



**SARYTOGAN**  

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**G R A P H I T E**

Sarytogan Graphite Ltd  
(Formerly PME Biofuels Ltd)  
ABN 91 107 920 945

## **ANNUAL FINANCIAL REPORT**

**30 JUNE 2022**

## CORPORATE DIRECTORY

### DIRECTORS

Mr Stephen Penrose	Non-Executive Chairman
Mr Sean Gregory	Managing Director
Dr Waldemar Mueller	Technical Director
Mr Brendan Borg	Non-Executive Director

### Company Secretary

Mr Ian Hobson

### AUDITOR

HLB Mann Judd (WA Partnership)  
Level 4, 130 Stirling Street  
PERTH WA 6000

### REGISTERED OFFICE

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SUBIACO WA 6000  
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Website: [www.sarytogangraphite.com.au](http://www.sarytogangraphite.com.au)

### SHARE REGISTRY

Automic Pty Ltd  
Level 2, 267 St Georges Terrace  
PERTH WA 6000  
Telephone: +61 2 9698 7164  
Email: [admin@sarytogangraphite.com.au](mailto:admin@sarytogangraphite.com.au)

### POSTAL ADDRESS

PO Box 226  
SUBIACO WA 6904

### ASX CODE

SGA

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**DIRECTORS' REPORT**

Sarytogan Graphite Limited (the "Company" or "Sarytogan") is a public company incorporated and domiciled in Australia and listed on the Australian Securities Exchange on 18 July 2022.

The directors of the Company present their report on the Company for the year ended 30 June 2022.

The names of the directors in office at any time during, or since the end of the year are:

<b>NAMES</b>	<b>POSITION</b>
Mr Stephen Penrose	Non-Executive Chairman (Appointed 29 November 2021)
Mr Sean Gregory	Managing Director (Appointed 25 January 2022)
Dr Waldemar Mueller	Technical Director (Appointed 29 November 2021)
Mr Brendan Borg	Non-Executive Director (Appointed 29 November 2021)
Mr James Richardson <sup>(1)</sup>	Managing Director (Resigned 29 November 2021)
Mr Paul Finkelstein <sup>(1)</sup>	Non-Executive Director (Resigned 29 November 2021)
Mr Guy Le Page <sup>(1)</sup>	Non-Executive Director (Resigned 29 November 2021)

(1) Directors who have been in office since the start of the financial year.

**COMPANY SECRETARY**

**Mr Ian Hobson – B. Bus FCA ACIS MAICD (Appointed 5 July 2021)**

Mr Hobson is a Fellow Chartered Accountant and Chartered Secretary with 15 years of experience as Company Secretary of ASX listed companies. Mr Hobson is also Company Secretary of Predictive Discovery Ltd, Decmil Group Ltd, Province Resources Ltd, Novatti Company Ltd, Dubber Corporation Ltd and VRX Silica Ltd.

**PRINCIPAL ACTIVITIES**

During the financial year, the principal activity of the Company was working towards listing on ASX, completing a capital raising and finalising the acquisition of Ushtogan LLP, which holds the Sarytogan Graphite Project in Kazakhstan.

**OPERATING RESULTS FOR THE PERIOD**

The consolidated loss of the Company for the financial year after providing for income tax amounted to \$1,846,189 (2021: \$215,704). This was largely from administration costs and costs associated with listing the Company on ASX.

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**REVIEW OF OPERATIONS**

**Corporate**

During the financial year, the Company completed the following matters which were approved by shareholders at the annual general meeting on 30 June 2021 in preparation of the Company listing on the ASX:

1. Completed the 25:1 share and option consolidation.
2. Completed a Placement to Seed Investors (including all directors) and issued 10,100,000 shares at \$0.10 per share with a free attaching option to raise a total of \$1,010,000 to fund the costs of the proposed listing on ASX. The options are exercisable at \$0.25 cents each and expire on 30 November 2024.
3. Issued 1,080,000 fully paid ordinary shares to directors in lieu of director fees accrued to 30 June 2021.
4. Entered into the joint Lead Manager Mandate with RM Corporate Finance Pty Ltd and Inyati Capital Pty Ltd.
5. Issued 3,280,000 fully paid ordinary shares to nominees of RM Corporate Finance Pty Ltd in consideration for assignment of the Term Sheet.
6. Changed the Company name from PME Biofuels Ltd to Sarytogan Graphite Limited.

In addition, the Company undertook additional seed raisings as follows:

1. Issued 720,000 shares on 20 July 2021 at an issue price of \$0.04 per share for a total consideration of \$28,800.
2. Issued 3,500,000 shares and 3,500,000 options (free attaching) exercisable at \$0.25 cents each and expire on 30 November 2024, on 6 October 2021 at an issue price of \$0.10 per share for a total consideration of \$350,000.
3. Issued 6,250,000 shares on 12 May 2022 at an issue price of \$0.16 per share for a total consideration of \$1,000,000 together with 1,000,000 options exercisable at \$0.25 cents each and expire on 30 November 2024 in lieu of brokerage.

Further funding during the year was sourced by the Company, as borrower, entering into loan agreements for unsecured loans for a principal amount of \$800,000 to provide funding for working capital requirements and to meet expenditure requirements of Ushtogan LLP at the Sarytogan Graphite Project. These loans were repaid from IPO proceeds on 18 July 2022. The Lenders were issued 4,000,000 options exercisable at \$0.25 cents each and expire on 30 November 2024 in consideration for extending their loan terms in May 2022.

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**DIVIDENDS PAID OR RECOMMENDED**

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

**FINANCIAL POSITION**

The net assets of the Company have increased by \$886,571 from 30 June 2021 to 30 June 2022. This net movement is due to the undertaking capital raisings during the year providing an amount of \$1,881,896 after capital raising costs.

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

No significant changes in the Company's state of affairs occurred during the financial year.

**EVENTS AFTER THE END OF REPORTING PERIOD**

The Company listed on ASX on 18 July 2022 following completion of acquisition of the Sarytogan Graphite Project and a capital raising of \$8.6m. Specifically, the following events have occurred subsequent to the year ended 30 June 2022:

- (i) Completing the acquisition of the Sarytogan Graphite Project via the acquisition of Ushtogan LLP;
- (ii) Closing the Offer pursuant to prospectus dated 23 February 2022 and supplementary prospectus dated 20 May 2022 to raise \$8.6m;
- (iii) Issuing the following securities in the Company to achieve (i) and (ii) above:
  - 42,500,000 Shares under the Offer at an issue price of \$0.20 per Share to raise \$8,500,000; and
  - 15,953,339 Options at an issue price of \$0.01 per Option to raise \$159,533.
  - 51,764,706 Shares and 14,117,646 Performance Shares to Ustar Ventures Ltd in consideration for 100% of the issued capital in Ushtogan LLP
  - 7,000,000 Shares to Ustar Ventures Ltd as reimbursement for expenditure of approximately USD\$1,000,000 incurred on the Sarytogan Graphite Project.
  - 800,000 Shares issued to Inyati Fund Pty Ltd and 800,000 Shares issued to RM Corporate Finance as a success fee;
  - 2,062,500 Shares issued to S3 Consortium Pty Ltd;
  - 2,000,000 Options to Sean Gregory exercisable at \$0.25 and expiring 30 November 2024;
  - 2,000,000 Options to Waldemar Mueller exercisable at \$0.25 and expiring 30 November 2024;
  - 2,000,000 Options to Stephen Penrose exercisable at \$0.25 and expiring 30 November 2024;
  - 1,500,000 Options to Brendan Borg exercisable at \$0.25 and expiring 30 November 2024; and
  - 6,000,000 Performance Rights to Sean Gregory.
- (iv) Repayment of loans of \$800,000 plus interest from the IPO proceeds. These funds had been borrowed by the Company during the year to fund working capital requirements and loans to Ushtogan LLP to continue exploration on the Sarytogan Graphite Project; and
- (v) Drilling continuing at the Sarytogan Graphite Project in Kazakhstan.

There has not been any other matter or circumstance arising after the balance date that has significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

**ACQUISITION OF THE SARYTOGAN GRAPHITE PROJECT**

The Company entered into an exchange agreement with Ustar Ventures Ltd on 29 June 2021 to acquire 100% of the participatory interests of Ushtogan LLP (**Exchange Agreement**). Ushtogan LLP owns 100% of the Sarytogan Graphite Project. The Exchange Agreement was subsequently varied by an addendum dated

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15 October 2021 and letters of amendment on 21 January 2022 and 21 February 2022. The material terms and conditions of the Exchange Agreement as varied are summarised below:

**Consideration:**

The Company has agreed to issue the following Securities in the capital of the Company to Ustar Ventures Ltd (or its nominees) in exchange for the participatory interests:

1. 51,764,706 Shares at a deemed issue price of \$0.20 per Share to be escrowed for a period of 24 months from the date of issue.
2. Three tranches of Performance Shares for a total of 14,117,646 Performance Shares in the capital of the Company, subject to following performance share milestones:
  - (i) Tranche 1: 4,705,882 Performance Shares subject to the completion of a feasibility study on the Project prepared by an independent competent person under the JORC Code, within four years of issuing this class of performance shares with an internal rate of return >25%. If this milestone is not achieved in the four-year period, the Performance Shares will expire on that date which is four years after their date of issue.
  - (ii) Tranche 2: 4,705,882 Performance Shares subject to the production of 50,000 tonnes of graphite ore within five years of issuing this class of performance shares at 20% TGC or greater (as verified by Sarytogan Graphite's auditors). If the milestone is not achieved in the five-year period, the performance shares will expire on that date which is five years after their date of issue; and
  - (iii) Tranche 3: 4,705,882 Performance Shares subject to production of 100,000 tonnes of graphite ore within five years of issuing this class of performance shares at 20% TGC or greater (as verified by Sarytogan Graphite's auditors). If the milestone is not achieved in the five-year period, the performance shares will expire on that date which is five years after their date of issue.
3. The Company entered into a 2<sup>nd</sup> side deed to issue 7,000,000 Shares to Ustar Ventures Ltd as reimbursement for expenditure of approximately USD\$1,000,000 incurred on the Sarytogan Graphite Project.

At completion, Ushtogan LLP has agreed to pay Ustar Ventures Limited a 3% gross revenue royalty payable for all minerals, metals and products recovered and sold from the tenement boundary comprising the Sarytogan Graphite Project.

**SARYTOGAN GRAPHITE PROJECT**

The Sarytogan Graphite Project comprises exploration licence 1139-R-TPI (1139-P-ТПИ) was issued to Ushtogan LLP on 14 August 2018 and confirmed by 5406-TPI (5406-ТПИ) contract on October 2018. The exploration concession covers 103.92 km<sup>2</sup>.

CSA Global Pty Ltd was engaged by Ushtogan LLP to complete a maiden mineral resource estimate (MRE) for the Sarytogan Graphite Project. The MRE is based upon data obtained from 29 diamond core drill holes and 28 trenches which intersected the interpreted mineralisation. The mineralisation wireframes were modelled using a nominal lower cut-off grade of 17% Total Graphitic Carbon (TGC). This cut-off reflects a visually distinct occurrence of graphite reflecting a natural geological cut-off. This cut-off is further supported by statistical analysis of the grade population.

The MRE has been reported in accordance with the JORC Code (See Prospectus dated 23 February 2022). The MRE has been reported using a cut-off grade of 15% TGC and is shown below.

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Zone	JORC Classification	Tonnage (Mt)	TGC (%)	Contained Graphite ('000s t)
North	Inferred	159	28.8	46,000
Central		49	27.5	14,000
	Total	209	28.5	60,000

The recent results of further drilling were announced to ASX on 15 August and 19 September 2022. Drilling is continuing together with metallurgical test-work to provide a mineral resource update.

#### COMPETENT PERSON'S STATEMENT

The information in this report that relates to JORC estimates of Mineral Resources and 2021 Exploration Results was first reported in the Prospectus dated 23 February 2022 available at [www.asx.com.au](http://www.asx.com.au) (released 14 July 2022). The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified.

#### FUTURE DEVELOPMENTS

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

#### ENVIRONMENTAL ISSUES

The Company's operations are subject to significant environmental regulations under the Commonwealth and State legislation in Australia and under local legislative authorities in Kazakhstan. The Board believes that the Company has adequate systems in place for the management of its environmental regulations and is not aware of a breach of those environmental requirements as they apply to the Company.

#### INFORMATION ON DIRECTORS

##### Mr Stephen Penrose

##### Non-Executive Chairman (Appointed 29 November 2021)

##### Qualifications

B.Com., L.L.B.

##### Experience

Mr Penrose is the managing partner of Tottle Partners, specialising in corporate and commercial litigation. He graduated from the University of Western Australia with a Bachelor of Commerce and a Bachelor of Laws and was admitted to practice in Western Australia in 1992. Mr Penrose acts for a broad range of commercial clients ranging from small family-owned businesses through to ASX-listed entities. His clients include mining companies, high-net-worth individuals, not-for-profit Companies as well as professional services firms. Mr Penrose is an experienced non-executive director having served on the boards of a number of listed companies. Mr Penrose is not currently a director of any other ASX listed companies at this time.

Interest in Shares and Options  
(at the date of this report)

Shareholding: 50,000

Option holding: 2,012,500

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Directorships held in other listed entities during the three years prior to the current year

None

**Mr Sean Gregory**

**Managing Director (Appointed 25 January 2022)**

Qualifications

B.Sc.,(Geology), MBA

Experience

Mr Gregory is a seasoned mining executive with more than 20 years' experience in minerals exploration, development and mining in iron ore, lithium, cobalt, nickel, and gold in Western Australia and abroad. In the most recent 5 years, Mr Gregory has acted as CEO and/or at board level of listed ASX mining companies Kogi Iron Limited (ASX:KFE), Great Southern Mining Limited (ASX:GSN), and Greenstone Resources Limited (ASX:GSR). This built on an early career with BHP Company Limited (ASX:BHP), Murchison Metals Limited and Mineral Resources Limited (ASX:MIN) developing iron ore operations. Mr Gregory has a deep understanding of the minerals value chain from geology, exploration, metallurgy, feasibility studies, approvals, construction, mining, logistics, business improvement, technical marketing, economic evaluation and business development. Success in major project developments can be influenced by understanding the total project life cycle and by bringing diverse disciplines together. Mr Gregory's practical mining experience is well complemented by a strong academic background including a Bachelor of Science (Hons) in Geology (UWA), MBA (UWA), Advanced Mergers and Acquisitions Program (Melb Uni) and Corporate Company Directors Course Award (AICD).

Interest in Shares and Options (at the date of this report)

Share holding: Nil      Option holding: 2,000,000      Performance Rights: 6,000,000

Directorships held in other listed entities during the three years prior to the current year

Kogi Iron Limited (ASX: KFE) (Resigned 15 August 2022)  
 Greenstone Resources Ltd (SX:GSR: formerly Barra Resources ASX:BAR) (Resigned 8 October 2020)

**Dr Waldemar Mueller**

**Technical Director (Appointed 29 November 2021)**

Qualifications

M.Sc., PhD (Geology), M.Aus.I.M.M.

Experience

Dr Waldemar Mueller has over 40 years' experience in exploration and the evaluation of mineral resources. The last 20 years he has worked on various leadership positions with mineral exploration companies in Germany (projects in Brazil & Kazakhstan), in Canada (projects in Russia & Kazakhstan), in Australia (projects in Kyrgyzstan, Georgia & Kazakhstan). Dr Mueller has a strong background in gold and base metal exploration in Kazakhstan and Kyrgyzstan and has visited and examined a variety of mineral deposits worldwide through his consulting firm Kiintas Mining Management Ltd. Dr Mueller is a Competent Person as defined in JORC Code. Dr Mueller was the exploration director of the ASX company Central Asia Resources Ltd from 2005 to 2009.



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Interest in Shares and Options  
(at the date of this report)

Share holding: 51,820,262  
Performance Rights: 14,117,646

Option holding: 2,000,000

Directorships held in other  
listed entities during the three  
years prior to the current year

None

**Mr Brendan Borg**

**Non-Executive Director (Appointed 29 November 2021)**

Qualifications

M.Sc., B.Sc., M.Aus.I.M.M.

Experience

Mr Borg is a consultant geologist who has specialised in the “battery materials” sector including lithium, graphite, cobalt and copper, participating in a number of successful projects, in an investment and/or operational capacity. Mr Borg has 25 years’ experience in management, operational and project development roles in the mineral exploration and mining sector with companies such as Rio Tinto Iron Ore, Magnis Resources Limited, IronClad Mining Limited, Lithex Resources Limited and Sibelco Australia Limited. More recently he was a co-founder and Managing Director of ASX and TSX-V listed gold explorer, Tempus Resources Limited (ASX/TSXV:TMR/TMRR). Mr Borg is currently a Non-Executive Director of lithium developer Leo Lithium Limited (ASX:LLL) and Kuniko Limited (ASX: KNI). He is also a director of geological consultancy Borg Geoscience Pty Ltd.

Mr Borg holds a Master of Science in Hydrogeology and Groundwater Management (University of Technology Sydney), a Bachelor of Science in Geology/Environmental Science (Monash University) and is a member of the AusIMM and the IAH.

Interest in Shares and Options  
(at the date of this report)

Shareholding: 1,675,000

Option holding: 3,343,750

Directorships held in other  
listed entities during the three  
years prior to the current year

Leo Lithium Limited (ASX:LLL) (Appointed October 2021)  
Kuniko Limited (ASX:KNI) (Appointed April 2021)  
Firefinch Limited (ASX:FFX) (Resigned May, 2022)  
Tempus Resources Limited (ASX:TMR) (Resigned February 2021)  
Celsius Resources Limited (ASX:CLA) (Resigned March 2021)

**Mr James Richardson**

**Managing Director (Resigned 29 November 2021)**

Qualifications

Dip Fin.Plan.

Experience

Mr Richardson was a founding director and a shareholder of Sarytogan. James is also a director of RM Capital Pty Ltd and is actively involved in a range of corporate activities on behalf of RM Capital. James has been actively involved in the development, documentation, negotiation and marketing of a number of successful financial instruments that have encompassed various sectors of the investment market. His experience has been gained predominantly from the front end of these commercial transactions that have included complex negotiations between various government departments, both

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domestic and international. James has been employed as a specialist business development executive in some of the most successful national financial services organisations. Several of these investment companies have since become listed on ASX. He has gained extensive experience in evaluating investment opportunities, structuring projects and negotiating financial transactions to meet the expectations of the investment market, in particular the retail public. He holds a Diploma in Financial Planning from Deakin University in Victoria.

Interest in Shares and Options  
(at the date of this report)

Shareholding: 2,745,712

Option holding: 500,000

Directorships held in other  
listed entities during the three  
years prior to the current year

Conico Ltd (ASX:CNJ) (Appointed 11 November 2008)

**Mr Paul Finkelstein**

**Non-Executive Director (Resigned 29 November 2021)**

**Company Secretary (Resigned 5 July 2021)**

Qualifications

CPA

Experience

M Finkelstein is a Certified Practising Accountant and a Senior Consultant in Finkelstein Hickmott Pty Ltd, Certified Practising Accountants. Mr Finkelstein was a Principal in his own practice for over 30 years, and during that time was involved with general business consultancy, and the set up and development of a number of service related businesses. In recent years, he has focused on the areas of general business consulting and business management. He has previously been a director of various ASX listed companies. His primary focus is corporate governance.

Interest in Shares and Options  
(at the date of this report)

Shareholding: 710,000

Option holding: 350,000

Directorships held in other  
listed entities during the three  
years prior to the current year

Nil

**Mr Guy Le Page**

**Non-Executive Director (Resigned 29 November 2021)**

Qualifications

B.A, B.Sc. B.App.Sc. (Hons), MBA, M.Fin.Plan., GradDipAppFin&Inv  
MAusIMM, FFIN

Experience

Mr Le Page is currently a director & corporate advisor of RM Corporate Finance Pty Ltd specialising in resources. He is actively involved in a range of corporate initiatives from mergers and acquisitions, initial public offerings to valuations, consulting, and corporate advisory roles. Mr Le Page was Head of Research at Morgan Stockbroking Limited (Perth) prior to joining Tolhurst Noall as a Corporate Advisor in July of 1998. As Head of Research, Mr Le Page was responsible for the supervision of all Industrial and Resources Research. As a Resource Analyst, Mr Le Page published detailed research on various mineral exploration and mining companies listed on the Australian Securities Exchange. Prior to entering the stockbroking industry, he spent 10 years as an exploration and mining geologist in Australia, Canada and United States. His experience spans

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gold and base metal exploration and mining geology, and he has acted as a consultant to private and public companies. Mr Le Page holds a Bachelor of Arts, a Bachelor of Science and Master's Degree in Business Administration from the University of Adelaide, a Bachelor of Applied Science (Hons) from the Curtin University of Technology, a Master's in Financial Planning from Kaplan and a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia.

Interest in Shares and Options (at the date of this report)	Shareholding: 2,713,000	Option holding: 600,000
Directorships held in other listed entities during the three years prior to the current year	Tasman Resources Limited (ASX:TAS) (Appointed 2 June 2001) Conico Ltd (ASXCNJ) (Appointed 15 May 2007) Mt Ridley Mines Ltd (ASX:MRD) (Appointed 19 December 2012)	

#### MEETINGS OF DIRECTORS

During the financial year, 2 meetings of directors were held. Otherwise, the board conducted its business via circular resolutions. Attendances by each director at meetings during the year were as follows:

Director	Directors' Meetings	
	Number eligible to attend	Number attended
Mr Stephen Penrose	2	2
Mr Sean Gregory	2	2
Dr Waldemar Mueller	2	2
Mr Brendan Borg	2	2
Mr James Richardson	-	-
Mr Paul Finkelstein	-	-
Mr Guy Le Page	-	-

#### INDEMNIFYING OFFICERS OR AUDITORS

The Company has paid premiums to insure directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from 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 terms and conditions of the insurance are confidential and cannot be disclosed.

#### OPTIONS

At the date of this report, the unissued ordinary shares of Sarytogan under option, including those options issued during the year and since 30 June 2022 to the date of this report are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
29 November 2021	30 November 2024	\$0.25	7,500,000
13 May 2022	30 November 2024	\$0.25	5,000,000
			<u>12,500,000</u>

During the year ended 30 June 2022 no ordinary shares of Sarytogan were issued on the exercise of options.

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**REMUNERATION REPORT (AUDITED)**

**REMUNERATION POLICY**

It is the policy of the Company that, except in special circumstances, non-executive directors normally be remunerated by way of fixed fees, should not receive a bonus or options and should not be provided with retirement benefits other than statutory superannuation.

The Board, within the limit pre-approved by shareholders, determines fees payable to individual non-executive directors. The remuneration level of any executive director or other senior executive is determined by the Board after taking into consideration levels that apply to similar positions in comparable companies in Australia and taking account of the individual's possible participation in any equity-based remuneration scheme. The Board may use industry wide data gathered by independent remuneration experts annually as its point of reference. Options or shares issued to any director pursuant to any equity-based remuneration scheme require approval by shareholders prior to their issue. Options or shares granted to senior executives who are not directors are issued by resolution of the Board.

It is the policy of the Company that persons to whom options have been issued should not enter into any transaction in any associated product which is designed to limit the economic risk of participating in unvested entitlements under an equity-based remuneration scheme.

There are no schemes for retirement benefits, other than the payment of the statutory superannuation contribution for non-executive and executive directors.

All executives receive a base salary (which is based on factors such as qualifications, expertise, experience etc.), superannuation and fringe benefits and are eligible for the grant of options under the Employee Option Plan.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for the time, commitment and responsibilities.

The fees payable to individual non-executive directors must be determined by the Board within the aggregate sum of \$300,000 per annum provided for under clause 14.8 of the constitution. That aggregate sum can only be increased with the prior approval of the shareholders of the Company at a general meeting. A non-executive director is entitled to a refund of approved expenditure and may also receive payments for consultancy work contracted for and performed separately on the Company's behalf.

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company, Directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future.

**PERFORMANCE-BASED REMUNERATION**

Performance based remuneration for key management personnel is limited to granting of options.

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**REMUNERATION REPORT (AUDITED) (continued)**

**RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE**

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The issue of options in past years to the majority of directors and executives is to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth.

**PERFORMANCE CONDITIONS LINKED TO REMUNERATION**

The Company's remuneration of key management personnel does not include any performance conditions.

**EMPLOYMENT DETAILS OF MEMBERS OF KEY MANAGEMENT PERSONNEL AND OTHER EXECUTIVES**

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Company. 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 during the year ended 30 June 2022	Non-salary cash-based incentives	Options/Rights	Fixed Salary/Fees	Total
		%	%	%	%
Mr Stephen Penrose <sup>(1)</sup>	Non-Executive Chairman	-	83	17	100
Mr Sean Gregory <sup>(2)</sup>	Managing Director	-	31	69	100
Dr Waldemar Mueller <sup>(1)</sup>	Technical Director	-	49	51	100
Mr Brendan Borg <sup>(1)</sup>	Non-Executive Director	-	84	16	100
Mr James Richardson <sup>(3)</sup>	Non-Executive Chairman	-	-	-	-
Mr Paul Finkelstein <sup>(3)</sup>	Non-Executive Director	-	-	-	-
Mr Guy Le Page <sup>(3)</sup>	Non-Executive Director	-	-	-	-

<sup>(1)</sup> Stephen Penrose, Waldemar Mueller & Brendan Borg were appointed directors on 29 November 2021

<sup>(2)</sup> Sean Gregory was appointed director on 25 January 2022

<sup>(3)</sup> James Richardson, Paul Finkelstein & Guy Le Page resigned as directors on 29 November 2021. Paul Finkelstein resigned as company secretary on 5 July 2021

All non-executive directors are remunerated on a monthly basis with no fixed term or termination benefits.

Sean Gregory, Managing Director, was engaged by way of an employment agreement with an annual salary of \$360,000 plus \$25,000 superannuation and 6 months' termination notice period. Mr Gregory's commencement date as a director was 25 January 2022.

Waldemar Mueller, Technical Director, was engaged by way of an employment agreement with an annual salary of \$294,545 plus superannuation and 6 months' termination notice period. Mr Mueller's commencement date as a director was 29 November 2021.

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**REMUNERATION REPORT (AUDITED) (continued)**

**REMUNERATION DETAILS FOR THE YEAR ENDED 30 JUNE 2022**

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Company.

**Table of Benefits and Payments for the year ended 30 June 2022**

<b>Key Management Personnel</b>	<b>Salary, fees and leave</b>	<b>Other</b>	<b>Super-annuation</b>	<b>Shares/ Units</b>	<b>Options/ Rights</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Mr Stephen Penrose <sup>(1)</sup>	35,000	-	3,500	-	184,085	222,585
Mr Sean Gregory <sup>(2)</sup>	116,667	-	11,667	-	59,008	187,342
Dr Waldemar Mueller <sup>(1)</sup>	171,818	-	17,182	-	184,085	373,085
Mr Brendan Borg <sup>(1)</sup>	24,500	-	2,450	-	138,064	165,014
Mr James Richardson <sup>(3)</sup>	-	-	-	-	-	-
Mr Paul Finkelstein <sup>(3)</sup>	-	-	-	-	-	-
Mr Guy Le Page <sup>(3)</sup>	-	-	-	-	-	-
<b>Total Key Management Personnel</b>	<b>347,985</b>	<b>-</b>	<b>34,799</b>	<b>-</b>	<b>565,242</b>	<b>948,026</b>

(1) Appointed 29 November 2021

(2) Appointed 25 January 2022

(3) Resigned 29 November 2021

**Table of Benefits and Payments for the year ended 30 June 2021**

<b>Key Management Personnel</b>	<b>Salary, fees and leave</b>	<b>Other</b>	<b>Super-annuation</b>	<b>Shares/ Units</b>	<b>Options/ Rights</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Mr James Richardson <sup>(1)</sup>	-	-	-	36,000	-	36,000
Mr Paul Finkelstein <sup>(1)</sup>	-	-	-	36,000	-	36,000
Mr Guy Le Page <sup>(1)</sup>	-	-	-	36,000	-	36,000
<b>Total Key Management Personnel</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108,000</b>	<b>-</b>	<b>108,000</b>

(1) Resigned 29 November 2021

**Sarytogan Graphite Limited**  
**Financial Report**  
**For the Year Ended 30 June 2022**

**REMUNERATION REPORT (AUDITED) (continued)**

**KEY MANAGEMENT PERSONNEL OPTIONS AND RIGHTS HOLDINGS**

The number of options over ordinary shares held by each key management person of the Company during the financial year is as follows:

	Balance at beginning of period	Granted as remuneration during the period	Expired during the period	Other changes during the period	Balance at end of period	Vested during the period	Vested and exercisable	Vested and unexercisable
<b>30 June 2022</b>								
Mr Stephen Penrose <sup>(1)</sup>	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Mr Sean Gregory <sup>(2)</sup>	-	2,000,000	-	-	2,000,000	-	-	-
Dr Waldemar Mueller <sup>(1)</sup>	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Mr Brendan Borg <sup>(1)</sup>	-	1,500,000	-	1,425,000 <sup>(4)</sup>	2,925,000	1,500,000	2,925,000	-
Mr James Richardson <sup>(3)</sup>	-	-	-	-	-	-	-	-
Mr Paul Finkelstein <sup>(3)</sup>	-	-	-	-	-	-	-	-
Mr Guy Le Page <sup>(3)</sup>	-	-	-	-	-	-	-	-
	-	7,500,000		1,425,000	8,925,000	5,500,000	6,925,000	

<sup>(1)</sup> Appointed 29 November 2021 <sup>(2)</sup> Appointed 25 January 2022 <sup>(3)</sup> Resigned 29 November 2021 <sup>(4)</sup> Acquisition of options

	Balance at beginning of period	Granted as remuneration during the period	Expired during the period	Other changes during the period	Balance at end of period	Vested during the period	Vested and exercisable	Vested and unexercisable
<b>30 June 2021</b>								
Mr James Richardson <sup>(1)</sup>	-	-	-	-	-	-	-	-
Mr Paul Finkelstein <sup>(1)</sup>	-	-	-	-	-	-	-	-
Mr Guy Le Page <sup>(1)</sup>	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

<sup>(1)</sup> Resigned 29 November 2021

**KEY MANAGEMENT PERSONNEL SHAREHOLDINGS**

The number of ordinary shares in Sarytogan Graphite Limited held by each key management person of the Company during the financial year is as follows:

	Balance at beginning of period	Granted as remuneration during the period	Issued on exercise of options during the period	Purchased during the period	Other changes during the period	Balance at end of period
<b>30 June 2022</b>						
Mr Stephen Penrose <sup>(1)</sup>	-	-	-	-	-	-
Mr Sean Gregory <sup>(2)</sup>	-	-	-	-	-	-
Dr Waldemar Mueller <sup>(1)</sup>	-	-	-	-	-	-
Mr Brendan Borg <sup>(1)</sup>	-	-	-	1,425,000	-	1,425,000
Mr James Richardson <sup>(3)</sup>	245,712	360,000	-	500,000	(1,105,712)	-
Mr Paul Finkelstein <sup>(3)</sup>	-	360,000	-	350,000	(710,000)	-
Mr Guy Le Page <sup>(3)</sup>	213,000	360,000	-	500,000	(1,073,000)	-
Mr Ian Hobson <sup>(4)</sup>	-	-	-	-	-	-
	458,712	1,080,000	-	2,775,000	(2,888,712)	1,425,000

<sup>(1)</sup> Appointed 29 November 2021 <sup>(2)</sup> Resigned 25 January 2022 <sup>(3)</sup> Resigned 29 November 2021 <sup>(4)</sup> Appointed 5 July 2021

**Sarytogan Graphite Limited**  
**Financial Report**  
**For the Year Ended 30 June 2022**

**REMUNERATION REPORT (AUDITED) (continued)**

	Balance at beginning of period	Granted as remuneration during the period	Issued on exercise of options during the period	Purchased during the period	Other changes during the period	Balance at end of period
<b>30 June 2021</b>						
Mr James Richardson <sup>(1)</sup>	245,712	-	-	-	-	245,712
Mr Paul Finkelstein <sup>(1)</sup>	-	-	-	-	-	-
Mr Guy Le Page <sup>(1)</sup>	213,000	-	-	-	-	213,000
	<b>458,712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>458,712</b>

**KEY MANAGEMENT PERSONNEL SHAREHOLDINGS (CONTINUED)**

<sup>(1)</sup> Resigned 29 November 2021

The options granted to members of key management personnel during the year were not dependent upon the performance of the Company's share price as part of their remuneration package.

Options were granted as remuneration during the year to key management personnel and other executives as set out in note 17.

**END OF THE REMUNERATION REPORT**

**PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied for leave of Court to bring proceeding 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 proceeding during the year.

**NON-AUDIT SERVICES**

The Board of Directors is satisfied that the provision of non-audit services by the auditor during the year is compatible with the general standard of independence for auditors imposed by *the Corporations Act 2001*.

Details of the amounts paid to the auditor of the Company for audit and non-audit services provided during the year are set out at note 18.

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 39 of the financial report.



**Sean Gregory**  
 Managing Director  
 30 September 2022



## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Sarytogan Graphite Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia  
30 September 2022



**M R Ohm**  
**Partner**

**hlb.com.au**

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**Sarytogan Graphite Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 30 June 2022**

	Note	2022 \$	2021 \$
Interest income	3	45,099	4
Dividends received	3	4,312	9,900
Foreign Currency gain		97,846	-
Administration costs		(582,373)	(225,608)
Share Based Payments	15	(806,381)	-
Director Fees		(382,783)	-
Travel		(188,070)	-
Interest Expense		(33,839)	-
<b>Loss before income tax</b>		<b>(1,846,189)</b>	<b>(215,704)</b>
Income tax expense	4	-	-
<b>Loss for the year</b>		<b>(1,846,189)</b>	<b>(215,704)</b>
<b>Other comprehensive income, net of income tax</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net fair value gain on revaluation of equity investments at FVOCI		(15,517)	(48,125)
Other comprehensive income/(loss) for the year, net of tax		(15,517)	(48,125)
<b>Total comprehensive loss for the year</b>		<b>(1,861,706)</b>	<b>(263,829)</b>
Basic loss per share (cents per share)	16	(.09)	(.10)
Diluted loss per share (cents per share)	16	(.09)	(.10)

*The accompanying notes form part of these financial statements.*

**Sarytogan Graphite Limited**  
**Statement of Financial Position**  
**As At 30 June 2022**

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	347,570	82,097
Prepaid IPO costs		406,545	-
Trade and other receivables	6	59,678	24,712
Total current assets		813,793	106,809
<b>Non-Current assets</b>			
Prepaid exploration and evaluation asset acquisition costs	7	328,000	328,000
Property, Plant & Equipment	9	7,503	-
Loan receivable	8	1,956,351	-
Financial Assets	10	-	116,413
Total non-current assets		2,291,854	444,413
<b>Total assets</b>		<b>3,105,647</b>	<b>551,222</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	671,682	244,212
Borrowings	12	833,839	-
Total current liabilities		1,505,521	244,212
<b>Total liabilities</b>		<b>1,505,521</b>	<b>244,212</b>
<b>Net assets</b>		<b>1,600,126</b>	<b>307,010</b>
<b>EQUITY</b>			
Issued capital	13	8,758,138	6,469,697
Accumulated losses		(8,024,393)	(6,178,204)
Reserves	14	866,381	15,517
<b>Total equity</b>		<b>1,600,126</b>	<b>307,010</b>

*The accompanying notes form part of these financial statements.*

**Sarytogan Graphite Limited**  
**Statement of Changes in Equity**  
**For the Year Ended 30 June 2022**

		Issued Capital	Accumulated Losses	Revaluation Reserve	Option Reserve	Total Equity
		\$	\$	\$	\$	\$
<b>Balance as at 1 July 2020</b>		6,061,697	(5,962,500)	63,642	-	162,839
Share issue		408,000	-	-	-	408,000
Loss for the year		-	(215,704)	-	-	(215,704)
Other comprehensive income, net of income tax	14	-	-	(48,125)	-	(48,125)
Total comprehensive loss for the year		-	(215,704)	(48,125)	-	(263,829)
<b>Balance at 30 June 2021</b>		<b>6,469,697</b>	<b>(6,178,204)</b>	<b>15,517</b>	<b>-</b>	<b>307,010</b>
<b>Balance as at 1 July 2021</b>		6,469,697	(6,178,204)	15,517	-	307,010
Share issues		2,486,800	-	-	-	2,486,800
Share issue costs		(198,359)	-	-	-	(198,359)
Share-based payments	15	-	-	-	866,381	866,381
Loss for the year		-	(1,846,189)	-	-	(1,846,189)
Other comprehensive income, net of income tax	14	-	-	(15,517)	-	(15,517)
Total other comprehensive income		-	(1,846,189)	(15,517)	-	(1,861,706)
<b>Balance at 30 June 2022</b>		<b>8,758,138</b>	<b>(8,024,393)</b>	<b>-</b>	<b>866,381</b>	<b>1,600,126</b>

*The accompanying notes form part of these financial statements.*

**Sarytogan Graphite Limited**  
**Statement of Cash Flows**  
**For the year ended 30 June 2022**

	Note	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees (Inclusive of goods and services tax)		<b>(760,714)</b>	(19,594)
Dividends received	3	<b>7,273</b>	4,312
Interest received		-	4
<b>Net cash (outflow) from operating activities</b>	21	<b>(753,441)</b>	(15,278)
<b>Cash flows from investing activities</b>			
Sale of listed investments		<b>97,011</b>	-
Purchase of property, plant & equipment	9	<b>(7,848)</b>	-
<b>Net cash inflow from investing activities</b>		<b>89,163</b>	-
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		<b>2,486,800</b>	80,000
Share issue costs		<b>(544,904)</b>	-
Loans received	22	<b>800,000</b>	-
Loans paid to companies		<b>(1,812,145)</b>	-
<b>Net cash inflow from financing activities</b>		<b>929,751</b>	80,000
<b>Net increase in cash and cash equivalents</b>		<b>265,473</b>	64,722
Cash and cash equivalents at the beginning of the financial year		<b>82,097</b>	17,375
<b>Cash and cash equivalents at end of year</b>	5	<b>347,570</b>	82,097

*The accompanying notes form part of these financial statements.*

# Sarytogan Graphite Limited

## Notes to the Financial Statements

### For the Year Ended 30 June 2022

#### 1. Statement of Significant Accounting Policies

##### (a) Basis of preparation

This financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has also been prepared on a historical cost basis, except for equity investments, which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

The company is a public company, incorporated and operating in Australia. The entity's principal activities are in Australia.

##### (b) Adoption of new and revised standards

###### **Standards and Interpretations applicable to 30 June 2022**

In the year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to the Company's accounting policies.

###### **Standards and Interpretations in issue not yet adopted**

The Directors have also reviewed all of the new and revised Standards and Interpretations that are relevant to the Company and that have recently been issued or amended but are not yet mandatory. As a result of this review, the Directors have determined that there is no material impact of these Standards and Interpretations on the Company and, therefore, no material change is necessary to the Company's accounting policies.

##### (c) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

##### (d) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

##### (e) Going Concern

At balance date, the company had cash assets of \$347,570 and a working capital deficit of \$1,098,273. However, the Company raised \$8,659,533 from a share and option placement pursuant to a prospectus dated 23 February 2022 and supplementary prospectus dated 20 May 2022. The shares and options pursuant to the prospectuses were allotted on 6 July 2022 and the Company listed on ASX on 18 July 2022. The funds raised under the prospectuses will fund the Company's operational costs and exploration costs on the Sarytogan Graphite project acquired on 6 July 2022. The directors recognise that the Company is suitably funded for the foreseeable future but is required to generate funding in the future to enable it to meet ongoing administration and exploration costs and to continue as a going concern. The directors are confident that the recent capital raising has provided sufficient funding to meet its proposed activities and is confident that additional funding can be obtained in future years if required.

##### (f) Segment reporting

A business segment is identified for a Company of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Sarytogan Graphite Limited.

# Sarytogan Graphite Limited

## Notes to the Financial Statements

### For the Year Ended 30 June 2022

During the year, the Company had minimal activity. Accordingly, no further disclosure is required in the notes to the financial statements.

#### **(g) Foreign Currency Translation**

Both the functional and presentation currency of Sarytogan Graphite Limited is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The exchange differences arising on the translation are recognised in the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

#### **(h) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### *(i) Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

##### *(ii) Interest income*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

##### *(iii) Dividends*

Dividends are recognised as income at the time of receipt.

#### **(i) Income Tax**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

# Sarytogan Graphite Limited

## Notes to the Financial Statements

### For the Year Ended 30 June 2022

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

#### **(j) Other taxes**

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.



# **Sarytogan Graphite Limited**

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2022**

#### **(k) Impairment of assets**

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### **(l) Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### **(m) Trade and other receivables**

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Comprehensive Income.

#### **(n) Financial assets**

A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent

# Sarytogan Graphite Limited

## Notes to the Financial Statements

### For the Year Ended 30 June 2022

consideration recognised in a business combination) in other comprehensive income ('OCI'). The company has made this election in respect of its equity investments.

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity.

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

#### **(o) Derecognition of financial assets and financial liabilities**

##### *(i) Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of an investment in equity instruments which was elected to be classified as FVOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss, but may be transferred to accumulated losses/retained earnings.

##### *(ii) Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### **(p) Trade and other payables**

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

#### **(q) Employee leave benefits**

##### *(i) Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

##### *(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

# Sarytogan Graphite Limited

## Notes to the Financial Statements

### For the Year Ended 30 June 2022

#### (r) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

## 2. Financial Instruments

### (a) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company's overall strategy is to progress the development of the Sarytogan Graphite project.

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Company is not subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

### (b) Categories of financial instruments

	2022 \$	2021 \$
<b>Financial assets</b>		
Sundry receivables	59,678	24,712
Prepaid IPO Costs	406,545	-
Cash and cash equivalents	347,570	82,097
Investments	-	116,413
Loans receivable	1,956,351	-
<b>Financial liabilities</b>		
Trade and other payables	671,682	244,212
Borrowings	833,839	-

### (c) Financial risk management

The Company is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by the board of directors. The board identifies and evaluates financial risks and also assesses overall risk management.

### (d) Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

#### (i) Foreign exchange risk

The Company undertook transactions denominated in foreign currencies during the current year and certain losses were incurred on foreign currency translation.

#### (ii) Interest rate risk management

The Company is exposed to interest rate risk on financial assets to the extent that they receive interest on bank deposits. The Company's exposures to interest rate on financial liabilities are detailed in the liquidity risk management section of this note.

**Sarytogan Graphite Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2022**

**(iii) Interest rate risk sensitivity analysis**

There are no reasonable foreseeable interest rate changes nor impact on receivables or borrowings, with all other variables held constant, which would result in a material change in the loss for the year.

**(e) Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own trading record to rate its major customers.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

**(f) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's expected maturity for its financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Less than 6 months	6 – 12 months	Total
	\$	\$	\$
<b>At 30 June 2022</b>			
Non-interest bearing	671,682	-	671,682
Interest bearing	833,839	-	833,839
<b>At 30 June 2021</b>			
Non-interest bearing	244,212	-	244,212

**(g) Fair value**

All financial assets and financial liabilities not measured at fair value on a recurring basis and recognised in the statement of financial position are recognised at amounts that represent a reasonable approximation of fair value.

**3. Revenue**

	2022	2021
	\$	\$
<b>From operations</b>		
Interest	45,099	4
Dividends Received	4,312	9,900
	<u>49,411</u>	<u>9,904</u>

**Sarytogan Graphite Limited**  
**Notes to the Financial Statements**  
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**4. Income Tax**

	30 June 2022 \$	30 June 2021 \$
<b>Reconciliation</b>		
Loss before tax from continuing operations	(1,846,189)	(215,704)
Income tax expense calculated at 30.0% (2021: 27.5%)	(553,857)	(59,319)
Non-deductible expenses	390,402	-
Non-assessable income	-	-
Tax losses for which no deferred tax asset was recognised	179,635	59,319
Other deferred tax assets and tax liabilities not recognised	(16,181)	-
<b>Income tax expense / (benefit) reported in the Statement of Comprehensive Income</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets comprise:</b>		
Losses available for offset against future taxable income	884,217	670,506
Depreciable assets	-	-
Blackhole expenditure	-	-
Accrued expenses	10,500	-
Employee entitlements	6,051	-
Deferred gains and losses on foreign exchange	(29,732)	-
ROU leases	-	-
Deferred tax assets not recognised	(871,036)	(670,506)
	<b>-</b>	<b>-</b>

**5. Cash and cash equivalents**

	2022 \$	2021 \$
Cash at bank and on hand	347,570	82,097

Cash at bank bears interest at a floating rate which was 0.1% per annum (2021: 1.5%) at the reporting date.

**6. Trade and other receivables**

	2022 \$	2021 \$
Other receivables	59,678	24,712
Total other receivables	59,678	24,712

**7. Prepaid exploration and evaluation tenement acquisition costs**

	2022 \$	2021 \$
Consideration for assignment of Term Sheet	328,000	328,000

The Company had entered into an agreement to issue shares to nominees of RM Corporate Finance Pty Ltd (subsequently confirmed as 3,280,000 fully paid shares at \$0.10 each) for the assignment of a Term Sheet by RM Corporate Finance Pty Ltd to the Company which would effect the acquisition of 100% of the issued shares in Ushtogan LLP, the owner of the Sarytogan Graphite Project. These shares were allotted on 2 August 2021 (see Note 13(c)).

**Sarytogan Graphite Limited**  
**Notes to the Financial Statements**  
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**8. Loan receivable**

	2022	2021
	\$	\$
Loan receivable	1,956,351	-

The Company entered into a loan facility agreement with Ushtogan LLP dated 30 June 2021, which was subsequently varied by letters of variation dated 7 September 2021 and 11 March 2022 (together, the Loan Facility Agreement). The material terms and conditions of the Loan Facility Agreement are summarised below:

The facility limit is:

- (a) prior to completion of the ASX listing - the amount of US\$1,500,000; and
- (b) after completion of the ASX listing – the amount of US\$5,000,000.

The repayment date is the earlier of:

- (c) 1 July 2030;
- (d) the receipt of written notice from the Lender in the occurrence of default of the Borrower; or
- (e) the occurrence of a change of control in respect to the Lender, other than in accordance with the Sale and Purchase Agreement.

The loan security is as per the Pledge Agreement (see Note 12).

The rate of interest payable is the Reserve Bank of Australia cash rate plus 4% per annum. Interest on outstanding moneys accrues from day to day and must be calculated on daily balances on the basis of a 365-day year and for the actual number of days elapsed from and including the first day of each interest period to but excluding the last day of each interest period.

Advances must be fully and finally repaid, together with all other outstanding moneys (including interest), on the repayment date.

Recoverability of this loan is dependent upon the Company being able to realise its security under the Pledge Agreement, namely the subsoil use rights under the exploration contract as detailed in Note 12. The Company was successful in completing the acquisition of 100% of the participating interests of Ushtogan LLP (see note 25) post year end and therefore this loan became an intercompany loan that will be eliminated on consolidation in future financial statements.

**9. Plant and Equipment**

	2022	2021
	\$	\$
Plant and Equipment	7,848	-
Accumulated depreciation	(345)	-
	7,503	-

A reconciliation of the carrying amounts of each class of plant and equipment between the beginning of the current financial year is set out below:

	Plant and Equipment	Total
	\$	\$
<b>2022</b>		
Balance at the beginning of year	-	-
Additions	7,848	7,848
Depreciation expense	(345)	(345)
Balance at the end of the year	7,503	7,503

**Sarytogan Graphite Limited**  
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**10. Financial Assets**

	2022	2021
	\$	\$
Interfone Pte Ltd – at cost	1,315,476	1,315,476
Less: Provision for Impairment	(1,315,476)	(1,315,475)
	-	1
Tribune Resources Ltd	116,412	116,412
Less: sale of Tribune Resources Ltd	(116,412)	
	-	116,413

The financial assets, being shares in ASX listed company Tribune Resources Limited and unlisted foreign company Interfone Pte Ltd (incorporated in Singapore), are classified as fair value through other comprehensive income. The market value of all listed equity investments (Level 1 financial instruments) represents the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. The value of unlisted investment Interfone Pte Ltd, has been impaired to \$1 in prior periods. Interfone Pte Ltd ceased trading in May 2017. The directors believe an estimate of the fair value of this investment as at 30 June 2022 to be Nil. These investments were classified as Level 2 financial instruments.

**11. Trade and other payables**

	2022	2021
	\$	\$
Other payables	671,682	244,212
Total trade and other payables	671,682	244,212

**12. Borrowings**

	2022	2021
	\$	\$
Loans payable	833,839	-

The Company as borrower entered into loan agreements on or about 22 October 2021 with various third-party and related party lenders, which were subsequently varied on or about 2 February 2022 and 30 April 2022 (together, Loan Agreement No.1) and entered into new loan agreements on or about 14 February 2022 which were subsequently varied on or about 30 April 2022 (together, Loan Agreement No.2). The material terms of the Loan Agreements No.1 and No. 2 are as follows:

The aggregate principal amount of the Loan Agreements totalled \$800,000. The balance above represents amounts advanced totalling \$800,000 and capitalised interest payable of \$33,839.

The repayment date is the earlier of:

- (d) 30 September 2022; and
- (e) the date the Company completes an initial public offering and listing on the ASX.

The Company must use amounts drawn under the loan to satisfy working capital requirements and to meet expenditure requirements of Ushtogan LLP. The loans were repaid on 18 July 2022, see note 25.

The loans are unsecured.

Interest is payable on the outstanding balance of the loan at a rate of 8% per annum.

- (f) The borrower may elect to repay the outstanding monies to the lenders in full at any time prior to the repayment date; and
- (g) upon the outstanding monies being repaid by the borrower to the lender in full, the borrower and lender's obligations under the agreement will be at an end.

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**13. Issued capital**

a) Share capital	2022	2022	2021	2021
	Shares	\$	Shares	\$
Ordinary shares				
Fully paid	27,563,356	8,351,593	2,633,356	6,131,697
Unissued shares	-	-	3,380,000	338,000
Total	27,563,356	8,351,593	6,013,356	6,469,697

  

b) Movements in fully paid ordinary shares	2022	2022	2021	2021
	Shares	\$	Shares	\$
Balance at beginning of financial year	2,633,356	6,131,697	48,333,900	6,061,697
In lieu of Director Fees	1,080,000	108,000	-	-
Issue of unissued shares	3,380,000	338,000	-	-
Capital raising	20,470,000	2,378,800	17,500,000	70,000
Less capital raising costs		(198,359)		
Sub total before share consolidation	27,563,356	8,758,138	65,833,900	6,131,697
Share consolidation – 25 for 1	-	-	(63,200,544)	-
Balance at end of financial year	27,563,356	8,758,138	2,633,356	6,131,697

  

c) Movements in unissued shares	2022	2022	2021	2021
	Shares	\$	Shares	\$
Balance at beginning of financial year	3,380,000	338,000	-	-
Shares to be issued to nominees of RM Corporate Finance Pty Ltd in consideration for assignment of Term Sheet (allotted on 2 August 2021)	-	-	3,280,000	328,000
Proceeds from issue of shares received prior to balance date (shares allotted on 20 July 2021)	-	-	100,000	10,000
Allotment of unissued shares	(3,380,000)	(338,000)	-	-
	-	-	3,380,000	338,000

**d) Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.



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**e) Options**

The following options, exercisable at \$0.25 and expiring 30 November 2024, were outstanding at the end of the financial year.

	2022	2021
	No. Options	No. Options
Options on issue	26,800,000	700,000

	2022	2021
	No. Options	No. Options
<i>Movement in options on issue</i>		
Balance at beginning of financial year	700,000	-
Capital raising – free attaching	13,600,000	17,500,000
Issued to Lenders	4,000,000	-
Issued to Brokers	1,000,000	-
Grant of options to Directors	7,500,000	-
Consolidation – 25 for 1	-	(16,800,000)
Balance at end of financial year	26,800,000	700,000

**14. Reserves**

**a) Revaluation Reserve**

Movements in revaluation reserve were as follows:

	2022	2021
	\$	\$
Balance 1 July	15,517	63,642
Revaluation of equity investments	-	(48,125)
Gain / (loss) on sale of equity investments	(15,517)	-
Balance 30 June	-	15,517

The revaluation reserve is used to record increases and decreases in the fair value of equity investments.

**b) Option Reserve**

Movements in option reserve were as follows:

	2022	2021
	\$	\$
Balance 1 July	-	-
Share-based payments	866,381	-
Balance 30 June	866,381	-

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**15. Share-Based Payments**

At 30 June 2022, the Group has the following share-based payment options on issue:

Grant Date	Expiry Date	Exercise Price	Start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at the end of the year	Vested and exercisable at the end of the year
13-May-22	30-Nov-24	\$0.25	-	1,000,000	-	-	1,000,000	1,000,000
13-May-22	30-Nov-24	\$0.25	-	4,000,000	-	-	4,000,000	4,000,000
29-Nov-21	30-Nov-24	\$0.25	-	7,500,000	-	-	7,500,000	5,500,000
				<u>12,500,000</u>	<u>-</u>	<u>-</u>	<u>12,500,000</u>	<u>10,500,000</u>

The weighted average exercise price of options as at 30 June 2022 was \$0.25 (30 June 2021: N/A). The weighted average remaining contractual life of options outstanding at year end was 2.4 years (30 June 2021: N/A).

For the options granted during the 2022 financial year, the valuation model inputs used in the Black-Scholes Model were as follows:

Grant Date	Expiry Date	Share Price at grant date	Exercise Price	Expected Volatility	Dividend Yield	Risk-free Interest rate	Fair Value
13-May-22	30-Nov-24	\$0.16	\$0.25	80%	-	2.15%	\$0.060
13-May-22	30-Nov-24	\$0.16	\$0.25	80%	-	2.15%	\$0.060
29-Nov-21	30-Nov-24	\$0.20	\$0.25	80%	-	0.40%	\$0.092

**16. Loss Per Share**

	2022	2021
	\$	\$
Reconciliation of loss		
Loss used in calculating earnings per share – basic and diluted	(1,842,304)	(215,704)
Net loss for the reporting period	<u>(1,842,304)</u>	<u>(215,704)</u>
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	20,562,032	2,115,641
	(0.09)	(0.10)

**17. Key management personnel disclosures**

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2022.

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2022	2021
	\$	\$
Short-term employee benefits	382,784	-
Share-based payments	565,242	108,000
	<u>948,026</u>	<u>108,000</u>

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**18. Remuneration of auditors**

During the year the following fees were paid or payable for services provided by an auditor of the Company.

	2022	2021
	\$	\$
<b>(a) Audit services</b>		
HLB Mann Judd		
Audit of financial report	28,080	6,360
Independent Limited Assurance Report – Prospectus	16,109	-
Total remuneration for audit services	44,189	6,360

**19. Commitments**

**(a) Lease commitments**

The Company does not have any commitments that require disclosure. (2021: nil)

**20. Related party transactions**

**(a) Key management personnel**

Disclosure relating to remuneration of key management personnel are set out in note 17.

**(b) Other related parties**

The Company entered into a number of transactions during the year with directors and entities related to directors. The transactions have been set out in the prospectus dated 23 February 2022 and the supplementary prospectus dated 20 May 2022 and summarised below.

The Company had entered into an agreement with Ustar LLP to acquire 100% of the shares in Ushtogan LLP. Both Ustar LLP and Ushtogan LLP are entities related to Mr Waldemar Mueller.

The following transactions were entered into by the Company with entities related to Mr James Richardson and Mr Guy Le Page:

1. The issue shares for the assignment of a Term Sheet by RM Corporate Finance Pty Ltd to the Company which would effect the acquisition of 100% of the issued shares in Ushtogan LP, the owner of the Sarytogan Graphite Project.
2. Loan agreements on the terms set out in note 10 being the same terms entered into with non-related parties.
3. Capital raising mandates with RM Capital who received fees in cash and options for services rendered.

Mr Richardson, Mr Le Page and Mr Finklestein received shares in lieu of director fees for services rendered to 30 June 2021. The issue of these shares was approved by shareholders at the AGM on 30 June 2021.

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**21. Reconciliation of profit/(loss) after income tax to net cash outflow from operating activities**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) for the year	(1,846,189)	(215,704)
Adjustments for:		
Loss on sale of Investment	3,885	-
Depreciation	345	-
Share based payments	806,381	-
Movements in working capital		
FX gain/(loss)	(99,106)	-
(Increase)/decrease in other receivables	(40,919)	(23,066)
Increase/(decrease) in trade and other payables	422,162	223,492
Net cash outflows from operating activities	(753,441)	(15,278)

**22. Change in liabilities arising from financing activities**

	<b>Bank loans</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Balance at 1 July 2020	-	-
Net cash used in financing activities	-	-
Balance at 30 June 2021	-	-
Net cash from/(used in) financing activities	(800,000)	(800,000)
Balance at 30 June 2022	(800,000)	(800,000)

**23. Segment Note**

The Company operated in one segment during the financial year, being a non-operating company located in Australia that progressed a listing on the Australian Securities Exchange following the acquisition of Ushtogan LLP.

**24. Contingent liabilities**

The Company had no contingent liabilities at balance date.

**Sarytogan Graphite Limited**  
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**25. Events after balance date**

The Company listed on ASX on 18 July 2022 following completion of acquisition of the Sarytogan Graphite Project and a capital raising of \$8.6m. Specifically, the following events have occurred subsequent to the year ended 30 June 2022:

- (vi) Completing the acquisition of the Sarytogan Graphite Project via the acquisition of Ushtogan LLP;
- (vii) Closing the Offer pursuant to prospectus dated 23 February 2022 and supplementary prospectus dated 20 May 2022 to raise \$8.6m;
- (viii) Issuing the following securities in the Company to achieve (i) and 911) above:
  - 42,500,000 Shares under the Offer at an issue price of \$0.20 per Share to raise \$8,500,000; and
  - 15,953,339 Options at an issue price of \$0.01 per Option to raise \$159,533.
  - 51,764,706 Shares and 14,117,646 Performance Shares to Ustar Ventures Ltd in consideration for 100% of the issued capital in Ushtogan LLP
  - 7,000,000 Shares to Ustar Ventures Ltd as reimbursement for expenditure of approximately USD\$1,000,000 incurred on the Sarytogan Graphite Project.
  - 800,000 Shares issued to Inyati Fund Pty Ltd and 800,000 Shares issued to RM Corporate Finance as a success fee;
  - 2,062,500 Shares issued to S3 Consortium Pty Ltd;
  - 2,000,000 Options to Sean Gregory exercisable at \$0.25 and expiring 30 November 2024;
  - 2,000,000 Options to Waldemar Mueller exercisable at \$0.25 and expiring 30 November 2024;
  - 2,000,000 Options to Stephen Penrose exercisable at \$0.25 and expiring 30 November 2024;
  - 1,500,000 Options to Brendan Borg exercisable at \$0.25 and expiring 30 November 2024; and
  - 6,000,000 Performance Rights to Sean Gregory.
- (ix) Repayment of loans of \$800,000 plus interest from the IPO proceeds. These funds had been borrowed by the Company during the year to fund working capital requirements and loans to Ushtogan LLP to continue exploration on the Sarytogan Graphite Project; and
- (x) Drilling continuing at the Sarytogan Graphite Project in Kazakhstan.

# Sarytogan Graphite Limited

ABN 91 107 920 945

## Directors' Declaration For the Year Ended 30 June 2022

1. In the directors' opinion:
  - (a) the financial statements and notes set out on pages 18 to 37 are in accordance with the *Corporations Act 2001*, including:
    - (i) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
    - (ii) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

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



Sean Gregory  
Managing Director  
Perth

30 September 2022

## INDEPENDENT AUDITOR'S REPORT

To the Members of Sarytogan Graphite Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Sarytogan Graphite Limited ("the Company") which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 Company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) 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 Company 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

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

We have determined the matter described below to be the key audit matters to be communicated in our report.

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## Key Audit Matter

## How our audit addressed the key audit matter

### Share-based payments

Note 15

The Company has various share-based payment arrangements in place in relation to key management personnel and other parties accounted for under AASB 2 *Share-based Payment*.

We considered share-based payments to be a key audit matter as it is material, involves the use of estimation and is important to the users' understanding of the financial statements.

Our procedures included but were not limited to the following:

- We reviewed the various share-based payment arrangements entered into by the Company during the period to understand the key terms and conditions;
- We reviewed management's valuations of share-based payments to ensure these were materially correct and used an established and appropriate methodology;
- We reviewed the existence of any vesting conditions and ensured these had been appropriately treated; and
- We ensured the disclosure in the financial statements was adequate.

### *Information Other than the Financial Report and Auditor's Report Thereon*

The directors are responsible for the other information. The other information comprises the information included in the Company's annual financial report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

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

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company or to cease operations, or have no realistic alternative but to do so.



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

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

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

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

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

## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Sarytogan Graphite Limited for the year ended 30 June 2022 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.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**30 September 2022**



**M R Ohm**  
**Partner**

## Sarytogan Graphite Limited Additional Shareholder Information

The information set out below was applicable at 26 September 2022.

### 1. Number and Distribution of Equity Securities

Holding Ranges	Fully Paid Ordinary Shares			Options Exercisable at \$0.25 expiring 30 November 2024		
	Holders	Total Units	% IC	Holders	Total Units	% IC
1 to 1,000	42	23,592	0.02%	2	834	0.00%
1,001 to 5,000	523	1,413,677	1.07%	81	249,460	0.58%
5,001 to 10,000	269	2,259,086	1.71%	83	604,042	1.41%
10,001 to 100,000	562	20,867,614	15.75%	249	8,915,707	20.85%
100,001 and over	128	107,926,593	81.46%	79	32,983,296	77.15%
<b>Totals</b>	<b>1,524</b>	<b>132,490,562</b>	<b>100.00%</b>	<b>494</b>	<b>42,753,339</b>	<b>100.00%</b>

The number of Unmarketable parcels (shares) based on the closing price on 26 September 2022: 157

The number of Unmarketable parcels (options) based on the closing price on 26 September 2022: 70

Holding Ranges	Performance Shares			Performance Rights		
	Holders	Total Units	% IC	Holders	Total Units	% IC
1 to 1,000	0	0	0.00%	0	0	0.00%
1,001 to 5,000	0	0	0.00%	0	0	0.00%
5,001 to 10,000	0	0	0.00%	0	0	0.00%
10,001 to 100,000	0	0	0.00%	0	0	0.00%
100,001 and over	1	14,117,646	100.00%	1	6,000,000	100.00%
<b>Totals</b>	<b>1</b>	<b>14,117,646</b>	<b>100.00%</b>	<b>1</b>	<b>6,000,000</b>	<b>100.00%</b>

### 2. Securities Subject to ASX Escrow

Security	Number	Escrowed Until
Fully Paid Ordinary Shares	1,137,500	06/10/2022
Fully Paid Ordinary Shares	70,783,419	18/07/2024
Unlisted Options exercisable at \$0.25 and expiring on 30/11/24	1,012,500	06/10/2022
Unlisted Options exercisable at \$0.25 and expiring on 30/11/24	1,750,000	16/05/2023
Unlisted Options exercisable at \$0.25 and expiring on 30/11/24	13,037,500	18/07/2024
Performance Rights	6,000,000	18/07/2024
Performance Shares	14,117,646	18/07/2024

### 3. Substantial Shareholders (Ordinary Shares)

Substantial shareholders as defined by Section 671B of Australian Corporations Law are:

Name	Number of Shares	%
Ustar Ventures	51,820,262	39.11
James Bradley Richardson	12,447,156	9.39
Guy Touzeau Le Page	11,529,444	8.70

### 4. Substantial Option Holders

Name	Number of Options	%
Inyati Fund Pty Ltd <Inyati Fund No 2 Unit A/C>	2,650,000	6.2%

## Sarytogan Graphite Limited

### Additional Shareholder Information

#### 5. Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting every shareholder or class of shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each fully paid share which that member holds or represents. All other securities have no voting rights.

#### 6. Twenty Largest Shareholders: Ordinary Shares

The twenty largest fully paid shareholders at 26 September 2022 hold 62.77% of the issued capital and are tabled below:

	Shareholder	No. of shares	%IC
1	USTAR VENTURES LTD	51,820,262	39.11%
2	RM CAPITAL PTY LTD <THE SYNDICATE>	6,944,444	5.24%
3	BT GLOBAL HOLDINGS PTY LTD <BT UNIT A/C>	3,380,000	2.55%
4	S3 CONSORTIUM PTY LTD	2,062,500	1.56%
5	DEUTSCHE ROHSTOFF AG	1,718,342	1.30%
6	INYATI FUND PTY LTD <INYATI FUND NO2 UNIT A/C>	1,700,000	1.28%
6	SQUARE METRE RECRUITMENT PTY LTD	1,650,000	1.25%
8	MRS EMMA LEAH WEBSTER <WEBSTER FAMILY A/C>	1,532,367	1.16%
9	ARAUCANA WEST PTY LTD	1,428,571	1.08%
10	MR BRENDAN BORG & MRS ERIN BORG <BORG FAMILY SUPER S/F A/C>	1,425,000	1.08%
11	MALWORTH INTERNATIONAL PTY LTD	1,250,000	0.94%
12	MOUNT HOOD NORTH PTY LTD	1,115,400	0.84%
13	GOLDEN DAWN LIMITED	1,000,000	0.75%
14	GLOBAL CONSORTIUM HOLDINGS PTY LTD <FTW HOLDINGS A/C>	995,000	0.75%
15	PHEAKES PTY LTD <SENATE A/C>	960,000	0.72%
15	MR PAUL BROWN & MRS JESSICA BROWN <BROWN SUPER FUND A/C>	899,970	0.68%
17	OKAWARI CONSORTIUM PTY LTD <THE OKA T A/C>	870,000	0.66%
18	MR JOHN LANGLEY HANCOCK	831,811	0.63%
19	RM CORPORATE FINANCE PTY LTD	800,000	0.60%
20	LEMUR PTY LTD <P & C DEVELOPMENT A/C>	785,000	0.59%
	<b>Total</b>	<b>83,168,667</b>	<b>62.77%</b>
	<b>Balance of register</b>	<b>49,321,895</b>	<b>37.23%</b>
	<b>Grand total</b>	<b>132,490,562</b>	<b>100.00%</b>

#### 7. Twenty Largest Option Holders:

Position	Holder Name	Holding	% IC
1	INYATI FUND PTY LTD <INYATI FUND NO2 UNIT A/C>	2,650,000	6.20%
2	SEAN MICHAEL GREGORY	2,000,000	4.68%
2	STEPHEN PENROSE	2,000,000	4.68%
2	WALDEMAR MUELLER	2,000,000	4.68%
3	PHEAKES PTY LTD <SENATE A/C>	1,715,000	4.01%
4	BORG GEOSCIENCE PTY LTD	1,500,000	3.51%
5	INYATI FUND PTY LTD <INYATI FUND NO 2 UNIT A/C>	1,350,000	3.16%
6	MR BRENDAN BORG & MRS ERIN BORG <BORG FAMILY SUPER S/F A/C>	1,068,750	2.50%
7	BT GLOBAL HOLDINGS PTY LTD <BT UNIT A/C>	1,050,000	2.46%
8	GLOBAL CONSORTIUM HOLDINGS PTY LTD <FTW HOLDINGS A/C>	923,750	2.16%
9	SABRE POWER SYSTEMS PTY LTD	850,000	1.99%
10	PROSPERION WEALTH MANAGEMENT PTY LTD <INVESTMENT A/C>	750,000	1.75%
11	MR BRENDAN JAMES BORG & MRS ERIN BELINDA BORG <BORG FAMILY SUPER FUND A/C>	712,500	1.67%
12	BG DEVELOPMENT FUND PTY LTD <BG INVESTMENT A/C>	604,146	1.41%
13	OKAWARI CONSORTIUM PTY LTD <THE OKA T A/C>	542,500	1.27%
14	MR PAUL BROWN & MRS JESSICA BROWN <BROWN SUPER FUND A/C>	450,000	1.05%

## Sarytogan Graphite Limited Additional Shareholder Information

Position	Holder Name	Holding	% IC
15	MOLTONI GROUP PTY LTD	427,935	1.00%
15	MR JABIN GEOFFREY MULLANE	425,000	0.99%
16	CHOPPER CAPITAL PTY LTD <PELUSO FAMILY A/C>	425,000	0.99%
16	JOARCH JAGIA INVESTMENTS PTY LTD	420,000	0.98%
17	SQUARE METRE RECRUITMENT PTY LTD	412,500	0.96%
18	VALLELONGA CAPITAL PTY LTD <VALLELONGA FAMILY A/C>	400,000	0.94%
19	MR MARK BENJAMIN GRIFFITHS <GRIFFITHS INVESTMENT A/C>	400,000	0.94%
20	LEMUR PTY LTD <P & C DEVELOPMENT A/C>	375,000	0.88%
	<b>Total</b>	<b>23,452,081</b>	<b>54.85%</b>
	<b>Total issued capital - selected security class(es)</b>	<b>42,753,339</b>	<b>100.00%</b>

### 8. Unquoted Equity Securities

The following classes of unquoted securities had holders with greater than 20% of that class on issue:

ASX Code	No. of holders	Number	Description	Holders of more than 20%
SGAAC SGAAD SGAAE	44	15,800,000	Unlisted Options expiring 30/11/2024 EX \$0.25	No single holder has more than 20%
SGAAF	1	14,117,646	Performance Shares Escrowed until 18/07/2024	USTAR VENTURES LTD (100%)
SGAAG	1	6,000,000	Performance Rights Escrowed until 18/07/2024	SEAN MICHAEL GREGORY (100%)

### 9. Confirmation Pursuant to Listing Rule 4.10.19

The Company confirms it has used its cash and assets that it had at the time of admission to the ASX on 18 July 2022 pursuant to its stated objectives set out in the IPO Prospectus dated 23 February 2022 and supplementary prospectus dated 23 May 2022. Details of the expenditure of cash and use of assets is set out in this Annual Report under Review of Operations.

## Sarytogan Graphite Limited Additional Shareholder Information

### 10. Corporate Governance Statement

The 2022 Corporate Governance statement of Sarytogan Graphite Limited is available on the Company's website at <https://sarytogangraphite.com.au/corporate-governance/>

### 11. Mineral Tenement Information – as at 6 September 2022

On acquisition of Ushtogan LLP on 7 July 2022, the Company acquired the following mineral tenement:

Project	Licence Holder	Licence Number	Sub-soil Contract No.	Expiry date
Sarytogan Graphite Project - Kazakhstan	Ushtogan LLP	5046	1139-R-TPI	10 June 2025

In accordance with ASX Listing Rule 5.21, SGA reviews and reports its Mineral Resource at least annually on 30 June each year to coincide with the Company's end of financial year balance date. As the Company acquired the Sarytogan Graphite Project on 7 July 2022, that review will occur on 30 June 2023.