



Sarytogan Graphite Limited

ABN 91 107 920 945

Interim Report - 31 December 2023

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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
Securities exchange listing	Sarytogan Graphite Limited shares are listed on the Australian Securities Exchange (ASX code: SGA)
Website	www.sarytogangraphite.com.au
Share register	Automatic Registry Services Level 22 67 St Georges Terrace Perth WA 6000

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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 2023.

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 continuing exploration activities across Kazakhstan and progressing a pre-feasibility on the Sarytogan Graphite Project in Central Kazakhstan.

Review of operations

During the period the consolidated entity's operational activities delivered the following achievements:

- Achieved 99.998% TGC graphite purity achieved by thermal purification¹. Further improved to 99.9992% post the balance date².
- Completed bulk concentrate production.
- Completed comprehensive metallurgical test work, that has demonstrated positive results to produce Uncoated Spherical Purified Graphite (USPG) and Ultra-High Purity Fines (UHPF)³.
- High spheroidization yield of 54% achieved, ideal D50 sphere sizes of 32, 18, and 12 µm after classification with high tap densities ranging from 0.91 to 0.99 g/cm³ ³.
- Both the USPG and UHPF products to now be tested in advanced battery applications⁴.
- The PFS is advancing and is scheduled for completion no later than Q3 2024.

The loss for the consolidated entity after providing for income tax amounted to \$978,040 (31 December 2022: \$1,360,856).

¹ See ASX Release dated 28 August 2023

² See ASX release dated 5 March 2024

³ See ASX Release dated 19 December 2023

⁴ See ASX Release dated 8 February 2024

Significant changes in the state of affairs

Other than as disclosed in this report, no significant changes in the state of affairs of the Company occurred during the financial 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.

Compliance Statement

The information in this report that relates to previous exploration results has been cross-referenced to the original ASX release. The Company confirms that it is not aware of any new information or data that materially effects the exploration results in those relevant market announcements.

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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 2024

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

Perth, Western Australia
14 March 2024



M R Ohm
Partner

hlb.com.au

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

Sarytogan Graphite Limited
 Condensed consolidated statement of profit or loss and other comprehensive income
 For the half-year ended 31 December 2023



	Note	31 Dec 2023 \$	31 Dec 2022 \$
Revenue			
Other income	5	198,097	51,161
Expenses			
Employee benefits expense		(475,504)	(491,181)
Depreciation expense	6	(1,305)	(10,385)
Finance costs		-	(3,156)
Administration		(388,580)	(385,236)
Travel		(63,292)	(39,960)
Share-based payments	16	(247,456)	(482,099)
Loss before income tax expense		(978,040)	(1,360,856)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Sarytogan Graphite Limited		(978,040)	(1,360,856)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(222,891)	63,004
Other comprehensive loss for the half-year, net of tax		(222,891)	63,004
Total comprehensive loss for the half-year attributable to the owners of Sarytogan Graphite Limited		(1,200,931)	(1,297,852)
		Cents	Cents
Basic loss per share		(0.66)	(1.05)
Diluted loss per share		(0.66)	(1.05)

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

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Sarytogan Graphite Limited
 Condensed consolidated statement of financial position
 As at 31 December 2023



	Note	31 Dec 2023 \$	30 June 2023 \$
Assets			
Current assets			
Cash and cash equivalents		4,851,852	7,773,091
Other receivables		3,145	70,092
Other assets	7	382,623	289,037
Total current assets		5,237,620	8,132,220
Non-current assets			
Plant and equipment	6	185,857	216,063
Exploration and evaluation	8	18,216,390	16,194,307
Total non-current assets		18,402,247	16,410,370
Total assets		23,639,867	24,542,590
Liabilities			
Current liabilities			
Trade and other payables		127,122	95,517
Provisions		68,370	49,223
Total current liabilities		195,492	144,740
Total liabilities		195,492	144,740
Net assets		23,444,375	24,397,850
Equity			
Issued capital	9	32,891,315	32,891,315
Reserves	10	1,593,510	1,568,945
Accumulated losses	11	(11,040,450)	(10,062,410)
Total equity		23,444,375	24,397,850

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

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Sarytogan Graphite Limited
Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2023



	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 loss for the half-year	-	63,004	-	(1,360,856)	(1,297,852)
<i>Transactions with owners in their capacity as owners:</i>					
Share issues	8,522,813	-	-	-	8,522,813
Share issue costs	(1,297,447)	-	-	-	(1,297,447)
Share-based payments	732,500	-	69,599	-	802,099
Shares issued for acquisition of project	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

	Issued capital \$	Foreign exchange revaluation reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	32,891,315	206,188	1,362,757	(10,062,410)	24,397,850
Loss after income tax expense for the half-year	-	-	-	(978,040)	(978,040)
Other comprehensive loss for the half-year, net of tax	-	(222,891)	-	-	(222,891)
Total comprehensive loss for the half-year	-	(222,891)	-	(978,040)	(1,200,931)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 16)	-	-	117,500	-	117,500
Options issued (note 16)	-	-	129,956	-	129,956
Balance at 31 December 2023	32,891,315	(16,703)	1,610,213	(11,040,450)	23,444,375

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

Sarytogan Graphite Limited
Condensed consolidated statement of cash flows
For the half-year ended 31 December 2023



	Note	31 Dec 2023 \$	31 Dec 2022 \$
Cash flows from operating activities			
Payment to suppliers and employees		(813,851)	(1,310,850)
Interest received		124,864	18,718
Interest and other finance costs paid		-	(36,995)
Net cash used in operating activities		(688,987)	(1,329,127)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(1,136)
Payments for exploration and evaluation		(2,258,495)	(1,488,543)
Cash from acquisition of Ushtogan LLC		-	220,646
Net cash used in investing activities		(2,258,495)	(1,269,033)
Cash flows from financing activities			
Proceeds from issue of shares		-	8,522,813
Proceeds from issue of options		-	159,533
Share issue transaction costs		-	(570,902)
Repayment of loans		-	(800,000)
Net cash from financing activities		-	7,311,444
Net increase/(decrease) in cash and cash equivalents		(2,497,483)	4,713,284
Cash and cash equivalents at the beginning of the financial half-year		7,773,091	347,570
Effects of exchange rate changes on cash and cash equivalents		26,244	(39,551)
Cash and cash equivalents at the end of the financial half-year		4,851,852	5,021,303

The above condensed 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 2024.

Note 2. Significant accounting policies

These condensed general purpose financial statements for the interim half-year reporting period ended 31 December 2023 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 condensed 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 2023 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. Judgement is also required in determining the likelihood of associated vesting conditions being met.

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.

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

	Exploration (Kazakhstan) \$	Unallocated (Corporate) \$	Total \$
Half-year ended 31 December 2023			
Segment revenue	5,634	192,463	198,097
Expenses	(149,030)	(1,027,107)	(1,176,137)
Loss before income tax expense	(143,396)	(834,644)	(978,040)
Income tax expense			-
Loss after income tax expense			(978,040)
Assets			
Segment assets	18,842,618	4,797,249	23,639,867
Total assets	18,842,618	4,797,249	23,639,867
Liabilities			
Segment liabilities	189,757	5,735	195,492
Total liabilities	189,757	5,735	195,492

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Note 4. Operating segments (continued)

	Exploration (Kazakhstan)	Unallocated (Corporate)	Total
	\$	\$	\$
31 December 2022			
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)

30 June 2023

Assets

Segment assets	17,009,938	7,532,652	24,542,590
Total assets	17,009,938	7,532,652	24,542,590

Liabilities

Segment liabilities	5,790	138,950	144,740
Total liabilities	5,790	138,950	144,740

Note 5. Other income

	31 Dec 2023	31 Dec 2022
	\$	\$
Interest income	162,853	18,718
Foreign currency gain	35,244	32,443
Other income	198,097	51,161

Note 6. Plant and equipment

	31 Dec 2023	30 June 2023
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - at cost	247,200	251,400
Less: Accumulated depreciation	(61,343)	(35,337)
	185,857	216,063

Note 6. 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 30 June 2023	216,063
Additions	2,593
Exchange differences	(6,183)
Depreciation expense capitalised to exploration and evaluation	(25,311)
Depreciation expense	(1,305)
	<hr/>
Balance at 31 December 2023	185,857
	<hr/> <hr/>

Note 7. Other Assets

	31 Dec 2023	30 June 2023
	\$	\$
<i>Current assets</i>		
Prepaid expenses	382,623	289,037
	<hr/>	<hr/>

Note 8. Exploration and evaluation

	31 Dec 2023	30 June 2023
	\$	\$
<i>Non-current assets</i>		
Exploration and evaluation	18,216,390	16,194,307
	<hr/> <hr/>	<hr/> <hr/>

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 2023	16,194,307
Expenditure during the half-year	2,183,789
Exchange differences	(112,706)
	<hr/>
Balance at 31 December 2023	18,216,390
	<hr/> <hr/>

Note 9. Issued capital

	31 Dec 2023	30 June 2023	31 Dec 2023	30 June 2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	147,733,327	147,733,327	32,891,315	32,891,315

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2023	147,733,327		32,891,315
No changes				
Balance	31 December 2023	147,733,327		32,891,315

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 10. Reserves

	31 Dec 2023	30 June 2023
	\$	\$
Foreign currency translation reserve	(16,703)	206,188
Share-based payments reserve	1,610,213	1,362,757
	1,593,510	1,568,945

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.

Foreign currency translation reserve

This reserve is used to record exchange differences that arise from the translation of the financial statements of controlled foreign subsidiaries.

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Note 10. Reserves (continued)

Movements in reserves

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

	Foreign exchange revaluation reserve \$	Share-based payments reserve \$	Total \$
Balance at 1 July 2023	206,188	1,362,757	1,568,945
Foreign currency translation	(222,891)	-	(222,891)
Options issued (note 16)	-	129,956	129,956
Performance rights issued (note 16)	-	117,500	117,500
Balance at 31 December 2023	(16,703)	1,610,213	1,593,510

Note 11. Accumulated losses

	6 months to 31 Dec 2023 \$	12 months to 30 June 2023 \$
Accumulated losses at the beginning of the financial period	(10,062,410)	(8,024,393)
Loss after income tax expense for the period	(978,040)	(2,038,017)
Accumulated losses at the end of the financial half-year	(11,040,450)	(10,062,410)

Note 12. Dividends

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

Note 13. 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.

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Note 14. 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 nil amount expensed as the projects are still progressing through the early stages of development and the Directors do not have certainty that the performance rights would convert into ordinary shares based on their assessment.

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 license. 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 license, including surrendering the part of their land plot coincident with the proposed mining lease.

Note 15. 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.

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Note 16. Share-based payments

Options

Director Sean Gregory was issued 500,000 options and Director Waldemar Mueller was issued 500,000 options on 9 August 2023 at an exercise price of \$0.60 on or before 30 June 2028. The options were valued using a Black Scholes valuation model and were valued at \$106,756, which was recognised as share based payments expense during the period. Set out below are summaries of options issued during the half year ended 31 December 2023:

Incentive options	
Date of issue	09-Aug-23
Number of options	1,000,000
Dividend yield (%)	0%
Expected volatility (%)	80%
Risk free interest rate (%)	3.07%
Expected life of the option (years)	4.9
Option exercise price (\$)	\$0.60
Share price at grant date (\$)	\$0.23
Fair value per option (\$)	\$0.106
Total value at grant date (\$)	\$106,756
Expiry Date	30/06/2028

These options vested immediately, therefore, share-based payment expense recognised in the current year.

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

	Number of options 31 Dec 2023	Weighted average exercise price 31 Dec 2023	Number of options 31 Dec 2022	Weighted average exercise price 31 Dec 2022
Outstanding at the beginning of the financial half-year	14,515,151	\$0.277	12,500,000	\$0.25
Granted	1,000,000	\$0.600		
Outstanding at the end of the financial half-year	15,015,151	\$0.298	12,500,000	\$0.25
Exercisable at the end of the financial half-year	15,015,151	\$0.298	11,500,000	\$0.25

31 Dec 2023

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	\$0.250	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
09/08/2023	30/06/2028	\$0.600	-	1,000,000	-	-	1,000,000
			14,015,151	1,000,000	-	-	15,015,151
Weighted average exercise price			\$0.258	\$0.04	\$0.00	\$0.00	\$0.298

Note 16. Share-based payments (continued)

Performance Rights

1,500,000 Performance Rights were issued to Director Sean Gregory and 1,500,000 Performance Rights were issued to Director Waldemar Mueller as part of their remuneration with the following vesting conditions:

Tranche	Number of Performance Rights	Vesting Conditions
Tranche 4 ¹	1,000,000	Completion of a pre-feasibility study on the Project prepared by an independent competent person under the JORC Code, by 30/09/2024 with an internal rate of return > 30%. If this milestone is not achieved in the timeframe, the Performance Rights will expire on 30/10/2024.
Tranche 5 ¹	1,000,000	The estimation of a Mineral Resource (with a minimum resource of 20Mt @ 8% TGC flake graphite) for the Kenesar Project by an independent competent person under the JORC Code, within 5 years of issuing this class of Performance Rights. 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 6 ²	1,000,000	Achievement of a minimum of 2kg of graphite concentrate at 99.95% carbon purity from a bulk sample from the Project by 30/09/2024. The Performance Rights will expire on 30/10/2024.
	3,000,000	

Accounting standards require directors to assess the probability of achieving the above performance-based conditions. Set out below are summaries of performance rights valuation:

- (1) The Performance rights tranches 4 and 5 had no amount expensed as the projects are still progressing through the early stages of development and the Directors do not have certainty that the performance rights would convert into ordinary shares based on their assessment.
- (2) On 7 December 2023, the Company announced the achievement of the purification of the bulk concentrate at 99.998% of carbon purity at the kilogram scale. The directors determined probability of the performance rights tranche 6 and expensed \$117,500, which is 50% of the value of the performance rights tranche 6.

Set out below are summaries of performance rights granted:

	Number of rights 31 Dec 2023
Outstanding at the beginning of the financial half-year	6,000,000
Granted	3,000,000
Outstanding at the end of the financial half-year	9,000,000
Exercisable at the end of the financial half-year	9,000,000

Note 16. 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
09/08/2023	3,000,000	\$0.20	\$0.20
		31 Dec 2023	31 Dec 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 (in prior periods)		23,200	69,599
2,062,500 Ordinary shares issued to advisors		-	412,500
500,000 Options issued to Sean Gregory		53,378	-
500,000 Options issued to Waldemar Mueller		53,378	-
1,500,000 Performance rights issued to Sean Gregory		58,750	-
1,500,000 Performance rights issued to Waldemar Mueller		58,750	-
		247,456	482,099

Note 17. Events after the reporting period

On 05 March 2024, the Company has announced achieving of producing of 2.2 kg of graphite concentrate at up to 99.9992% carbon purity from a bulk sample from the Project. This result satisfies the vesting conditions for 1,000,000 Tranche 6 Performance Rights: 500,000 held by Dr. Waldemar Mueller and 500,000 held by Mr. Sean Gregory. The vesting condition was approved at the General Meeting of Shareholders on 1 August 2023 as "Achievement of a minimum of 2kg of graphite concentrate at 99.95% carbon purity from a bulk sample from the Project by 30 September 2024."

On 11 March 2024, 500,000 ordinary shares were issued to Mr. Sean Gregory and 500,000 ordinary shares were issued to Mr. Waldemar Mueller upon exercise of the tranche 6 performance rights for nil consideration.

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Sarytogan Graphite Limited
Directors' declaration
31 December 2023



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 group financial position as at 31 December 2023 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

A handwritten signature in blue ink, appearing to read "Sean Gregory".

Sean Gregory
Managing Director

14 March 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Sarytogan Graphite Limited

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the interim financial report of Sarytogan Graphite Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, 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 accompanying 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 2023 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.

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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 2023 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 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**

**Perth, Western Australia
14 March 2024**



**M R Ohm
Partner**