



SARYTOGAN
G R A P H I T E

Sarytogan Graphite Limited

ABN 91 107 920 945

Annual Report - 30 June 2023

For personal use only

Directors	Mr Stephen Penrose - Non-Executive Chairman Mr Sean Gregory - Managing Director Mr Waldemar Mueller - Technical Director Mr Brendan Borg - Non-Executive Director
Company secretary	Mr Ian Hobson
Registered office	Suite 8 110 Hay Street SUBIACO WA 6000
Principal place of business	Suite 8 110 Hay Street SUBIACO WA 6000
Share register	Automic Pty Ltd Level 2, 267 St Georges Terrace PERTH WA 6000 T: +61 2 9698 7164
Auditor	HLB Mann Judd (WA Partnership) Level 4, 130 Stirling Street PERTH WA 6000
Stock exchange listing	Sarytogan Graphite Limited shares are listed on the Australian Securities Exchange (ASX code: SGA)
Website	www.sarytogangraphite.com.au

Directors' report	3
Auditor's independence declaration	29
Consolidated statement of profit or loss and other comprehensive income	30
Consolidated statement of financial position	31
Consolidated statement of changes in equity	32
Consolidated statement of cash flows	33
Notes to the consolidated financial statements	34
Directors' declaration	64
Independent auditor's report	65
Corporate governance statement	69
Shareholder information	70

For personal use only

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Sarytogan Graphite Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were Directors of Sarytogan Graphite Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

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

Principal activities

During the financial year the principal activities of the Group consisted of completing the listing on ASX, acquiring Ushtogan LLP, which holds the Sarytogan Graphite Project in Kazakhstan and continuing exploration activities in Kazakhstan.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Group after providing for income tax amounted to \$2,038,017 (30 June 2022: \$1,846,189).

Highlights

- The Company listed on the ASX on 18 July 2022 following completion got the acquisition of the Sarytogan Graphite Project and a capital raising of \$8.6m.
- Successful completion 46 hole 3,044m 2022 diamond drilling program.
- Upgraded Indicated and Inferred Mineral Resource of 229Mt @ 28.9% TGC (refer ASX 27/3/23)
- Breakthrough Metallurgical Results (refer ASX 6/12/22) of:
 - * **84%** Total Graphitic Carbon (TGC) by flotation
 - * **99.70%** TGC by low-temperature alkali roasting
 - * **97.70%** TGC by chemical purification (without alkali roasting)
 - * **99.87%**TGC by combined alkali roasting with chemical purification.
- Subsequent to year end, thermal purification achieved **99.99%** TGC (refer ASX 28/8/23).
- Preferred product strategy identified as battery anode material at an optimal micro-crystalline sizing which attracts a premium product price.
- Doubling of bulk flotation test work effort at labs in Australia and Germany.
- Planning for further purification, spheroidization, and battery testing of bulk flotation concentrate.
- Commencement of a Pre-Feasibility Study (PFS) for the Sarytogan Graphite Project.
- Geotechnical and hydrogeological drilling at Sarytogan.
- Signing of a Land Access Agreement for the Sarytogan Graphite Project.
- Pegging of New Kenesar Graphite Exploration Project.
- Maiden drilling underway to at the Kenesar Graphite Exploration Project to test Electromagnetic (EM) anomalies identified during the year.
- \$5m Capital Raising (before costs) successfully completed, giving a cash balance of \$7.8M at the end of the financial year.



Figure 1 – Diamond Drilling at the Sarytogan Graphite Deposit

Diamond Drilling

The 2022 diamond drilling program commenced in April 2022. In September 2022 a second drill rig was added to the program, which enabled the successful completion of the program in December 2022. The total for the 2022 program to 46 HQ3 diamond drill holes for 3,044.6m.

The program significantly extended the extent of the previous Mineral Resource estimate by 1,000m south-west of the Northern Graphite Zone (NGZ), 800m south-east of the NGZ, 150m north of the NGZ and 300m north of the Central Graphite Zone (CGZ). The drilling also provided drilling coverage across the CGZ to support the estimation of an Indicated Mineral Resource.

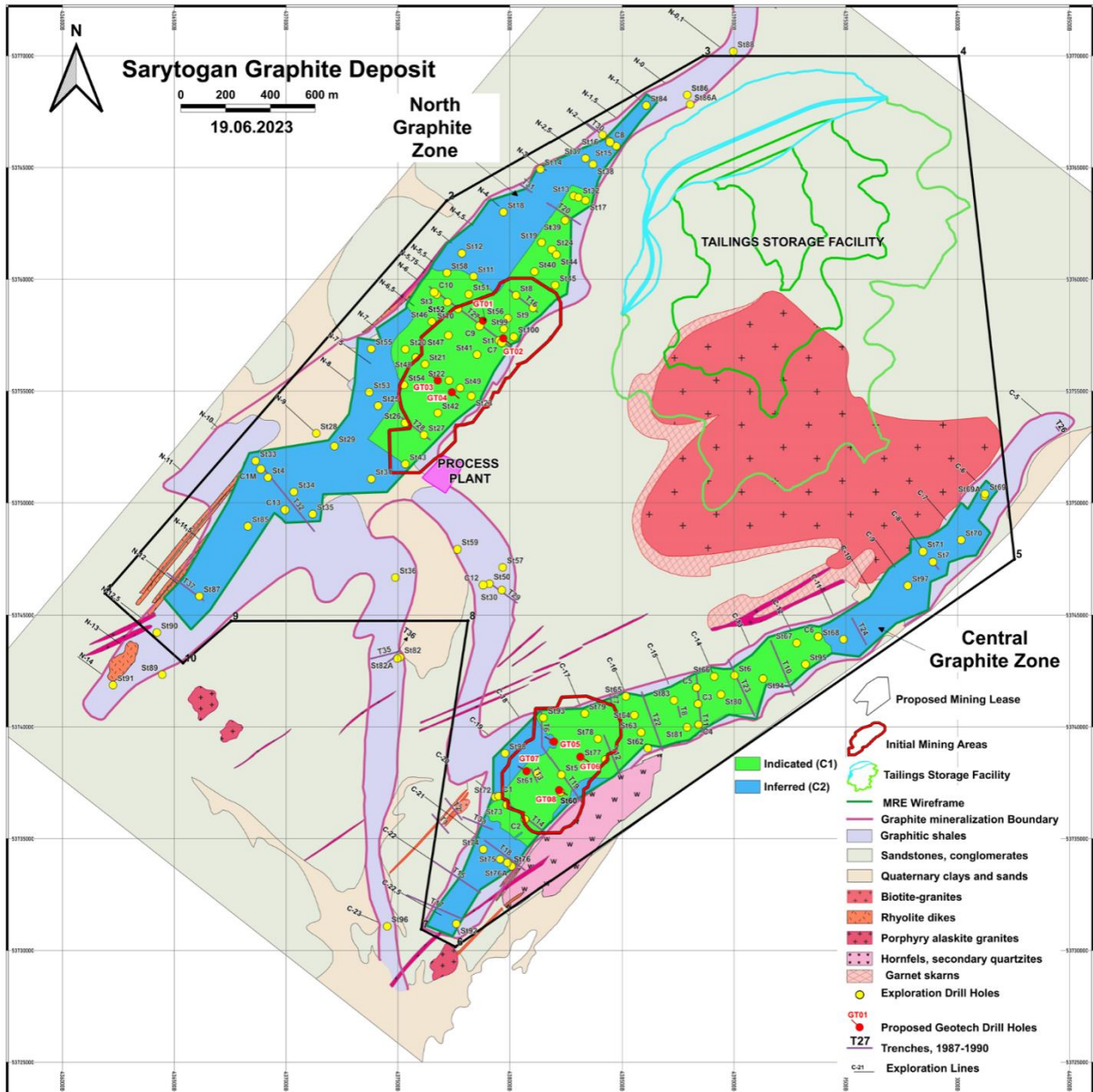


Figure 2 - Sarytogan Graphite Deposit Proposed Mine Layout Over Geology and Drilling.



Figure 3 - High-grade graphite at 170m in ST-71 to the north-east of the CGZ

Mineral Resource Upgrade

The Sarytogan Mineral Resource Estimate was upgraded in March as planned to **229Mt at 28.9% Total Graphitic Carbon (TGC)** (Table 1; refer ASX Announcement 27 March 2023). This represents a 10% increase in contained graphite from 60Mt in the 2019 estimate to 66Mt in the current 2023 estimate.

Most importantly, more than half of the Mineral Resource is now classified as Indicated. The Indicated classification is a recognition of the progress made on de-risking the modifying factors including the metallurgy and marketing. The Indicated Mineral Resource is the first step and a major input into the PFS that Sarytogan is now commencing.

Table 1 - Sarytogan Graphite Deposit Mineral Resource (> 15% TGC).

Zone	Classification (JORC Code)	In-Situ Tonnage (Mt)	Total Graphitic Carbon (TGC %)	Contained Graphite (Mt)
North	Indicated	87	29.1	25
	Inferred	81	29.6	24
	Total	168	29.3	49
Central	Indicated	39	28.1	11
	Inferred	21	26.9	6
	Total	60	27.7	17
Total	Indicated	126	28.8	36
	Inferred	103	29.1	30
	Total	229	28.9	66

Bench Scale Flotation

Our Australian laboratory partners Independent Metallurgical Operations Pty Ltd (IMO) developed the flotation process for Sarytogan Graphite at their mineral processing laboratory in Perth, Western Australia.

For personal use only

A master composite sample was blended from samples collected from 6 diamond drill holes across the NGZ of the Sarytogan Graphite Deposit. Through multiple flotation and grinding stages, the sample was upgraded to **81.3% TGC** with 88% recovery at a premium microcrystalline sizing of about 10 micron (Figure 4, Refer ASX Announcement 12 October 2022). IMO have continued to optimise and simplify the flotation conditions.



Figure 4 – Flotation test on Sarytogan graphite at the IMO Metallurgy laboratory, Perth

Breakthrough Chemical Purification

Our German laboratory partners Pro-Graphite GmbH (Pro-Graphite) replicated the flotation results and then reported breakthrough metallurgical test-work results for the chemical purification of Sarytogan Graphite (Refer ASX Announcement 6 December 2022).

A composite sample was blended from samples collected from a different six diamond drill holes; three from the NGZ and three CGZ of the Sarytogan Graphite Deposit.





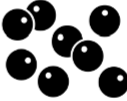


The composite sample was subjected to the same flotation and grinding steps as used by IMO in Perth which achieved a premium micro-crystalline sizing of approximately 10 micron. The graphite purity achieved at this stage by Pro-Graphite was similar to IMO at **84% TGC**, with a slight improvement due to the measurement method only.

The flotation concentrate was then upgraded by alkaline roasting at low-temperature with caustic soda and a weak sulphuric acid wash. A graphite purity of **99.70% TGC** was achieved at this step (Table 2, Figure 5).

Separately, the flotation concentrate was upgraded by chemical purification (without the alkali roasting step), also to **99.70%TGC**.

Despite the identical purity results achieved by alkaline purification and chemical purification separately, the different methods target different diluent minerals more effectively. Combining both methods in series has been even more effective with **99.87%TGC** achieved so far.

Table 2 - Sarytogan test work achievements and flow sheet options. Refer ASX Announcements: 27/3/23 for Indicated and Inferred Mineral Resource, and 16/8/22, 6/12/22 and 28/8/23 for metallurgy results.

Mining	Grinding & Flotation	Alkaline Roasting	Purification Options	Spheroidization	Battery Market
 229 Mt @ 28.9% TGC ¹	 85.1% TGC ²	 99.70% TGC ³	Acid  99.87% TGC ³		 99.95% TGC
			Thermal  99.99% TGC ⁴		

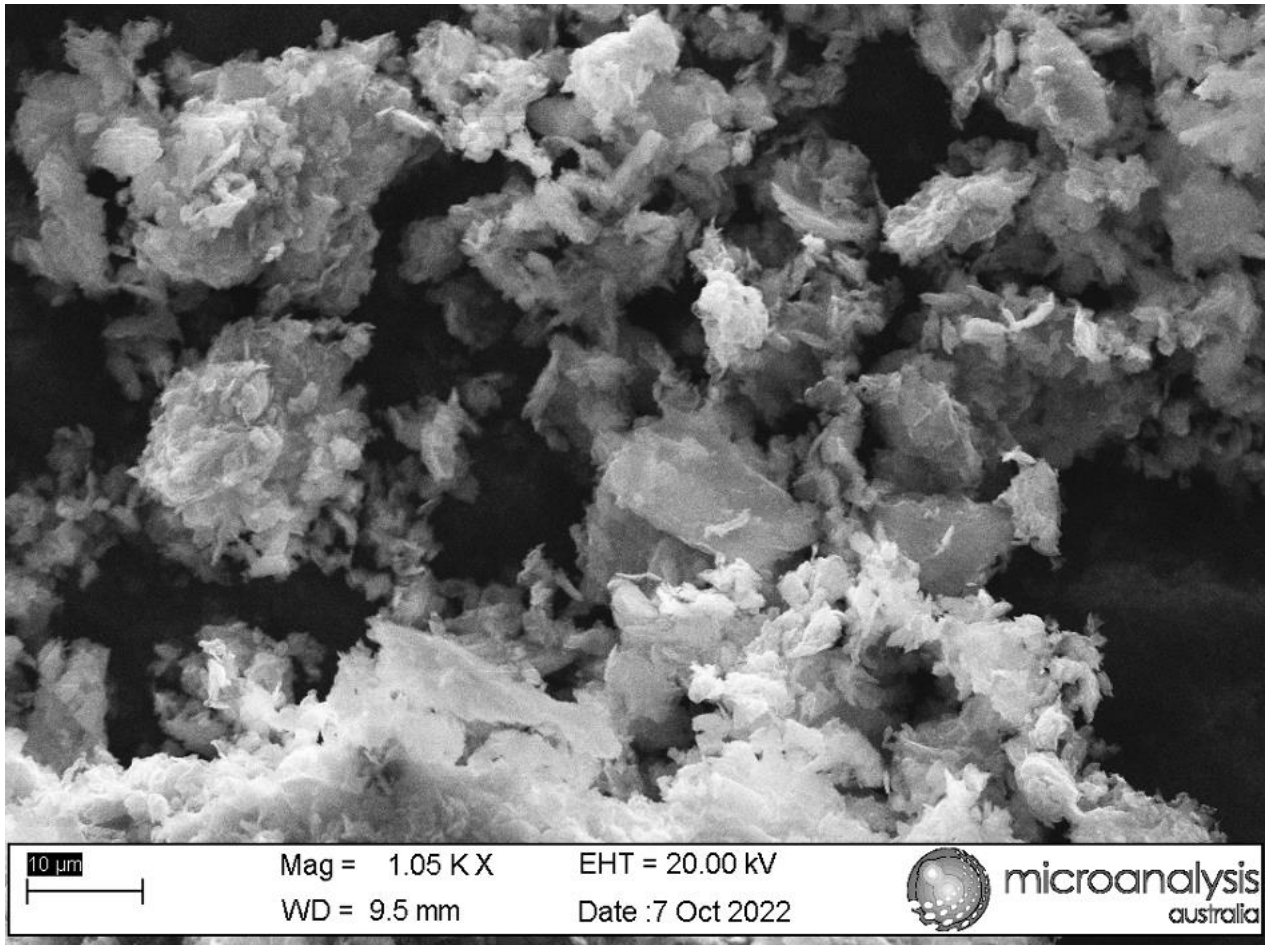


Figure 5 - SEM image of Sarytogan graphite after flotation, caustic roasting and leaching with weak sulphuric acid.

Thermal Purification

Subsequent to year end, a leading thermal laboratory in Ukraine achieved **99.99%** TGC by thermal purification. This far exceeds the chemical specification for battery anodes of 99.95% and may be suitable for additional advanced materials uses.

Bulk Flotation Concentrate Production

Following the breakthrough 99.87% carbon purity result previously announced (refer ASX announcement 6 December 2022), bulk flotation concentrate production was identified as the critical step to provide the feedstock for further purification and spheroidization.

The successful grinding and flotation steps for the project were first demonstrated by Australian laboratory IMO. They were since replicated by German laboratory Pro-Graphite, with guidance and advice from IMO.

A bulk flotation test is presently running at IMO's Perth Laboratory. The test is expected to manufacture 15-20kg of graphite concentrate at 80-85% TGC. The bulk flotation concentrate will then be sent to Pro-Graphite for chemical purification, spheroidization (e.g. Figure 6), and battery testing in Q4 this calendar year.

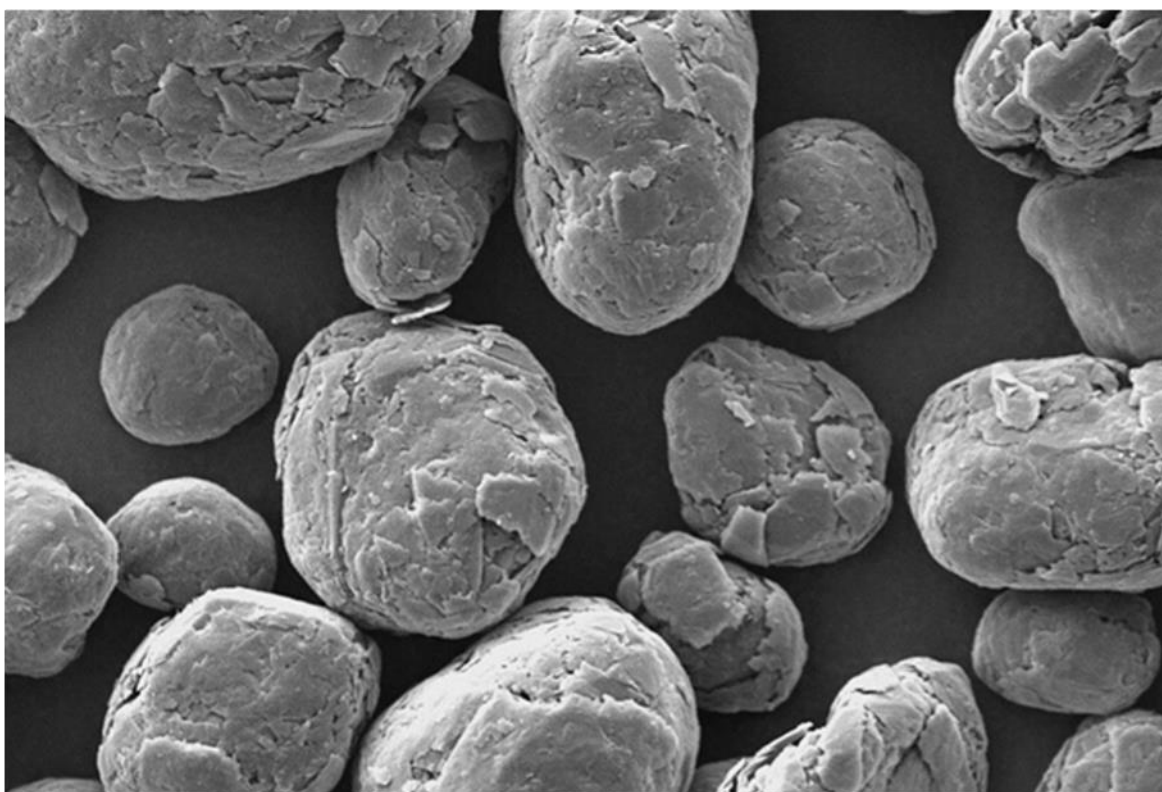


Figure 6 - Example of USpG Spheroidized Graphite (not from the Sarytogan Graphite Deposit).

Commencement of Pre-Feasibility Study

Global Engineering Houses GR Engineering Services and Snowden Optiro have been selected as the PFS Process Engineer and Mining Engineer respectively. Both firms are of renown standing, have a global presence and relevant experience in graphite projects. Supporting studies are being undertaken by Knight Piesold (tailings), and Lone Star Tech Minerals (marketing).

Important trade-off studies have commenced, considering different project sizes, locations, and flowsheets.

Proposed Mine Layout

As part of the estimation of the **229Mt @ 28.9%** TGC Indicated and Inferred Mineral Resource, a preliminary pit optimisation confirmed “reasonable prospects for eventual economic extraction” for the entire Mineral Resource (Table 4, refer ASX Announcement 27 March 2023). However, the size of this Mineral Resource is far larger than an initial mine development at Sarytogan will require. As such Snowden Optiro completed a pit optimisation that only focused on the very highest-value part of the Indicated Mineral Resource. This enabled two initial mining areas to be selected for the PFS (Figure 2); one in the NGZ and one in the CGZ. A first pass mining schedule has been run for these mining areas and a preferred location of a valley-fill tailings storage facility has been selected.

Geotechnical and Hydrogeological Drilling

Drilling of 8 diamond drill holes to collect geotechnical data to inform pit designs to support the PFS was completed in July.

Drilling has also been completed for hydrogeological investigations. One dewatering test bore was installed in the middle of each of the initial mining areas. The graphitic shales were found to be tight aquifers. For full scale processing operations, additional water will be sourced from an alluvial channel above a fractured rock aquifer that runs from 4km north of the project to 18km to the north-west. Good quality fresh water was intercepted in 3 water exploration bores and pump testing has indicated strong flow rates. Modelling will be conducted to demonstrate the feasibility of a future bore field in this aquifer for the project.

Land Access Agreement

On 17 April 2023, the Company announced a land access agreement with the local Farm and Land User at the Sarytogan Graphite Project (*Figure 7*).

The land access agreement provides for a USD \$10,000 pre-payment and a lump-sum compensation payment of USD \$240,000 upon the grant of the mining licence. The Company may unilaterally withdraw at any time. The Farm and Land User will do all things necessary to allow the grant of the mining licence, including surrendering the part of their land plot coincident with the proposed mining lease.



Figure 7 - Sarytogan Technical Director Dr Waldemar Mueller congratulates the local land user on the signing of the land access agreement.

Kenesar Graphite Exploration Project

Kenesar is in Akmola Province, northern Kazakhstan (Figure 9). The region has well-developed infrastructure of highway roads, railways and high-voltage powerlines. The Kenesar area is connected by highway to Kazakhstan's capital Astana (270km) and is 40km away from regional centre Kokshetau city (population 170,000). The nearest railway station is 15km away by bitumen road. The distance by highway from the Sarytogan Graphite Project to the Kenesar Exploration Project is 660km.

Sarytogan Graphite Limited's 100% owned subsidiary company Ushtogan LLP has now been granted an exploration licence to explore 150 graticular blocks (309 km²) for minerals.

The geology at Kenesar consists of Pre-Cambrian strata-formations controlled by NW-striking regional structures of the Kokshetau Shield. The Pre-Cambrian formations are represented by a variety of regionally metamorphosed rocks: quartz-muscovite schists, gneisses, chlorite-biotite- and garnet-sillimanite schists. The strata-formations are intensively folded and overprinted by predominately NW-trending regional faults. The strata-bound graphite mineralization occurs in quartzites and various schists as bands, lenses and disseminated crystals. The extension of the graphite-bearing formations within Kenesar tenement is 30km by width 3 to 8km.

The Pre-Cambrian graphitic schists at Kenesar are prospective for graphite mineralisation. In contrast to the Sarytogan Graphite Deposit, which was formed by contact metamorphism, the rocks at Kenesar have been subject to regional metamorphism. This geology is known to host flake graphite deposits elsewhere globally. Any economic graphite mineralisation discovered at Kenesar could be complementary to the premium micro-crystalline graphite at Sarytogan's flagship Sarytogan Graphite Deposit.

Kenesar Electro-magnetic Survey

A ground based Time Domain Electromagnetic (TDEM) survey was completed at Kenesar in June.

EM anomalies have been identified that persist from fence to fence parallel to the known strike of the geological formations and structures associated with the regionally metamorphosed fold and thrust belt at the southern margin of the Kokshetau shield. The EM anomalies are interpreted to represent richer graphitic layers within the graphitic schist under shallow cover.

A 4,000m first-pass drilling campaign has commenced at Kenesar. As the extent of the EM anomalies and target formation is vast, the first pass drilling will consist of fences at a broad spacing of about 5km with shallow drill holes approximately every 50-100m. The low-cost water-core drilling method selected will penetrate through the shallow cover and into the upper few meters of the target formation bedrock. The samples from the base-of-hole will be logged for geology and assayed for TGC.

The area is under broadacre crop and access agreements have been signed with several of the local farmers. The first-pass drilling fences can be drilled now and have been selected to minimise the interaction with farming. Follow-up drilling later in the summer can be more extensive after the annual harvest.

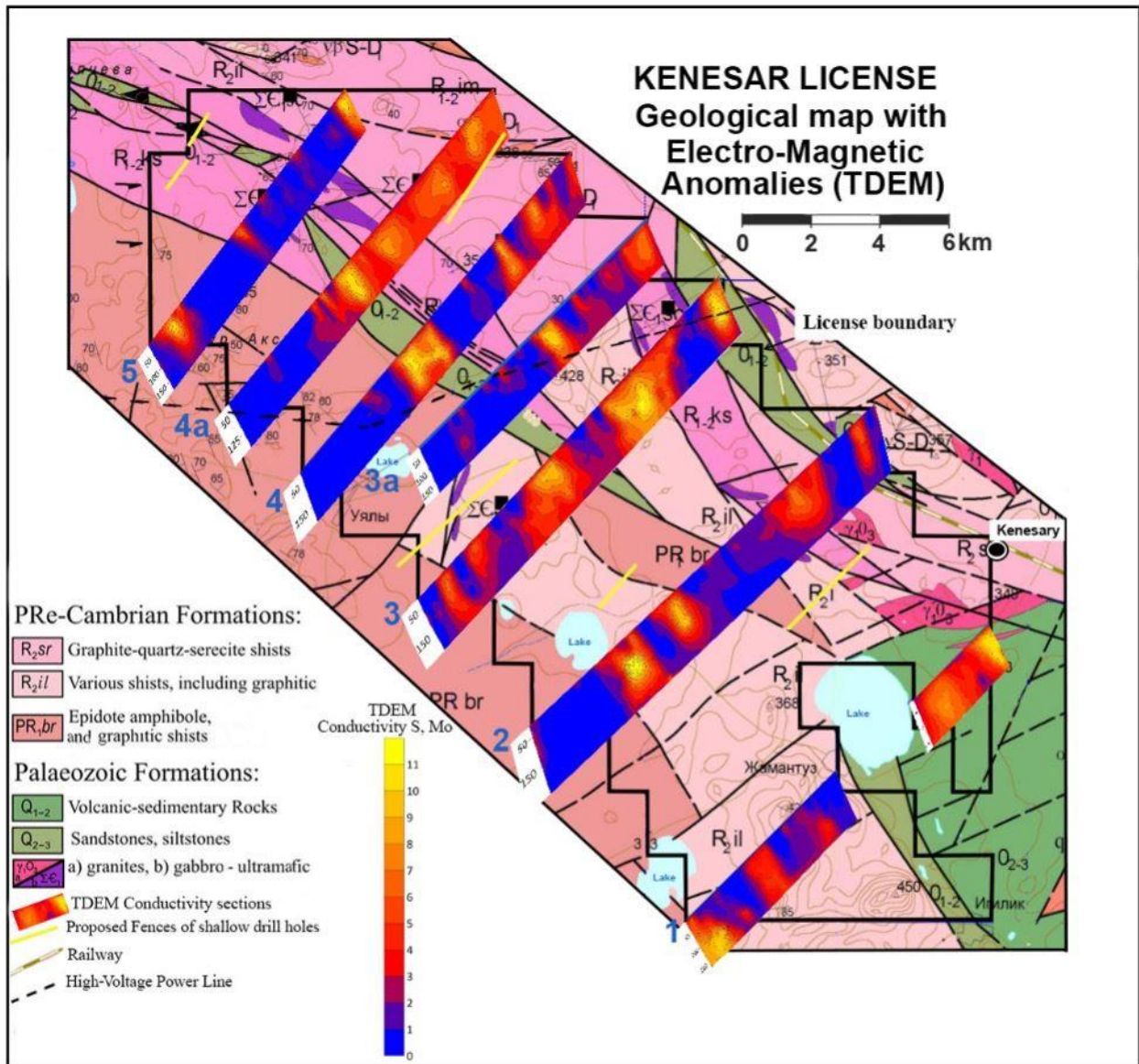


Figure 8 – TDEM survey fences showing rock conductivity.

Corporate

The Company listed on ASX on 18 July 2022 following completion of acquisition of the Sarytogan Graphite Project and a capital raising of \$8.5m.

On 5 April 2023, the company announced a placement for 15,151,515 ordinary fully paid shares at 33 cents each to raise A\$5,000,000 (before expenses of the offer) from sophisticated investors pursuant to s708 Corporations Act (cwth) 2001("Placement").

The Placement was jointly led by Inyati Capital and RM Corporate Finance who have been paid a 6% fee and have been issued a total of 1,515,151 unlisted options exercisable at 49.5c and expiring 14 April 2023. The Placement shares and the Broker options were issued pursuant to the Company’s 15% placement capacity pursuant to ASX LR 7.1.

As at 30 June 2023, the Company had \$7.8M in cash reserves.

The funds will be used for the ongoing development programs at the Sarytogan Graphite Deposit, including the PFS, as well as exploration at Kenesar, and general working capital.

About Sarytogan

The Sarytogan Graphite Deposit is in the Karaganda region of Central Kazakhstan. It is 190km by highway from the industrial city of Karaganda, the 4th largest city in Kazakhstan (Figure 9).



Figure 9 - Sarytogan Graphite Deposit and Kenesar Graphite Exploration Project locations.

The Sarytogan Graphite Deposit was first explored during the Soviet era in the 1980s with sampling by trenching and diamond drilling. Sarytogan’s 100% owned subsidiary Ushtogan LLP resumed exploration in 2018. An Indicated and Inferred Mineral Resource has recently been estimated for the project by AMC Consultants totalling **229Mt @ 28.9% TGC** (Table 4, refer ASX Announcement 27 March 2023). Sarytogan has upgraded the mineralisation to **99.87%** purity by flotation, alkali roasting, and chemical purification (refer ASX Announcement 6 December 2022) and to **99.99%** by thermal purification (refer ASX Announcement 28 August 2023) and has commenced a PFS as part of its strategy to supply high-quality anode pre-cursor material for the rapidly growing electric vehicle battery market.

The Company is also exploring the recently pegged and highly prospective 309 km2 Kenesar Graphite Exploration Project in northern Kazakhstan (Figure 9).

Table 4 - Sarytogan Graphite Deposit Mineral Resource (> 15% TGC).

Zone	Classification (JORC Code)	In-Situ Tonnage (Mt)	Total Graphitic Carbon (TGC %)	Contained Graphite (Mt)
North	Indicated	87	29.1	25
	Inferred	81	29.6	24
	Total	168	29.3	49
Central	Indicated	39	28.1	11
	Inferred	21	26.9	6
	Total	60	27.7	17
Total	Indicated	126	28.8	36
	Inferred	103	29.1	30
	Total	229	28.9	66

Compliance Statement

The information in this report that relates to Exploration Results is cross referenced to the relevant announcements in the text. These reports are available at www.asx.com.au. The information in this report that relates to Sarytogan Mineral Resources was first reported in ASX announcement dated 27 March 2023.

The Company confirms that it is not aware of any new information or data that materially affects the information included in relevant market announcements 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 from the original market announcements.

Significant changes in the state of affairs

The Company listed on ASX on 18 July 2022 following completion of acquisition of the Sarytogan Graphite Project and a capital raising of \$8.5m. The following events occurred during the year ended 30 June 2023:

- (i) Completing the acquisition of the Sarytogan Graphite Project via the acquisition of Ushtogan LLP;
- (ii) Closing the Offer pursuant to a prospectus dated 23 February 2022 and supplementary prospectus dated 20 May 2022 to raise \$8.5m;
- (iii) 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;
- (iv) Drilling continuing at the Sarytogan Graphite Project in Kazakhstan; and
- (v) Issuing the following securities in the Company:
 - 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;
 - 6,000,000 Performance Rights to Sean Gregory;
 - 91,250 options were converted to ordinary shares at an exercise price of \$0.25 each, raising \$22,813;
 - 15,151,515 shares were issued under a placement at an issue price of \$0.33 per share to raise \$5,000,000 (before costs); and
 - 1,515,151 options exercisable at \$0.495 on or before 14 April 2026 were issued to brokers for capital raising services.

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

Matters subsequent to the end of the financial year

On 1 August 2023, the Company held a General Meeting of Shareholders, all resolutions put to the meeting were passed on a Poll. On 8 August 2023, the Company issued 3,000,000 performance rights and 1,000,000 options to two directors that were approved at that meeting.

Otherwise, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Business risks

The Group is engaged in mineral exploration activities which, by their very nature, are speculative. Due to the high-risk nature of the Group's business and the present stage of the various projects, the Board is unable to provide certainty of the expected results of these activities, or that any or all of these likely activities will be achieved. Some of the key risks which the Group is subject to are summarised below.

Exploration and development risks

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Group. As the Group is an exploration company, there can be no assurance that exploration on the Projects, or any other exploration tenure that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

In the event that the Group successfully delineates a resource on any of the Tenements, that resource estimate will be an expression of judgment based on knowledge, experience and industry practice. By their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. If the Group undertakes scoping, pre-feasibility, definitive feasibility and bankable feasibility studies that confirm the economic viability of a Project, there is still no guarantee that the Project will be successfully brought into production as assumed or within the estimated parameters in the study (e.g. operational costs and commodity prices) once production commences.

Mine development

Possible future development of mining operations at the Sarytogan Graphite Project is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Group commences production on the Sarytogan Graphite Project, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the Group. No assurance can be given that the Group will achieve commercial viability through the development of the Sarytogan Graphite Project.

The risks associated with the development of a mine will be considered in full should the Sarytogan Graphite Project reach that stage and will be managed with ongoing consideration of stakeholder interests.

Regulatory compliance and risks

The Group's operating activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, protection of endangered and protected species and other matters. The Group requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production, and rehabilitation activities.

While the Group believes that it is in substantial compliance with all material current laws and regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Group or its properties, which could have a material adverse impact on the Group's current operations or planned development projects.

Obtaining necessary permits can be a time-consuming process and there is a risk that the Group will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Group from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties, or other liabilities. In extreme cases, failure could result in suspension of the Group's activities or forfeiture of one or more of the Sarytogan Graphite Project.

Additional requirements for capital

Additional funding may be required if exploration and development costs exceed the Group's estimates and will be required once those funds are depleted. To effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur, additional equity or other finance may be required. The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements, royalty streaming or other means, in future.

Failure to obtain sufficient financing for the Group's activities may result in delay and indefinite postponement of exploration, development or production on the Group's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Group and might involve substantial dilution to Shareholders.

Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Group depends substantially on its senior management and its key personnel. There can be no assurance that there will be no detrimental effect on the Group if one or more of these key employees cease their employment or other roles in the Group.

Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Group's exploration, development, and production activities, as well as on its ability to fund those activities. If activities cannot be funded, there is a risk that the Sarytogan Graphite Project may have to be surrendered or not renewed. General economic conditions may also affect the value of the Group and its valuation regardless of its actual performance.

Government policy changes

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Group. It is possible that the current system of exploration and mine permitting in Kazakhstan may change, resulting in impairment of rights and possibly expropriation of the Group's properties without adequate compensation.

Insurance and uninsured risks

Although the Group maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Group may decide not to insure against certain risks because of high premiums or other reasons.

Environmental regulation

The Group's operations are subject to significant environmental regulations under local legislative authorities in Kazakhstan. The Board believes that the Group 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 Group.

Information on Directors

Name:	Mr Stephen Penrose
Title:	Non-Executive Chairman
Qualifications:	B.Com., L.L.B.
Experience and expertise:	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.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	50,000 ordinary shares
Interests in options:	2,012,500 options exercisable at \$0.25 per share on or before 30 November 2024

Name: Mr Sean Gregory
 Title: Managing Director
 Qualifications: B.Sc.,(Geology), MBA
 Experience and expertise: 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 (Formerly Barra Resources Limited; ASX:GSR). This built on an early career with BHP Company Limited (ASX:BHP), Murchison Metals Limited (ASX:MMX) 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).

Other current directorships: None
 Former directorships (last 3 years): Kogi Iron Limited (ASX: KFE) (Resigned 15 August 2022), Greenstone Resources Ltd (ASX:GSR: formerly Barra Resources ASX:BAR) (Resigned 8 October 2020)
 Interests in shares: 25,000 ordinary shares
 Interests in options: 2,000,000 options exercisable at \$0.25 per share on or before 30 November 2024
 500,000 options exercisable at \$0.60 per share on or before 30 June 2028
 Performance rights: 7,500,000

Name: Dr Waldemar Mueller
 Title: Technical Director
 Qualifications: M.Sc., PhD (Geology), M.Aus.I.M.M.
 Experience and expertise: 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.

Other current directorships: None
 Former directorships (last 3 years): None
 Interests in shares: 51,820,262 ordinary shares
 Interests in options: 2,000,000 options exercisable at \$0.25 per share on or before 30 November 2024
 500,000 options exercisable at \$0.60 per share on or before 30 June 2028
 Performance rights: 1,500,000
 Performance shares: 14,117,646

For personal use only

Name:	Mr Brendan Borg
Title:	Non-Executive Director
Qualifications:	M.Sc., B.Sc., M.Aus.I.M.M.
Experience and expertise:	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.
Other current directorships:	Leo Lithium Limited (ASX:LLL) (Appointed October 2021) Kuniko Limited (ASX:KNI) (Appointed April 2021)
Former directorships (last 3 years):	Firefinch Limited (ASX:FFX) (Resigned May, 2022); Tempus Resources Limited (ASX:TMR) (Resigned February 2021); Celsius Resources Limited (ASX:CLA) (Resigned March 2021)
Interests in shares:	1,825,000 ordinary shares
Interests in options:	3,431,250 options exercisable at \$0.25 per share on or before 30 November 2024

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Ian Hobson - B. Bus FCA ACIS MAICD

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 (ASX:PDI), VHM Ltd (ASX:VHM), Province Resources Ltd (ASX:PRL), Novatti Company Ltd (ASX:NOV) and VRX Silica Ltd (ASX:VRX).

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

	Full Board Attended	Held
Mr Stephen Penrose	8	8
Mr Sean Gregory	8	8
Dr Waldemar Mueller	8	8
Mr Brendan Borg	8	8

Held: represents the number of meetings held during the time the Director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

It is the policy of the Group 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.

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

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
30 June 2023	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Mr Stephen Penrose	60,000	-	-	6,475	-	-	66,475
Mr Brendan Borg	42,000	-	-	4,410	-	-	46,410
<i>Executive Directors:</i>							
Mr Sean Gregory	360,000	-	-	25,000	-	98,725	483,725
Mr Waldemar Mueller	296,500	-	-	27,500	-	-	324,000
	758,500	-	-	63,385	-	98,725	920,610

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
30 June 2022	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Mr Stephen Penrose	35,000	-	-	3,500	-	184,085	222,585
Mr Brendan Borg	24,500	-	-	2,450	-	138,064	165,014
<i>Executive Directors:</i>							
Mr Sean Gregory	116,667	-	-	11,667	-	59,008	187,342
Mr Waldemar Mueller	171,818	-	-	17,182	-	184,085	373,085
	347,985	-	-	34,799	-	565,242	948,026

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		Share-based payments	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
<i>Non-Executive Directors:</i>				
Mr Stephen Penrose	100%	17%	-	83%
Mr Brendan Borg	100%	16%	-	84%
<i>Executive Directors:</i>				
Mr Sean Gregory	80%	69%	20%	31%
Mr Waldemar Mueller	100%	51%	-	49%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Sean Gregory
Title: Managing Director
Agreement commenced: 25/01/2022
Details: 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.

Name: Waldemar Mueller
Title: Technical Director
Agreement commenced: 29/11/2021
Details: 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.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Options

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number	Grant Date	Vesting conditions	Fair value at grant date
Mr Sean Gregory	2,000,000	06/07/2022	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 Rights with an internal rate of return >25%. If this milestone is not achieved in the four-year period, the Performance Rights will expire on that date which is five years after their date of issue.	\$0.25
Mr Sean Gregory	2,000,000	06/07/2022	Production of 50,000 tonnes of graphite concentrate within five years of issuing this class of Performance Rights (as verified by Sarytogan Graphite's auditors). If the milestone is not achieved in the five-year period, the Performance Rights will expire on that date which is five years after their date of issue.	\$0.25
Mr Sean Gregory	2,000,000	06/07/2022	Production of 100,000 tonnes of graphite concentrate within five years of issuing this class of Performance Rights (as verified by Sarytogan Graphite's auditors). If the milestone is not achieved in the five-year period, the Performance Rights will expire on that date which is five years after their date of issue.	\$0.25
6,000,000				

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Mr Stephen Penrose	-	-	50,000	-	50,000
Mr Sean Gregory	-	-	25,000	-	25,000
Dr Waldemar Mueller	-	-	51,820,262	-	51,820,262
Mr Brendan Borg	1,425,000	-	400,000	-	1,825,000
	1,425,000	-	52,295,262	-	53,720,262

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Mr Stephen Penrose*	2,000,000	-	-	12,500	2,012,500
Mr Sean Gregory	2,000,000	-	-	-	2,000,000
Dr Waldemar Mueller	2,000,000	-	-	-	2,000,000
Mr Brendan Borg*	2,925,000	-	-	506,250	3,431,250
	8,925,000	-	-	518,750	9,443,750

* Other is acquisition of listed options on-market

	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
<i>Options over ordinary shares</i>			
Mr Stephen Penrose	2,012,500	-	2,012,500
Mr Sean Gregory	1,000,000	-	1,000,000
Dr Waldemar Mueller	2,000,000	-	2,000,000
Mr Brendan Borg	3,431,250	-	3,431,250
	8,443,750	-	8,443,750

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
<i>Performance rights over ordinary shares</i>					
Mr Sean Gregory	-	6,000,000	-	-	6,000,000
	-	6,000,000	-	-	6,000,000

Performance share holding

The number of performance shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
<i>Performance shares</i>					
Dr Waldemar Mueller	-	14,117,646	-	-	14,117,646
	-	14,117,646	-	-	14,117,646

Additional information

The earnings of the Group for the five years to 30 June 2023 are summarised below:

	2023	2022	2021	2020	2019
	\$	\$	\$	\$	\$
Profit/(loss) after income tax	(2,038,017)	(1,846,189)	(215,704)	44,780	(19,198)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021*	2020	2019
Share price at financial year end (\$)	0.24	-	-	-	-
Basic earnings/(loss) per share (cents per share)	(1.50)	(8.98)	(10.20)	0.09	(0.04)
Diluted earnings/(loss) per share (cents per share)	(1.50)	(8.98)	(10.20)	0.09	(0.04)

* Share consolidation on the basis of 25 shares for every 1 share held

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Sarytogan Graphite Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
29 November 2021	30 November 2024	\$0.250	29,624,589
29 November 2021	30 November 2024	\$0.250	8,037,500
13 May 2022	30 November 2024	\$0.250	5,000,000
14 April 2023	14 April 2026	\$0.495	1,515,151
9 August 2023	30 June 2028	\$0.600	1,000,000
			45,177,240

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights

Unissued ordinary shares of Sarytogan Graphite Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number under rights
6 July 2022	6 July 2027	6,000,000
9 August 2023	30 October 2024	2,000,000
9 August 2023	9 August 2028	1,000,000
		9,000,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Performance Shares

The Company completed the purchase of 100% Ushtogan LLP from Ustar Ventures Ltd on 6 July 2022 which owns 100% of the Sarytogan Graphite Project. Three tranches of Performance Shares were issued for a total of 14,117,646 Performance Shares in the capital of the Company, subject to the 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.

Accounting standards require directors to assess the probability of meeting the above conditions. The performance shares were valued and had no amount allocated to them as the projects are still progressing through the early stages of development and the Directors did not have certainty that the performance shares would convert into ordinary shares based on their assessment at reporting date.

No person entitled to exercise the performance shares had or has any right by virtue of the performance shares to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares of Sarytogan Graphite Limited were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted:

Expiry Date	Exercise price	Number of shares issued
30 November 2024	\$0.250	91,250

Shares issued on the exercise of performance rights

There were no ordinary shares of Sarytogan Graphite Limited issued on the exercise of performance rights during the year ended 30 June 2023 and up to the date of this report.

Shares issued on the exercise of performance shares

There were no ordinary shares of Sarytogan Graphite Limited issued on the exercise of performance shares during the year ended 30 June 2023 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of HLB Mann Judd (WA Partnership)

There are no officers of the Company who are former partners of HLB Mann Judd (WA Partnership).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor

HLB Mann Judd (WA Partnership) continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Sean Gregory
Managing Director

29 September 2023

AUDITOR'S INDEPENDENCE DECLARATION

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

- 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
29 September 2023



M R Ohm
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hbw.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

For personal use only

	Note	30 June 2023 \$	30 June 2022 \$
Revenue			
Other income	5	232,675	147,257
Expenses			
Employee benefits expense		(1,023,091)	(382,783)
Depreciation expense		(2,590)	-
Finance costs		(3,156)	(33,839)
Administration		(610,621)	(582,373)
Travel		(120,009)	(188,070)
Share-based payments	33	(511,225)	(806,381)
Loss before income tax expense		(2,038,017)	(1,846,189)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of Sarytogan Graphite Limited	19	(2,038,017)	(1,846,189)
Other comprehensive income/(loss)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		-	(15,517)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		206,188	-
Other comprehensive income/(loss) for the year, net of tax		206,188	(15,517)
Total comprehensive loss for the year attributable to the owners of Sarytogan Graphite Limited		(1,831,829)	(1,861,706)
		Cents	Cents
Basic loss per share	32	(1.52)	(8.98)
Diluted loss per share	32	(1.52)	(8.98)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	30 June 2023 \$	30 June 2022 \$
Assets			
Current assets			
Cash and cash equivalents	7	7,773,091	347,570
Other receivables	8	70,092	59,678
Other assets	10	289,037	406,545
Total current assets		8,132,220	813,793
Non-current assets			
Plant and equipment	11	216,063	7,503
Exploration and evaluation	12	16,194,307	-
Loan receivable	13	-	1,956,351
Other assets	10	-	328,000
Total non-current assets		16,410,370	2,291,854
Total assets		24,542,590	3,105,647
Liabilities			
Current liabilities			
Trade and other payables	14	95,517	651,512
Borrowings	15	-	833,839
Provisions	16	49,223	20,170
Total current liabilities		144,740	1,505,521
Total liabilities		144,740	1,505,521
Net assets		24,397,850	1,600,126
Equity			
Issued capital	17	32,891,315	8,758,138
Reserves	18	1,568,945	866,381
Accumulated losses	19	(10,062,410)	(8,024,393)
Total equity		24,397,850	1,600,126

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

	Issued capital \$	Revaluation reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	6,469,697	15,517	-	(6,178,204)	307,010
Loss after income tax expense for the year	-	-	-	(1,846,189)	(1,846,189)
Other comprehensive loss for the year, net of tax	-	(15,517)	-	-	(15,517)
Total comprehensive loss for the year	-	(15,517)	-	(1,846,189)	(1,861,706)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 33)	-	-	866,381	-	866,381
Share issues	2,486,800	-	-	-	2,486,800
Share issue costs	(198,359)	-	-	-	(198,359)
Balance at 30 June 2022	8,758,138	-	866,381	(8,024,393)	1,600,126

	Issued capital \$	Foreign exchange revaluation reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	8,758,138	-	866,381	(8,024,393)	1,600,126
Loss after income tax expense for the year	-	-	-	(2,038,017)	(2,038,017)
Other comprehensive income for the year, net of tax	-	206,188	-	-	206,188
Total comprehensive income/(loss) for the year	-	206,188	-	(2,038,017)	(1,831,829)
<i>Transactions with owners in their capacity as owners:</i>					
Share issues (note 17)	13,522,813	-	-	-	13,522,813
Share issue costs	(1,875,077)	-	238,110	-	(1,636,967)
Share-based payments (note 33)	732,500	-	98,725	-	831,225
Shares issued for acquisition of project (note 33)	11,752,941	-	-	-	11,752,941
Contributions received for issue of options	-	-	159,541	-	159,541
Balance at 30 June 2023	32,891,315	206,188	1,362,757	(10,062,410)	24,397,850

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	30 June 2023 \$	30 June 2022 \$
Cash flows from operating activities			
Payment to suppliers and employees		(2,451,785)	(760,714)
Dividends received		-	7,273
Interest received		74,453	-
Interest and other finance costs paid		(36,995)	-
Net cash used in operating activities	30	(2,414,327)	(753,441)
Cash flows from investing activities			
Payments for property, plant and equipment	11	(167,760)	(7,848)
Payments for exploration and evaluation		(2,316,992)	-
Loan to Ushtogan LLC		-	(1,812,145)
Cash from acquisition of Ushtogan LLC		220,646	-
Proceeds from disposal of investments		-	97,011
Proceeds from disposal of property, plant and equipment		96,539	-
Net cash used in investing activities		(2,167,567)	(1,722,982)
Cash flows from financing activities			
Proceeds from issue of shares	17	13,522,813	2,486,800
Proceeds from issue of options		159,541	-
Proceeds from borrowings	31	-	800,000
Share issue transaction costs		(910,422)	(544,904)
Repayment of borrowings	31	(800,000)	-
Net cash from financing activities		11,971,932	2,741,896
Net increase in cash and cash equivalents		7,390,038	265,473
Cash and cash equivalents at the beginning of the financial year		347,570	82,097
Effects of exchange rate changes on cash and cash equivalents		35,483	-
Cash and cash equivalents at the end of the financial year	7	7,773,091	347,570

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Sarytogan Graphite Limited as a Group consisting of Sarytogan Graphite Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Sarytogan Graphite Limited's functional and presentation currency.

Sarytogan Graphite Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 8
110 Hay Street
SUBIACO WA 6000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 September 2023. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sarytogan Graphite Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Sarytogan Graphite Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Note 2. Significant accounting policies (continued)

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Sarytogan Graphite Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The Group recognises revenue as follows:

Dividends

Dividends are recognised as income at the time of receipt.

Note 2. Significant accounting policies (continued)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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 Group'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:

- 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.

Note 2. Significant accounting policies (continued)

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.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other 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 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).

Note 2. Significant accounting policies (continued)

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.

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Group has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Derecognition of financial assets and financial liabilities

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.

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.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years
---------------------	-----------

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Note 2. Significant accounting policies (continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Impairment of non-financial assets

The Group 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 Group 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.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits

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.

Other long-term employee benefits

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.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Note 2. Significant accounting policies (continued)

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Note 2. Significant accounting policies (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an option valuation model taking into account the terms and conditions upon which the instruments were granted and market based performance conditions.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 4. Operating segments

The Group is managed primarily on the basis of its exploration projects. Operating segments are therefore determined on the same basis. Reportable segments disclosed are based on aggregating tenements and permits where the tenements and permits are considered to form a single project.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

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

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Note 4. Operating segments (continued)

The following table presents the profit & loss and assets & liabilities information by segment provided to the Board of Directors:

	Exploration (Kazakhstan) \$	Unallocated (Corporate) \$	Total \$
30 June 2023			
Segment revenue	95,963	136,712	232,675
Expenses	(339,405)	(1,931,287)	(2,270,692)
Loss before income tax expense	(243,442)	(1,794,575)	(2,038,017)
Income tax expense			-
Loss after income tax expense			(2,038,017)
Assets			
Segment assets	17,009,938	7,532,652	24,542,590
Total assets			24,542,590
Liabilities			
Segment liabilities	5,790	138,950	144,740
Total liabilities			144,740
	Exploration (Kazakhstan) \$	Unallocated (Corporate) \$	Total \$
30 June 2022			
Segment revenue	-	147,257	147,257
Expenses	-	(1,993,446)	(1,993,446)
Loss before income tax expense	-	(1,846,189)	(1,846,189)
Income tax expense			-
Loss after income tax expense			(1,846,189)
Assets			
Segment assets	-	3,105,647	3,105,647
Total assets			3,105,647
Liabilities			
Segment liabilities	-	1,505,521	1,505,521
Total liabilities			1,505,521

Note 5. Other income

	30 June 2023 \$	30 June 2022 \$
Net gain on disposal of property, plant and equipment	14,600	-
Interest income	74,453	45,099
Dividends received	-	4,312
Foreign currency gain	143,622	97,846
Other income	232,675	147,257

Note 6. Income tax expense

	30 June 2023	30 June 2022
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(2,038,017)	(1,846,189)
Tax at the statutory tax rate of 30%	(611,405)	(553,857)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	1,827,426	390,402
Tax losses for which no deferred tax asset was recognised	203,409	179,635
Other deferred tax assets and tax liabilities not recognised	44,364	(16,180)
Eliminations on consolidation	(1,488,138)	-
Effect of tax rates of subsidiaries in different jurisdictions	24,344	-
Income tax expense	-	-

	30 June 2023	30 June 2022
	\$	\$
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Losses available for offset against future taxable income	1,089,192	884,217
Accrued expenses	10,500	10,500
Employee entitlements	14,767	6,051
Superannuation payables	2,415	-
Deferred gains and losses on foreign exchange	3,501	(29,732)
Total deferred tax assets not recognised	1,120,375	871,036

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 7. Cash and cash equivalents

	30 June 2023	30 June 2022
	\$	\$
<i>Current assets</i>		
Cash at bank	1,773,091	347,570
Cash on deposit	6,000,000	-
	7,773,091	347,570

Note 8. Other receivables

	30 June 2023	30 June 2022
	\$	\$
<i>Current assets</i>		
Other receivable	70,092	59,678

Note 9. Financial Assets

	30 June 2023	30 June 2022
	\$	\$
<i>Non-current assets</i>		
Interfone Pte Ltd - at cost	1,315,476	1,315,476
Less provision for impairment	(1,315,476)	(1,315,476)
	-	-

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	-	116,413
Disposals	-	(116,412)
Impairment of assets	-	(1)
Closing fair value	-	-

The financial assets, being shares in unlisted foreign company Interfone Pte Ltd (incorporated in Singapore), are classified as fair value through other comprehensive income. The value of unlisted investment Interfone Pte Ltd, has been impaired to Nil 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 2023 to be Nil. These investments were classified as Level 2 financial instruments.

Note 10. Other assets

	30 June 2023	30 June 2022
	\$	\$
<i>Current assets</i>		
Prepaid IPO costs*	-	406,545
Prepaid expenses	289,037	-
	289,037	406,545
<i>Non-current assets</i>		
Prepaid exploration and evaluation tenement acquisition costs**	-	328,000
	289,037	734,545

* Prepaid IPO costs at 30 June 2022 have been reallocated to capital raising costs (note 17).

** Prepaid exploration and evaluation tenement acquisition costs at 30 June 2022 have been reallocated to exploration and evaluation on the acquisition of Ushtogan LLP (note 12).

Note 11. Plant and equipment

	30 June 2023	30 June 2022
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - at cost	251,400	7,848
Less: Accumulated depreciation	(35,337)	(345)
	<u>216,063</u>	<u>7,503</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment \$
Balance at 1 July 2021	-
Additions	7,848
Depreciation expense	(345)
Balance at 30 June 2022	7,503
Additions	167,760
Acquisition of Ushtogan LLP (note 12)	141,150
Disposals	(81,939)
Exchange differences	12,526
Depreciation expense capitalised to exploration and evaluation (note 12)	(28,347)
Depreciation expense	(2,590)
Balance at 30 June 2023	<u>216,063</u>

Note 12. Exploration and evaluation

	30 June 2023	30 June 2022
	\$	\$
<i>Non-current assets</i>		
Exploration and evaluation	16,194,307	-

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	\$
Balance at 1 July 2022	-
Ushtogan LLC balance at acquisition	1,807,116
Acquisition of the Sarytogan Graphite Project	11,496,674
Expenditure during the year	2,316,992
Prepaid exploration and evaluation acquisition costs (note 10)	328,000
Exchange differences	217,178
Depreciation expense (note 11)	28,347
Balance at 30 June 2023	<u>16,194,307</u>

Note 12. Exploration and evaluation (continued)

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation or sale of the respective areas.

The Company completed the purchase of 100% Ushtogan LLP from Ustar Ventures Ltd on 6 July 2022 which owns 100% of the Sarytogan Graphite Project.

The consideration for the acquisition was as follows:

- (1) 51,764,706 ordinary shares in the Company at an issue price of \$0.20 per share to be escrowed for a period of 24 months from the date of issue.
- (2) 7,000,000 ordinary shares in the Company at an issue price of \$0.20 per share as reimbursement for expenditure of approximately USD\$1,000,000 incurred on the Sarytogan Graphite Project.
- (3) Three tranches of Performance Shares for a total of 14,117,646 Performance Shares in the capital of the Company, subject to the 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.

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.

Accounting standards require directors to assess the probability of meeting the above conditions. The performance shares were valued and had no amount allocated to them as the projects are still progressing through the early stages of development and the Directors did not have certainty that the performance rights would convert into ordinary shares based on their assessment at the date of the transaction.

The acquisition was accounted for as an asset acquisition and not under AASB 3.

Note 12. Exploration and evaluation (continued)

Details of the acquisition are as follows:

\$

Consideration

51,764,706 ordinary shares in the Company with a fair value of \$0.20 per share	10,352,941
7,000,000 reimbursement ordinary shares in the Company with a fair value of \$0.20 per share	1,400,000
14,117,646 performance shares	-
Total consideration	11,752,941

Net assets of Ushtogan LLP at acquisition: 6 July 2022

Cash and cash equivalents	220,646
Trade and other receivables	128,624
Exploration and evaluation expenditure	1,807,116
Property, plant and equipment	141,150
Intangible Assets	301
Trade and other payables	(295)
Loans payable	(2,041,274)
Net assets	256,268

Excess consideration allocated to exploration and evaluation expenditure	11,496,674
---	-------------------

Note 13. Loan receivable

30 June 2023 30 June 2022
\$ \$

Non-current assets

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:

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

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.

The Company was successful in completing the acquisition of 100% of the participating interests of Ushtogan LLP (see note 12) and therefore this loan became an intercompany loan that is eliminated on consolidation.

Note 14. Trade and other payables

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	29,965	315,548
Other payables	65,552	335,964
	<u>95,517</u>	<u>651,512</u>

Refer to note 21 for further information on financial instruments.

Note 15. Borrowings

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Loans payable	-	833,839
	<u>-</u>	<u>833,839</u>

Refer to note 21 for further information on financial instruments.

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 as at 30 June 2022 represents amounts advanced totalling \$800,000 and capitalised interest payable of \$33,839.

The repayment date is the earlier of:

- (a) 30 September 2022; and
- (b) 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 unsecured.

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. The loans were repaid on 18 July 2022, following successful listing on the ASX.

Note 16. Provisions

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Annual leave	49,223	20,170
	<u>49,223</u>	<u>20,170</u>

Note 17. Issued capital

	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	147,733,327	27,563,356	32,891,315	8,758,138

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	2,633,356		6,131,697
Director share issue in lieu of fees	20 July 2021	1,080,000	\$0.100	108,000
Issue of unissued shares	20 July 2021	3,380,000	\$0.100	338,000
Capital raising	20 July 2021	10,000,000	\$0.100	1,000,000
Capital raising	20 July 2021	720,000	\$0.040	28,800
Capital raising	6 October 2021	3,500,000	\$0.100	350,000
Capital raising	1 May 2022	6,250,000	\$0.160	1,000,000
Capital raising costs		-	\$0.000	(198,359)
Balance	30 June 2022	27,563,356		8,758,138
Acquisition of Ushtogan LLC	6 July 2022	51,764,706	\$0.200	10,352,941
Reimbursement of exploration expenditure	6 July 2022	7,000,000	\$0.200	1,400,000
Capital Raising - IPO	6 July 2022	42,500,000	\$0.200	8,500,000
Shares issued in lieu of payment	6 July 2022	3,662,500	\$0.200	732,500
Conversion of options	13 December 2022	50,000	\$0.250	12,500
Conversion of options	20 December 2022	41,250	\$0.250	10,313
Capital raising	12 April 2023	15,151,515	\$0.330	5,000,000
Capital raising costs		-	\$0.000	(1,875,077)
Balance	30 June 2023	147,733,327		32,891,315

Movements in unissued share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	3,380,000		338,000
Unissued shares allowed	20 July 2021	(3,380,000)	\$0.100	(338,000)
Balance	30 June 2022	-		-
Balance	30 June 2023	-		-

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 17. Issued capital (continued)

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 18. Reserves

	30 June 2023	30 June 2022
	\$	\$
Foreign currency translation reserve	206,188	-
Share-based payments reserve	1,362,757	866,381
	<u>1,568,945</u>	<u>866,381</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Foreign currency translation revaluation reserve \$	Share-based payments reserve \$	Revaluation reserve \$	Total \$
Balance at 1 July 2021	-	-	15,517	15,517
Loss on sale of equity investments	-	-	(15,517)	(15,517)
Share-based payments	-	866,381	-	866,381
Balance at 30 June 2022	-	866,381	-	866,381
Foreign currency translation	206,188	-	-	206,188
Options issued (note 33)	-	336,835	-	336,835
Contributions received for issue of options	-	159,541	-	159,541
Balance at 30 June 2023	<u>206,188</u>	<u>1,362,757</u>	<u>-</u>	<u>1,568,945</u>

Note 19. Accumulated losses

	30 June 2023	30 June 2022
	\$	\$
Accumulated losses at the beginning of the financial year	(8,024,393)	(6,178,204)
Loss after income tax expense for the year	(2,038,017)	(1,846,189)
Accumulated losses at the end of the financial year	<u>(10,062,410)</u>	<u>(8,024,393)</u>

Note 20. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 21. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk), and liquidity risk. The Group'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 Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange and ageing analysis for credit risk.

The Group has a number of a financial assets and liabilities not measured at fair value on a recurring basis. The carrying amounts of these financial instruments approximates their fair value.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
US dollars	234,485	-	-	-
Kazakhstani Tenge	80,960	-	5,790	-
	<u>315,445</u>	<u>-</u>	<u>5,790</u>	<u>-</u>

Interest rate risk

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.

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.

Note 21. Financial instruments (continued)

Liquidity risk

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 Group's short, medium and long-term funding and liquidity management requirements. The Group 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.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$	\$	\$	\$	\$
30 June 2023						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	29,965	-	-	-	29,965
Other payables	-	65,552	-	-	-	65,552
Total non-derivatives		95,517	-	-	-	95,517
	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$	\$	\$	\$	\$
30 June 2022						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	315,548	-	-	-	315,548
Other payables	-	335,964	-	-	-	335,964
<i>Interest-bearing - variable</i>						
Other loans	8.00%	833,839	-	-	-	833,839
Total non-derivatives		1,485,351	-	-	-	1,485,351

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 22. Key management personnel disclosures

Directors

The following persons were Directors of Sarytogan Graphite Limited during the financial year:

Mr Stephen Penrose
Mr Sean Gregory
Dr Waldemar Mueller
Mr Brendan Borg

Note 22. Key management personnel disclosures (continued)

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	30 June 2023	30 June 2022
	\$	\$
Short-term employee benefits	758,500	347,985
Post-employment benefits	63,385	34,799
Share-based payments	98,725	565,242
	920,610	948,026

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by HLB Mann Judd (WA Partnership), the auditor of the Company:

	30 June 2023	30 June 2022
	\$	\$
<i>Audit services - HLB Mann Judd (WA Partnership)</i>		
Audit or review of the financial statements	43,542	28,080
<i>Other services - HLB Mann Judd (WA Partnership)</i>		
Preparation of the tax return	11,500	-
Independent Limited Assurance Report	6,333	16,109
	17,833	16,109
	61,375	44,189

Note 24. Contingent liabilities

As part of the purchase of 100% of Ushtogan LLP from Ustar Ventures Ltd on 6 July 2022, 14,117,646 Performance Shares in the capital of Company were issued, subject to the 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.

The performance shares were valued and had no amount allocated to them as the projects are still progressing through the early stages of development and the Directors did not have certainty that the performance rights would convert into ordinary shares based on their assessment at the date of the transaction see note 33.

Note 24. Contingent liabilities (continued)

On 17 April 2023, the Company executed a land access agreement with the local Farm and Land User at the Sarytogan Graphite Project.

The land access agreement provides for a USD \$10,000 pre-payment and a lump-sum compensation payment of USD \$240,000 upon the grant of the mining licence. The Company may unilaterally withdraw at any time. The Farm and Land User will do all things necessary to allow the grant of the mining licence, including surrendering the part of their land plot coincident with the proposed mining lease.

Note 25. Commitments

	30 June 2023	30 June 2022
	\$	\$
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Exploration and evaluation	1,131,479	-
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	550,476	-
One to five years	581,003	-
	<u>1,131,479</u>	<u>-</u>

Note 26. Related party transactions

Parent entity

Sarytogan Graphite Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 28.

Key management personnel

Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the Directors' report.

Transactions with related parties

The following transactions occurred with related parties:

The Company completed the purchase of 100% Ushtogan LLP from Ustar Ventures Ltd on 6 July 2022 which owns 100% of the Sarytogan Graphite Project.

The consideration for the acquisition was as follows:

- (1) 51,764,706 ordinary shares in the Company at an issue price of \$0.20 per share to be escrowed for a period of 24 months from the date of issue.
- (2) 7,000,000 ordinary shares in the Company at an issue price of \$0.20 per share as reimbursement for expenditure of approximately USD\$1,000,000 incurred on the Sarytogan Graphite Project.
- (3) Three tranches of Performance Shares for a total of 14,117,646 Performance Shares in the capital of the Company, subject to the following performance share milestones:

Note 26. Related party transactions (continued)

- (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.

Director Waldemar Mueller is a Director and indirect shareholder of Ustar Ventures Ltd.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2023	30 June 2022
	\$	\$
Loss after income tax	(6,755,037)	(1,846,189)
Total comprehensive loss	(6,755,037)	(1,846,189)

Note 27. Parent entity information (continued)

Statement of financial position

	Parent	
	30 June 2023	30 June 2022
	\$	\$
Total current assets	7,527,738	813,793
Total assets	19,613,593	3,105,647
Total current liabilities	138,951	1,505,521
Total liabilities	138,951	1,505,521
Equity		
Issued capital	32,891,315	8,758,138
Share-based payments reserve	1,362,757	866,381
Accumulated losses	(14,779,430)	(8,024,393)
Total equity	19,474,642	1,600,126

Note 28. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2023	30 June 2022
		%	%
Ushtogan LLP	Kazakhstan	100.00%	-

Note 29. Events after the reporting period

On 1 August 2023, the Company held a General Meeting of Shareholders, all resolutions put to the meeting were passed on a Poll. On 8 August 2023, the Company issued 3,000,000 performance rights and 1,000,000 options to two directors that were approved at that meeting.

Otherwise, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 30. Reconciliation of loss after income tax to net cash used in operating activities

	30 June 2023	30 June 2022
	\$	\$
Loss after income tax expense for the year	(2,038,017)	(1,846,189)
Adjustments for:		
Depreciation and amortisation	2,590	345
Loss on sale of investments	-	3,885
Net gain on disposal of property, plant and equipment	(14,600)	-
Share-based payments	511,225	806,381
Foreign exchange differences	(143,622)	(99,106)
Interest expense	(33,839)	-
Change in operating assets and liabilities:		
Increase in other receivables	(10,414)	(40,919)
Increase in prepayments	(289,037)	-
Other receivables acquired (note 12)	128,624	-
Increase/(decrease) in trade and other payables	(555,995)	422,162
Increase in other provisions	29,053	-
Trade and other payables acquired (note 12)	(295)	-
Net cash used in operating activities	(2,414,327)	(753,441)

Note 31. Changes in liabilities arising from financing activities

	Loans
	\$
Balance at 1 July 2021	-
Loans received	800,000
Balance at 30 June 2022	800,000
Repayment of loans	(800,000)
Balance at 30 June 2023	-

Note 32. Earnings per share

	30 June 2023	30 June 2022
	\$	\$
Loss after income tax attributable to the owners of Sarytogan Graphite Limited	(2,038,017)	(1,846,189)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	134,423,292	20,562,032
Weighted average number of ordinary shares used in calculating diluted earnings per share	134,423,292	20,562,032

Note 32. Earnings per share (continued)

	Cents	Cents
Basic loss per share	(1.52)	(8.98)
Diluted loss per share	(1.52)	(8.98)

Note 33. Share-based payments

Ordinary Shares

3,662,500 ordinary shares in the Company at an issue price of \$0.20 per share were issued to advisors in lieu of payment of services. \$320,000 was recognised as a cost of the capital raise and \$412,500 was recognised as investor relation costs.

The Company completed the purchase of 100% Ushtogan LLP from Ustar Ventures Ltd on 6 July 2022 which owns 100% of the Sarytogan Graphite Project. The following share-based payments formed part of the acquisition cost:

- 51,764,706 ordinary shares in the Company at an issue price of \$0.20 per share to be escrowed for a period of 24 months from the date of issue, \$10,352,941 was recognised as a cost of the exploration and evaluation acquisition.
- 7,000,000 ordinary shares in the Company at an issue price of \$0.20 per share as reimbursement for expenditure of approximately USD\$1,000,000 incurred on the Sarytogan Graphite Project. \$1,400,000 was recognised as a cost of the exploration and evaluation acquisition.

Performance Shares

Three tranches of Performance Shares were issued for a total of 14,117,646 Performance Shares in the capital of the Company, subject to the following performance share milestones:

- 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;
- 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
- 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.

Accounting standards require directors to assess the probability of meeting the above conditions. The performance shares were valued and had no amount allocated to them as the projects are still progressing through the early stages of development and the Directors did not have certainty that the performance shares would convert into ordinary shares based on their assessment at reporting date.

Options

Director Sean Gregory was issued 2,000,000 options on 29 November 2021 at an exercise price of \$0.25 on or before 30 November 2024 with the following vesting conditions:

Tranche	Number of options	Vesting condition
Tranche 1	1,000,000	After one year
Tranche 2	1,000,000	After two years
	2,000,000	

Note 33. Share-based payments (continued)

The options were valued using a Black Scholes valuation model and were valued at \$184,085. An amount of \$98,725 was recognised as share based payments expense during the period.

Inyati Capital and RM Corporate Finance were issued 1,515,151 unlisted options exercisable at \$0.495 each on or before 14 April 2026 for capital raising services. The options were valued using a Black Scholes valuation model and were valued at \$238,110 which was recognised as capital raising costs during the period.

Set out below are summaries of share-based payment options on issue:

	Number of options 30 June 2023	Weighted average exercise price 30 June 2023	Number of options 30 June 2022	Weighted average exercise price 30 June 2022
Outstanding at the beginning of the financial year	12,500,000	\$0.250	-	\$0.000
Granted	1,515,151	\$0.495	12,500,000	\$0.250
Outstanding at the end of the financial year	14,015,151	\$0.277	12,500,000	\$0.250
Exercisable at the end of the financial year	13,015,151	\$0.279	11,500,000	\$0.250

30 June 2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
13/05/2022	30/11/2024	\$0.250	1,000,000	-	-	-	1,000,000
13/05/2022	30/11/2024	\$0.250	4,000,000	-	-	-	4,000,000
29/11/2021	30/11/2024	\$0.250	7,500,000	-	-	-	7,500,000
13/04/2023	14/04/2026	\$0.495	-	1,515,151	-	-	1,515,151
			12,500,000	1,515,151	-	-	14,015,151
Weighted average exercise price			\$0.250	\$0.495	\$0.000	\$0.000	\$0.277

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
13/04/2023	14/04/2026	\$0.350	\$0.495	80.00%	-	2.99%	\$0.157

Performance Rights

6,000,000 Performance Rights were issued to Director Sean Gregory as part of his remuneration with the following vesting conditions:

Note 33. Share-based payments (continued)

Tranche	Number of Performance Rights	Vesting Conditions
Tranche 1	2,000,000	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 Rights with an internal rate of return >25%. If this milestone is not achieved in the four-year period, the Performance Rights will expire on that date which is five years after their date of issue.
Tranche 2	2,000,000	Production of 50,000 tonnes of graphite concentrate within five years of issuing this class of Performance Rights (as verified by Sarytogan Graphite's auditors). If the milestone is not achieved in the five-year period, the Performance Rights will expire on that date which is five years after their date of issue.
Tranche 3	2,000,000	Production of 100,000 tonnes of graphite concentrate within five years of issuing this class of Performance Rights (as verified by Sarytogan Graphite's auditors). If the milestone is not achieved in the five-year period, the Performance Rights will expire on that date which is five years after their date of issue.
	6,000,000	

Accounting standards require directors to assess the probability of meeting the above conditions. The performance rights were valued and had no amount allocated to them as the projects are still progressing through the early stages of development and the Directors did not have certainty that the performance rights would convert into ordinary shares based on their assessment at reporting date.

Set out below are summaries of performance rights granted:

	Number of rights 30 June 2023
Outstanding at the beginning of the financial year	-
Granted	6,000,000
Outstanding at the end of the financial year	6,000,000
Exercisable at the end of the financial year	6,000,000

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Number issued	Share price at grant date	Fair value at grant date
06/07/2022	6,000,000	\$0.20	\$0.20

Note 33. Share-based payments (continued)

	30 June 2023	30 June 2022
	\$	\$
Total value expensed in profit and loss		
6,000,000 Performance rights issued to Sean Gregory	-	-
2,000,000 Options issued to Sean Gregory	98,725	-
2,062,500 Ordinary shares issued to advisors	412,500	-
	<hr/>	<hr/>
	511,225	-
	<hr/> <hr/>	<hr/> <hr/>

	30 June 2023	30 June 2022
	\$	\$
Total value recognised in capital raising costs		
1,515,151 Options issued to brokers	238,110	-
3,662,500 ordinary shares issued to advisors	320,000	-
	<hr/>	<hr/>
	558,110	-
	<hr/> <hr/>	<hr/> <hr/>

For personal use only

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Sean Gregory
Managing Director

29 September 2023

For personal use only

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") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia.

We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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.

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

For personal use only

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

Carrying value of exploration and evaluation expenditure Refer to Note 12	How our audit addressed the key audit matter
<p>In accordance with <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i>, the Group capitalises all exploration and evaluation expenditure. As at 30 June 2023, the Group had an exploration and evaluation balance of \$16,194,307.</p> <p>We considered this to be a key audit matter as it was an area which required the most audit effort and is material to the users' understanding of the financial statements.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> – We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest; – We considered management's assessment of potential indicators of impairment in addition to making our own assessment; – We obtained evidence that the Group has current rights to tenure of its areas of interest; – We discussed with management the nature of planned ongoing activities; – We verified a sample of additions during the year; – We assessed whether the Ushtogan acquisition had been correctly accounted for as detailed further below; and – We examined the disclosures made in the financial report.
<p>Acquisition of Ushtogan LLP Refer to Note 12</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> – We reviewed the acquisition agreement to understand the key terms and conditions associated with the transaction; – We considered whether the transaction had been appropriately accounted for under relevant accounting standards; – We reviewed the consideration to assess whether the consideration had been correctly determined; – We reviewed the net assets upon acquisition of the acquiree; – We considered whether any impairment indicators were in existence as at 30 June 2023; and – We assessed the adequacy of the Group's disclosures in the financial report.

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 Group's annual report for the year ended 30 June 2023, 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.

For personal use only

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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

For personal use only

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 2023.

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

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
29 September 2023



M R Ohm
Partner

For personal use only

Corporate Governance Statement

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance. This statement outlines the principle corporate governance of Sarytogan Graphite Limited. The Board of Directors (“Board”) supports a system of corporate governance to ensure that the management of Sarytogan Limited is conducted to maximise shareholder wealth in a proper and ethical manner.

ASX Corporate Governance Council Recommendations

The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council’s *Principles of Good Corporate Governance and Best Practice Recommendations* (“ASX Principles and Recommendations 4th Edition”) where considered appropriate for the Group’s size and nature. Such policies include, but are not limited to the Board Charter, Board Committee Charters, Code of Conduct, Trading in Securities, Continuous Disclosure, Shareholder Communication and Risk Management Policies.

Further details in respect to the Group’s corporate governance practices and copies of the Group’s corporate governance policies and the Corporate Governance Statement, approved by the Board, are available on the Group’s website:

<https://sarytogangraphite.com.au/corporate-governance/>

The shareholder information set out below was applicable as at 12 September 2023.

Distribution of equitable securities

Analysis of number of quoted equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares (SGAO)	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	68	0.02	3	-
1,001 to 5,000	739	1.41	67	0.73
5,001 to 10,000	405	2.24	65	1.60
10,001 to 100,000	735	16.62	170	18.76
100,001 and over	122	79.71	70	78.91
	2,069	100.00	375	100.00
Holding less than a marketable parcel	344	-	109	-

Analysis of number of unquoted equitable security holders by size of holding:

	Unlisted Options exercisable at \$0.25 and expiring 30/11/2024		Performance Rights SGAAF	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	-	-	-	-
1,001 to 5,000	-	-	-	-
5,001 to 10,000	-	-	-	-
10,001 to 100,000	6	3.07	-	-
100,001 and over	9	96.93	1	100.00
	15	100.00	1	100.00

	Performance Shares SGAAG		Unlisted Options expiring 14/04/2026 EX \$0.495	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	-	-	-	-
1,001 to 5,000	-	-	-	-
5,001 to 10,000	-	-	-	-
10,001 to 100,000	-	-	-	-
100,001 and over	1	100.00	2	100.00
	1	100.00	2	100.00

	Unlisted Options expiring 30/06/2028 EX \$0.60		Performance Rights SGAAJ	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	-	-	-	-
1,001 to 5,000	-	-	-	-
5,001 to 10,000	-	-	-	-
10,001 to 100,000	-	-	-	-
100,001 and over	2	100.00	2	100.00
	2	100.00	2	100.00

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
USTAR VENTURES LTD	51,820,262	35.08
RM CAPITAL PTY LTD <THE SYNDICATE>	6,944,444	4.70
PVR MINERALOGY AND CORPORATE ADVISORY PTY LTD	3,444,864	2.33
BT GLOBAL HOLDINGS PTY LTD <BT UNIT A/C>	3,380,000	2.29
MOUNT HOOD NORTH PTY LTD	2,784,710	1.88
MALWORTH INTERNATIONAL PTY LTD	2,690,384	1.82
DEUTSCHE ROHSTOFF AG	2,512,323	1.70
S3 CONSORTIUM PTY LTD	2,062,500	1.40
MR JOHN LANGLEY HANCOCK	1,893,853	1.28
INYATI FUND PTY LTD <INYATI FUND NO2 UNIT A/C>	1,700,000	1.15
HUNTINGDALE METALS PTY LTD	1,520,215	1.03
MCNEIL NOMINEES PTY LIMITED	1,484,845	1.01
ARAUCANA WEST PTY LTD	1,428,571	0.97
MR BRENDAN JAMES BORG & MRS ERIN BELINDA BORG <BORG FAMILY SUPER S/F A/C>	1,425,000	0.96
BNP PARIBAS NOMINEES PTY LTD<IB AU NOMS RETAILCLIENT DRP>	1,340,276	0.91
MR PAUL GREGORY BROWN & MRS JESSICA ORIWIA BROWN <BROWN SUPER FUND A/C>	1,000,000	0.68
GOLDEN DAWN LIMITED	960,000	0.65
F & T SPAGNOLO PTY LTD <FRED SPAGNOLO FAMILY A/C>	891,381	0.60
PHEAKES PTY LTD <SENATE A/C>	856,285	0.58
THE J K SADLER SUPERANNUATION COMPANY PTY LTD <THE J K SADLER S/F A/C>	850,000	0.58
	90,989,913	61.60

**SGAO - Options over
ordinary shares**
% of total
options
issued

	Number held	% of total options issued
MR JOHN LANGLEY HANCOCK	2,056,000	6.94
PHEAKES PTY LTD <SENATE A/C>	1,815,000	6.13
MR JABIN GEOFFREY MULLANE	1,690,000	5.70
GLOBAL CONSORTIUM HOLDINGS PTY LTD <FTW HOLDINGS A/C>	923,750	3.12
MR BRENDAN JAMES BORG & MRS ERIN BELINDA BORG <BORG FAMILY SUPER FUND A/C>	800,000	2.70
MR PAUL GREGORY BROWN & MRS JESSICA ORIWIA BROWN <BROWN SUPER FUND A/C>	700,000	2.36
MR MATTHEW SPARTALIS <MATTHEW SPARTALIS A/C>	640,327	2.16
MOLTONI GROUP PTY LTD	550,000	1.86
OKAWARI CONSORTIUM PTY LTD <THE OKA T A/C>	542,500	1.83
MRS HEATHER JOHANNA BOHLKEN & MR FRITS OSCAR BOHLKEN	520,000	1.76
MR ANDREW LUKE WEBSTER	501,305	1.69
MS HUONG THI BICH HOANG	500,000	1.69
M & K KORKIDAS PTY LTD <M & K KORKIDAS PTY LTD A/C>	450,000	1.52
PROSPERION WEALTH MANAGEMENT PTY LTD <INVESTMENT A/C>	450,000	1.52
CHOPPER CAPITAL PTY LTD <PELUSO FAMILY A/C>	425,000	1.43
MR MARK BENJAMIN GRIFFITHS <GRIFFITHS INVESTMENT A/C>	400,000	1.35
SUPER MSJ PTY LTD <MSJ SUPER FUND A/C>	400,000	1.35
MR BRENDAN JAMES BORG & MRS ERIN BELINDA BORG <BORG FAMILY SUPER S/F A/C>	356,250	1.20
MASTERMINES (AUSTRALIA) PTY LTD	335,000	1.13
MRS EMMA LEAH WEBSTER <WEBSTER FAMILY A/C>	332,569	1.12
	14,387,701	48.56

Unquoted equity securities

ASX Code	No. of holders	Number	Description	Holders of more than 20%
SGAAE	15	13,037,500	Unlisted Options expiring 30/11/2024 EX \$0.25	INYATI FUND PTY LTD <INYATI FUND NO2 UNIT A/C> (20.33%)
SGAAG	1	14,117,646	Performance Shares Escrowed until 18/07/2024	USTAR VENTURES LTD (100%)
SGAAF	1	6,000,000	Performance Rights Escrowed until 18/07/2024	SEAN MICHAEL GREGORY (100%)
SGAAH	2	1,515,151	Unlisted Options expiring 14/04/2026 EX \$0.495	BT GLOBAL HOLDINGS PTY LTD <BT UNIT A/C> (50%) INYATI FUND PTY LTD (50%)
SGAAI	2	1,000,000	Unlisted Options expiring 30/06/2028 EX \$0.60	KIINTAS MINING MANAGEMENT PTY (50%) SEAN MICHAEL GREGORY <GREGORY INVESTMENT A/C> (50%)
SGAAJ	2	3,000,000	Performance Rights	KIINTAS MINING MANAGEMENT PTY (50%) SEAN MICHAEL GREGORY <GREGORY INVESTMENT A/C> (50%)

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Ustar Ventures	51,820,262	35.08
James Bradley Richardson	12,447,156	8.43
Guy Touzeau Le Page	11,529,444	7.80
Thomas Peever	10,989,986	7.44

	SGAO - Options over ordinary shares	
	Number held	% of total options issued
MR JOHN LANGLEY HANCOCK	2,056,000	6.94
PHEAKES PTY LTD <SENATE A/C>	1,815,000	6.13
MR JABIN GEOFFREY MULLANE	1,690,000	5.70

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

Securities subject to ASX Escrow

Class	Escrowed until	Number of shares
Fully Paid Ordinary Shares	18 July 2024	70,783,419
Unlisted Options exercisable at \$0.25 and expiring on 30/11/24	18 July 2024	13,037,500
Performance Rights	18 July 2024	6,000,000
Performance Shares	18 July 2024	14,117,646
		103,938,565

Tenement Information

The Sarytogan Graphite Deposit exploration licence 1139-R-TPI (1139-P-ТПИ) was issued to Ushtogan LLP on 14/08/2018 and confirmed by 5406-TPI (5406-ТПИ) contract on 26/10/2018. The contract was extended in June 2022 for a further 3 years to June 2025. The exploration concession covers 70 km². There was no change to the Company's 100% interest in the licence during the year.

The Kenesar Graphite Exploration Project exploration licence 1968-EL was issued to Ushtogan LLP (100% holding) on 28/02/2023 for a period of six years to February 2029. The exploration concession covers 150 graticular blocks or 309km².

Annual Mineral Resource and Ore Reserve Report - Central Kazakhstan.
As at 30 June 2023 – ASX LR 5.21

In accordance with ASX Listing Rule 5.21, SGA reviews and reports its Mineral Resource estimate at least annually. The date of reporting is 30 June each year, to co-incide with the Company's end of financial year balance date. There were no changes to the mineral resource statement published on 27 March 2023 as a result of the review.

The Mineral Resource holdings at the Sarytogan Graphite project in Kazakhstan as at 30 June 2023 was:

Zone	Classification (JORC Code)	In-Situ Tonnage (Mt)	Total Graphitic Carbon (TGC %)	Contained Graphite (Mt)
North	Indicated	87	29.1	25
	Inferred	81	29.6	24
	Total	168	29.3	49
Central	Indicated	39	28.1	11
	Inferred	21	26.9	6
	Total	60	27.7	17
Total	Indicated	126	28.8	36
	Inferred	103	29.1	30
	Total	229	28.9	66

A comparison of the Mineral Resource estimate against the previous year due to the upgraded Mineral Resource estimate reported on 27 March 2023 is summarised as follows:

Item	As at 30 June 2022	As at 30 June 2023	Relative Change
Tonnage (Mt)	209 Mt	229 Mt	+ 9.6%
Grade (% TGC)	28.5%	28.9%	+ 1.4%
Contained Graphite (Mt)	60 Mt	66 Mt	+ 10%
% Inferred	100%	45%	- 55%
% Indicated	0%	55%	+ 55%

The governance arrangements and internal controls with respect to estimates of mineral resources include the use of market leading external consultants where needed with input from the Company's technical staff and reviewed by the Board.

Competent Persons' Statement

The information in this report that relates to Mineral Resources is based on information compiled by the Competent Persons listed below:

Item	Name	Qualifications	Professional Membership	Employer
Geological Interpretation and Grade Estimation	Serik	BSc (Geology), BSc (Computer Science)	MAIG	AMC
	Urbisinov			Consultants
Metallurgy	Peter Adamini	BSc (Mineral Science and Chemistry)	MAusIMM	Independent Metallurgical Operations
Graphite, Industrial Minerals	Dr Andrew Scogings	PhD Geology	MAIG, MAusIMM, RPGeo (Industrial Minerals)	AMC Consultants

The Competent Persons have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Competent Persons consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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. Details of the expenditure of cash and use of assets is set out in this Annual Report under Review of Operations.

For personal use only