SARYTOGAN GRAPHITE

Sarytogan Graphite Limited

ABN 91 107 920 945

Interim Report - 31 December 2022

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
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

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') 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 half-year ended 31 December 2022.

Directors
The following persons were Directors of Sarytogan Graphite Limited during the whole of the financial half-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 half-year the principal activities of the consolidated entity consisted of completing the listing on ASX, acquiring Ushtogan LLP, which holds the Sarytogan Graphite Project in Kazakhstan and continuing exploration activities in Kazakhstan.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $1,360,856 (31 December 2021: $187,008).

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 $8.6m. The following events occurred during the half-year ended 31 December 2022:

(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 $8.6m;
(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 to achieve (i) and (ii) above:

- 42,500,000 Shares under the Offer at an issue price of $0.20 per Share to raise $8,500,000; and
- 15,953,339 Options at an issue price of $0.01 per Option to raise $159,533.
- 51,764,706 Shares and 14,117,646 Performance Shares to Ustar Ventures Ltd in consideration for 100% of the issued capital in Ushtogan LLP.
- 7,000,000 Shares to Ustar Ventures Ltd as reimbursement for expenditure of approximately USD$1,000,000 incurred on the Sarytogan Graphite Project.
- 800,000 Shares issued to Inyati Fund Pty Ltd and 800,000 Shares issued to RM Corporate Finance as a success fee;
- 2,062,500 Shares issued to S3 Consortium Pty Ltd;
- 2,000,000 Options to Sean Gregory exercisable at $0.25 and expiring 30 November 2024;
- 2,000,000 Options to Waldemar Mueller exercisable at $0.25 and expiring 30 November 2024;
- 2,000,000 Options to Stephen Penrose exercisable at $0.25 and expiring 30 November 2024;
- 1,500,000 Options to Brendan Borg exercisable at $0.25 and expiring 30 November 2024; and
- 6,000,000 Performance Rights to Sean Gregory.

There were no other significant changes in the state of affairs of the consolidated entity 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

____
Sean Gregory
Managing Director

14 March 2023

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Sarytogan Graphite Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

Perth, Western Australia
14 March 2023

M R Ohm
Partner

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	Note	31 Dec 2022 $	31 Dec 2021 $
Revenue			
Other income	5	51,161	4,227
Expenses			
Employee benefits expense		(491,181)	(36,350)
Depreciation expense		(10,385)	-
Finance costs		(3,156)	(5,511)
Administration		(385,236)	(149,374)
Travel		(39,960)	-
Share-based payments	19	(482,099)	-
Loss before income tax expense		(1,360,856)	(187,008)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Sarytogan Graphite Limited	13	(1,360,856)	(187,008)
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Loss on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		-	(12,935)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		63,004	-
Other comprehensive income/(loss) for the half-year, net of tax		63,004	(12,935)
Total comprehensive loss for the half-year attributable to the owners of Sarytogan Graphite Limited		(1,297,852)	(199,943)

	Cents	Cents
Basic loss per share	(1.05)	(7.59)
Diluted loss per share	(1.05)	(7.59)

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

Sarytogan Graphite Limited
Consolidated statement of financial position
As at 31 December 2022

	Note	31 Dec 2022 $	30 June 2022 $
Assets			
Current assets			
Cash and cash equivalents		5,021,303	347,570
Other receivables		140,582	59,678
Loan receivable	6	-	1,956,351
Other assets	7	-	406,545
Total current assets		5,161,885	2,770,144
Non-current assets			
Plant and equipment	8	142,694	7,503
Exploration and evaluation	9	15,167,415	-
Other assets	7	-	328,000
Total non-current assets		15,310,109	335,503
Total assets		20,471,994	3,105,647
Liabilities			
Current liabilities			
Trade and other payables		229,781	671,682
Borrowings	10	-	833,839
Total current liabilities		229,781	1,505,521
Total liabilities		229,781	1,505,521
Net assets		20,242,213	1,600,126
Equity			
Issued capital	11	28,468,945	8,758,138
Reserves	12	1,158,517	866,381
Accumulated losses	13	(9,385,249)	(8,024,393)
Total equity		20,242,213	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 half-year	-	-	-	(187,008)	(187,008)
Other comprehensive loss for the half-year, net of tax	-	(12,935)	-	-	(12,935)
Total comprehensive loss for the half-year	-	(12,935)	-	(187,008)	(199,943)
Transactions with owners in their capacity as owners:					
Share issues	1,486,800	-	-	-	1,486,800
Share issue costs	(373,744)	-	-	-	(373,744)
Balance at 31 December 2021	7,582,753	2,582	-	(6,365,212)	1,220,123

	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 half-year	-	-	-	(1,360,856)	(1,360,856)
Other comprehensive income for the half-year, net of tax	-	63,004	-	-	63,004
Total comprehensive income/(loss) for the half-year	-	63,004	-	(1,360,856)	(1,297,852)
Transactions with owners in their capacity as owners:					
Share issues (note 11)	8,522,813	-	-	-	8,522,813
Share issue costs	(1,297,447)	-	-	-	(1,297,447)
Share-based payments (note 19)	732,500	-	69,599	-	802,099
Shares issued for acquisition of project (note 19)	11,752,941	-	-	-	11,752,941
Contributions received for issue of options	-	-	159,533	-	159,533
Balance at 31 December 2022	28,468,945	63,004	1,095,513	(9,385,249)	20,242,213

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

Sarytogan Graphite Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2022

	Note	31 Dec 2022 $	31 Dec 2021 $
Cash flows from operating activities			
Payment to suppliers and employees		(1,310,850)	(234,805)
Dividends received		-	7,273
Interest received		18,718	-
Interest and other finance costs paid		(36,995)	-
Net cash used in operating activities		(1,329,127)	(227,532)
Cash flows from investing activities			
Payments for property, plant and equipment	8	(1,136)	-
Payments for exploration and evaluation		(1,488,543)	-
Loan to Ushtogan LLC		-	(1,128,822)
Cash from acquisition of Ushtogan LLC		220,646	-
Net cash used in investing activities		(1,269,033)	(1,128,822)
Cash flows from financing activities			
Proceeds from issue of shares	11	8,522,813	1,486,800
Proceeds from issue of options		159,533	-
Share issue transaction costs		(570,902)	(373,743)
Repayment of loans		(800,000)	-
Loans received		-	400,000
Net cash from financing activities		7,311,444	1,513,057
Net increase in cash and cash equivalents		4,713,284	156,703
Cash and cash equivalents at the beginning of the financial half-year		347,570	82,097
Effects of exchange rate changes on cash and cash equivalents		(39,551)	-
Cash and cash equivalents at the end of the financial half-year		5,021,303	238,800

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 consolidated entity consisting of Sarytogan Graphite Limited and the entities it controlled at the end of, or during, the half-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 consolidated entity'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 14 March 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 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 2022 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, except for the policies stated below.

Principles of consolidation
The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity’s financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent 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 relevant activities of the entity.

Note 2. Significant accounting policies (continued)

Exploration and evaluation assets
Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. As the asset is not available for use it is not depreciated or amortised.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the period in which the decision to abandon that area is made.

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

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

New or amended Accounting Standards and Interpretations adopted
The consolidated entity 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.

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 consolidated entity 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 consolidated entity 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.

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

31 Dec 2022	Exploration (Kazakhstan) $	Unallocated (Corporate) $	Total $
Segment revenue	31,801	19,360	51,161
Expenses	(171,306)	(1,240,711)	(1,412,017)
Loss before income tax expense	(139,505)	(1,221,351)	(1,360,856)
Income tax expense			-
Loss after income tax expense			(1,360,856)
Assets			
Segment assets	15,678,125	4,793,869	20,471,994
Total assets			20,471,994
Liabilities			
Segment liabilities	76,420	153,361	229,781
Total liabilities			229,781

Note 4. Operating segments (continued)

31 Dec 2021	Exploration (Kazakhstan) $	Unallocated (Corporate) $	Total $
Segment revenue	-	4,227	4,227
Expenses	-	(191,235)	(191,235)
Loss before income tax expense	-	(187,008)	(187,008)
Income tax expense			-
Loss after income tax expense			(187,008)

30 June 2022			
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

	31 Dec 2022 **$**	**31 Dec 2021** **$**
Interest income	18,718	-
Dividends received	-	4,227
Foreign currency gain	32,443	-
Other income	51,161	4,227

Note 6. Loan receivable

	31 Dec 2022 **$**	**30 June 2022** **$**
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.

Note 6. Loan receivable (continued)

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 9) and therefore this loan became an intercompany loan that is eliminated on consolidation.

Note 7. Other assets

	31 Dec 2022 $	30 June 2022 $
Current assets		
Prepaid IPO costs*	-	406,545
Non-current assets		
Prepaid exploration and evaluation tenement acquisition costs**	-	328,000

* Prepaid IPO costs at 30 June 2022 have been reallocated to capital raising costs (note 11).
** 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 9).

Note 8. Plant and equipment

	31 Dec 2022 $	30 June 2022 $
Non-current assets		
Plant and equipment - at cost	175,522	7,848
Less: Accumulated depreciation	(32,828)	(345)
	142,694	7,503

Note 8. Plant and equipment (continued)

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

	Plant and equipment $
Balance at 1 July 2022	7,503
Additions	1,136
Acquisition of Ushtogan LLP (note 9)	141,150
Exchange differences	3,290
Depreciation expense	(10,385)
Balance at 31 December 2022	142,694

Note 9. Exploration and evaluation

	31 Dec 2022 $	**30 June 2022 $**
Non-current assets		
Exploration and evaluation	15,167,415	-

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-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 half-year	1,488,543
Prepaid exploration and evaluation acquisition costs (note 7)	328,000
Exchange differences	47,082
Balance at 31 December 2022	15,167,415

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.

Note 9. Exploration and evaluation (continued)

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.

Details of the acquisition are as follows:	**$**
<u>Consideration</u>	
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
<u>Net assets of Ushtogan LLP at acquisition: 6 July 2022</u>	
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 10. Borrowings

	31 Dec 2022 $	30 June 2022 $
Current liabilities		
Loans payable	-	833,839

Refer to note 15 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:

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

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

The loans were unsecured.

(f) 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.

Note 11. Issued capital

	31 Dec 2022 Shares	30 June 2022 Shares	31 Dec 2022 $	30 June 2022 $
Ordinary shares - fully paid	132,581,812	27,563,356	28,468,945	8,758,138

Note 11. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2022	27,563,356		8,758,138
Acquisition of Ushtogan LLC	6 July 2022	51,764,706	$0.20	10,352,941
Reimbursement of exploration expenditure	6 July 2022	7,000,000	$0.20	1,400,000
Capital Raising - IPO	6 July 2022	42,500,000	$0.20	8,500,000
Shares issued in lieu of payment	6 July 2022	3,662,500	$0.20	732,500
Conversion of options	13 December 2022	50,000	$0.25	12,500
Conversion of options	20 December 2022	41,250	$0.25	10,313
Capital raising costs		-	$0.00	(1,297,447)
Balance	31 December 2022	132,581,812		28,468,945

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.

Note 12. Reserves

	31 Dec 2022 $	30 June 2022 $
Foreign currency translation reserve	63,004	-
Share-based payments reserve	1,095,513	866,381
	1,158,517	866,381

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.

Note 12. Reserves (continued)

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

	Foreign currency translation revaluation reserve $	Share-based payments reserve $	Total $
Balance at 1 July 2022	-	866,381	866,381
Foreign currency translation	63,004	-	63,004
Options issued (note 19)	-	69,599	69,599
Contributions received for issue of options	-	159,533	159,533
Balance at 31 December 2022	63,004	1,095,513	1,158,517

Note 13. Accumulated losses

	31 Dec 2022 $	**30 June 2022 $**
Accumulated losses at the beginning of the financial half-year	(8,024,393)	(6,178,204)
Loss after income tax expense for the half-year	(1,360,856)	(1,846,189)
Accumulated losses at the end of the financial half-year	(9,385,249)	(8,024,393)

Note 14. Dividends

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

Note 15. Financial instruments

Financial risk management objectives
The consolidated entity 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.

Note 16. 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 19.

Note 17. Related party transactions

Parent entity
Sarytogan Graphite Limited is the parent entity.

Transactions with related parties
There were no transactions with related parties during the current and previous financial half-year.

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.

Note 18. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 19. 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.

Note 19. Share-based payments (continued)

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:

(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 rights 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	

The options were valued using a Black Scholes valuation model and were valued at $184,085. An amount of $69,599 was recognised as share based payments expense during the period.

Note 19. Share-based payments (continued)

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

	Number of options 31 Dec 2022	Weighted average exercise price 31 Dec 2022	Number of options 31 Dec 2021	Weighted average exercise price 31 Dec 2021
Outstanding at the beginning of the financial half-year	12,500,000	$0.25	-	$0.00
Outstanding at the end of the financial half-year	12,500,000	$0.25	-	$0.00
Exercisable at the end of the financial half-year	11,500,000	$0.25	-	$0.00

31 Dec 2022

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
13/05/2022	30/11/2024	$0.25	1,000,000	-	-	-	1,000,000
13/05/2022	30/11/2024	$0.25	4,000,000	-	-	-	4,000,000
29/11/2021	30/11/2024	$0.25	7,500,000	-	-	-	7,500,000
			12,500,000	-	-	-	12,500,000
Weighted average exercise price			$0.25	$0.00	$0.00	$0.00	$0.25

Note 19. Share-based payments (continued)

Peformance Rights

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

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 31 Dec 2022
Outstanding at the beginning of the financial half-year	-
Granted	6,000,000
Outstanding at the end of the financial half-year	6,000,000
Exercisable at the end of the financial half-year	6,000,000

Note 19. Share-based payments (continued)

For the performance rights granted during the current financial half-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

	31 Dec 2022 $	31 Dec 2021 $
Total value expensed in profit and loss		
6,000,000 Performance rights issued to Sean Gregory	-	-
2,000,000 Options issued to Sean Gregory	69,599	-
2,062,500 Ordinary shares issued to advisors	412,500	-
	482,099	-

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 consolidated entity's financial position as at 31 December 2022 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

____
Sean Gregory
Managing Director

14 March 2023

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sarytogan Graphite Limited

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Sarytogan Graphite Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2022, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

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

Basis for conclusion

We conducted our review in accordance with 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.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim 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 interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard

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AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim 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

M R Ohm
Partner

Perth, Western Australia
14 March 2023