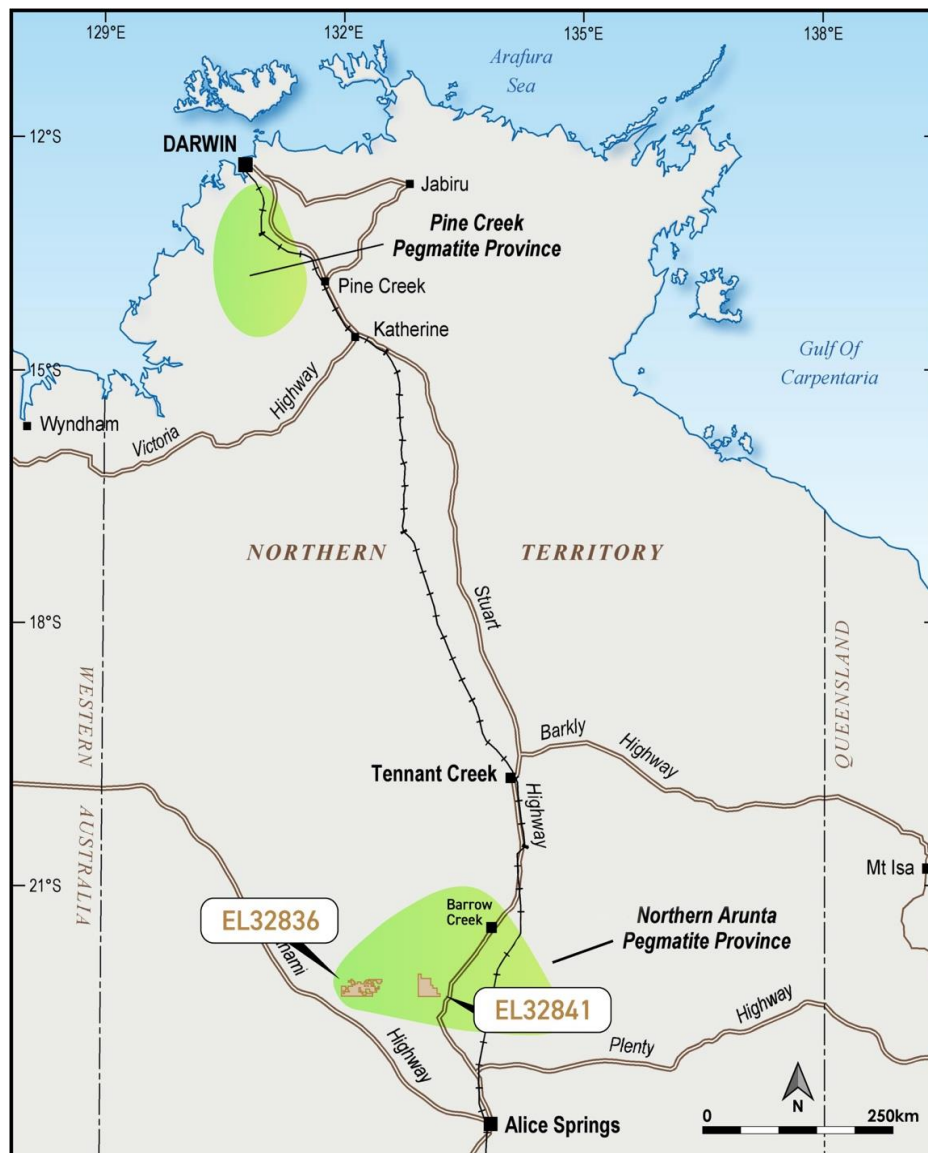


Figure 6: Napperby Lithium Project location (EL32836 and ELA32841), Northern Territory

Regional Collaboration Project

On 28 November 2022, the Company announced it was collaborating in a joint research program with the Centre for Exploration Targeting, University of Western Australia (UWA) covering the North Arunta pegmatite province in the Northern Territory.

The program will be co-funded by Oceana, Core Lithium Limited, Australasian Metals Limited, Askari Minerals Limited and Lithium Springs Limited, all of which have been actively exploring for lithium-related minerals in the North Arunta.

Various rare metal pegmatite fields have been identified in the highly prospective North Arunta pegmatite province, which includes the Company's Napperby Lithium Project. Many of the contained pegmatites are interpreted to be Lithium-Caesium-Tantalum (LCT) pegmatites, a type of rare-element pegmatite that hosts world-class lithium and tantalum deposits in Western Australia such as Greenbushes, Pilgangoora, and Wodgina. Other pegmatites, such as those associated with rare earth elements, may also be present.

Until now, there has been a dearth of systematically acquired structural and petrogenetic data on the Arunta rare metal pegmatite province, which as a consequence has delayed systematic, cost-effective exploration targeting using modern geochemical, hyperspectral and mineralogical tools.

The joint research program will address this issue by first defining a robust litho-chemical mineralisation framework for rare metal pegmatites in the Arunta Province providing the context for available structural constraints. Detailed mineralogical and mineral chemistry investigations on Li-bearing and pathfinder minerals will be undertaken, allowing for cost-effective exploration targeting for granite hosted lithium, tantalum and potentially rare earth elements.

Field Activity

The results from the hyperspectral survey and technical collaboration research project will complement Oceana's field exploration activities for generation and ranking of large-scale targets.

During the half year, the Company initiated an intensive field exploration program with the objective of gaining an improved understanding of the area's geology. Initial work indicates that the central area of the tenement is dominated by a granite pluton (Wangala Granite), with differing characteristics observed in the way it has crystallised and fractionated. In the north, large feldspar crystals (up to 100mm) are common, while further south the granite is generally finer grained with more biotite and possible tourmaline, indicating that this granite may be more evolved.

A moderate sized soil geochemistry program was conducted in the southeast of the EL32836 (**Figure 7**). This area was selected based on three main factors: 1) The element ratios of the granite fertility study point to the east of the project as the most fertile area; 2) The south-east of the project is where the largest pegmatites have been observed, and 3) The soil cover in this area is quite extensive presenting an opportunity to potentially discover hidden pegmatites.

The samples from the program have been submitted for MMI ionic leach analysis at ALS Perth, with results pending.

CORPORATE

ASX LISTING

Oceana completed a \$6 million Initial Public Offer and was admitted to the Official list of ASX on 1 July 2022. The total shares on issue as at 31 December 2022 is 64,400,000.

ANNUAL GENERAL MEETING

Oceana held its Annual General Meeting on 24 November 2022 with all resolutions passing by way of a poll.

SECURITIES

On 20 November 2022, 900,000 fully paid ordinary shares were released from escrow.

On 2 December 2022, 900,000 fully paid ordinary shares were released from escrow.

On 23 December 2022, 189,000 fully paid ordinary shares were released from escrow.

On 29 December 2022, 450,000 fully paid ordinary shares were released from escrow.

On 31 December 2022, 450,000 fully paid ordinary shares were released from escrow.

SIGNIFICANT EVENTS OCCURRING AFTER REPORTING DATE

On 16 January 2023, the Company announced that it had entered into a binding option agreement to acquire two advanced lithium exploration permits in the Solonópole project area in the State of Ceará, Brazil.

On 11 February 2023, Sebastian Kneer resigned as a director of the Company.

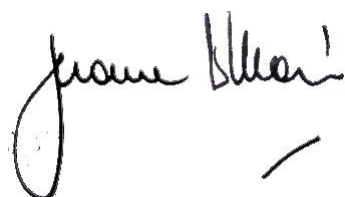
On 1 March 2023, the Company confirmed the presence of high grade spodumene mineralisation at the Solonópole Lithium Project, Brazil.

Other than the events above there were no other significant events after reporting date.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* immediately follows this report.

This report is made in accordance with a resolution of the directors.



Jerome (Gino) Vitale
Non-Executive Chairman

16th of March 2023

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF OCEANA LITHIUM LIMITED**

As auditor for the review of Oceana Lithium Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



SUAN-LEE TAN
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 16th day of March 2023.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF OCEANA LITHIUM LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Oceana Lithium Limited (the company) and its controlled entities (the group or consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



SUAN-LEE TAN
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

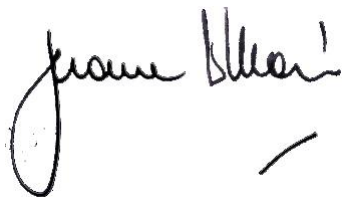
Signed at Perth this 16th day of March 2023.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 17 to 25 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Oceana Lithium Limited will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'Jerome Vitale', with a large loop at the start and a short horizontal stroke at the end.

Jerome (Gino) Vitale
Non-Executive Chairman

16th of March 2023

OCEANA LITHIUM LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	2022	18 Oct to 31 Dec 2021
	\$	\$
Continuing Operations		
Interest received	18,381	1
	<hr/>	<hr/>
	18,381	1
Administration	(98,045)	(13,368)
Compliance fees	(20,385)	-
Consultancy	(313,820)	(26,694)
Directors fees	(113,290)	-
Depreciation	(5,756)	-
Employment expenses	(65,943)	-
Investor and public relations	(81,293)	-
Foreign exchange losses	(13,200)	-
Travelling expenses	(64,543)	-
	<hr/>	<hr/>
Loss from continuing operations	(757,894)	(40,061)
Income tax expense	-	-
	<hr/>	<hr/>
Loss after income tax	(757,894)	(40,061)
	<hr/>	<hr/>
Loss for the half-year is attributable to:		
Equity holders of Oceana Lithium Limited	(757,894)	(40,061)
Non-controlling interest	-	-
	<hr/>	<hr/>
Total loss for the half-year	(757,894)	(40,061)
	<hr/>	<hr/>
Total comprehensive loss for the half-year is attributable to:		
Equity holders of Oceana Lithium Limited	(757,894)	(40,061)
Non-controlling interest	-	-
	<hr/>	<hr/>
Total comprehensive loss/income for the half-year	(757,894)	(40,061)
	<hr/>	<hr/>
Loss per share for loss attributable to the ordinary equity holders of Oceana Lithium Limited	Cents	Cents
Basic and diluted loss per share	(1.18)	(0.05)

This Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

OCEANA LITHIUM LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	31-Dec-22 \$	30-Jun-22 \$
ASSETS			
Current Assets			
Cash and cash equivalents		4,500,179	6,021,660
Trade and other receivables		197,668	121,026
Total Current Assets		4,697,847	6,142,686
Non-Current Assets			
Property, plant and equipment		5,773	-
Exploration & Evaluation Expenditure	6	1,879,496	1,407,480
Total Non-Current Assets		1,885,269	1,407,480
Total Assets		6,583,116	7,550,166
LIABILITIES			
Current Liabilities			
Trade and other payables		303,260	642,286
Total Current Liabilities		303,260	642,286
Total Liabilities		303,260	642,286
Net Assets		6,279,856	6,907,880
EQUITY			
Contributed equity	4	7,271,682	7,271,682
Reserves	5	1,631,855	1,501,985
Accumulated losses		(2,623,681)	(1,865,787)
Total Equity		6,279,856	6,907,880

This Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

OCEANA LITHIUM LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2022

Consolidated Entity	Contributed Equity	Accumulated Losses	Performance Rights Premium Reserve	Options Premium Reserve	Total
Balance at 30 June 2022	7,271,682	(1,865,787)	138,110	1,363,875	6,907,880
Loss for the half-year	-	(757,894)			(757,894)
Total Comprehensive Income/(Loss) for the period					
Transactions with equity holders -					
Option Issued during the period	-	-	-	185,120	185,120
Options cancelled during the period	-	-	-	(43,375)	(43,375)
Performance rights issued the period	-	-	12,780	-	12,780
Performance rights cancelled during the period	-	-	(24,655)	-	(24,655)
Balance at 31 December 2022	7,271,682	(2,623,681)	126,235	1,505,620	6,279,856
Balance at incorporation (18 October 2021)	-	-	-	-	-
Loss for the half-year	-	(40,061)	-		(40,061)
Total Comprehensive Income/(Loss) for the period		(40,061)			(40,061)
Transactions with equity holders -					
Share issued during the period	268,000	-	-	-	268,000
Cost of shares issued	-	-	-	-	-
Option Issued during the period	-	-	-	-	-
Balance at 31 December 2021	268,000	(40,061)	-	-	227,939

This consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

OCEANA LITHIUM LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	2022	18 Oct to 31 Dec 2021
	\$	\$
Cash Flows from Operating Activities		
Receipt of interest	18,381	1
Payments to suppliers and employees	(706,595)	(43,915)
Net cash flows used in operating activities	(688,214)	(43,914)
Cash Flows from Investing Activities		
Payments for exploration and evaluation expenditure	(500,748)	-
Payments for property, plant and equipment	(5,834)	-
Option fee paid	-	(75,000)
Net cash flows used in investing activities	(506,582)	(75,000)
Cash Flows from Financing Activities		
Proceeds from issue of shares (net of share issue costs)	-	268,000
Payments for capital raising costs	(322,750)	-
Net cash flows from / (used in) financing activities	(322,750)	268,000
Net (decrease) / increase in cash and cash equivalents	(1,517,546)	149,086
Cash and cash equivalents at the beginning of the half-year	6,021,690	-
Effect of exchange rates on cash holdings in foreign currencies	(3,965)	-
Cash and cash equivalents at end of the half-year	4,500,179	149,086

This Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

OCEANA LITHIUM LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year consolidated financial report is a general-purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Oceana Lithium Limited and its controlled entities. As such, Oceana Lithium Limited and its controlled entities (the Group) does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that these financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2022 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The same accounting policies and methods of computation have been followed in these interim financial statements as were applied in the most recent annual financial statements except as described below.

Application of new and revised accounting standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or interpretations that are not yet mandatory have not been early adopted.

2. LOSS FOR THE PERIOD

	2022	18 Oct to 31 Dec 2021
	\$	\$
The following expense items are relevant in explaining the financial performance for the interim period:		
Consultants fees		
Consultants fees	118,239	26,694
Consultants benefits expense	195,581	-
	<hr/> 313,820	<hr/> 26,694
 Directors fees (incl. share-based payments)	 113,290	 -

OCEANA LITHIUM LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

3. OPERATING SEGMENTS

The Group operates predominantly in the mining industry. This comprises exploration and evaluation of minerals and metals that are used in the battery storage and electric vehicle sectors. Inter-segment transactions are priced at cost to the Consolidated Group.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a monthly basis. Management has identified the operating segments based on the two principal locations of its projects – Australia and Brazil.

Corporate expenses include administration and regulatory expenses arising from operating as an ASX listed entity.

Segment assets include the costs to acquire tenements and the capitalised exploration costs of those tenements. Cash and cash equivalents are reported in the Treasury segment.

	Brazil Exploration \$	Australia Exploration \$	Treasury \$	Total \$
For the Half-Year to 31 December 2022				
Segment revenue	-	-	18,381	18,381
Segment results	-	-	18,381	18,381
Amounts not included in segment results but reviewed by the Board:				
Corporate expenses				(646,404)
Share-based payment expenses				(129,871)
Loss before income tax				(757,894)
As at 31 December 2022				
Segment assets	1,482,807	396,689	4,703,620	6,583,116
Segment liabilities	14,866	-	288,394	303,260

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3. OPERATING SEGMENTS (continued)

	Brazil Exploration \$	Australia Exploration \$	Treasury \$	Total \$
For the period 18 October to 31 December 2021				
Segment revenue	-	-	1	1
Segment results	-	-	1	1
Amounts not included in segment results but reviewed by the Board:				
Administrative expenses				(40,062)
Loss before income tax				(40,061)
As at 31 December 2021				
Segment assets	75,000	-	152,939	227,939
Segment liabilities	-	-	-	-

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4. EQUITY SECURITIES

	Dec 2022	Jun 2022	Dec 2022	Jun 2022
	Shares	Shares	\$	\$
Balance at beginning of the period	64,400,000	-	7,271,682	-
Share issue (net of costs)	-	64,400,000	-	7,271,682
Balance at end of the period	64,400,000	64,400,000	7,271,682	7,271,682

Options to purchase ordinary shares	Dec 2022	Jun 2022
	Options	Options
Balance at 1 July	16,250,000	-
Issue of directors' and consultants options	500,000	5,500,000
Issue of brokers options	-	3,500,000
Issue of advisor options	-	7,250,000
Cancellation of directors' options	(500,000)	-
Balance at end of the period	16,250,000	16,250,000

Performance shares	Dec 2022	Jun 2022
	Rights	Rights
Balance at 1 July	3,268,000	-
Cancellation of director performance rights	(750,000)	-
Issue of consultants performance rights	750,000	-
Issue of directors performance rights	-	3,268,000
Balance at end of the period	3,268,000	3,268,000

5. RESERVES

	Dec 2022	Jun 2022
	\$	\$
Performance rights premium reserve	1,505,620	138,110
Options premium reserve	126,235	1,363,875
	1,631,855	1,501,985

Movements – Performance rights premium reserve

Balance at beginning of the period	138,110	-
Performance rights expense	12,780	138,110
Performance rights cancelled	(24,655)	-
Balance at end of the period	126,235	138,110

Movements – Options premium reserve

Balance at beginning of the period	1,363,875	-
Options issued	185,120	1,363,875
Options cancelled	(43,375)	-
Balance at end of the period	1,505,620	1,363,875

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6. CAPITALISED EXPLORATION AND EVALUATION

	Dec 2022 \$	Jun 2022 \$
Exploration and evaluation assets	1,879,496	1,407,480
Reconciliation:		
Balance at beginning of the period	1,407,480	-
Issue of ordinary shares – project acquisitions	-	1,180,000
Cash payments – project acquisitions	-	96,699
Exploration expenditure	472,016	130,781
	<u>1,879,496</u>	<u>1,407,480</u>

7. SHARE BASED PAYMENTS

The total expense arising from share based payment transactions recognised during the period in relation to the performance rights was \$12,780, and options issued to consultants was \$185,120, totalling \$197,900 in share based payment expenses for the period.

Performance Rights – Consultants

On 7 October 2022, the Company issued 750,000 performance rights to consultants. These performance rights were issued in one tranche and include a performance milestone. Each performance right will convert into 1 ordinary share of Oceana Lithium Limited upon achievement of the performance milestone.

The company has assessed the probability of achievement and have recognised an expense accordingly. The details are tabled below:

Tranche	Number of Performance Shares	Grant Date	Exercise Price	Probability of achievement of milestone	Expiry Date of Performance Right	Expected Date of Milestone Achievements	Underlying Share Price	Total Fair Value
A	750,000	07/10/22	Nil	50%	01/07/27	30/03/27	\$0.53	\$198,750

Tranche A performance rights were valued at their issue dates and the expense recognised over the life of expected achievement of the milestone, resulting in an expense during the year of \$10,461. This expense has been expensed as directors benefits expense.

Consultant Options– 7 October 2022

On 7 October 2022, the Company issued 500,000 options to consultants, each exercisable at \$0.75 with a 3.72 year expiry period. These options were valued using a Black-Scholes valuation model and the expense recognised in full at their issue date is \$185,120. For the options issued during the period, a Black-Scholes valuation model was used with the valuation model inputs used to determine the fair value at the grant date as follows:

Grant date	Expiry date	Share price at grant date	Exercise Price	Expected volatility	Risk free rate	Dividend yield	Number of options	Value per Option	Total Value \$	Vesting terms
07/10/2022	24/06/26	\$0.53	\$0.75	115%	2.88%	0%	500,000	\$0.370240	185,120	Immediately

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8. COMMITMENTS AND CONTINGENT LIABILITIES

The Group's commitments remain consistent with those noted at 30 June 2022. The Group has no other contingent liabilities at 31 December 2022.

9. DIVIDENDS

There were no dividends paid or recommended during the financial period ended 31 December 2022.

10. SIGNIFICANT EVENTS OCCURRING AFTER REPORTING DATE

On 16 January 2023, the Company announced that it had entered into a binding option agreement to acquire two advanced lithium exploration permits in the Solonópole project area in the State of Ceará, Brazil.

On 11 February 2023, Sebastian Kneer ceased to be a director of the Company.

On 1 March 2023, the Company confirmed the presence of high grade spodumene mineralisation at the Solonópole Lithium Project, Brazil.

Other than the events above there were no other significant events after reporting date.