Sarytogan Graphite Limited

ABN 91 107 920 945

Half-Year Financial Report - 31 December 2021

Sarytogan Graphite Limited
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31 December 2021

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Sarytogan Graphite Limited
Corporate Directory
31 December 2021

Directors	Stephen Penrose (appointed 29 November 2021) *Non-Executive Chairman* Sean Gregory (appointed 25 January 2022) *Managing Director* Dr Waldemar Mueller (appointed 29 November 2021) *Technical Director* Brendan Borg (appointed 29 November 2021) *Non-Executive Director*
Company secretary	Ian Hobson
Registered office	Suite 8, 110 Hay Street Subiaco, Western Australia 6008 T: +61 (0)8 9388 8290
Share register	Automic Pty Ltd Level 2, 267 St Georges Terrace Perth WA 6000 T: +61 (0)2 9698 7164
Auditor	HLB Mann Judd (WA Partnership) Level 4, 130 Stirling Street Perth WA 6000
Proposed Securities Exchange Listing	It is proposed Sarytogan Graphite Limited shares will be listed on the Australian Securities Exchange (ASX code: SGA)
Website	www.sarytogangraphite.com.au

Sarytogan Graphite Limited
Directors' Report
31 December 2021

The directors present their report, together with the financial statements, on Sarytogan Graphite Limited (formerly PME Biofuels Ltd) (referred to hereafter as the '**Company**') for the half-year ended 31 December 2021.

Directors

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

Stephen Penrose	Non-Executive Chairman, appointed 29 November 2021
Sean Gregory	Managing Director, appointed 25 January 2022
Dr Waldemar Mueller	Executive Director, appointed 29 November 2021
Brendan Borg	Non-Executive Director, appointed 29 November 2021
James Richardson	Managing Director, resigned 29 November 2021
Paul Finkelstein	Non-Executive Director, resigned 29 November 2021
Guy Le Page	Non-Executive Director, resigned 29 November 2021

Company Secretary

Ian Hobson	Appointed 5 July 2021
Paul Finkelstein	Resigned 5 July 2021

Principal activities

During the period the company did not trade.

Review of operations

The Company is a public unlisted company that was previously engaged in potential biofuels development over 2006 and 2007 in east-Malaysia. However, these activities have been abandoned and the Company currently has no business activity.

The Company does not have any material assets or liabilities, and the current Directors have been assessing alternative opportunities to restore shareholder value as well as looking at other funding options for the Company's projects.

Ushtogan LLP Acquisition

At the Company's 2020 annual general meeting held on 30 June 2021, shareholders approved a number of resolutions to prepare the Company to list on the ASX and to issue the necessary securities to complete the Ushtogan LLP acquisition. Those resolutions were:

1. Undertake a 25:1 share and option consolidation
2. Issue shares to directors in lieu of director fees
3. Issue Placement Securities to directors
4. Approve the Company entering into a Lead Manager Mandate with RM Corporate Finance Pty Ltd
5. Issue shares to RM Corporate Finance Pty Ltd in consideration for assignment of the Term Sheet
6. Replace the Company's constitution
7. Change the Company name from PME Biofuels Ltd to Sarytogan Graphite Limited

Ushtogan

The Company has entered into an exchange agreement with Ustar Ventures Ltd on 29 June 2021 to acquire 100% of the participatory interests of Ushtogan LLP (**Exchange Agreement**). The Exchange Agreement was subsequently varied by an addendum dated 15 October 2021 and letters of amendment on 21 January 2022 and 21 February 2022. The material terms and conditions of the Exchange Agreement as varied are summarised below:

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

1. 58,764,706 Shares at a deemed issue price of $0.20 per Share to be escrowed for a period of 24 months from the date of issue.
2. Three tranches of Performance Shares for a total of 14,117,646 Performance Shares in the capital of the Company, subject to following performance share milestones:
   (i) Tranche 1: 4,705,882 Performance Shares subject to the completion of a feasibility study on the Project prepared by an independent competent person under the JORC Code, within four years of issuing this class of performance shares with an internal rate of return >25%. If this milestone is not achieved in the four-year period, the Performance Shares will expire on that date which is four years after their date of issue.
   (ii) Tranche 2: 4,705,882 Performance Shares subject to the production of 50,000 tonnes of graphite ore within five years of issuing this class of performance shares at 20% TGC or greater (as verified by Sarytogan Graphite's auditors). If the milestone is not achieved in the five-year period, the performance shares will expire on that date which is five years after their date of issue; and
   (iii) Tranche 3: 4,705,882 Performance Shares subject to production of 100,000 tonnes of graphite ore within five years of issuing this class of performance shares at 20% TGC or greater (as verified by Sarytogan Graphite's auditors). If the milestone is not achieved in the five-year period, the performance shares will expire on that date which is five years after their date of issue.
3. 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.

Ushtogan LLP Sarytogan Project

Ushtogan LLP owns 100% of the Sarytogan Graphite Project. The exploration licence 1139-R-TPI (1139-Р-ТПИ) was issued to Ushtogan LLP on 14 August 2018 and confirmed by 5406-TPI (5406-ТПИ) contract on October 2018. The exploration concession covers 103.92 km2.

CSA Global Pty Ltd was engaged by Ushtogan LLP to complete a maiden mineral resource estimate (MRE) for the Sarytogan Graphite Project.

The MRE is based upon data obtained from 29 diamond core drill holes and 28 trenches which intersected the interpreted mineralisation. The mineralisation wireframes were modelled using a nominal lower cut-off grade of 17% Total Graphitic Carbon (TGC). This cut-off reflects a visually distinct occurrence of graphite reflecting a natural geological cut-off. This cut-off is further supported by statistical analysis of the grade population.

The MRE has been reported in accordance with the JORC Code. The MRE has been reported using a cut-off grade of 15% TGC and is shown below.

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

Subsequent Events

The Company lodged a prospectus with ASIC on 23 February 2022. The Prospectus contains the following offers:
(a) an offer of up to 42,500,000 Shares at an issue price of $0.20 per Share to raise up to $8,500,000; and
(b) an offer of one (1) Option for every four (4) Shares held by Eligible Shareholders at an issue price of $0.01 per Option to raise up to $159,533, (together, the **Offers).** The Offer has closed fully subscribed.

The Company, as borrower, received a further $100,000 (for a total of $500,000) pursuant to loan agreements entered into on or about 22 October 2021 with various third-party lenders, which were subsequently varied on or about 2 February 2022 (together, **Loan Agreements No.1**).

The Company as borrower entered into further loan agreements on or about 14 February 2022 with various third-party lenders (**Loan Agreements No.2**). The material terms of the Loan Agreements are as follows:

- The aggregate principal amount of the Loan Agreements No.1 totalled $500,000.
- The aggregate principal amount of the Loan Agreements No.2 totalled $300,000.
- The repayment date is the earlier of:
  - 30 April 2022; and
  - 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 are unsecured.
- Interest is payable on the outstanding balance of the loan at a rate of 8% per annum.
- The borrower may elect to repay the outstanding monies to the lenders in full at any time prior to the repayment date.
- 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 Company sold its shareholding in Tribune Resources Limited for $97,011 (carrying value $103,479 as at 31 December 2021) net of costs. The proceeds have been used to fund the costs of the pending IPO.

Significant changes in the state of affairs
Other than what is already disclosed, there were no other significant changes in the state of affairs of the Company during the financial half-year.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

_____
Stephen Penrose
Non-Executive Chairman

26 April 2022
Perth

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Sarytogan Graphite Limited for the half-year ended 31 December 2021, 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 review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
26 April 2022

L Di Giallonardo
Partner

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Sarytogan Graphite Limited
Statement of Comprehensive Income
For the half-year ended 31 December 2021

	31 December 2021 $	31 December 2020 $
Interest income	-	3
Other income	4,227	4,312
Expenses		
Administrative expenses	(149,374)	(353)
Employee benefits expense	(36,350)	-
Finance costs	(5,511)	-
(Loss)/ Profit before income tax expense	(187,006)	3,962
Income tax expense	-	-
(Loss) / Profit after income tax expense for the half-year attributable to the owners of Sarytogan Graphite Limited	(187,006)	3,962
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to profit or loss		
Net fair value loss on revaluation of equity investments at FVOCI	(12,935)	-
Other comprehensive (loss)/income for the half-year, net of tax	(12,935)	-
Total comprehensive (loss)/income for the half-year attributable to the owners of Sarytogan Graphite Limited	**(199,941)**	3,962

	Cents	Cents
Basic (loss) / earnings per share	(7.59)	0.008
Diluted (loss) / earnings per share	(7.59)	0.008

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

Sarytogan Graphite Limited
Statement of Financial Position
As at 31 December 2021

	Note	31 December 2021 $	30 June 2021 $
Assets			
Current assets			
Cash and cash equivalents	4	238,800	82,097
Trade and other receivables	5	58,530	24,712
Total current assets		297,330	106,809
Non-current assets			
Prepaid exploration and evaluation asset acquisition costs	6	328,000	328,000
Loan receivable	7	1,128,822	-
Equity investments	8	103,479	116,413
Total non-current assets		1,560,301	444,413
Total assets		1,857,631	551,222
Liabilities			
Current liabilities			
Trade and other payables	9	231,996	244,212
Loan payable	10	405,510	-
Total current liabilities		637,506	244,212
Total liabilities		637,506	244,212
Net assets		1,220,125	307,010
Equity			
Contributed equity	11	7,582,753	6,469,697
Revaluation reserve	12	2,582	15,517
Accumulated losses		(6,365,210)	(6,178,204)
Total equity		1,220,125	307,010

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

Sarytogan Graphite Limited
Statement of Changes in Equity
For the half-year ended 31 December 2021

	Contributed Equity $	Accumulated losses $	Revaluation Reserve $	Total equity $
Balance at 1 July 2020	6,061,697	(5,962,500)	63,642	162,839
Profit for the year	-	3,962	-	3,962
Other comprehensive income	-	-		-
Total comprehensive income for the period	-	3,962		3,962
Balance at 31 December 2020	6,061,697	(5,958,538)	63,642	166,801

	Contributed Equity $	Accumulated losses $	Revaluation Reserve $	Total equity $
Balance at 1 July 2021	6,469,697	(6,178,204)	15,517	307,010
Share issues	1,486,800	-	-	1,486,800
Share issue costs	(373,744)	-		(373,744)
Loss for the year	-	(187, 006)	-	(187, 006)
Other comprehensive income:				
Net fair value gain on revaluation of equity investments	-	-	(12,935)	(12,935)
Total other comprehensive loss	-	-	(12,935)	(12,935)
Total comprehensive loss for the period	-	(187, 006)	(12,935)	(12,935)
Balance at 31 December 2021	**7,582,753**	**(6,365,210)**	**2,582**	**1,220,125**

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

Sarytogan Graphite Limited
Statement of Cash Flows
For the half-year ended 31 December 2021

	Note	31 December 2021 $	31 December 2020 $
Cash flows from operating activities			
Interest received		-	4
Payments to suppliers and employees (inconclusive of goods and services tax)		**(234,805)**	50
Dividends received		**7,273**	4,312
Net cash (used in) / from operating activities		**(227,532)**	4,366
Cash flows from investing activities			
Loan to Ushtogan	7	**(1,128,822)**	-
Net cash outflow (used in) / from investing activities		**(1,128,822)**	-
Cash flows from financing activities			
Proceeds from issue of shares		**1,486,800**	-
Share issue transaction costs		**(373,743)**	-
Loans received	10	**400,000**	-
Net cash from financing activities		**1,513,057**	-
Net increase in cash and cash equivalents		**156,703**	4,366
Cash and cash equivalents at the beginning of the financial half-year		**82,097**	17,375
Cash and cash equivalents at the end of the financial half-year		**238,800**	21,741

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

1. General information

The financial statements of Sarytogan Graphite Limited ("**Company"**) are presented in Australian dollars, which is Sarytogan Graphite Limited's functional and presentation currency.

Sarytogan Graphite Limited is an unlisted 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, Western Australia 6008
T: +61 (0)8 9388 8290

A description of the nature of the Company'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 26 April 2022.

2. Significant accounting policies

These general purpose financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Company 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. There was no resulting impact on the financial report.

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

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.

Going Concern
The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. It is recognised that the Company is undertaking a capital raising with an intending listing on the Australian Securities Exchange (**ASX**) and has issued a prospectus to raise $8,659,533 (the **Capital Raising**). It is recognised that the Capital Raising has closed fully subscribed and the issue of the new shares and options is dependent on receiving ASX approval to list the Company on the ASX. The proposed listing date is late April 2022.

As disclosed in the financial statements, the Company has net operating cash outflows for the half year of $227,532 (31 December 2020: net operating cash inflows of $4,366) and as at 31 December 2021 has cash and cash equivalents of $238,800 (30 June 2021: $82,097). The Company also generated a loss after tax of $187,006 (31 December 2020: after tax profit of $3,962).

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to list on ASX and access the Capital Raising funds. Whilst the directors have every confidence that the ASX listing will proceed and the Company will access the funds from the Capital Raising, there is the possibility that this will not occur in which event the Company must return the Capital Raising funds to the subscribers.

These conditions give rise to a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern. The directors believe that the going concern basis of preparation is appropriate due to the highly likely probability of completing the ASX listing and accessing the Capital Raising funds.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

4. Cash and cash equivalents

	31 December 2021	30 June 2021
	$	$
Cash at bank and on hand	**238,800**	82,097

Cash at bank bears interest at a floating rate which was 0.1% per annum (2020: 0.1%) at the reporting date.

5. Trade and other receivables

	31 December 2021	30 June 2021
	$	$
Other receivables	**58,530**	24,712
Total other receivables	**58,530**	24,712

6. Prepaid exploration and evaluation tenement acquisition costs

	31 December 2021	30 June 2021
	$	$
Consideration for assignment of Term Sheet	**328,000**	328,000

The Company had entered into an agreement to issue shares to nominees of RM Corporate Finance Pty Ltd (subsequently confirmed as 3,280,000 fully paid shares at $0.10 each) for the assignment of a Term Sheet by RM Corporate Finance Pty Ltd to the Company which would effect the acquisition of 100% of the issued shares in Ushtogan LLP, the owner of the Sarytogan Graphite Project. These shares were subsequently allotted on 2 August 2021 (see Note 11(c)).

7. Loan receivable

	31 December 2021	30 June 2021
	$	$
Loan receivable	**1,128,822**	-

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

(a) 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 loan security is as per the Pledge Agreement (see Note 13).

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

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

Recoverability of this loan is dependent upon the Company being able to realise its security under the Pledge Agreement, namely the subsoil use rights under the exploration contract as detailed in Note 13. If the Company is successful in completing the acquisition of 100% of the participating interests of Ushtogan LLP, this loan will become an intercompany loan and will be eliminated on consolidation.

8. Equity investments

	31 December 2021	30 June 2021
	$	$
Interfone Pte Ltd – at cost	**1,315,476**	1,315,476
Less: Provision for Impairment	**(1,315,475)**	(1,315,475)
	1	1
Tribune Resources Ltd	**103,478**	116,412
Prometheus Minerals Ltd	**-**	-
	103,479	116,413

The equity investments, being shares in ASX listed company Tribune Resources Limited, unlisted Australian company Prometheus Minerals Ltd and unlisted foreign company Interfone Pte Ltd (incorporated in Singapore), are classified as fair value through other comprehensive income. The market value of all listed equity investments (Level 1 financial instruments) represents the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. The value of unlisted investment Interfone Pte Ltd, has been impaired to $1 in prior periods. Interfone Pte Ltd ceased trading in May 2017. The directors believe an estimate of the fair value of this investment as at 31 December 2021 to be $1. These investments were classified as Level 2 financial instruments.

9. Trade and other payables

	31 December 2021	30 June 2021
	$	$
Other payables	**231,995**	244,212

10. Loans payable

	31 December 2021	30 June 2021
	$	$
Loans payable	**405,510**	-

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

The aggregate principal amount of the Loan Agreements No.1 totalled $500,000. The balance above represents amounts advanced totalling $400,000 and capitalised interest payable of $5,510.

The repayment date is the earlier of:

(d) 30 April 2022; and

(e) the date the Company completes an initial public offering and listing on the ASX.

The Company must use amounts drawn under the loan to satisfy working capital requirements and to meet expenditure requirements of Ushtogan LLP.

The loan is unsecured.

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

(f) The borrower may elect to repay the outstanding monies to the lenders in full at any time prior to the repayment date; and

(g) upon the outstanding monies being repaid by the borrower to the lender in full, the borrower and lender's obligations under the agreement will be at an end.

11. Contributed Equity

a) Share capital

	31 December 2021	**31 December 2021**	30 June 2021	30 June 2021
	Shares	**$**	Shares	$
Fully paid ordinary shares	**21,313,356**	**7,582,753**	2,633,356	6,131,697
Unissued shares	**-**	**-**	3,380,000	338,000
Total	**21,313,356**	**7,582,753**	6,013,356	6,469,697

b) Movements in fully paid ordinary shares

	31 December 2021	**31 December 2021**	30 June 2021	30 June 2021
	Shares	**$**	Shares	$
Balance at beginning of period	**2,633,356**	**6,131,697**	48,333,900	6,061,697
Director share issue in lieu of fees	**1,080,000**	**108,000**	-	-
Issue of unissued shares	**3,380,000**	**338,000**		
Capital raisings	**14,220,000**	**1,378,800**	17,500,000	70,000
Capital raising costs	**-**	**(373,744)**	-	-
Sub total before share consolidation	**21,313,356**	**7,582,753**	65,833,900	6,131,697
Share consolidation – 25 for 1	**-**	**-**	(63,200,544)	-
Balance at end of period	**21,313,356**	**7,582,753**	2,633,356	6,131,697

c) Movements in unissued shares

Balance at beginning of period	**3,380,000**	**338,000**	-	-
Shares to be issued to nominees of RM Corporate Finance Pty Ltd in consideration for assignment of Term Sheet (allotted on 2 August	**-**	**-**	3,280,000	328,000
Proceeds from issue of shares received prior to balance date (shares allotted on 20 July 2021)	**-**	**-**	100,000	10,000
Unissued shares allotted	**(3,380,000)**	**(338,000)**		
Balance at end of period	**-**	**-**	3,380,000	338,000

d) Ordinary shares

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

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

e) Options

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

	31 December 2021	30 June 2021
	No. Options	No. Options
Free attaching options to capital raising	**14,300,000**	700,000

	31 December 2021	30 June 2021
	No. Options	No. Options
Movement in options on issue		
Balance at beginning of period	**700,000**	-
Issue of free attaching - capital raising	**13,600,000**	17,500,000
Consolidation – 25 for 1	-	(16,800,000)
Balance at end of period	**14,300,000**	700,000

12. Reserves

a) Revaluation Reserve

Movements in revaluation reserve were as follows:	**31 December 2021**	30 June 2021
	$	$
Balance 1 July	**15,517**	63,642
Revaluation of equity investments	**(12,935)**	(48,125)
Balance	**2,582**	15,517

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

13. Related party transactions

The following transactions occurred with related parties. All transactions were made on normal commercial terms and conditions and at market rates.

The Company has signed a mandate letter dated 6 July 2021 to engage RM Corporate Finance Pty Ltd and Inyati Capital Pty Ltd to act as joint lead managers (**JLMS**)of the Offers (**Joint Lead Manager Mandate**). Guy Le Page and James Richardson are directors of RM Corporate Finance Pty Ltd. The JLMS are contracted to receive a management fee of 2% and a placement fee of 4% of the total funds raised by the JLMS in respect of the IPO Offer pls a success fee to be paid by way of the issue of 1,600,000 shares in the Company.

The Company has entered into an exchange agreement with Ustar Ventures Ltd on 29 June 2021 to acquire 100% of the participatory interests of Ushtogan LLP (**Exchange Agreement**). The Exchange Agreement was subsequently varied by an addendum dated 15 October 2021 and letters of amendment on 21 January 2022 and 21 February 2022. Waldemar Mueller is a director / shareholder of Ustar Ventures Ltd and Ushtogan LLP.

The Company has entered into a side deed with Ushtogan LLP and Ustar Ventures Ltd (**Side Deed**), to record certain representations and warranties which could not be provided for in the Exchange Agreement due to the laws in Kazakhstan (which do not recognise warranties in certain agreements). Waldemar Mueller is a director / shareholder of Ustar Ventures Ltd and Ushtogan LLP.

The Company has entered into a second side deed with Ushtogan LLP and Ustar Ventures Ltd (**Reimbursement Side Deed**) to record the Company's agreement to reimburse Ustar Ventures Ltd for US$1,000,000 of expenditure that Ustar Ventures Ltd has represented has been incurred in developing the assets of the Company (specifically in relation to the Sarytogan Graphite Project) (**Reimbursement Payment**). Waldemar Mueller is a director / shareholder of Ustar Ventures Ltd and Ushtogan LLP.

The Company as borrower entered into loan agreements on or about 22 October 2021 with various lenders, which were subsequently varied on or about 2 February 2022 (together, **Loan Agreements No.1**) for a total of $500,000. The Company as borrower entered into further loan agreements on or about 14 February 2022 with various lenders (**Loan Agreements No.2**) for $300,000. Interest payable on the Loan Agreements at 8% per annum. BT Global Holdings Pty Ltd (a company associated with James Richardson and Guy Le Page) provided $100,000 of the funds drawn down at balance date.

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**). Ushtogan LLP is an entity associated with Waldemar Mueller.

The Company has entered into a pledge agreement with Ushtogan LLP, that secures the obligations from the Loan Facility Agreement by means of a pledge of collateral (**Pledge Agreement**). The collateral is 100% of the subsoil use rights under the exploration contract, dated 26 October 2018 No. 5406. Ushtogan LLP is an entity associated with Waldemar Mueller.

Share issues (approved by shareholders):

1. 360,000 fully paid ordinary shares each (total of 1,080,000 shares) to Paul Finkelstein, James Richardson and Guy Le Page in satisfaction of $108,000 in outstanding director fees;

2. 3,280,000 fully paid ordinary shares to entities controlled by Guy Le Page and James Richardson in consideration of assignment of the term sheet.

14. Subsequent Events

The Company lodged a prospectus with ASIC on 23 February 2022. The Prospectus contains the following offers:
(a) an offer of up to 42,500,000 Shares at an issue price of $0.20 per Share to raise up to $8,500,000; and
(b) an offer of one (1) Option for every four (4) Shares held by Eligible Shareholders at an issue price of $0.01 per Option to raise up to $159,533, (together, the **Offers).** The Offer has closed fully subscribed.

The Company, as borrower, received a further $100,000 (for a total of $500,000) pursuant to loan agreements entered into on or about 22 October 2021 with various third-party lenders, which were subsequently varied on or about 2 February 2022 (together, **Loan Agreements No.1**).

The Company as borrower entered into further loan agreements on or about 14 February 2022 with various third-party lenders (**Loan Agreements No.2**). The material terms of the Loan Agreements are as follows:

The aggregate principal amount of the Loan Agreements No.1 totalled $500,000.

The aggregate principal amount of the Loan Agreements No.2 totalled $300,000.

The repayment date is the earlier of:

(i) 30 April 2022; and

(ii) 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 are unsecured.

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

The borrower may elect to repay the outstanding monies to the lenders in full at any time prior to the repayment date.

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 Company sold its shareholding in Tribune Resources Limited for $97,011 (carrying value $103,479 as at 31 December 2021) net of costs. The proceeds have been used to fund the costs of the pending IPO.

Sarytogan Graphite Limited
Directors' Declaration
31 December 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Stephen Penrose
Non-Executive Chairman

26 April 2022
Perth

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Sarytogan Graphite Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Sarytogan Graphite Limited ("the company") which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(a) giving a true and fair view of the company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE *2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 3 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Emphasis of matter

We draw attention to Note 7 in the financial report, which describes the conditions under which the loan receivable from Ushtogan LLP is recoverable. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

HLB MANN JUDD
ADVISORY AND ACCOUNTING

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
26 April 2022