

SARYTOGAN GRAPHITE LIMITED

ACN 107 920 945

PROSPECTUS

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 Offers are conditional upon satisfaction of the Conditions, which are detailed further in Section 4.6. No Securities will be issued pursuant to this Prospectus until those Conditions are met.

Joint Lead Managers: RM Corporate Finance Pty Ltd (AFSL 315235) & Inyati Capital Pty Ltd (Corporate Authorised Representative 1287573 of AFSL 485946).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay. **The Securities offered by this Prospectus should be considered as highly speculative.**

IMPORTANT NOTICE

This Prospectus is dated 23 February 2022 and was lodged with the ASIC on that date. The ASIC, the ASX and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered as highly speculative.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Securities under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

No offering where offering would be illegal

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any of these restrictions, including those set out below. Failure to comply with these restrictions may violate securities laws.

This Prospectus does not constitute an offer in any place in

which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action has been taken to register or qualify the Securities or the Offers, or to otherwise permit a public offering of the Securities in any jurisdiction outside Australia.

US securities law matters

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the US. In particular, the Securities have not been, and will not be, registered under the United States Shares Act of 1933, as amended (the **US Securities Act**), and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act.

Each applicant will be taken to have represented, warranted and agreed as follows:

- (a) it understands that the Securities have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in the US, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- (b) it is not in the United States;
- (c) it has not and will not send this Prospectus or any other material relating to the Offers to any person in the United States; and
- (d) it will not offer or resell the Securities in the United States or in any other jurisdiction outside Australia.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of the Options issued under this Prospectus. The Company and the Lead Manager will only distribute this Prospectus to those investors who fall within the target market determination (**TMD**) as set out on the

Company's website www.sarytogangraphite.com.au. By making an application under the Options Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.sarytogangraphite.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 8 6380 9200 during office hours or by emailing the Company at admin@sarytogangraphite.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Company Website

No document or other information available on the Company's website is incorporated into this Prospectus by reference.

No cooling-off rights

Cooling-off rights do not apply to an investment in Securities issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment

advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Risks

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Securities. There are risks associated with an investment in the Company. The Securities offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Securities. Refer to Section D of the Investment Overview as well as Section 7 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur

and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7.

Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Competent Person's statement

The information in the Investment Overview Section of the Prospectus, included at Section 3, the Company and Projects Overview, included at Section 5, and the Independent Technical Assessment Report, included at Annexure A of the Prospectus, which relates to geology, mineral exploration and previous exploration results is based on information compiled by Mr Paul Dunbar and the information that relates to mineral resource estimates is based on information compiled by Mr Serikjan Urbisnov of CSA Global. Mr Paul Dunbar and Mr Serikjan Urbisnov have sufficient experience which is relevant to the style of mineralisation, type of deposit under consideration and to the activities undertaken to qualify as Competent Persons as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the **JORC Code**). Mr Paul Dunbar is a full-time employee of Valuation and Resource Management. Mr Paul Dunbar has consented to the inclusion of

the information in these Sections of the Prospectus in the form and context in which it appears. Mr Serikjan Urbisnov is an employee of CSA Global and has consented to the inclusion of the information in these Sections of the Prospectus in the form and context in which it appears.

Continuous disclosure obligations

Following admission of the Company to the Official List, the Company will be a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities

can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the

meaning given in the Glossary in Section 12.

All references to time in this Prospectus are references to Australian Western Standard Time.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your Securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information

that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance, and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offers please call the Company Secretary on + 61 8 9388 8290.

CORPORATE DIRECTORY

Directors

Sean Gregory
Non-Executive Director
(To be appointed as Managing Director on 28 February 2022)

Dr Waldemar Mueller
Executive Director
(To be appointed as Technical Director on 28 February 2022)

Stephen Penrose
Non-Executive Chairman

Brendan Borg
Non-Executive Director

Company Secretary

Ian Hobson

Proposed ASX Code

SGA

Registered Office

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SUBIACO WA 6008

Telephone: + 61 8 9388 8290

Facsimile: +61 8 6380 9299

Email: admin@sarytogan graphite.com.au

Website: www.sarytogan graphite.com.au

Legal advisers

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PERTH WA 6000

Kazakhstan
Grata Law Firm LLP
104, M. Ospanov Street
Almaty, Republic of Kazakhstan

Investigating Accountant

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

Auditor*

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

Independent Geologist

Valuation and Resource
Management
PO Box 1506
WEST PERTH WA 6872

Independent Expert

Stantons Corporate Finance Pty Ltd
40 Kings Park Road
WEST PERTH WA 6005

Joint Lead Managers

RM Corporate Finance Pty Ltd
Level 1, 1205 Hay Street
WEST PERTH WA 6005

Telephone: + 61 8 6380 9200

Inyati Capital Pty Ltd
3/300 Rokeby Road
SUBIACO WA 6008

Email: corporate@inyaticapital.com

Share Registry*

Automic Group
Level 5, 191 St Georges Terrace
PERTH WA 6000
Telephone: +61 2 9698 7164

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

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1. CHAIRMAN'S LETTER

Dear Investor

On behalf of the directors of Sarytogan Graphite Limited (**Company**), it gives me great pleasure to invite you to become a shareholder of the Company.

The Company has entered into an exchange agreement with Ustar Ventures Ltd to acquire 100% of the participatory interests in Ushtogan LLP, the owner of the Sarytogan Graphite Project.

The Sarytogan Graphite Project is located in the Karaganda region of Central Kazakhstan.

As its name suggested, the Sarytogan Graphite Project is prospective for graphite and a meaningful initial JORC compliant resource has already been delineated on the project (refer to Section 5.3.4 and the Independent Technical Assessment Report for further details).

The proposed activities and business model of the Company on completion of the Offers are to advance the exploration and development of a graphite operation at the Sarytogan Graphite Project. The steps involved in achieving this strategy are:

- (a) infill drilling to delineate zones of different mineralisation styles within the Sarytogan Graphite Project;
- (b) sample analysis and study work to determine potential product specifications;
- (c) updating the current JORC Resource;
- (d) completion of feasibility studies;
- (e) undertaking of project financing negotiations; and
- (f) subject to positive feasibility studies and completion of the steps outlined above, moving towards project development at the Sarytogan Graphite Project.

The Board has significant expertise and experience in the mining industry and will aim to ensure that funds raised through the Offers will be utilised in a cost-effective manner to advance the Company's business.

This Prospectus is issued for the purpose of supporting an application to list the Company on ASX. This Prospectus contains detailed information about the Company, its business, and the Offers, as well as the risks of investing in the Company, and I encourage you to read it carefully. The Securities offered by this Prospectus should be considered highly speculative.

I look forward to you joining us as a Shareholder and sharing in what we believe are exciting and prospective times ahead for the Company. Before you make your investment decision, I urge you to read this Prospectus in its entirety and seek professional advice if required.

Yours sincerely



Stephen Penrose
Non-Executive Chairman

2. KEY OFFER INFORMATION

INDICATIVE TIMETABLE¹

Lodgement of Prospectus with the ASIC	23 February 2022
Exposure Period begins	23 February 2022
Opening Date	3 March 2022
Closing Date	17 March 2022
Issue of Shares under the Offers	31 March 2022
Despatch of holding statements	4 April 2022
Expected date for quotation on ASX	6 April 2022

- 1. The above dates are indicative only and may change without notice. Unless otherwise indicated, all time given are WST. The Exposure Period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act. The Company reserves the right to extend the Closing Date or close the Offers early without prior notice. The Company also reserves the right not to proceed with the Offers at any time before the issue of Shares and Options to applicants.*
- 2. If the Offers is cancelled or withdrawn before completion of the Offers, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their applications as soon as possible after the Offers open.*

KEY STATISTICS OF THE OFFER

	Minimum Subscription (\$8,659,533)¹
Offer Price per Share	\$0.20
Offer Price per Option	\$0.01
Shares currently on issue	21,313,356
Options currently on issue	14,300,000
Shares to be issued under the Share Offer	42,500,000
Options to be issued under the Option Offer	15,953,339
Gross Proceeds of the Offers	\$8,659,533
Shares to be issued to Joint Lead Managers	1,600,000
Consideration Shares to be issued to Ustar Ventures Ltd for the acquisition of Ushtogan LLP ⁴	51,764,706
Reimbursement Shares to be issued to Ustar Ventures Ltd in relation to acquisition of Ushtogan LLP ⁴	7,000,000
Issue of Shares to S3 Consortium Pty Ltd ⁵	2,062,500
Shares on issue Post-Listing (undiluted)²	126,240,562
Market Capitalisation Post-Listing (undiluted)³	\$25,248,112
Chairman and Director Options	7,500,000
Performance Shares to be issued to Ustar Ventures Ltd for the acquisition of Ushtogan LLP ⁴	14,117,646

	Minimum Subscription (\$8,659,533)¹
Performance Rights to be issued to Managing Director ⁶	6,000,000
Shares on issue Post-Listing (fully diluted)	184,111,547
Market Capitalisation Post-Listing (fully diluted)⁷	\$36,822,309

Notes:

1. Assuming the Minimum Subscription of \$8,659,533 is achieved under the Offers.
2. Certain Shares, Options and Performance Shares on issue post-listing will be subject to ASX-imposed escrow. Refer to Section 5.10 for a disclaimer with respect to the likely escrow position.
3. Assuming a Share price of \$0.20, however, the Company notes that the Shares may trade above or below this price.
4. Refer to Sections 9.2.2, 9.2.3 and 9.2.4 for the terms of the agreements relating to the acquisition of Ushtogan LLP. Refer to Section 10.5 for the terms of the Performance Shares.
5. Refer to Section 10.7 for the terms of the Performance Rights.
6. Refer to Section 9.4 for the terms of the agreement with S3 Consortium Pty Ltd.
7. Assuming a Share price of \$0.20, however, the Company notes that the Shares may trade above or below this price.

3. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
A. Company		
Who is the issuer of this Prospectus?	Sarytogan Graphite Limited (ACN 107 920 945) (Company or Sarytogan Graphite).	Section 5.1
Who is the Company and what is its history?	<p>The Company is an Australian unlisted public company, incorporated on 20 February 2004.</p> <p>The Company was originally incorporated with the vision to become a biofuels producer in Bintulu, Sarawak, east Malaysia. Following adverse changes in government legislation, the project was abandoned, and the land sold in 2011. In 2008, the Company examined various palm plantation opportunities in Indonesia and, in 2016, made an investment into Interfone Pte Ltd, a telephony company based in Singapore which subsequently ceased operations in 2016.</p> <p>In the intervening period, the Company has been largely dormant.</p> <p>In June 2021, RM Corporate Finance assigned to the Company the rights to acquire a 100% interest in Ushtogan LLP, a Kazakhstan registered company that has title to the Sarytogan Graphite Project situated in Central Kazakhstan.</p>	Section 5.1
What is the Company's interest in the Sarytogan Graphite Project?	<p>The Company has entered into an exchange agreement with Ustar Ventures Ltd to acquire 100% of the participatory interests of Ushtogan LLP (Exchange Agreement). Ushtogan LLP owns 100% of the Sarytogan Graphite Project.</p> <p>The consideration to be paid by the Company for the acquisition of 100% of the participatory interests in Ushtogan LLP comprises:</p> <p>(a) 51,764,706 Shares; and</p> <p>(b) 14,117,646 Performance Shares,</p> <p>to be issued to Ustar Ventures Ltd (an entity 100% owned by Dr Waldemar Mueller – a director of the Company).</p> <p>In addition:</p> <p>(a) the Company has agreed to issue 7,000,000 additional Shares to Ustar Ventures Ltd in relation to reimbursement of expenditure that Ustar Ventures Ltd has represented has been expended on the Sarytogan Graphite Project; and</p>	Section 5 and Annexure A

Item	Summary	Further information
	<p>(b) Ushtogan LLP has agreed to pay a 3% gross revenue royalty to Ustar Ventures Ltd for all minerals, metals and products recovered from the tenement boundary comprising the Sarytogan Graphite Project.</p> <p>The Sarytogan Graphite Project is located in the Karaganda region of Central Kazakhstan. It is located in the industrial mining area and is connected by highway to Karaganda city (190 km) and to the capital Nur-Sultan (390 km). A right for entering into the Subsoil Contract was issued to Ushtogan LLP on 22 June 2018 and confirmed by 5406-TPI (5406-ТПИ) contract on 26 October 2018. The Subsoil Contract currently covers an area of 103.82 km², however, this is subject to be reduced by 33 km² pursuant to the relinquishment obligation the Company is required to comply with as part of the Subsoil Contract.</p>	

B. Business Model

<p>What is the Company's business model?</p>	<p>Following completion of the Offers, the Company's proposed business model will be to further explore and develop the Sarytogan Graphite Project in accordance with the Company's intended exploration programs.</p> <p>The Company proposes to fund its exploration activities over the first two years following listing as outlined in the table at Section 5.</p> <p>A detailed explanation of the Company's business model is provided at Section 5.5 and a summary of the Company's proposed exploration programs is set out at Section 5.6.</p>	<p>Sections 5.5 and 5.6</p>
<p>What are the key business objectives of the Company?</p>	<p>The Company's main objectives on completion of the Offers and ASX listing are:</p> <ul style="list-style-type: none"> (a) infill drilling to delineate zones of different mineralisation styles within the Sarytogan Graphite Project; (b) sample analysis and study work to determine potential product specifications; (c) updating the current JORC Resource; (d) completion of feasibility studies; (e) undertaking of project financing negotiations; (f) subject to positive feasibility studies and completion of the steps outlined above, moving towards project development at the Sarytogan Graphite Project; 	<p>Section 5.5</p>

Item	Summary	Further information
	<ul style="list-style-type: none"> (g) assessing other resource opportunities that have the potential to deliver significant returns for Shareholders; (h) continuing to pursue other acquisitions that have a strategic fit for the Company; and (i) providing working capital for the Company. 	
<p>What are the key dependencies of the Company's business model?</p>	<p>The key dependencies of the Company's business model include:</p> <ul style="list-style-type: none"> (a) completing the acquisition of Ushtogan LLP, the owner of the Sarytogan Graphite Project; (b) maintaining title to the Sarytogan Graphite Project; (c) continued exploration success, followed by positive feasibility studies on the Sarytogan Graphite Project; (d) retaining and recruiting key personnel skilled in the mining and resources sector; (e) sufficient worldwide demand for graphite; and (f) the market price of graphite remaining higher than the Company's costs of any future production (assuming successful exploration by the Company). 	<p>Section 5.5</p>
C. Key Advantages		
<p>What are the key advantages of an investment in the Company?</p>	<p>The Directors are of the view that an investment in the Company provides the following non-exhaustive list of advantages:</p> <ul style="list-style-type: none"> (a) subject to raising the Minimum Subscription, the Company will have sufficient funds to implement its graphite strategy as an entity listed on ASX; (b) the Company will have an interest in a quality asset in Kazakhstan considered by the Board to be highly prospective for graphite; and (c) the Company has a credible and experienced team to progress exploration and accelerate potential development of the Sarytogan Graphite Project. 	<p>Section 5</p>
D. Key Risks		
<p>General</p>	<p>The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating</p>	<p>Section 7</p>

Item	Summary	Further information
	<p>and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company.</p> <p>Set out below are specific risks that the Company is exposed to. Further risks associated with an investment (specifically the industry in which the Company operates and general investment risks) in the Company are outlined in Section 7.</p>	
Exploration and operating	<p>Potential investors should understand that mineral exploration and development are high-risk undertakings.</p> <p>There can be no assurance that future exploration of the Sarytogan Graphite Project, or any other mineral licences that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.</p> <p>The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, native title process, changing government regulations and many other factors beyond the control of the Company.</p> <p>The success of the Company will also depend upon the Company being able to maintain title to the Sarytogan Graphite Project and obtaining all required approvals for their contemplated activities. In the event that exploration programmes prove to be unsuccessful, this could lead to a diminution in the value of the Sarytogan Graphite Project, a reduction in the cash reserves of the Company and possible relinquishment of the whole or part of Sarytogan Graphite Project.</p>	Section 7
Subsoil Contract Obligations	<p>Financial Obligations</p> <p>The Subsoil Contract imposes a number of obligations on Ushtogan, including financial obligations, which must be strictly observed.</p>	Section 7

Item	Summary	Further information
	<p>If the performance rate for financial obligations is less than 30% during two consecutive years, the relevant authority responsible for state supervision on subsoil use in respect of solid minerals, will be entitled to terminate the Subsoil Contract.</p> <p>As Ushtogan satisfied its financial obligations for 2021, there is currently no risk that if Ushtogan fails to satisfy its financial obligations for 2022 that the Subsoil Contract will be terminated on this basis. In any case, the Company intends to meet all financial obligations going forward.</p> <p>Contractual Obligations</p> <p>The RoK Ministry of Industry and Infrastructural Development (MIID) may terminate the Subsoil Contract in the case of Ushtogan's failure to rectify more than two breaches of contractual obligations within the timeline set out in the MIID's notification(s). The timeline for rectification of breaches of financial obligations, however, is not defined in either the Subsoil Contract or in the applicable legislation.</p> <p>Ushtogan has received two Non-Compliance Notifications where the relevant authority indicated that Ushtogan failed to comply with financial, investment and geological exploration obligations during 2019 and 2020.</p> <p>According to the LKU Report for 2021, Ushtogan has, however, fulfilled its investment obligations for 2021. Therefore, although Ushtogan was unable to rectify the breaches of the above three groups of financial obligations (financial, investment and geological exploration), Ushtogan has performed the physical volume of obligations set out in the work program and project documents for 2021 in full.</p> <p>Given Ushtogan's performance of the physical obligations for 2021 in full, the Company believes the probability that the MIID might terminate the Contract due to Ushtogan's failure to rectify more than two breaches of contractual obligations is low.</p> <p>In any case, it has been confirmed that the MIID's approach is quite flexible and it normally does not seek to exercise its right to terminate a subsoil use contract at its discretion in relation to actually operating subsoil users that pay taxes, carry out exploration or mining operations resulting in putting ore reserves to the state balance sheet, thereby fulfilling the main principle of the Subsoil Code in terms of</p>	

Item	Summary	Further information
	<p>replenishing the mineral resource base of Kazakhstan, and creating job places.</p> <p>Relinquishment</p> <p>Under the Subsoil Contract, Ushtogan has the obligation to return a contract territory not included into the territory on which a commercial discovery was made as follows:</p> <p>(a) by 26 October 2020 – 30%;</p> <p>(b) by 26 October 2021 – 30%; and</p> <p>(c) by 26 October 2022 – 30%.</p> <p>Ushtogan has not returned any part of the contract territory. Accordingly, there is a risk that the MIID will file a notification with Ushtogan referring to the breach of the above contractual obligation. A failure to rectify more than two breaches of contractual obligations within the timeline set out in the MIID's notification entitles the MIID to terminate the Subsoil Contract.</p> <p>Ushtogan has initiated the process of execution of the relinquishment obligation and duly obtained an act of inspection of a part (33 km²) of the contract territory dated, which is a mandatory pre-requisite for amending the geological allotment.</p> <p>As such, the Company is confident Ushtogan will fulfil its relinquishment obligation.</p>	
Controlling interest of Ustar Ventures Ltd	<p>On completion of the Offer, Ustar Ventures Ltd (an entity controlled by director, Waldemar Mueller), will own approximately 46.5% of the Shares on issue in the Company (on an undiluted basis and before conversion of any of the Performance Shares or the sale of any Shares by Ustar Ventures).</p> <p>The presence of Ustar Ventures as a substantial Shareholder may detract from the attractiveness of the Company as a takeover target and, accordingly, Shareholders may potentially be foregoing any future control premium in any Shares they hold in the Company.</p> <p>As a substantial shareholder, Ustar Ventures will also have the power to exert significant control and influence over the operations of the Company.</p> <p>Where one shareholder has such a significant holding, it can also lead to a reduction in liquidity of the Shares as traded on ASX.</p>	Section 7
Related Party Contractual Risk	The Company has a number of key contractual relationships with related parties. If these relationships breakdown and the related party	Section 7

Item	Summary	Further information
	<p>agreements are terminated, there is a risk that the Company may not be able to find a satisfactory replacement.</p> <p>Further, the operations of the Company will require involvement of related parties and other third parties including suppliers, manufacturers and customers. With respect to these persons and despite applying best practice in terms of pre-contracting due diligence, the Company is unable to completely avoid the risk of:</p> <ul style="list-style-type: none"> (a) financial failure or default by a participant in any agreement to which the Company may become a party; and/or (b) insolvency, default on performance or delivery by any operators, contractors or service providers. <p>There is also a risk that where the Company has engaged a contractor who is a related party, the contract between the contractor and the Company may terminate for reasons outside of the control of the Company. This may then result in the termination of the contract between the Company and the contractor and the impact the Company's position, performance and reputation.</p>	
COVID-19 Risk	<p>The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.</p> <p>COVID-19 may also heighten the risk of disruption to the Company's supply chain. If a staff member or contractor contracts COVID-19, the Company be required to suspend its operations which could materially impact on its operations..</p> <p>The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.</p> <p>In addition, the majority of the Company's directors and management team reside in</p>	Section 7

Item	Summary	Further information
	<p>Western Australia. At the date of this Prospectus, Western Australia has strict rules in place in relation to international and interstate travel. In the short term, these rules may make it difficult for the management team to travel to and from Kazakhstan which, in turn, could impact activities (i.e., delay) in relation to the Sarytogan Graphite Project.</p>	
Conditional Prospectus	<p>This Prospectus is conditional upon the Conditions being satisfied or waived. The Conditions are set out in Section 4.6.</p> <p>There is no certainty that the Conditions will be satisfied. In the event that these conditions are not met then the listing of the Company on ASX will not proceed and all application monies received will be returned to applicants without interest.</p>	Section 7
Additional requirements for capital	<p>The Company's capital requirements depend on numerous factors. The Company may require further financing in addition to amounts raised under the Offers. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.</p>	Section 7
Foreign Jurisdiction Risk	<p>The Company's Sarytogan Graphite Project is located in Kazakhstan and the Company will be subject to the risks associated with operating in that country. Such risks can include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local residents or contractors or require other benefits to be provided to local residents.</p> <p>The Republic of Kazakhstan gained independence from the Soviet Union in 1991. In 1995-1996, there was an increase in economic</p>	Section 7

Item	Summary	Further information
	<p>reform and privatisation which resulted in a substantial shift of assets to the private sector and liberalised foreign trade. Kazakhstan has established an industrial policy designed to diversify the economy away from an over-dependence on the oil and raw minerals sector by developing light industry.</p> <p>In response to protests in January 2022, President Kassym-Jomart Tokayev laid out a path to "normalisation" based on a shift away from the legacy of his predecessor Nazarbayev. The changes are aimed at economic liberalisation and addressing corruption.</p> <p>Both houses of parliament in Kazakhstan have voted to strip former President Nazarbayev of his lifetime chairmanships of the security council and the People's Assembly of Kazakhstan. The lower house has also approved a move to remove Nazarbayev's veto powers in important areas of domestic and foreign policy.</p> <p>The Company expects that these changes will be advantageous to the Company's operations or, at minimum, the Company does not expect that these changes will negatively impact the operations of the Company.</p> <p>Changes to Kazakhstan's mining or investment policies and legislation or a shift in political attitude may adversely affect the Company's operations and profitability. The Company might also be required by local authorities to invest in social projects for the benefit of the local community. Additional social expenditures in the future may have a negative impact on the Company's profitability.</p>	
Legal Environment in Kazakhstan	<p>Kazakhstan's legal system is less developed than more established countries and this could result in the following risks:</p> <ul style="list-style-type: none"> (a) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute; (b) a higher degree of discretion held by various government officials or agencies; (c) the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights; (d) inconsistencies or conflicts between and within various laws, regulations, decrees, orders, and resolutions; or 	Section 7

Item	Summary	Further information
	<p>(e) relative inexperience of the judiciary and court in matters affecting the Company.</p> <p>The commitment to local businesspeople, government officials and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that the Company will not be adversely affected by the actions of the government authorities or others. As such, effectiveness and enforcement of such arrangements cannot be assured.</p>	
Logistics and Infrastructure	<p>The Sarytogan Graphite Project in Kazakhstan is subject to logistical risk of a long supply line should there be a requirement to import materials and equipment from outside the country.</p> <p>Kazakhstan is a landlocked country and hence the Company will need to establish reliable road and rail transport.</p> <p>In the event of a mining operation, transportation of raw materials for external processing or sale may result in higher costs compared to countries or locations with more established or accessible infrastructure.</p> <p>In order to develop the Sarytogan Graphite Project, the Company will need to establish the facilities and material necessary to support operations.</p>	Section 7
Viability Risk	<p>No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of the Sarytogan Graphite Project. Until the Company is able to realise value from the Sarytogan Graphite Project, it is likely to incur ongoing operating losses.</p>	Section 7
Climate risk	<p>There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:</p> <p>(a) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by</p>	Section 7

Item	Summary	Further information
	<p>changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and</p> <p>(b) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.</p>	
Other risks	For additional specific risks please refer to Section 7.2. For other risks with respect to the industry in which the Company operates and general investment risks, many of which are largely beyond the control of the Company and its Directors, please refer to Sections 7.3 and 7.4.	Sections 7.2, 7.3 and 7.4
E. Directors and Key Management Personnel		
Who are the Directors?	<p>The Board consists of:</p> <p>(a) Sean Gregory – Non-Executive Director (To be appointed as Managing Director on 28 February 2022);</p> <p>(b) Dr Waldemar Mueller – Executive Director (To be appointed as Technical Director on 28 February 2022);</p> <p>(c) Stephen Penrose – Non-Executive Chairman; and</p> <p>(d) Brendan Borg – Non-Executive Director.</p> <p>The profiles of each of the Directors are set out in Section 8.1.</p>	Section 8.1
What experience do the Directors have?	<p>Sean Gregory – Non-Executive Director (moving to Managing Director on 28 February 2022) B.Sc.,(Geology), MBA</p> <p>Mr Gregory is a seasoned mining executive with more than 20 years' experience in minerals exploration, development and mining in iron ore,</p>	Section 8.1

Item	Summary	Further information
	<p>lithium, cobalt, nickel, and gold in Western Australia and abroad. In the most recent 5 years, Mr Gregory has acted as CEO and/or at board level of listed ASX mining companies Kogi Iron Limited (ASX:KFE), Great Southern Mining Limited (ASX:GSN), and Greenstone Resources Ltd (ASX:GSR). This built on an early career with BHP Group Limited (ASX:BHP), Murchison Metals Limited and Mineral Resources Limited (ASX:MIN) developing iron ore operations.</p> <p>Mr Gregory is currently a Non-Executive Director of Kogi Iron Limited (ASX:KFE).</p> <p>Mr Gregory has a deep understanding of the minerals value chain from geology, exploration, metallurgy, feasibility studies, approvals, construction, mining, logistics, business improvement, technical marketing, economic evaluation and business development. Success in major project developments can be influenced by understanding the total project life cycle and by bringing diverse disciplines together.</p> <p>Mr Gregory's practical mining experience is well complemented by a strong academic background including a Bachelor of Science (Hons) in Geology (UWA), MBA (UWA), Advanced Mergers and Acquisitions Program (Melb Uni) and Corporate Company Directors Course Award (AICD).</p> <p>Dr Waldemar Mueller – (moving to Technical Director on 28 February 2022)</p> <p>M.Sc., PhD (Geology), M.Aus.I.M.M.</p> <p>Dr Waldemar Mueller has over 40 years' experience in exploration and valuation of mineral resources. The last 20 years he has worked on various leadership positions with mineral exploration companies in Germany (projects in Brazil & Kazakhstan), in Canada (projects in Russia & Kazakhstan), in Australia (projects in Kyrgyzstan, Georgia & Kazakhstan). Dr Mueller has a strong background in gold and base metal exploration in Kazakhstan and Kyrgyzstan. He has also visited and examined different mineral deposits in multiple countries in his capacity as the principal consultant of Kiintas Mining Management Ltd. Dr Mueller is a Competent Person as defined in JORC Code. Dr Mueller was also the exploration director of the ASX company Central Asia Resources Limited from 2005 to 2009.</p>	

Item	Summary	Further information
	<p>Stephen Penrose – Non-Executive Chairman B.Comm, LLB Mr Penrose is the managing partner of Tottle Partners, specialising in corporate and commercial litigation. Mr Penrose graduated from UWA with a B.Com., L.L.B. and was admitted to practice in Western Australia in 1992. Mr Penrose acts for a broad range of commercial clients ranging from small family-owned businesses through to ASX-listed entities. His clients include mining companies, high-net-worth individuals, not-for-profit groups as well as professional services firms. Mr Penrose is an experienced non-executive director having served on the boards of a number of listed companies. Mr Penrose is, however, not currently a director of any other ASX listed companies at this time.</p> <p>Brendan Borg – Independent Non-Executive Director M.Sc., B. Sc., (Geology), M.Aus.I.M.M. Mr Borg is a consultant geologist who has specialised in the “battery materials” sector including lithium, graphite, cobalt and copper mineralisation, participating in numerous successful projects, in an investment and/or operational capacity. Mr Borg has 25 years' experience gained working in management, operational and project development roles in the mineral exploration and mining industries, with companies including Rio Tinto Iron Ore Pty Ltd, Magnis Resources Limited (ASX:MNS), IronClad Mining Limited, Lithex Resources Limited and Sibelco Australia Limited. More recently he was a co-founder and Managing Director of ASX and TSXV listed gold explorer, Tempus Resources Limited (ASX/TSXV:TMR/TMRR). Mr Borg is currently a Non-Executive Director of gold producer and lithium developer Firefinch Limited (ASX:FFX) and Kuniko Limited (ASX:KNI). He is also a director of geological consultancy Borg Geoscience Pty Ltd. Mr Borg holds a Master of Science in Hydrogeology and Groundwater Management (University of Technology Sydney), a Bachelor of Science in Geology/Environmental Science (Monash University) and is a member of the AusIMM and the IAH.</p>	

Item	Summary	Further information																				
<p>What are the significant interests of Directors in the Company?</p>	<p>The officers of the Company currently hold the following equity interests:</p> <table border="1" data-bbox="597 310 1209 718"> <thead> <tr> <th data-bbox="597 310 760 388">Director</th> <th data-bbox="760 310 906 388">Shares</th> <th data-bbox="906 310 1042 388">Options</th> <th data-bbox="1042 310 1209 388">Performance Rights</th> </tr> </thead> <tbody> <tr> <td data-bbox="597 388 760 466">Sean Gregory¹</td> <td data-bbox="760 388 906 466">Nil</td> <td data-bbox="906 388 1042 466">Nil</td> <td data-bbox="1042 388 1209 466">Nil</td> </tr> <tr> <td data-bbox="597 466 760 567">Dr Waldemar Mueller²</td> <td data-bbox="760 466 906 567">Nil</td> <td data-bbox="906 466 1042 567">Nil³</td> <td data-bbox="1042 466 1209 567">Nil</td> </tr> <tr> <td data-bbox="597 567 760 644">Stephen Penrose</td> <td data-bbox="760 567 906 644">Nil</td> <td data-bbox="906 567 1042 644">Nil⁴</td> <td data-bbox="1042 567 1209 644">Nil</td> </tr> <tr> <td data-bbox="597 644 760 718">Brendan Borg⁵</td> <td data-bbox="760 644 906 718">1,425,000</td> <td data-bbox="906 644 1042 718">1,425,000</td> <td data-bbox="1042 644 1209 718">Nil</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> 2,000,000 Options are to be issued to Mr Gregory under the Employee Incentive Securities Plan. Terms and Conditions of the Options are set out in Section 10.3. 6,000,000 Performance Rights to be issued to Mr Gregory under the Employee Incentive Securities Plan. Terms and Conditions of the Performance Rights are set out in Section 10.7. Dr Mueller is the sole shareholder in the entity that is vending in 100% of the participatory interests in Ushtogan LLP, the owner of the Sarytogan Graphite Project to the Company (Ustar Ventures Ltd). Ustar Ventures Ltd will receive up to 58,764,706 Shares and 14,117,647 Performance Shares in connection with the acquisition. 2,000,000 Options are to be issued to Dr Mueller under the Employee Incentive Securities Plan. Terms and Conditions of the Options are set out in Section 10.3. 2,000,000 Options are to be issued to Mr Penrose under the Employee Incentive Securities Plan. Terms and Conditions of the Options are set out in Section 10.3. All Shares issued at \$0.10 per Share under a seed raising by the Company with an accompanying one for one free Option. Mr Borg is also to be issued 1,500,000 Options under the Employee Incentive Securities Plan. 	Director	Shares	Options	Performance Rights	Sean Gregory ¹	Nil	Nil	Nil	Dr Waldemar Mueller ²	Nil	Nil ³	Nil	Stephen Penrose	Nil	Nil ⁴	Nil	Brendan Borg ⁵	1,425,000	1,425,000	Nil	<p>Section 8.2</p>
Director	Shares	Options	Performance Rights																			
Sean Gregory ¹	Nil	Nil	Nil																			
Dr Waldemar Mueller ²	Nil	Nil ³	Nil																			
Stephen Penrose	Nil	Nil ⁴	Nil																			
Brendan Borg ⁵	1,425,000	1,425,000	Nil																			
<p>What are the significant interests of advisors to the Company?</p>	<p>The Joint Lead Managers will be paid a fee of 6% (plus GST) in respect to the amount managed by the Joint Lead Managers under the Offers and will be issued 1,600,000 Shares in the Company as a success fee for the Offers.</p> <p>In addition, the Joint Lead Managers have the following interests in securities of the Company as at the date of this Prospectus:</p> <p>RM Corporate Finance Pty Ltd associates:</p> <p>(a) James Richardson:</p> <ol style="list-style-type: none"> 2,745,712 Shares; and 450,000 Options; and 	<p>Sections 4.5 and 5.9</p>																				

Item	Summary	Further information
	<p>(b) Guy Le Page:</p> <p>(i) 2,713,000 Shares; and</p> <p>(ii) 555,000 Options.</p> <p><i>Inyati Fund Pty Ltd (as an associate of Inyati Capital Pty Ltd)</i></p> <p>(a) 1,800,000 Shares and</p> <p>(b) 1,800,000 Options.</p>	
<p>Has the Company adopted an employee incentive scheme?</p>	<p>The Company has adopted an employee incentive scheme titled "Employee Securities Incentive Plan" (Plan). The objective of the Plan is to:</p> <p>(a) assist in the reward, retention, and motivation of eligible participants, which includes employees (including executive directors), non-executive directors and key contractors of the Company;</p> <p>(b) link the reward of eligible participants to Shareholder value creation; and</p> <p>(c) align the interests of eligible participants with Shareholders by providing an opportunity to eligible participants to receive an equity interest in the Company in the form of securities.</p> <p>A summary of the key terms and conditions of the Plan is set out in Section 10.6.</p>	<p>Section 10.7</p>
<p>What related party agreements are the Company party to?</p>	<p>The Company has entered into the following related party transactions on arms' length terms:</p> <p>(a) letters of appointment or executive services agreements with each of its Directors;</p> <p>(b) deeds of indemnity, insurance, and access with each of its Directors;</p> <p>(c) an Exchange Agreement (as varied) and two Side Deeds with Ustar Ventures Ltd, in which Dr Mueller is the sole shareholder; and</p> <p>(d) a Loan Agreement and Pledge Agreement between the Company and Ushtogan LLP.</p> <p>The Company managed conflicts of interest in relation to the above agreements by the relevant conflicted related party not participating in the discussion on, or the Board resolution relating to, the relevant agreement.</p> <p>In addition:</p> <p>(a) the Exchange Agreement with Ustar Ventures Ltd and Ushtogan LLP were negotiated and executed before Dr Mueller became a director of the</p>	<p>Section 9</p>

Item	Summary	Further information
	<p>Company through arm's length negotiations between Ustar Ventures Ltd and the Board of Directors of the Company at the time; and</p> <p>(b) the variations to the Exchange Agreement and Side Deeds were negotiated through arm's length negotiations between Ustar Ventures Ltd and the Board of Directors of the Company at the time, with Dr Mueller not participating in the discussions or Board approvals from the Company's side.</p>	
F. Financial Information		
How has the Company been performing?	The Company is a non-operating entity and, as such, does not have any meaningful historical financial operating history. The audited historical financial information of the Company (including its subsidiaries) as at 30 June 2021, together with other relevant financial information, is set out in Section 6 and Annexure C.	Section 6 and Annexure C
What is the financial outlook for the Company?	<p>Given the current status of the Company's Sarytogan Graphite Project and the speculative nature of its business, the Directors do not consider it appropriate to forecast future earnings.</p> <p>Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection on a reasonable basis.</p>	Section 6 and Annexure C
G. Offers		
What are the Offers?	The Offers comprise 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 up to 15,953,339 Options at an issue price of \$0.01 per Option on a one (1) for four (4) basis to Eligible Shareholders to raise up to \$159,533 (in each case, before costs).	Section 4.1
Is there a minimum subscription under the Offers?	Yes. The minimum amount to be raised under the Offers is \$8,659,533.	Section 4.2
What are the purposes of the Offers?	The purposes of the Offers are to facilitate an application by the Company for admission to the Official List and to position the Company to seek to achieve the objectives stated at Section B of this Investment Overview Section A.	Section 4

Item	Summary	Further information
Are the Offers underwritten?	No, the Offers are not underwritten.	Section 4.4
Who are the Joint Lead Managers to the Offers?	<p>The Company has appointed RM Corporate Finance Pty Ltd and Inyati Capital Pty Ltd (Joint Lead Managers) as joint lead managers to the Offers. The Joint Lead Manager will receive a cash fee in total of 6% of the total amount raised under the Offers.</p> <p>The Company will also issue the Joint Lead Managers 1,600,000 Shares in the Company as a success fee for the Offers.</p>	Section 4.5
Who is eligible to participate in the Offers?	<p>This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in Jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.</p>	Section 4.11
How do I apply for Shares under the Offers?	Applications for Shares under the Offers must be made by completing the Application Form attached to this Prospectus in accordance with the instructions set out in the Application Form.	Section 4.8
What is the allocation policy?	<p>The Company retains an absolute discretion to allocate Shares under the Offers and will be influenced by the factors set out in Section 4.9.</p> <p>There is no assurance that any applicant will be allocated any Shares, or the number of Shares for which it has applied.</p>	Section 4.9
What will the Company's capital structure look like on completion of the Offers and Acquisition?	The Company's capital structure on a post-Offers basis is set out in Section 5.8.	Section 5.8
What are the terms of the Shares offered under the Offers?	<p>A summary of the material rights and liabilities attaching to:</p> <p>(a) the Shares offered under the Offers are set out in Section 10.2; and</p> <p>(b) the Options offered under the Offers are set out in Section 10.3.</p>	Sections 10.2 and 10.3
Will any Shares or Options be	None of the Shares or Options issued under the Offers will be subject to escrow.	Section 5.10

Item	Summary	Further information
subject to escrow?	<p>However, subject to the Company complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offers, it is anticipated that certain Shares, Options, Performance Rights and Performance Shares will be restricted from trading under the ASX Listing Rules.</p> <p>During the period in which restricted Shares or Options are prohibited from being transferred, trading in Shares and/or Options (as the case may be) may be less liquid which may impact on the ability of a holder of Shares or Options to dispose of his or her securities in a timely manner.</p> <p>The Company will announce to ASX full details (quantity and duration) of the Shares, Options and Performance Shares required to be held in escrow prior to the Shares commencing trading on ASX.</p> <p>The Company's 'free float' (being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company (or their associates) at the time of admission to the Official List) will be approximately 41.25% comprising all Shares issued following completion of the Offers and completion under the Exchange Agreement, other than Shares subject to ASX imposed escrow or held by Directors, proposed Directors or promoters.</p>	
Who are the current Shareholders of the Company and on what terms were their Shares issued?	As at the date of the Prospectus, the Company has 201 Shareholders. These Shares were issued at various issue prices over time, with the most recent equity raising by the Company being completed in October 2021 through the issue of 3,500,000 Shares at an issue price of \$0.10 each (together with a one for one free attaching Option).	Section 5.8
Will the Shares be quoted on ASX?	Application for quotation of all Shares and Options to be issued under the Offers will be made to ASX no later than 7 days after the date of this Prospectus.	Section 4.10
What are the key dates of the Offers?	The key dates of the Offers are set out in the indicative timetable in the Key Offers Information Section.	Key Offers Information
What is the minimum investment size under the Offers?	<p>Applications under the Share Offer must be for a minimum of \$2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of \$500 worth of Shares (2,500 Shares).</p> <p>There is no minimum investment for the Option Offer.</p>	Section 4.8

Item	Summary	Further information
Are there any conditions to the Offers?	<p>The Offers are conditional on:</p> <ul style="list-style-type: none"> (a) completion occurring under the Exchange Agreement; (b) the Minimum Subscription to the Offers being reached; and (c) ASX granting conditional approval for the Company to be admitted to the Official List, <p>(together, the Conditions).</p> <p>The Offers will only proceed if all Conditions are satisfied. Further details are set out in Section 4.6.</p>	Section 4.6
H. Use of funds		
How will the proceeds of the Offers be used?	<p>The Offers proceeds and the Company's existing cash reserves will be used for:</p> <ul style="list-style-type: none"> (a) implementing the Company's business objectives and exploration programs; (b) expenses of the Offers; (c) repayment of a working capital loan; (d) administration costs; and (e) working capital, <p>further details of which are set out in Section 5.7.</p>	Section 5.7
Will the Company be adequately funded after completion of the Offers?	<p>The Directors are satisfied that on completion of the Offers, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.</p>	Section 5.7
I. Additional information		
Is there any brokerage, commission, or duty payable by applicants?	<p>No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offers.</p> <p>However, the Company will pay to the Joint Lead Managers 6% (ex GST) of the total amount raised by the Lead Managers under the Prospectus.</p>	Section 9.1.1
Can the Offers be withdrawn?	<p>The Company reserves the right not to proceed with the Offers at any time before the issue or transfer of Shares to successful applicants.</p> <p>If the Offers does not proceed, application monies will be refunded (without interest).</p>	Section 4.15
What are the tax implications of investing in Shares?	<p>Holders of Shares and Options may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares or Options subscribed for under this Prospectus.</p> <p>The tax consequences of any investment in Shares or Options will depend upon an investor's</p>	Section 4.14

Item	Summary	Further information
	particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Shares and/or Options offered under this Prospectus.	
What is the Company's Dividend Policy?	<p>The Company anticipates that significant expenditure will be incurred in the exploration and evaluation of the Sarytogan Graphite Project. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least, the first two-year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.</p> <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.</p>	Section 5.12
What are the corporate governance principles and policies of the Company?	<p>To the extent applicable, in light of the Company's size and nature, the Company has adopted <i>The Corporate Governance Principles and Recommendations (4th Edition)</i> as published by ASX Corporate Governance Council (Recommendations).</p> <p>The Company's main corporate governance policies and practices and the Company's compliance are outlined in Section 8.4.</p> <p>In addition, the Company's full Corporate Governance Plan is available from the Company's website (www.sarytogangraphite.com.au).</p>	Section 8.4
Why is the Independent Expert's Report included in this Prospectus?	<p>Section 13 of ASX Guidance Note 19 requires the Independent Expert's Report to be included in this Prospectus to assist non-participating security holders of the Company in understanding whether the issue of the Performance Shares, Options and Performance Rights by the Company is fair and reasonable.</p> <p>The Independent Expert has concluded that the issue of the Performance Shares pursuant to the Exchange Agreement and the Performance Rights to be issued to Sean Gregory is not fair but reasonable to non-associated Shareholders.</p> <p>Please refer to the Independent Expert's Report at Annexure D for more information.</p>	

Item	Summary	Further information
Where can I find more information?	(a) By speaking to your sharebroker, solicitor, accountant or other independent professional adviser; (b) By contacting the Company Secretary, on +61 8 9388 8290; or (c) By contacting the Share Registry on + 61 8 2 9698-5414.	

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

4. DETAILS OF THE OFFERS

4.1 The Offers

The Offers comprise:

- (a) an initial public offering of 42,500,000 Shares at an issue price of \$0.20 per Share to raise up to \$8,500,000 (**Share Offer**); 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 (**Option Offer**).

The maximum amount that may therefore be raised under this Prospectus is \$8,659,533 (before costs) (**Maximum Subscription**).

The Shares issued under the Share Offer will be fully paid and will rank equally with all other existing Shares currently on issue. A summary of the material rights and liabilities attaching to the Shares is set out in Section 10.2.

The Options offered under the Option Offer will be issued on the terms and conditions set out in Section 10.3. All Shares issued on conversion of the Options will rank equally with the Shares on issue at the date of this Prospectus.

4.2 Minimum subscription

The Minimum Subscription for the Offers is \$8,659,533 (42,500,000 Shares and 15,953,339 Options) (**Minimum Subscription**). This is also the Maximum Subscription.

If the Minimum Subscription has not been raised within four (4) months after the date of this Prospectus or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

4.3 Oversubscriptions and shortfall from Option Offer

No oversubscriptions above the Maximum Subscription will be accepted by the Company under the Offers.

As the Option Offer is essentially an entitlement offer, it is possible that not all of the Eligible Shareholders will take up their entitlement to subscribe for Options under the Option Offer. In this case, there may be a shortfall from the Option Offer and the Board reserves the right to allocate the shortfall as it sees fit.

4.4 Underwriter

The Offers are not underwritten.

4.5 Joint Lead Managers

The Company has appointed RM Corporate Finance Pty Ltd (AFSL 315235) and Inyati Capital Pty Ltd (Corporate Authorised Representative 1287573 of AFSL 485946) (**Joint Lead Managers**) as joint lead managers to the Offers.

Guy Le Page and James Richardson are former directors of the Company and are also directors and shareholders of RM Corporate Finance Pty Ltd, one of the Joint Lead Managers. At the time the Joint Lead Manager Mandate was negotiated, Guy Le Page and James Richardson were directors of the Company.

The Joint Lead Managers will receive, together a cash fee of 6% of the total amount raised by the Joint Lead Managers under the Offers. In addition, the Company will issue the Joint Lead Managers a total of 1,600,000 Shares as a success fee for the Offers. On the assumption that the Shares have a value of \$0.20 each, the total value of the fees that may be paid to the Joint Lead Managers (exclusive of GST) is \$839,572.

The Company's policy in relation to entering into related party agreements is for the relevant party(s) to abstain from voting on the relevant matter and, if necessary, to obtain shareholder approval for the relevant agreement.

The Company obtained shareholder approval pursuant to Sections 195(4) and 208 of the Corporations Act and for all other purposes for the Company to enter into the lead manager mandate with RM Corporate Finance at its annual general meeting held on 30 June 2021.

The Company considers that the risk of conflict caused as result of Guy Le Page and James Richardson being directors to both the Company (at the time the lead manager mandate was entered into) and RM Corporate Finance Pty Ltd, is mitigated by the fact that Guy Le Page and James Richardson no longer act as directors of the Company and that Inyati Capital Pty Ltd is also acting as a Joint Lead Manager to the Offer.

The Board believes that the consideration payable pursuant to the Joint lead Manager Mandate is reasonable remuneration and is consistent with or favourable to prevailing market rates for the services performed.

For further information in relation to the appointment of the Joint Lead Managers, please refer to Section 9.1.1.

4.6 Conditions of the Offers

The Offers are conditional upon the following events occurring:

- (a) completion occurring under the Exchange Agreement, which requires ASX granting conditional approval for the Company to be admitted to the Official List;
- (b) the Minimum Subscription to the Offers being reached; and
- (c) ASX granting conditional approval for the Company to be admitted to the Official List,

(together, the **Conditions**).

If these Conditions are not satisfied then the Offers will not proceed and the Company will repay all application monies received under the Offers within the time prescribed under the Corporations Act, without interest.

4.7 Purpose of the Offers

The primary purposes of the Offers are to:

- (a) assist the Company to meet the admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules;
- (b) provide the Company with additional funding for:

- (i) the proposed exploration programs at the Sarytogan Graphite Project (as further detailed in Section 5.6);
 - (ii) consideration of additional opportunities that may be presented to the Board from time to time; and
 - (iii) the Company's working capital requirements while it is implementing the above; and
- (c) remove the need for an additional disclosure document to be issued upon the sale of any Shares or Options that are to be issued under the Offers.

The Company intends on applying the funds raised under the Offers together with its existing cash reserves in the manner detailed in Section 5.7.

4.8 Applications

Applications for Shares and Options under the Offers must be made by using the relevant Application Form as follows:

- (a) using an online Application Form at www.sarytogangraphite.com.au and pay the application monies electronically; or
- (b) completing a paper-based application using a printed copy of the relevant Application Form attached to the electronic version of this Prospectus.

By completing an Application Form, each applicant under the Offers will be taken to have declared that all details and statements made by them are complete and accurate and that they have personally received the Application Form together with a complete and unaltered copy of the Prospectus.

Applications for Shares under the Share Offer must be for a minimum of \$2,000 worth of Shares (10,000) Shares and thereafter in multiples of 2,500 Shares and payment for the Shares must be made in full at the issue price of \$0.20 per Share.

Options under the Option Offer will be issued at an issue price of \$0.01 each to Eligible Shareholders on a one (1) for four (4) basis.

Completed Application Forms and accompanying cheques, made payable to **"Sarytogan Graphite Limited – Offer Account"** and crossed **"Not Negotiable"**, must be mailed, or delivered to the address set out on the Application Form by no later than 5:00pm (WST) on the Closing Date, which is scheduled to occur on 17 March 2022.

If paying by BPAY®, please follow the instructions on the Application Form. A unique reference number will be quoted upon completion of the online application. Your BPAY reference number will process your payment to your application electronically and you will be deemed to have applied for such Shares for which you have paid. Applicants using BPAY should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the Closing Date of the Offers. You do not need to return any documents if you have made payment via BPAY.

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the

Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

The Company reserves the right to close the Offers early.

4.9 Allocation policy under the Offers

The Company retains an absolute discretion to allocate Securities under the Offers and reserves the right, in its absolute discretion, to allot to an applicant a lesser number of Securities than the number for which the applicant applies or to reject an Application Form. If the number of Securities allotted is fewer than the number applied for, surplus application money will be refunded without interest as soon as practicable.

No applicant under the Offers has any assurance of being allocated all or any Securities applied for. The allocation of Securities by Directors (in conjunction with the Joint Lead Managers) will be influenced by the following factors:

- (a) the number of Securities applied for;
- (b) the overall level of demand for the Offers;
- (c) the desire for a spread of investors, including institutional investors; and
- (d) the desire for an informed and active market for trading Securities following completion of the Offers.

The Company will not be liable to any person not allocated Securities or not allocated the full amount applied for.

4.10 ASX listing

Application for Official Quotation by ASX of the Shares and Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. However, applicants should be aware that ASX will not commence Official Quotation of any Shares or Options until the Company has complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be admitted to the Official List. As such, the Shares and Options may not be able to be traded for some time after the close of the Offers.

If the Shares and Options are not admitted to Official Quotation by ASX before the expiration of three (3) months after the date of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares or Options and will repay all application monies for the Shares and Options within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares and/or Options is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

4.11 Issue

Subject to the to the Conditions set out in 4.6 being met, the issue of Securities offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the

applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

The Directors (in conjunction with the Joint Lead Managers) will determine the recipients of the issued Securities in their sole discretion in accordance with the allocation policy detailed in Section 4.9. The Directors reserve the right to reject any application or to allocate any applicant fewer Securities than the number applied for. Where the number of Securities issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Holding statements for Securities issued to the issuer sponsored subregister and confirmation of issue for Clearing House Electronic Subregister System (CHES) holders will be mailed to applicants being issued Securities pursuant to the Offers as soon as practicable after their issue.

4.12 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any of these restrictions, including those outlined below. In particular, this Prospectus may not be distributed in the United States or elsewhere outside Australia. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that you have complied with these restrictions.

4.13 Commissions payable

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

4.14 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers, and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares or Options under this Prospectus or the reliance of any applicant on any part of the summary contained in this Section.

No brokerage, commission or duty is payable by applicants on the acquisition of Shares or Options under the Offers.

4.15 Withdrawal of Offers

The Offers may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.

5. COMPANY AND PROJECTS OVERVIEW

5.1 Background

The Company is an Australian unlisted public company incorporated on 20 February 2004.

The Company was originally incorporated with the vision of becoming a biofuels producer through its 100% owned subsidiary PME Biofuels Sdn Bhd situated in Bintulu, Sarawak, east Malaysia. Following adverse changes in government legislation, the project was abandoned, and the land sold in 2011. In 2008, the Company examined various palm plantation opportunities in Indonesia and, in 2016, made an investment into Interfone Pte Ltd, a telephony company based in Singapore which subsequently ceased operations in 2016. The Company has been largely dormant since this time.

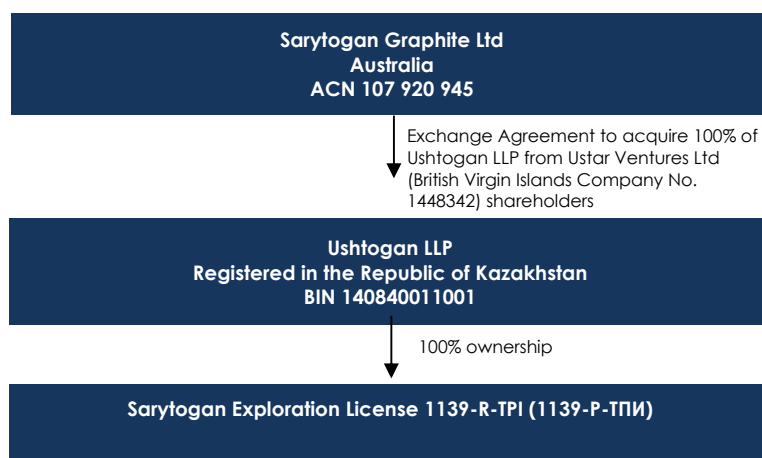
In June 2021, the Company entered into an Exchange Agreement to acquire 100% of the participatory interests in Ushtogan LLP, a Kazakhstan registered company that owns the Sarytogan Graphite Project situated in Central Kazakhstan.

At the Company's 2021 Annual General Meeting, the shareholders of PME Biofuels approved a name change to 'Sarytogan Graphite Limited' to reflect its new business opportunity in Kazakhstan.

5.2 Corporate Structure

The Company has executed an Exchange Agreement to acquire 100% of the participatory interests in Ushtogan LLP from Ustar Ventures Ltd (**Ustar Ventures**) shareholders. The Exchange Agreement is summarised in section 9.2.2. The acquisition by the Company will be subject to, *inter alia*, the Company receiving conditional approval for its Shares to be granted official quotation on the ASX prior to 31 May 2022.

The Company's corporate structure following completion of listing on the ASX, is set out in the following diagram:



5.3 Overview of the Sarytogan Graphite Project

5.3.1 Project location and access

The Sarytogan Graphite Project is situated in the Karaganda region of Central Kazakhstan (Figure 5.3.1). It is located in the industrial mining area and is connected by highway to Karaganda City (190 km) and to the capital Nūr-Sūltan (formerly known as Astana) (390 km). The nearest towns are Aksu (55 km) and Kenshoky (6 km), with populations of 5,000 and 1,300, respectively.

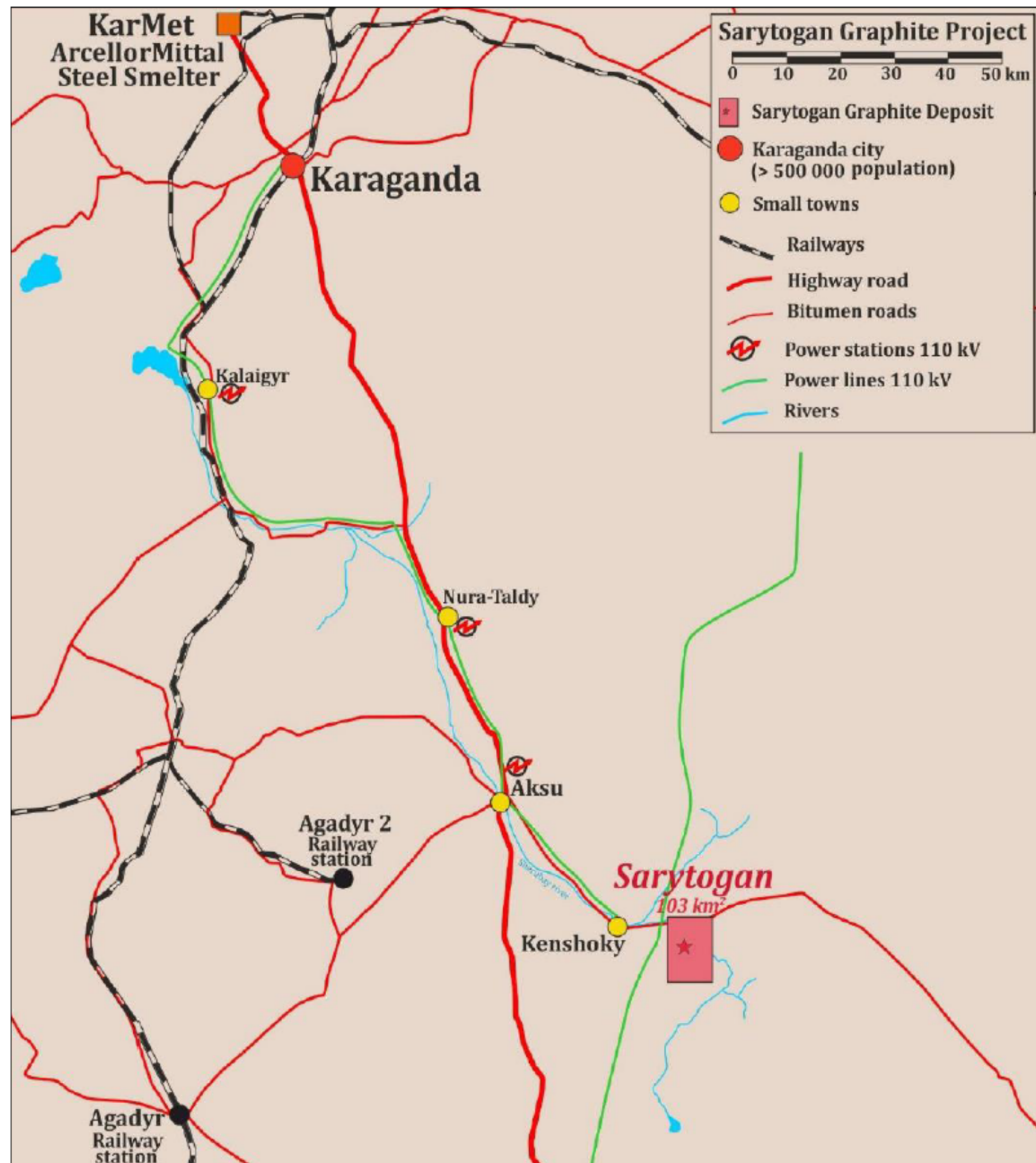


Figure 5.3.1: Sarytogan Graphite Project location.

5.3.2 Tenure

The right for entering into the Subsoil Contract was issued to Ushtogan on 22 June 2018 and confirmed by the 5406-TPI (5406-ТПИ) contract on 26 October 2018. It is valid until 26 October 2022.

If a deposit (mineralisation) is discovered at the Sarytogan Graphite Project, the Subsoil Contract may be extended for the period required for appraisal of the deposit (mineralisation) determined upon results of negotiations between the parties to the Subsoil Contract. Ushtogan will be granted an extension of

the exploration stage under the Subsoil Contract for appraisal of the deposit/mineralisation, with such an extension normally being granted for a period of 1.5 to 3 years.

If Ushtogan makes a commercial discovery, appraises it and relevant resources and reserves are verified by a report prepared by a Competent Person, Ushtogan will have an exclusive right to apply for a mining licence. A mining licence holder has the exclusive right to mine solid minerals, make mining exploration, as well as use subsoil space for the purposes of mining, the deployment of mining and (or) mining and processing production facilities, placement of technogenic mineral formations. A mining licence is granted for a period up to 25 years (with possibility of further extensions).

The exploration concession currently covers 103.82 km², however, this is expected to be reduced by 33 km² subject, to the relinquishment obligation the Company is required to comply with as part of the Subsoil Contract.

5.3.3 Climate and physiography

The area is characterised by isolated mountains which stand out against surrounding gentle landscape with maximum absolute elevations of Karatoganbay (1,140 m) and Sarytoganbay (1,036 m). Relative elevations are 300 m. The hydrographic network is represented by intermittent flowing small tributaries of the Sherubay-Nura and Karasai rivers with several springs with drinking water in the area.

The climate is continental with low rainfall, cold winters and hot summers. The temperature fluctuates from +40°C to -45°C.

5.3.4 Mineral Resource

The Mineral Resource estimates for the Sarytogan Graphite Project were conducted in 2019 by CSA Global and were undertaken in accordance with the JORC Code (2012). The Mineral Resource estimates included in this Section were prepared by Mr Serikjan Urbisnov of CSA Global.

The Sarytogan Graphite Project contains two separate mineralised zones, being the Northern and Central Sarytogan deposits. Both are graphite deposits hosted in graphitic schists. The petrography has reported that the graphitic schists consist of fine graphite and quartz. There has been no recent metallurgical testing to determine the quality and recovery of the graphite into a graphite concentrate however historical work has indicated that via conventional processing a small flake graphite concentrate can be produced.

The inferred JORC Mineral Resource estimates for the Sarytogan Graphite Project are set out on a 100% basis in table 5.3.4 below.

Zone	JORC Classification	Tonnage (Mt)	TGC (%)	Contained Graphite (Mt)
North	Inferred	159	28.8%	46,000
Central	Inferred	49	27.5%	14,000
Total	Inferred	209	28.5%	60,000

Table 5.3.4: (Source: - CSA Global Mineral Resource Estimate Report 20 June 2019)

Note: The Mineral Resource was estimated within constraining wireframe solids using a nominal 17% TGC. The resource is quoted by reporting all classified blocks >15% TGC within these wireframe solids. Differences may occur due to rounding.

For further information on the JORC Mineral Resource, please refer to the Independent Technical Assessment Report.

5.3.5 Geology and mineralisation

The Sarytogan Graphite Project deposits are in the western and southwestern limbs of a complex series of northeast and east trending folds. The overall structure is further complicated by later faults and smaller scale folds.

The stratigraphy consisting of volcanic and sedimentary rocks underwent extensive contact metamorphism with carbonaceous rocks altered into hornfels or underwent significant graphitisation along contacts with granite domes.

Graphite-bearing black carbonaceous shale, siltstones and sandstones are overlain by grey to dark grey weakly carbonaceous siltstones and sandstones.

The southwestern part of the site is composed of dark grey carbonaceous siltstones with interlayers and lenses of dark grey sandstones, grey, brownish-grey sandstones, and siltstone. Most of this area is covered with loose quaternary sediments.

Exploration has identified two zones of graphitic sediments being the Sarytogan Central and Sarytogan North graphite deposits (Figure 5.3.5).

The Central Zone, located in the central part of the Sarytogan Graphite Project is 2,900 m long from the south-southwest to the northeast and 45 to 90 m wide on the northeast end of the deposit, 200 to 450 m wide in the centre and 70 m wide in the southwest. This narrow syncline is complicated on the limbs due to the intrusion of the granite dome and tectonic movements. The graphitic units of the Central Zone are represented by graphite schists, siltstones, and sandstones.

The North Zone is a part of an extended syncline located in the northern part of the Sarytogan Graphite Project. The fold is approximately 2,300 m long, 140 m wide to the north-east, 500 m in the centre of the fold and 450 m to the southwest. The syncline is composed of black graphite schists, graphitised siltstones, and sandstones.

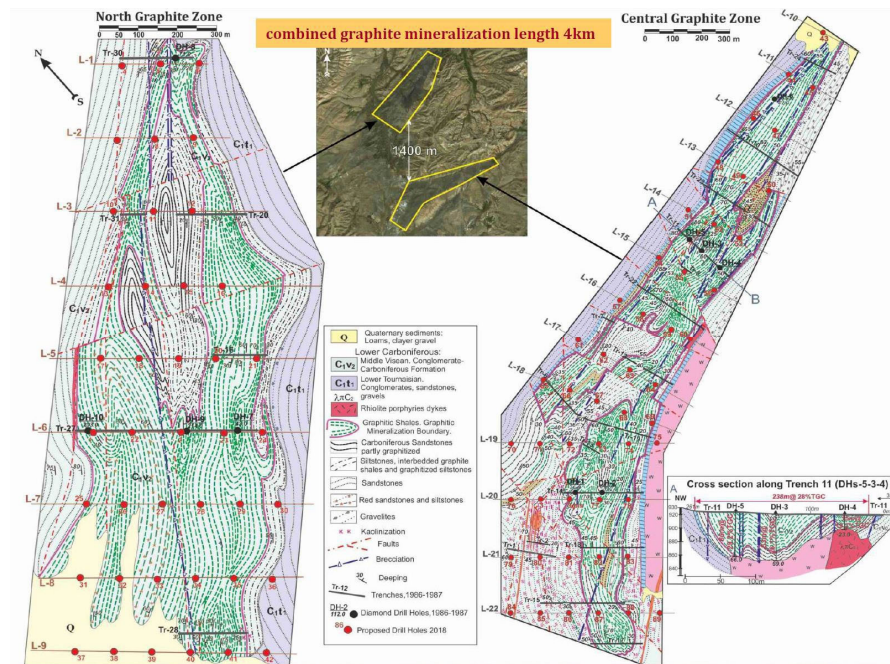


Figure 5.3.5: Plan view of Sarytogan Deposit showing major graphite zones (source: CSA Global Report, 348-2019).

5.3.6 Previous exploration

(a) Historical Exploration

Between 1985 and 1987, exploration was conducted by the graphite division of the Karaganda State Regional Geological Expedition with a total of 28 trenches totalling 4,966.5m excavated and 2,859 separate samples collected. Samples were collected over a length of 4,496.4 m. The trenches were between 0.5 and 3.3 m deep (averaging approximately 1.7-1.8m) and 0.8 m wide.

In addition to the trenches, 15 vertical diamond drill holes were completed for 1,642.5 m. A total of 804 samples were collected with these extending over 1,460 m of the drilling. The historical samples were whole core with no material retained.

(b) Recent Exploration

No reported exploration activities were undertaken between 1987 and 2019. In 2019, Ushtogan LLP commenced exploration which consisted of 14 vertical diamond drillholes for a total of 1,711.1 m. Sampling from the 2019 drilling was undertaken on half core with 893 samples collected with these extending over 1,711.1 m of core. Down hole surveys were conducted on a 20 m downhole interval for each hole.

In addition to the 2019 drilling, recent exploration activities have included metallurgical studies using three small bulk samples (15.3 kg, 15.0 kg, and 20.1 kg) and petrographic studies.

Since July 2021, eighteen diamond drill holes have been completed for 2,090.4 metres in the Northern Zone of the Sarytogan Graphite deposit. All holes have been geologically logged, samples collected for petrology, density measurements undertaken, and geochemical sampling completed. Assay results have been returned for 883 samples from

thirteen holes. The significant drill intersections for these thirteen holes are shown in Table 5.36. The significant drill intersections were calculated based on a 10% TGC cut-off with a maximum of 2 m of continuous internal dilution. The “inc” intersections are based on a 35% TGC cut-off with a 4 m minimum thickness and a maximum of 6 m of continuous internal dilution. The “inc2” significant drill intersections are based on consecutive samples over 40% TGC. In addition to these thirteen holes an additional 224 samples from five holes have been submitted to an assay laboratory but the Company has not yet received the assay results.

Hole ID	Assay Results			
	From	To	Width	TGC %
St-32	0.0	37.7	37.7	22.82
St-37	4.5	11.3	6.8	15.98
	29.3	82.6	53.3	26.05
inc.	63.9	71.9	8.0	36.57
St-44	0.0	21.9	21.9	26.30
St-45	0.0	26.3	26.3	26.89
inc.	9.9	19.9	10.0	40.02
inc2				
.	9.9	15.9	6.0	47.26
St-46	3.0	55.2	52.2	31.04
inc	39.3	53.3	14.0	38.03
	92.9	164.9	72.0	31.38
inc.	110.9	114.9	4.0	36.73
inc.	125.9	149.9	24.0	36.20
	174.3	195.2	24.9	22.64
St-47	25.3	36.0	10.7	30.52
	47.7	118.6	70.9	31.75
inc.	55.2	61.2	6	39.29
inc.	75.0	79.0	4	37.79
inc2				
	111	114.8	3.8	43.05
	125.0	218.3(EOH)	93.3	31.18
	163.3	175.4	12.1	39.21
inc.	201.7	218.3(EOH)	16.6	37.60
inc2				
	163.3	169.2	5.9	42.09
inc2				
	214.7	218.3(EOH)	3.6	46.06
St-48	0.0	6.0	6.0	19.97

Hole ID	Assay Results			
	From	To	Width	TGC %
	71.0	79.2	9.8	30.13
	90.4	201 (EOH)	112.2	29.91
inc.	129.0	145.8	16.8	35.81
inc2				
	130.5	134.0	3.5	40.77
St-51	6.0	12.5	6.5	14.55
	40.2	54.3	14.1	30.38
inc	42.2	46.2	4.0	37.07
St-52	27.2	39.3	12.1	26.20
	86.6	98.3	11.7	24.25
	110.2	180.8	70.6	27.55
inc	144.8	154.9	10.1	42.45
inc2				
	144.8	148.9	4.1	43.43
inc2				
	150.9	154.9	4.0	43.12
St-54	31.2	42	10.8	30.44
	60.4	170.8	110.4	30.29
inc	117.2	123.1	5.9	38.25
inc	152.5	163.5	11.0	35.44
inc2	154.2	157.9	3.7	41.87
St-55	12.5	120.9 (EOH)	110.2	31.24
inc	12.5	19.7	7.2	37.6
inc	27.7	40	12.3	36.06
inc	104.2	106.2	4.0	35.56
St-56	0.0	167.7	167.7	28.87
	40.3	44.4	4.1	38.98
inc	53.7	66.6	12.9	45.09
inc2	57.3	66.6	9.3	47.28
inc	120.2	129.9	9.7	38.60
inc2	126.2	129.9	3.7	42.26

Table 5.3.6: Significant Drill intersections from the 2021 Diamond Drilling
(Source: calculated by VRM from assay results provided by the Company)

Notes:

1. Significant drill intersections are based on a 10% TGC with a maximum of 2m of continuous internal dilution and no external dilution.
2. The inc intersections are based on a minimum width of 4 m, 35% TGC with a maximum of 6 m of continuous internal dilution and no external dilution while inc² intersections are consecutive samples of greater than 40% TGC. The drill coordinates, depth, number of

samples and additional information are detailed in Appendix A of the Independent Technical Assessment Report.

For further information on the coordinates and drill information for the 2019 and 2021 diamond drill holes, please refer to the Independent Technical Assessment Report at Annexure A.

5.4 Graphite Market

5.4.1 What is Graphite?

Graphite is a crystalline allotrope of carbon. It is extremely soft, cleaves with very light pressure, and has a very low specific gravity. Although graphite is flexible, it is not elastic and has high electrical and thermal conductivity.

Graphite occurs naturally in three forms: crystalline/vein, amorphous and flake.

(a) Crystalline vein graphite

Crystalline vein graphite is believed to be naturally occurring pyrolytic (deposited from a fluid phase) graphite. Veins are extremely small and typically range between 5 cm and 10 cm¹. It is found globally, but only mined in Sri Lanka. Its uses include batteries, carbon brushes, lubricants, plastics, and others.

(b) Amorphous

The term "amorphous graphite" is a contradiction because all graphite is crystalline by definition. However, its name is owing due to the lack of visible crystallinity. It is usually formed by contact metamorphism between an anthracite coal seam and a metamorphism agent. As a seam mineral, amorphous graphite tends to have higher ash content than vein and flake graphite, making it the least graphitic of the three types of natural graphite.

Amorphous graphite has high heat tolerance, making it suitable for manufacturing applications, where it is incorporated into crucibles, moulds, lades, toughs, nozzles, etc. It is also used as a carbon raiser in the production of steel for increased strength and durability. Other uses include brake linings, clutch materials, gaskets, and pencils.

(c) Flake

Flake graphite is formed when carbon material is subjected to high pressure and temperature. Some is sourced synthetically, however most comes from organic deposits. This is because synthetic graphite production is energy intensive and cost prohibitive.

Due to natural flake graphite's high pressure and temperature origins, it is most often found in metamorphic rock, with deposits having relatively uniform distribution. Flake sizes are measured by mesh size, or micron (μm) length and width, and vary from fine flake ($<75 \mu\text{m}$) to jumbo flake ($<300 \mu\text{m}$). It should be noted that smaller flakes can be manufactured from larger flakes, but not the converse.

¹ McLeod, C 2014, Stephen Riddle: What Investors Really Need to Know About Graphite, viewed 22 June 2021, <<https://investingnews.com/daily/resource-investing/battery-metals-investing/graphite-investing/asbury-carbons-stephen-riddle-graphite-china-tesla/>>.

Purity of the flakes comes from the flotation cell of a processing plant and is dependent on the characteristics of the specific ore body. These characteristics are often, but not necessarily, similar in particular geographies. For example, “run of mine” graphite from Madagascar is typically 85-90% carbon, graphite from Canada is typically 90-97% and graphite from China is typically 90-96%. Relatively high purity requires less processing, which can have an important impact on the value of the processed product. This is because the crushing and grinding of the ore to release the entrapped flake is the main force responsible for reducing the size of the individual flakes. A summary of graphite market terminology with respect to flake sizes is provided below.

Graphite Market Terminology	
Sizing	Market Terminology
>300 µm (+48 Mesh)	Extra-large or 'jumbo' flake
>180 µm (-48 to +80 Mesh)	Large flake
>150 µm (-80 to +100 Mesh)	Medium flake
>75 µm (-100 to + 200 Mesh)	Small flake
<75 µm (-200 Mesh) 80-85% C	Fine flake

Table 5.4.1: Graphite Market Terminology (Source: Valuation & Resource Management, 2022).

5.4.2 Spherical Graphite

Spherical graphite is the battery-grade flake graphite that is consumed as an anode in lithium-ion batteries (figure 5.5.2). Typically, fine flake graphite is processed into ultra-high purity (>99.95% C) with particle sizes ranging from 10 µm to 25 µm. The round shape of spherical graphite allows for efficient packaging of particles in a lithium-ion battery (LiB) anode, increasing energy and recharge capacity. Different lithium-ion batteries require different flake sizes. For instance, a small spherical graphite particle of 10 µm is suited for a battery with fast charging requirements, whereas a particle of 20 µm is suited to a battery with large power requirements.

To produce spherical graphite, fine flake graphite is processed and purified using hydrofluoric and sulphuric acid. Generally, between two and three tonnes of flakes graphite are required to produce one tonne of spherical graphite.

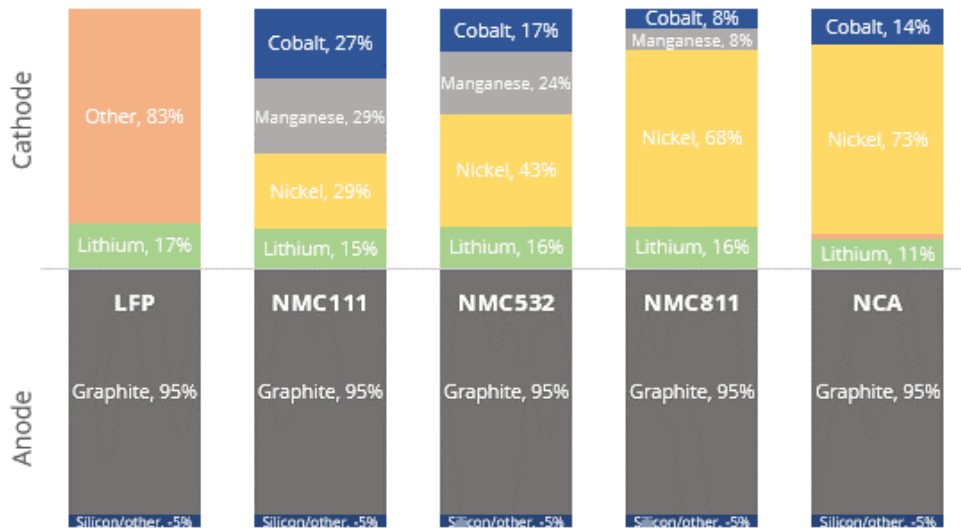


Figure 5.4.2: Graphite in Electric Vehicle Batteries (Source: Nouveau Monde Graphite Investor Presentation, February 2022).

There is debate surrounding the potential substitution of synthetic graphite for natural graphite in LiBs. The uniformity of the petroleum coke derivative for synthetic graphite typically offers superior consistency and purity to natural graphite. However, it is significantly more expensive and is also highly pollutive, posing a potential ESG and supply chain issue.

Silicon as an element in LiBs is beginning to gain traction as it has demonstrated some incremental performance gains. However, silicon is challenging from a technical perspective due to severe volume expansion/contraction during insertion/disinsertion (~400%)².

5.4.3 Demand

Historically, graphite has mostly been used in steelmaking, foundries and refractories (41%) (figure 5.5.3). LiB anode production represents approximately 10% of current demand but is where rapid growth is expected over the next decade due to the uptake in electric vehicles and stationary energy storage capacity. UBS are forecasting demand for natural graphite to grow by a factor to roughly 5.9 mtpa.

² Rodriguez-Martinez, L & Omar, N 2017, 'Emerging Nanotechnologies in Rechargeable Energy Storage Systems', *Micro and Nano Technologies*.

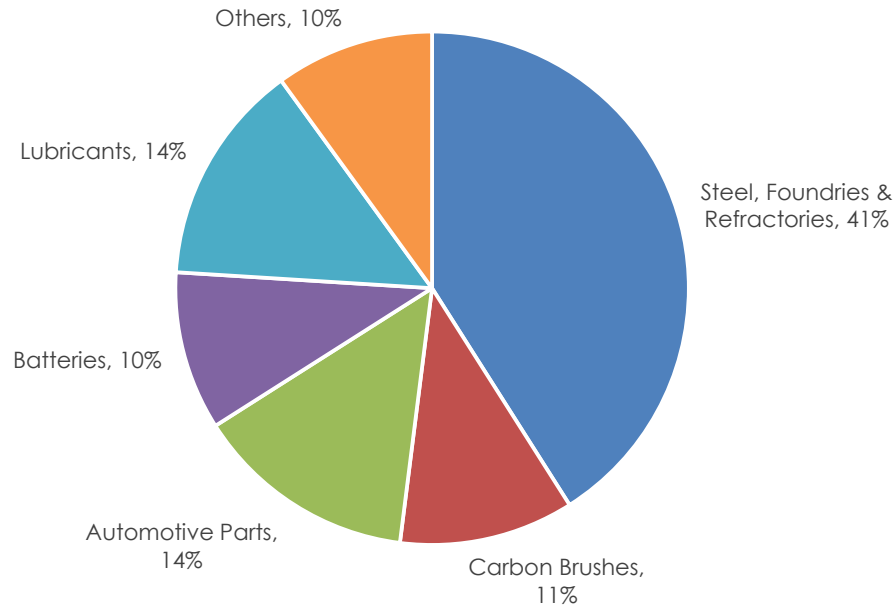


Figure 5.4.3: Natural Graphite by Use (Source: Graphano Energy 2022)

5.4.4 Supply

Graphite pricing is relatively opaque; there is no spot or futures market and pricing depends on negotiations between buyers and sellers, which is mostly determined by flake size distribution and carbon content/purity (table 5.4.4). The recent growth in LiBs for electric vehicles has led to a positive outlook for graphite in the medium- to long-term.

Graphite Specifications	
Graphite	Price
Graphite flake 94% C, +100 mesh, FOB China	US\$1,010
Graphite flake 94% C, -100 mesh, FOB China	US\$760
Graphite flake 94% C, +80 mesh, FOB China	US\$1,200
Graphite flake 94% C, +100 mesh, CIF Europe	US\$1,250
Graphite flake 94% C, -100 mesh, CIF Europe	US\$775
Graphite flake 94% C, +80 mesh, CIF Europe	US\$1,3,95
Graphite spherical 99.95% C, -200 mesh FOB China	US\$3,100-3,300
Graphite amorphous 80% C, -200 mesh, FOB China	US\$480-550
Graphite amorphous 80% C, -200 mesh, FCL, CIF Europe	US\$635-750

Table 5.4.4: Graphite Pricing (Source: Fastmarkets, 2022).

5.5 Business model

The proposed activities and business model of the Company on completion of the Offers are to advance the exploration and evaluation of the Sarytogan Graphite Project. The steps involved in achieving this strategy are:

- (a) infill drilling to delineate zones of different mineralisation styles within the Sarytogan Graphite Project;
- (b) sample analysis and study work to determine potential product specifications;
- (c) updating the current JORC Resource;
- (d) completion of feasibility studies;
- (e) undertaking of project financing negotiations; and
- (f) subject to positive feasibility studies and completion of the steps outlined above, moving towards project development at the Sarytogan Graphite Project.

5.6 Proposed Exploration Program and Development Plan

After listing on ASX, the Company intends to undertake the following programs:

- (a) the 2022 field season will likely see additional infill and extensional diamond drilling (both PQ and NQ) and further metallurgical testwork on up to 100 samples. Subject to the results of this work, it is proposed to update the JORC Mineral Resource in late CY 2022 after the completion of the 2022 field season;
- (b) undertaking further environmental and topographical studies in third quarter of 2022;
- (c) in late 2022, it is proposed to generate sufficient samples for preliminary marketing discussions with potential offtake partners; and
- (d) subject to the completion of an updated JORC Mineral Resource and more detailed mineralogical classification of the resources (including flake size distribution and quality), it is proposed to undertake preliminary economic assessments on the Sarytogan Graphite Project including desktop or scoping studies.

5.7 Use of funds

Funds available	Amount (\$)	Percentage of Funds (%)
Existing cash reserves ¹	42,896	0.5%
Funds raised from the Offers	8,659,533	99.5%
Total	8,702,429	100%
Allocation of funds		
Drilling ²	2,200,000	25.0%
Assays	550,000	6.3%
Metallurgical Testwork	500,000	5.7%
Consulting Fees	550,000	6.3%

Funds available	Amount (\$)	Percentage of Funds (%)
Scoping, Pre-Feasibility Studies	450,000	5.2%
Environmental Studies	150,000	1.7%
Transportation	175,000	2.0%
Equipment	150,000	1.7%
Working Capital & Wages	1,403,620	16.1%
Accommodation and Storage	250,000	2.9%
Administration ⁴	450,000	5.2%
Taxes	300,000	3.4%
Working Capital Loan Repayment	817,795	9.4%
Brokerage ³	519,572	6.0%
Accrued administration costs (unpaid director fees)	161,442	1.9%
Expenses of the Offer ³	75,000	0.9%
Total	8,702,429	100%

Notes:

1. Refer to the Financial Information set out in Section 6 for further details. The Company intends to apply these funds towards the purposes set out in this table, including the payment of the expenses of the Offers of which various amounts will be payable prior to completion of the Offers. Since 30 June 2021, the Company has expended approximately \$1,153,631 in progressing the Exchange Agreement and preparing the Prospectus.
2. Refer to Section 5.6 and the Independent Technical Assessment Report in Annexure A for further details with respect to the Company's proposed exploration programs at the Projects.
3. The majority of the Expenses of the Offer have been pre-funded. Refer to Section 10.13 for further details.
4. Administration costs include the general costs associated with the management and operation of the Company's business including administration expenses, management salaries, directors' fees, rent and other associated costs.
5. To the extent that:
 - (a) the Company's exploration activities warrant further exploration activities; or
 - (b) the Company is presented with additional acquisition opportunities,
the Company's working capital is intended to fund such further exploration and acquisition costs (including due diligence investigations and expert's fees in relation to such acquisitions). Any amounts not so expended are intended to be applied toward administration costs for the period following the initial 2-year period following the Company's quotation on ASX.

It is anticipated that the funds raised under the Offers will enable 2 years of full operations. It should be noted that the Company may not be fully self-funding

through its own operational cash flow at the end of this period. Accordingly, the Company may require additional capital beyond this point, which will likely involve the use of additional debt or equity funding. Future capital needs will also depend on the success or failure of the Company's Sarytogan Graphite Project. The use of further debt or equity funding will be considered by the Board where it is appropriate to fund additional exploration, feasibility studies, capital expenditure and/or mining on the Sarytogan Graphite Project or to capitalise on acquisition opportunities in the resources sector.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors consider that following completion of the Offers, the Company will have sufficient working capital to carry out its stated objectives. It should, however, be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 7.

5.8 Capital structure

The capital structure of the Company following completion of the Offers is summarised below:

Shares¹

	Minimum Subscription
Shares currently on issue ²	21,313,356
Shares to be issued pursuant to the Share Offer	42,500,000
Lead Manager Success Fee ³	1,600,000
Consideration Shares to be issued to Ustar Ventures Ltd for the Acquisition of Ushtogan LLP ⁴	51,764,706
Reimbursement Shares to be issued to Ustar Ventures Ltd for the acquisition of Ushtogan LLP ⁴	7,000,000
Shares to be issued to S3 Consortium Pty Ltd ⁵	2,062,500
Total Shares on completion of the Offers	126,240,562

Notes:

1. The rights attaching to the Shares are summarised in Section 10.2.
2. The Company has historically issued Shares at a variety of issue prices since incorporation. The most recent equity raising completed by the Company was in October 2021 and comprised the issue of 3,500,000 Shares at an issue price of \$0.10 each (with a one for one free attaching option).
3. The Company proposes to issue the Joint Lead Managers with 1,600,000 Shares as a success fee for the Offers.
4. A Refer to Sections 9.2.2, 9.2.3 and 9.2.4 for the terms of the agreements relating to the acquisition of Ushtogan LLP. Refer to Section 10.5 for the terms of the Performance Shares.
5. Refer to Section 9.4 for the terms of the agreement with S3 Consortium Pty Ltd.

Options

	Minimum Subscription
Options currently on issue	14,300,000
Options to be issued pursuant to the Option Offer ¹	15,953,339
Director Options to be issued	7,500,000
Total Options on completion of the Offers	37,753,339

Notes:

- The rights attaching to the Options to be issued under the Offers are summarised in Section 10.3.

Performance Shares

	Minimum Subscription
Performance Shares currently on issue	Nil
Performance Shares to be issued to Ustar Ventures Ltd ¹	14,117,646
Total Performance Shares on issue after completion of the Offers	14,117,646

Notes:

- Refer to Section 10.5 for a summary of the terms and conditions of the Performance Shares.

Performance Rights

	Minimum Subscription
Performance Rights currently on issue	Nil
Performance Rights to be issued to Managing Director ¹	6,000,000
Total Performance Rights on issue after completion of the Offers	6,000,000

Notes:

- Refer to Section 10.7 for a summary of the terms and conditions of the Performance Rights.

5.9 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offers are set out in the respective tables below.

As at the date of the Prospectus

Shareholder	Shares	Options	Performance Shares	Performance Rights	Percentage (%) (undiluted)	Percentage (%) (fully diluted)
BT Global Holdings Pty Ltd <BT Unit A/C> ¹	3,380,000	100,000	Nil	Nil	15.9%	9.8%

Inyati Fund Pty Ltd	1,800,000	1,800,000	Nil	Nil	8.4%	10.1%
Brendan Borg & Erin Borg <Borg Family Super Fund A/C> ²	1,425,000	1,425,000	Nil	Nil	6.7%	8.0%

Notes:

1. This entity is controlled by Guy Le Page and James Richardson, who are both directors of RM Corporate Finance Pty Ltd (one of the Joint Lead Managers). Guy Le Page and James Richardson are also shareholders via different entities. Their total shareholdings are disclosed in Section 3.E.

On completion of the issue of Shares and Options under the Offers with Minimum Subscription (assuming no existing substantial Shareholder subscribes and receives additional Shares or Options pursuant to the Offers)

Shareholder	Shares	Options	Performance Shares	Percentage (%) (undiluted)	Percentage (%) (fully diluted)
Waldemar Mueller	58,764,706 ¹	2,000,000 ²	14,117,646 ³	46.55%	40.67%

Notes:

1. 51,764,706 Shares are to be issued to Ustar Ventures Ltd under the Exchange Agreement. Dr Waldemar Mueller is the sole shareholder of Ustar Ventures Ltd. In addition, the Company has agreed to issue 7,000,000 Shares to Ustar Ventures Ltd in consideration for past expenditure that Ustar Ventures Ltd has represented has been spent on the Sarytogan Graphite Project.
2. 2,000,000 Options are to be issued to Waldemar Mueller under the Employee Incentive Securities Plan. The rights attaching to the Options are summarised in Section 10.3.
3. 14,117,646 Performance Shares are to be issued to Ustar Ventures Ltd under the Exchange Agreement. Dr Waldemar Mueller is the sole shareholder of Ustar Ventures Ltd. The rights attaching to the Performance Shares are summarised in Section 10.5.
4. Ustar Ventures Ltd has indicated to the Company that it needs to sell up to 6,944,44 Shares between completion of the Exchange Agreement and the Company being admitted to the Official List in order to settle a financial commitment. The holders of any Shares acquired from Ustar Ventures Ltd will be subject to 24 months escrow from the date of the Company is admitted to Official Quotation.

The Company will announce to the ASX details of its top-20 Shareholders following completion of the Offers prior to the Shares commencing trading on ASX.

5.10 Restricted Securities

Subject to the Company being admitted to the Official List and completing the Offers, certain Shares will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

While the ASX has not yet confirmed the final escrow position applicable to the Company's Shareholders, the Company anticipates that the following securities will be subject to escrow:

- (a) 24 months escrow from the date of the Company is admitted to Official Quotation:
 - (i) 58,764,706 Shares and 14,117,646 Performance Shares to be issued to Ustar Ventures Ltd (or its nominees) (as consideration for the purchase of 100% of the participatory interests in Ushtogan LLP and reimbursement for past expenditure on the Sarytogan Graphite Project);
 - (ii) 1,600,000 Shares to be issued to the Joint Lead Managers as a success fee in relation to the Offers;
 - (iii) 3,280,000 Shares issued to BT Global Holdings Pty Ltd <BT Unit A/C> as an assignment fee for introducing the transaction with Ustar Ventures Ltd to the Company;
 - (iv) 7,500,000 Options to be issued to the Directors and 6,000,000 Performance Rights to be issued to the proposed Managing Director (Sean Gregory); and
 - (v) 2,062,500 Shares to be issued to S3 Consortium Pty Ltd;
- (b) 12 months from 7 June 2021 – 350,000 Shares and 350,000 Options issued as part of a pre-IPO financing round by the Company;
- (c) 12 months from 20 July 2021 – 5,626,000 Shares and 5,626,000 Options issued as part of a pre-IPO financing round by the Company; and
- (d) 12 months from 29 August 2021 – 1,750,000 Shares and 1,750,000 Options issued as part of a pre-IPO financing round by the Company.

The number of Shares, Options and Performance Shares that are subject to ASX imposed escrow are at ASX's discretion in accordance with the ASX Listing Rules and underlying policy. The above is a good faith estimate of the securities that are expected to be subject to ASX imposed escrow.

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares and Options commencing trading on ASX (which admission is subject to ASX's discretion and approval).

5.11 Additional Information

Prospective investors are referred to and encouraged to read in its entirety both the:

- (a) the Independent Technical Assessment Report in Annexure A for further details about the geology, location, and mineral potential of the Company's Projects; and
- (b) the Solicitor's Report on Title in Annexure B for further details in respect to the Company's interest in the Sarytogan Graphite Project.

5.12 Dividend policy

The Company anticipates that significant expenditure will be incurred in the exploration and evaluation of the Company's Projects. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least, the first two-year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

6. FINANCIAL INFORMATION

6.1 Introduction

The financial information contained in this Section 6 includes:

- (a) the summary audited historical Statements of Financial Position as at 30 June 2020 and 30 June 2021 and summary reviewed historical Statement of Financial Position as at 31 December 2021; and summary audited historical Statements of Profit or Loss and Statement of Cash Flows of the Company for the years ended 30 June 2020 and 30 June 2021 and summary reviewed Statement of Profit or Loss and Statement of Cash Flows of the Company for the half-year ended 31 December 2021 (**Historical Financial Information**); together with
- (b) the pro forma Consolidated Statement of Financial Position of the Group as at 30 June 2021 and supporting notes which include the pro forma adjustments (**Pro Forma Financial Information**);

(together referred to as the **Financial Information**).

The Directors are responsible for the preparation and inclusion of the Financial Information in the Prospectus. HLB Mann Judd has prepared an Independent Limited Assurance Report in respect of the Financial Information, as set out in Annexure C. Investors should note the scope and limitations of the Independent Limited Assurance Report.

The Group referred to in the Pro Forma Financial Information comprises the Company and its wholly-owned subsidiary, Ushtogan LLP, which the Company is intending to acquire.

All amounts disclosed in this Section are presented in Australian dollars.

6.2 Basis of preparation of the Historical Financial Information

The Historical Financial Information included in this Section 6 has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (including the Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001. Significant accounting policies applied to the Historical Financial Information are set out in Section 6.9 under the heading 'Significant Accounting Policies'.

The Historical Financial Information of Sarytogan Graphite Limited relates to the years ended 30 June 2020 and 30 June 2021 and half-year ended 31 December 2021. The Historical Financial Information has been prepared for the purpose of the Offers.

6.3 Basis of preparation of the Pro Forma Financial Information

The Pro Forma Financial Information included in this Section 6 has been prepared for the purposes of inclusion in this Prospectus. The Pro Forma Financial Information is based on the reviewed Statement of Financial Position of the Company as at 31

December 2021 and adjusting for the impacts of the Offers and other pro forma adjustments.

The Pro Forma Financial Information does not reflect the actual financial results of the Group for the period indicated. The directors of the Company believe that it provides useful information as it illustrates to investors the financial position of the Group immediately after the Offers are completed and related pro forma adjustments are made.

The information set out in this Section 6 and the Group's selected Financial Information should be read together with:

- (a) the Risk Factors described in Section 7;
- (b) the Use of Funds described in Section 5.7;
- (c) the Indicative Capital Structure described in Section 5.8;
- (d) the Independent Limited Assurance Report on the Historical Financial Information set out in Annexure C; and
- (e) the other information contained in this Prospectus.

Investors should also note that historical results are not a guarantee of future performance.

6.4 Historical Statements of Profit or Loss

The table below presents the audited Historical Statements of Profit or Loss for the years ended 30 June 2020 and 30 June 2021 and reviewed Historical Statement of Profit or Loss for the half-year ended 31 December 2021.

	30 June 2020	30 June 2021	31 December 2021
	Audited \$	Audited \$	Reviewed \$
Interest received	24	4	-
Dividends received	34,007	9,900	4,312
Administration costs	(12,362)	(225,608)	(191,318)
Profit/(loss) before income tax	21,669	(215,704)	(187,006)
Income tax benefit/(expense)	-	-	-
Total profit/(loss) for the period	21,669	(215,704)	(187,006)

6.5 Historical Statements of Cash Flows

The table below presents the audited Historical Statements of Cash Flows for the years ended 30 June 2020 and 30 June 2021 and reviewed Historical Statement of Cash Flows for the half-year ended 31 December 2021.

	Year ended 30 June 2020	Year ended 30 June 2021	Half-Year ended 31 December 2021
	Audited \$	Audited \$	Reviewed \$
Cash Flows from Operating Activities			
Payments to suppliers and employees (inclusive of goods and services tax)	(6,576)	(19,594)	(119,532)
Dividends received	-	4,312	-
Interest received	23	4	-
Net cash outflow from operating activities	(6,553)	(15,278)	(119,532)
Cash Flows from Investing Activities		-	
Sale of listed investments	86,973	-	-
Purchase of unlisted investments	(90,000)	-	-
Loan to Ushtogan LLP	-	-	(1,128,822)
Net cash outflow from investing activities	(3,027)	-	(1,128,822)
Cash Flows from Financing Activities			
Proceeds from issue of shares	-	80,000	1,378,800
Loans received	-	-	400,000
Capital raising costs	-	-	(373,743)
Net cash inflow from investing activities	-	80,000	1,405,057
Net increase/(decrease) in cash and cash equivalents	(9,580)	64,722	156,703
Cash and cash equivalents at the beginning of the financial period	26,955	17,375	82,097
Cash and cash equivalents at the end of the financial period	17,375	82,097	238,800

6.6 Historical Statements of Financial Position

The table below presents the audited Historical Statements of Financial Position as at 30 June 2020 and 30 June 2021 and reviewed Statement of Financial Position as at 31 December 2021.

	30 June 2020	30 June 2021	31 December 2021
	Audited \$	Audited \$	Reviewed \$
Current Assets			
Cash and cash equivalents	17,375	82,097	238,800
Trade and other receivables	1,646	24,712	58,531
Total Current Assets	19,021	106,809	297,331
Non-Current Assets			
Prepaid exploration and evaluation asset acquisition costs	-	328,000	328,000
Loan to Ushtogan LLP	-	-	1,128,822
Equity investments	164,539	116,413	116,413
Total Non-Current Assets	164,539	444,413	1,573,235
Total Assets	183,560	551,222	1,870,566
Current Liabilities			
Trade and other payables	(20,721)	(244,212)	(231,996)
Total Current Liabilities	(20,721)	(244,212)	(231,996)
Non-Current Liabilities			
Loans payable	-	-	(405,510)
Total Non-Current Liabilities	-	-	(405,510)
Total Liabilities	(20,721)	(244,212)	(637,506)
Net Assets	162,839	307,010	1,233,060
Equity			
Issued capital	6,061,697	6,131,697	7,582,754

Unissued capital	-	338,000	-
Accumulated losses	(5,962,500)	(6,178,204)	(6,365,211)
Revaluation reserve	63,642	15,517	15,517
Total Equity	162,839	307,010	1,233,060

6.7 Pro Forma Consolidated Statement of Financial Position

The table below sets out the pro forma adjustments that have been incorporated into the Pro Forma Consolidated Statement of Financial Position as at 31 December 2021.

The pro forma adjustments reflect the financial impact of the Offers and other transactions as if they had occurred at 31 December 2021.

The Pro Forma Consolidated Statement of Financial Position is provided for illustrative purposes only and is not represented as necessarily indicative of the Group's financial position.

	Section Reference	Sarytogan Graphite as at 31 December 2021		Section Reference
		\$	\$	\$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	6.10	238,800	6,984,585	7,223,385
Trade and other receivables	6.11	58,531	1,529	60,060
TOTAL CURRENT ASSETS		297,331	6,986,114	7,283,445
NON-CURRENT ASSETS				
Exploration and evaluation expenditure	6.12	-	13,358,186	13,358,186
Prepaid exploration and evaluation asset acquisition costs	6.13	328,000	(328,000)	-
Property, plant and equipment	6.14	-	151,320	151,320
Loan to Ushtogan LLP	6.15	1,128,822	(1,128,822)	-
Equity investments	6.16	116,413	(116,413)	-

	Section Reference	Sarytogan Graphite as at 31 December 2021		Section Reference
		\$	\$	\$
TOTAL NON-CURRENT ASSETS		1,573,235	11,936,271	13,509,506
TOTAL ASSETS		1,870,566	18,922,385	20,792,951
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	6.17	231,996	(209,013)	22,983
TOTAL CURRENT LIABILITIES		231,996	(209,013)	22,983
NON-CURRENT LIABILITIES				
Loans payable	6.18	405,510	(405,510)	-
TOTAL NON-CURRENT LIABILITIES		405,510	(405,510)	-
TOTAL LIABILITIES		637,506	(614,523)	22,983
NET ASSETS		1,233,060	19,536,908	20,769,968
EQUITY				
Issued capital	6.19	7,582,754	19,959,044	27,541,798
Option reserve	6.20	-	159,533	159,533
Share-based payment reserve	6.21	-	690,319	690,319
Foreign currency translation reserve		-	131,602	131,602
Revaluation reserve		15,517	(15,517)	-
Accumulated losses	6.22	(6,365,211)	(1,388,073)	(7,753,284)
TOTAL EQUITY		1,233,060	19,536,908	20,769,968

6.8 Pro forma adjustments

- (a) Acquisition accounting. The acquisition of 100% of the participatory interests in Ushtogan LLP (the owner of the Sarytogan Graphite Project) is accounted for as an asset acquisition under AASB 2 *Share-based Payment*. Under AASB 2, the transaction is measured at fair value. As such the deemed fair value of the acquisition is with reference to the

consideration, being the number of shares being issued to the vendor (51,764,706 ordinary shares in the Company and 7,000,000 reimbursement ordinary shares in the Company) multiplied by the fair value of the shares being the IPO price of \$0.20 per share, namely a total of \$11,752,941. Details of the acquisition are set out in Note 6.23. The loan to Ushtogan LLP is eliminated on consolidation, resulting in a foreign exchange gain of \$131,602 being recorded.

- (b) Payment of creditors of \$152,820 owing as at 31 December 2021.
- (c) The loaning of funds to Ushtogan LLP of \$264,278 since 31 December 2021 for payment of exploration and evaluation expenditure of \$150,488 and creditors at 31 December 2021 of \$113,790.
- (d) The receipt of working capital loans totalling \$400,000 from various parties since 31 December 2021, the accrual of interest totalling \$12,285 and the repayment of those loans, loans outstanding at 31 December 2021 of \$405,510 and all accrued interest, from the proceeds of the Offers.
- (e) The transfer of prepaid exploration and evaluation asset acquisition costs of \$328,000 to exploration and evaluation expenditure.
- (f) The sale of the Company's equity investments realising the 31 December 2021 carrying value and the transfer of the balance in the revaluation reserve to accumulated losses.
- (g) The issue of 42,500,000 fully paid ordinary shares at an issue price of \$0.20 each to raise up to \$8,500,000, and the issue of one option for every four shares held by eligible shareholders (total of 15,953,339 options) at an issue price of \$0.01 per option to raise up to \$159,533, pursuant to the Offers under this Prospectus.
- (h) Transaction costs – the payment of estimated cash transaction costs totalling \$873,749 (of which \$726,397 is applied against issued capital and \$147,352 expensed). The amount applied against issued capital includes Joint Lead Manager fees of \$519,572, being 6% of gross proceeds raised from the Offers. In addition, the Joint Lead Managers will be issued 1,600,000 ordinary shares in the Company at \$0.20 per share, the total value of \$320,000 also being applied against issued capital.
- (i) The issue of 7,500,000 options to directors as part of their remuneration. These options are exercisable at \$0.25 each prior to 30 November 2024 and have been valued at \$690,319 as set out in Section 6.19 of the Prospectus. In addition, it is proposed that 6,000,000 performance rights will be issued to a director as part of his remuneration. These rights will convert to ordinary shares on achievement of certain non-market milestones as set out in Section 6.19 of the Prospectus. The performance rights are valued at the IPO price of \$0.20 per share, however the total value has not been reflected in the Pro Forma financial information for reasons as set out in that section.
- (j) The reversal of \$20,000 in share issue costs accrued at 31 December 2021.
- (k) The accrual of director fees for the months of January 2022 to 31 March 2022 totalling \$125,092 and the payment of these fees and fees owing at 31 December 2021 of \$36,350, together with further fees of \$16,042.

- (l) The issue of 2,062,500 ordinary shares in the Company at \$0.20 per share to Stocks Digital. The total value of \$412,500 has been expensed.

6.9 Significant Accounting Policies

(a) Basis of Preparation

Historical Cost Convention

The Financial Information has been prepared on an accruals basis and is based on historical costs. Cost is based on the fair values of the consideration given in exchange for assets. The Financial Information has also been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board.

(b) Principles of consolidation

The Financial Information incorporates the assets and liabilities of all subsidiaries of Sarytogan Graphite Limited ('Company' or 'Parent Entity') for the balance dates noted and the results of all subsidiaries for the periods then ended. Sarytogan Graphite Limited and its subsidiaries together are referred to in this Financial Information as 'the Group'.

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

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

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(c) **Revenue recognition**

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

(i) Sale of goods

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

(ii) Interest income

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

(d) **Impairment of assets**

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

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

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is

carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(e) **Asset acquisitions**

The acquisition of Ushtogan LLP by the Company is outside the scope of AASB 3 *Business Combinations* as the acquiree does not constitute a business as defined by this Standard.

Accordingly, the acquisition has been accounted for as an asset acquisition for equity consideration under AASB 2 *Share-based Payment*. Under AASB 2, the transaction has been measured at the fair value of the equity instruments issued. As such the deemed fair value of the acquisition is ordinary shares to be issued to the vendor multiplied by the fair value of the shares being the IPO price.

The Company's accounting policy is for costs associated with acquiring interests in exploration licences to be capitalised in the statement of financial position.

(f) **Income tax**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable

income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

- (i) when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- (ii) when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

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

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

(g) **Other taxes**

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation

authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(h) **Cash and cash equivalents**

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

(i) **Trade and other receivables**

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

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

The amount of the impairment loss is recognised in the statement of profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a

subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss.

(j) **Trade and other payables**

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

(k) **Foreign currency translation**

Both the functional and presentation currency of Sarytogan Graphite Limited is Australian dollars. The functional currency of Ushtogan LLP is Kazakhstani tenge.

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

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

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

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

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

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

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

(l) **Financial assets**

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

A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows

which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). The Company has made this election in respect of its equity investments.

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

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

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

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

(m) **Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) **Going concern**

The Financial Information has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

The Directors believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the Financial Information.

(o) **Share-based payments**

Equity settled transactions

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black & Scholes option-pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Sarytogan Graphite Limited. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, measured at the modification date.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(p) **Exploration and evaluation expenditure**

Exploration and evaluation expenditure (including acquisition costs) are accumulated in respect of each separate area of interest. Exploration and evaluation expenditure are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through the sale or successful development and exploitation of the area of interest, or where exploration and evaluation activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated exploration and acquisition costs in respect of that area are written off in the financial period in which that decision is made, to the extent that they will not be recovered in the future. Amortisation is not charged on exploration or acquisition costs carried forward in respect of areas of interest in the development phase until production commences.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration

and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

6.10 Cash and cash equivalents

The reviewed pro forma cash and cash equivalents are set out below:

	Note	Pro Forma
		\$
Reviewed cash and cash equivalents as at 31 December 2021		238,800
<i>Pro forma adjustments:</i>		
Cash assumed on acquisition of Ushtogan LLP	6.8(a) & 6.23	94,765
Payment of creditors owing at 31 December 2021	6.8(b)	(152,820)
Loaning of funds to Ushtogan LLP	6.8(c)	(264,278)
Receipt of working capital loans	6.8(d)	400,000
Repayment of working capital loans and accrued interest	6.8(d)	(817,795)
Payment of director fees owing	6.8(k)	(177,484)
Proceeds from sale of equity investments	6.8(f)	116,413
Proceeds of Offers	6.8(g)	8,659,533
Payment of transaction costs	6.8(h)	(873,749)
Total pro forma adjustments		6,984,585
Pro forma cash and cash equivalents		7,223,385

6.11 Trade and other receivables

The reviewed pro forma trade and other receivables are set out below:

	Note	Pro Forma
		\$
Reviewed trade and other receivables as at 31 December 2021		58,531
<i>Pro forma adjustments:</i>		
Trade and other receivables assumed on acquisition of Ushtogan LLP	6.8(a) & 6.23	1,529
Total pro forma adjustments		1,529
Pro forma trade and other receivables		60,060

6.12 Exploration and evaluation expenditure

The reviewed pro forma exploration and evaluation expenditure is set out below:

	Note	Pro Forma
		\$
Reviewed exploration and evaluation expenditure as at 31 December 2021		-
<i>Pro forma adjustments:</i>		
Exploration and evaluation expenditure assumed on acquisition of Ushtogan LLP	6.8(a) & 6.23	1,577,464
Exploration and evaluation expenditure arising from acquisition of Ushtogan LLP	6.23	11,302,234
Further exploration and evaluation costs paid	6.8(c)	150,488
Transfer of prepaid exploration and evaluation expenditure	6.8(e)	328,000
Total pro forma adjustments		13,358,186
Pro forma exploration and evaluation expenditure		13,358,186

6.13 Prepaid exploration and evaluation asset acquisition costs

The reviewed pro forma prepaid exploration and evaluation asset acquisition costs are set out below:

	Note	Pro Forma
		\$
Reviewed pro forma prepaid exploration and evaluation asset acquisition costs as at 31 December 2021		328,000
<i>Pro forma adjustments:</i>		
Transfer to exploration and evaluation expenditure	6.8(e)	(328,000)
Total pro forma adjustments		(328,000)
Pro forma prepaid exploration and evaluation asset acquisition costs		-

6.14 Property, plant and equipment

The reviewed pro forma property, plant and equipment is set out below:

	Note	Pro Forma
		\$
Reviewed property, plant and equipment as at 31 December 2021		-
<i>Pro forma adjustments:</i>		
Property, plant and equipment assumed on acquisition of Ushtogan LLP	6.8(a) & 6.23	151,320
Total pro forma adjustments		151,320
Pro forma property, plant and equipment		151,320

6.15 Loan to Ushtogan LLP

The reviewed pro forma Loan to Ushtogan LLP is set out below:

	Note	Pro Forma
		\$
Reviewed Loan to Ushtogan LLP as at 31 December 2021		1,128,822
<i>Pro forma adjustments:</i>		
Elimination of intercompany loan on consolidation	6.8(a)	1,128,822)
Total pro forma adjustments		(1,128,822)
Pro forma Loan to Ushtogan LLP		-

6.16 Equity investments

The reviewed pro forma equity investments are set out below:

	Note	Pro Forma
		\$
Reviewed equity investments as at 31 December 2021		116,413
<i>Pro forma adjustments:</i>		
Proceeds from sale of equity investments	6.8(f)	(116,413)
Total pro forma adjustments		(116,413)
Pro forma equity investments		-

6.17 Trade and other payables

The reviewed pro forma trade and other payables are set out below:

	Note	Pro Forma
		\$
Reviewed trade and other payables as at 31 December 2021		231,996
<i>Pro forma adjustments:</i>		
Trade and other payables assumed on acquisition of Ushtogan LLP	6.8(a) & 6.23	113,947
Payment of creditors owing at 31 December 2021	6.8(b) & 6.8(c)	(266,610)
Director fees accrued for January 2022 to March 2022	6.8(k)	125,092
Payment of director fees owing	6.8(k)	(161,442)
Reversal of share issue costs accrued at 31 December 2021	6.8(j)	(20,000)
Total pro forma adjustments		(209,013)
Pro forma trade and other payables		22,983

6.18 Loans payable

The reviewed pro forma loans payable are set out below:

	Note	Pro Forma
		\$
Reviewed loans payable as at 31 December 2021		405,510
<i>Pro forma adjustments:</i>		

Receipt of working capital loans	6.8(d)	400,000
Repayment of working capital loans	6.8(d)	(805,510)
Total pro forma adjustments		(405,510)
Pro forma loans payable		-

6.19 Share capital

Issued capital

The reviewed pro forma issued capital is set out below:

	Note	Pro Forma	Pro Forma
		Number of shares	\$
Audited issued capital as at 30 June 2021		2,633,356	6,131,697
<i>Movements to 31 December 2021</i>			
Transfer proceeds from issue of seed capital shares prior to 30 June 2021		100,000	10,000
Transfer shares issued in consideration of assignment of Term Sheet		3,280,000	328,000
Seed capital issued in July 2021 at \$0.10		10,000,000	1,000,000
Seed capital issued in July 2021 at \$0.04		720,000	28,800
Seed capital issued in October 2021 at \$0.10		3,500,000	350,000
Issue of shares in satisfaction of director fees owing		1,080,000	108,000
Transaction costs to 31 December 2021		-	(373,743)
Reviewed issued capital at 31 December 2021		21,313,356	7,582,754
<i>Pro forma adjustments:</i>			
Shares issued on acquisition of Ushtogan LLP	6.8(a) & 6.23	58,764,706	11,752,941
Issue of shares pursuant to Offers	6.8(g)	42,500,000	8,500,000
Issue of shares to Joint Lead Managers	6.8(h)	1,600,000	320,000
Shares issued to StocksDigital	6.8(i)	2,062,500	412,500
Transaction costs – pro forma	6.8(h) & (j)	-	(1,026,397)
Total pro forma adjustments		104,927,206	19,959,044
Pro forma issued capital		126,240,562	27,541,798

6.20 Option reserve

The reviewed pro forma option reserve is set out below:

	Note	Pro Forma
		\$
Reviewed option reserve as at 31 December 2021		-
<i>Pro forma adjustments:</i>		
Proceeds from issue of options under the Offers	6.8(g)	159,533
Total pro forma adjustments		159,533
Pro forma option reserve		159,533

The option reserve is used to record the proceeds from the issue of options. The Offers include an offer for the issue of one option for every four options held by eligible shareholders at an issue price of \$0.01 per option to raise up to \$159,533. The options are exercisable at \$0.25 per option prior to 30 November 2024.

6.21 Share-based payment reserve

The reviewed pro forma share-based payment reserve is set out below:

	Note	Pro Forma
		\$
Reviewed share-based payment reserve as at 31 December 2021		-
<i>Pro forma adjustments:</i>		
Value of options to be issued to directors	6.8(i)	690,319
Total pro forma adjustments		690,319
Pro forma share-based payment reserve		690,319

It is proposed that 7,500,000 options will be issued to directors. These options have been valued using the Black & Scholes Options Pricing Model, with the following valuation inputs:

Number of options	7,500,000
Grant Date share price	\$0.20
Exercise Price	\$0.25
Expected volatility	80%
Option Life	3 years
Vesting	At IPO
Risk Free Rate	0.4%
Fair value per option	\$0.092

It is also proposed that 6,000,000 performance rights will be issued to a director as part of his remuneration. These rights will convert to ordinary shares on achievement of certain non-market milestones as follows:

- (a) Tranche 1: 2,000,000 performance rights 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 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 four years after their date of issue;
- (b) Tranche 2: 2,000,000 performance rights subject to the 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; and
- (c) Tranche 3: 2,000,000 performance rights subject to 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.

At the date of this Prospectus, the Directors cannot assess with any certainty the probability of these milestones being met, and as such no value has been recorded in the pro forma financial information. The performance rights are valued at the IPO issue price of \$0.20 per share and will be brought to account as a share-based payment when the Directors believe it is probable that any of the milestones will be achieved.

6.22 Accumulated losses

The reviewed pro forma accumulated losses are set out below:

	Note	Pro Forma
		\$
Reviewed accumulated losses as at 31 December 2021		(6,365,211)
<i>Pro forma adjustments:</i>		
Accrued interest on loans	6.8(d)	(12,285)
Transfer from revaluation reserve	6.8(f)	15,517
Shares issued to StocksDigital	6.8(l)	(412,500)
Transaction costs expensed	6.8(h)	(147,352)
Director options expensed	6.8(i)	(690,319)
Director fees accrued/paid	6.8(k)	(141,134)
Total pro forma adjustments		(1,388,073)
Pro forma accumulated losses		(7,753,284)

6.23 Acquisition of Ushtogan LLP

The acquisition of 100% of the participatory interests in Ushtogan LLP (the owner of the Sarytogan Graphite Project) has been accounted for as an asset acquisition, as follows:

	Note	\$
<u>Consideration</u> ¹ :		
51,764,706 ordinary shares in the Company with a fair value of \$0.20 per share	6.8(a)	10,352,941
7,000,000 reimbursement ordinary shares in the Company with a fair value of \$0.20 per share	6.8(a)	1,400,000
Total consideration		11,752,941
<u>Net assets of Ushtogan LLP at acquisition:</u>		
Cash and cash equivalents	6.10	94,765
Trade and other receivables	6.11	1,529
Exploration and evaluation expenditure	6.12	1,577,464
Property, plant and equipment	6.14	151,320
Trade and other payables	6.17	(113,947)
Loans payable		(1,260,424)
Net assets		450,707
Excess consideration allocated to exploration and evaluation expenditure	6.12	11,302,234

The acquisition of Ushtogan LLP by the Company is outside the scope of AASB 3 *Business Combinations* as the acquiree does not constitute a business as defined by this Standard.

Accordingly, the acquisition has been accounted for as an asset acquisition for equity consideration under AASB 2 *Share-based Payment*. Under AASB 2, the transaction has been measured at the fair value of the equity instruments issued. As such the deemed fair value of the acquisition is ordinary shares to be issued to the vendor multiplied by the fair value of the shares being the IPO price.

Under the Company's accounting policy (refer Section 6.9) costs associated with acquiring interests in exploration licences are capitalised in the consolidated statement of financial position.

¹ The Consideration for the acquisition also includes a total of 14,117,646 performance shares which will convert to ordinary shares upon the achievement of certain non-market milestones as follows:

- (a) 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;

- (b) 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
- (c) 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 the date of this Prospectus, the Directors cannot assess with any certainty the probability of these milestones being met, and as such no value has been recorded in the pro forma financial information. The performance shares are valued at the IPO issue price of \$0.20 per share and will be brought to account as a share-based payment when the Directors believe it is probable that any of the milestones will be achieved.

7. RISK FACTORS

7.1 Introduction

The Securities offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks that have a direct influence on the Company, its Project and activities are set out in Section 3.D. Those key risks as well as other risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 7, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities. This Section 7 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 7, together with all other information contained in this Prospectus.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 7 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your, financial adviser, stockbroker, or other professional adviser.

7.2 Company specific risks

The key risks that have a direct influence on the Company, its Project and activities are set out in Section 3.D.

7.3 Industry specific risks

Risk Category	Risk
Exploration costs	The exploration, evaluation, and other costs of the Company as summarised in Section 5 are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainty, and accordingly, the actual costs may materially differ from the estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely impact the Company's viability.
Resource reserves and exploration targets	The Company has identified a number of exploration targets based on geological interpretations and limited geophysical data, geochemical sampling, and historical drilling. Insufficient data, however, exists to provide

Risk Category	Risk
	<p>certainty over the extent of the mineralisation. Whilst the Company intends to undertake additional exploratory work with the aim of defining a resource, no assurances can be given that additional exploration will result in the determination of a resource on any of the exploration targets identified. Even if a resource is identified no assurance can be provided that this can be economically extracted.</p> <p>Reserve and resource estimates are expressions of judgement based on knowledge, experience, and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature resource and reserve estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate.</p>
<p>Grant of future authorisations to explore and mine</p>	<p>If the Company discovers an economically viable mineral deposit that it intends to develop, it will, among other things, require various approvals, licence and permits before it will be able to mine the deposit. There is no guarantee that the Company will be able to obtain all required approvals, licenses, and permits. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.</p>
<p>Mine development</p>	<p>Possible future development of mining operations at the Sarytogan Graphite Project is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.</p> <p>If the Company commences production on the Sarytogan Graphite Project, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company. No assurance can be given that the Company will achieve commercial viability through the development of the Sarytogan Graphite Project.</p> <p>The risks associated with the development of a mine will be considered in full should the Sarytogan Graphite Project reach that stage and will be managed with ongoing consideration of stakeholder interests.</p>
<p>Environmental</p>	<p>The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected</p>

Risk Category	Risk
	<p>to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.</p> <p>Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall, snowfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations, and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.</p> <p>The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.</p> <p>Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.</p>
<p>Regulatory Compliance and Risks</p>	<p>The Company's operating activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production, and rehabilitation activities.</p> <p>While the Company believes that it is in substantial compliance with all material current laws and regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its properties, which could have a material adverse impact on the Company's current operations or planned development projects.</p> <p>Obtaining necessary permits can be a time-consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or</p>

Risk Category	Risk
	restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties, or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the Sarytogan Graphite Project.

7.4 General risks

Risk Category	Risk
Additional requirements for capital	The Company's capital requirements depend on numerous factors. The Company may require further financing in addition to amounts raised under the Offers. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.
Reliance on key personnel	<p>The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. No assurances can be given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.</p> <p>The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management, other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.</p>
Economic	General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development, and production activities, as well as on its ability to fund those activities. If activities cannot be funded, there is a risk that the Sarytogan Graphite Project may have to be surrendered or not renewed. General economic conditions may also affect the value of the Company and its valuation regardless of its actual performance.

Risk Category	Risk
Competition risk	<p>The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.</p>
Currently no market	<p>There is currently no public market for the Company's Shares. The price of its Shares is subject to uncertainty and there can be no assurance that an active market for the Company's Shares will develop or continue after the Offers.</p> <p>The price at which the Company's Shares trade on ASX after listing may be higher or lower than the issue price of Shares offered under this Prospectus and could be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which the Directors and the Company have no control, such as movements in mineral prices and exchange rates, changes to government policy, legislation or regulation and other events or factors.</p> <p>There can be no guarantee that an active market in the Company's Shares will develop or that the price of the Shares will increase. There may be relatively few or many potential buyers or sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is above or below the price that Shareholders paid.</p>
Market conditions	<p>Share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> (a) general economic outlook; (b) introduction of tax reform or other new legislation; (c) interest rates and inflation rates; (d) changes in investor sentiment toward particular market sectors; (e) the demand for, and supply of, capital; and (f) terrorism or other hostilities. <p>The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on investment in the Company.</p>

Risk Category	Risk
	<p>Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of exploration companies experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the shares regardless of the Company's performance.</p> <p>Further, after the end of the relevant escrow periods affecting Shares in the Company, a significant sale of the tradeable Shares (or the market perception that such a sale might occur) could have an adverse effect on the Company's Share price. Please refer to Section 5.10 for further details on the Shares likely to be classified by the ASX as restricted securities.</p>
<p>Commodity price and exchange rate risks</p>	<p>If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.</p> <p>Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company will be accounted for in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.</p>
<p>Government policy changes</p>	<p>Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Kazakhstan may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.</p>
<p>Insurance</p>	<p>The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition, and results of the Company.</p> <p>Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.</p>

Risk Category	Risk
Force Majeure	The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics, or quarantine restrictions.
Taxation	The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers, and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.
Litigation Risks	The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, reputation, financial performance, and financial position. The Company is not currently engaged in any litigation.
Joint venture acquisitions or other strategic investments	The Company may make strategic investments in, or acquisitions of, complementary businesses, or enter into strategic partnerships or alliances with third parties in order to enhance its business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies or assets, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving mineral exploration success and retaining key staff. At the date of this Prospectus, the Company is not aware of the occurrence or likely occurrence of any such risks which would have a material adverse effect on the Company.

7.5 Investment speculative

The risk factors described above, and other risks factors not specifically referred to, may have a material adverse impact on the performance of the Company and the value of the Shares.

Prospective investors should consider that an investment in the Company is highly speculative.

There is no guarantee that the Shares offered under this Prospectus will provide a return on capital, payment of dividends or increases in the market value of those Shares.

Before deciding whether to subscribe for Shares under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

8. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

8.1 Directors and key personnel

The Board of the Company consists of:

- (a) **Sean Gregory, B.Sc.,(Geology), MBA** – *Non-Executive Director (moving to Managing Director on 28 February 2022)*

Mr Gregory is a seasoned mining executive with more than 20 years' experience in minerals exploration, development and mining in iron ore, lithium, cobalt, nickel, and gold in Western Australia and abroad. In the most recent 5 years, Mr Gregory has acted as CEO and/or at board level of listed ASX mining companies Kogi Iron Limited (ASX:KFE), Great Southern Mining Limited (ASX:GSN), and Greenstone Resources Ltd (ASX:GSR). This built on an early career with BHP Group Limited (ASX:BHP), Murchison Metals Limited and Mineral Resources Limited (ASX:MIN) developing iron ore operations.

Mr Gregory is currently a Non-Executive Director of Kogi Iron Limited (ASX:KFE).

Mr Gregory has a deep understanding of the minerals value chain from geology, exploration, metallurgy, feasibility studies, approvals, construction, mining, logistics, business improvement, technical marketing, economic evaluation and business development. Success in major project developments can be influenced by understanding the total project life cycle and by bringing diverse disciplines together.

Mr Gregory's practical mining experience is well complemented by a strong academic background including a Bachelor of Science (Hons) in Geology (UWA), MBA (UWA), Advanced Mergers and Acquisitions Program (Melb Uni) and Corporate Company Directors Course Award (AICD).

The Board considers that Mr Gregory is not an independent Director.

- (b) **Dr Waldemar Mueller, M.Sc., PhD (Geology), M.Aus.I.M.M.** – *Executive Director (moving to Technical Director on 28 February 2022)*

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

The Board considers that Dr Mueller is not an independent Director.

- (c) **Stephen Penrose, B.Com., L.L.B.** – *Non-Executive Chairman*

Mr Penrose is the managing partner of Tottle Partners, specialising in corporate and commercial litigation.

Mr Penrose graduated from the University of Western Australia with a Bachelor of Commerce and a Bachelor of Laws and was admitted to practice in Western Australia in 1992.

Mr Penrose acts for a broad range of commercial clients ranging from small family-owned businesses through to ASX-listed entities. His clients include mining companies, high-net-worth individuals, not-for-profit groups as well as professional services firms.

Mr Penrose is an experienced non-executive director having served on the boards of a number of listed companies. Mr Penrose is not currently a director of any other ASX listed companies at this time.

The Board considers that Mr Penrose is an independent Director.

(d) **Brendan Borg, M.Sc., B.Sc., M.Aus.I.M.M.** – *Non-Executive Director*

Mr Borg is a consultant geologist who has specialised in the “battery materials” sector including lithium, graphite, cobalt and copper, participating in a number of successful projects, in an investment and/or operational capacity.

Mr Borg has 25 years' experience in management, operational and project development roles in the mineral exploration and mining sector with companies such as Rio Tinto Iron Ore, Magnis Resources Limited, IronClad Mining Limited, Lithex Resources Limited and Sibelco Australia Limited. More recently he was a co-founder and Managing Director of ASX and TSX-V listed gold explorer, Tempus Resources Limited (ASX/TSXV:TMR/TMRR). Mr Borg is currently a Non-Executive Director of gold producer and lithium developer Firefinch Limited (ASX:FFX) and Kuniko Limited (ASX: KNI). He is also a Director of geological consultancy Borg Geoscience Pty Ltd.

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

The Board considers that Mr Borg is an independent Director.

Key management

The Company is aware of the need to have sufficient management to properly supervise its operations and the Company has, or will in the future have, an interest and the Board will continually monitor the management roles in the Company. As the Company requires an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company.

8.2 Disclosure of interests

Remuneration

Details of the Directors' remuneration for the previous two completed and the current financial year (on an annualised basis) are set out in the table below:

Director	Remuneration for the year ended 30 June 2020	Remuneration for the year ended 30 June 2021	Proposed remuneration for year ending 30 June 2022
Directors			
Sean Gregory ¹	\$Nil	\$Nil	\$360,000 + \$25,000 superannuation
Dr Waldemar Mueller ^{2,3}	\$Nil	\$Nil	\$294,545 + 10% superannuation
Stephen Penrose ⁴	\$Nil	\$Nil	\$60,000 + 10% superannuation
Brendan Borg ⁵	\$Nil	\$Nil	\$42,000 + 10% superannuation

Notes:

1. Mr Gregory was appointed as a Non-Executive Director on 25 January 2022 and it is proposed that he will move to the role of Managing Director on 28 February 2022. The remuneration set out above is for his role as Managing Director.
2. Dr Mueller is the sole shareholder in the entity (Ustar Ventures Ltd) that is selling Ushtogan LLP to the Company. Ustar Ventures Ltd will receive 51,764,706 Shares and 14,117,646 Performance Shares in connection with the acquisition by the Company of 100% of the participatory interests in Ushtogan LLP.
3. Dr Mueller was appointed as an Executive Director on 29 November 2021 and it is proposed that he will move to the role of Technical Director on 28 February 2022. The remuneration set out above is for his role as Technical Director.
4. Appointed on 29 November 2021.
5. Appointed on 29 November 2021.

Interests in Securities

As at the date of this Prospectus

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director. As at the date of this Prospectus, the Directors have relevant interests in securities as follows:

Director	Shares	Options	Performance Rights	Performance Shares	Percent age (%) (Undiluted)	Percent age (%) (Fully Diluted)
Sean Gregory	Nil	Nil	Nil	Nil	0%	0%
Dr Waldemar Mueller ¹	Nil	Nil	Nil	Nil	0%	0%
Stephen Penrose	Nil	Nil	Nil	Nil	0%	0%
Brendan Borg ²	1,425,000	1,425,000	Nil	Nil	6.7%	8.0%

Notes:

1. Dr Mueller is the sole shareholder in the entity (Ustar Ventures Ltd) that is selling Ushtogan LLP to the Company. Ustar Ventures Ltd will receive up to 58,764,706 Shares and 14,117,646 Performance Shares in connection with the acquisition by the Company of 100% of the participatory interests in Ushtogan LLP and reimbursement of expenditure on the Sarytogan Graphite Project.
2. All Shares issued at \$0.10 per Share under two seed raisings by the Company with accompanying one for one free Options.

Post-Completion of the Offers

Director	Shares	Options	Performance Rights	Performance Shares	Percentage (%) (Undiluted)	Percentage (%) (Fully Diluted)
Sean Gregory	Nil	2,000,000 ¹	6,000,000 ²	Nil	0.0%	4.3%
Dr Waldemar Mueller ³	58,764,706	2,000,000 ⁴	Nil	14,117,646	46.6%	40.7%
Stephen Penrose	Nil	2,000,000 ⁵	Nil	Nil	0.0%	1.1%
Brendan Borg ⁶	1,425,000	2,925,000	Nil	Nil	1.1%	2.4%

Notes:

1. These Options are to be issued to Mr Gregory under the Employee Incentive Securities Plan.
2. These Performance Rights are to be issued to Mr Gregory under the Employee Incentive Securities Plan.
3. Dr Mueller is the sole shareholder in the entity (Ustar Ventures Ltd) that is selling Ushtogan LLP to the Company. Ustar Ventures Ltd will receive 51,764,706 Shares and 14,117,646 Performance Shares in connection with the acquisition by the Company of 100% of the participatory interests in Ushtogan LLP and 7,000,000 Shares in connection with the reimbursement of expenditure in relation to the Sarytogan Graphite Project. Ustar Ventures Ltd intends to sell 6,944,444 Shares between completion of the Exchange Agreement and the Company being admitted to the Official List in order to settle a financial commitment. The holders of any Shares acquired from Ustar Ventures Ltd will be subject to 24 months escrow from the date of the Company is admitted to Official Quotation.
4. These Options are to be issued to Dr Mueller under the Employee Incentive Securities Plan.
5. These Options are to be issued to Mr Penrose under the Employee Incentive Securities Plan.
6. 1,425,000 Shares issued at \$0.10 per Share under two seed raisings by the Company with accompanying one for one free Options. Mr Borg is also to be issued 1,500,000 Options under the Employee Incentive Securities Plan.
7. The Directors may also participate in the Offers. The numbers in the table above do not take this into account.

The Company's constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for non-executive Directors is \$300,000 per annum although this may be varied by ordinary resolution of the Shareholders in general meeting.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

8.3 Agreements with Directors and related parties

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

The agreements between the Company and related parties are summarised in Sections 9.3.

8.4 Corporate governance

(a) ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (4th Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website www.sarytogangraphite.com.au.

(b) Board of Directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (i) maintain and increase Shareholder value;
- (ii) ensure a prudential and ethical basis for the Company's conduct and activities consistent with the Company's stated values; and
- (iii) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (i) leading and setting the strategic direction, values, and objectives of the Company;
- (ii) appointing the Chairman of the Board, Managing Director or Chief Executive Officer and approving the appointment of senior executives and the Company Secretary;
- (iii) overseeing the implementation of the Company's strategic objectives, values, code of conduct and performance generally;
- (iv) approving operating budgets, major capital expenditure and significant acquisitions and divestitures;
- (v) overseeing the integrity of the Company's accounting and corporate reporting systems, including any external audit (satisfying itself financial statements released to the market fairly and accurately reflect the Company's financial position and performance);
- (vi) establishing procedures for verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor, to ensure that each periodic report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions;
- (vii) overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (viii) reviewing, ratifying, and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to ensure legal compliance; and
- (ix) approving the Company's remuneration framework.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully informed basis.

(c) **Composition of the Board**

Election of Board members is substantially the province of the Shareholders in general meeting, subject to the following:

- (i) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- (ii) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial, and financial skills together with integrity and judgment considered necessary to represent Shareholders and fulfil the business objectives and

values of the Company as well as to deal with new and emerging business and governance issues.

The Board currently consists of four Directors (two non-executive Directors and two executive Directors) of whom Stephen Penrose and Brendan Borg are considered independent. The Board considers the current balance of skills and expertise to be appropriate given the Company for its currently planned level of activity.

To assist in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board intends to maintain a Board Skills Matrix to ensure that the Board has the skills to discharge its obligations effectively and to add value.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director or senior executive.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors, which is tailored to their existing skills, knowledge, and experience. The purpose of this program is to allow new directors to participate fully and actively in Board decision-making at the earliest opportunity, and to enable new directors to gain an understanding of the Company's policies and procedures.

The Board maintains oversight and responsibility for the Company's continual monitoring of its diversity practices. The Company's Diversity Policy provides a framework for the Company to achieve enhanced recruitment practices whereby the best person for the job is employed, which requires the consideration of a broad and diverse pool of talent.

(d) **Identification and management of risk**

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(e) **Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards and to conducting all of the Company's business activities fairly, honestly with integrity, and in compliance with all applicable laws, rules and regulations. In particular, the Company and the Board are committed to preventing any form of bribery or corruption and to upholding all laws relevant to these issues as set out in the Company's Anti-Bribery and Anti-Corruption Policy. In addition, the Company encourages reporting of actual and suspected violations of the Company's Code of Conduct or other instances of illegal, unethical or improper conduct. The Company and the Board provide effective protection from victimisation or dismissal to those reporting such conduct as set out in its Whistleblower Protection Policy.

(f) **Independent professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(g) **Remuneration arrangements**

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

In accordance with the Constitution, the total maximum remuneration of non-executive Directors is initially set by the Board and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$300,000 per annum.

In addition, a Director may be paid fees or other amounts for example, and, subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having regard to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment, and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(h) **Trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e., Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that, the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

(i) **External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company. From time to time, the Board will review the scope, performance, and fees of those external auditors.

(j) **Audit committee**

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to:

- (i) monitoring and reviewing any matters of significance affecting financial reporting and compliance;
- (ii) verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor;
- (iii) monitoring and reviewing the Company's internal audit and financial control system, risk management systems; and
- (iv) management of the Company's relationships with external auditors.

(k) **Diversity policy**

The Company is committed to workplace diversity. The Company is committed to inclusion at all levels of the organisation, regardless of gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, socio-economic background, perspective, and experience.

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences, and perspectives.

(l) **Departures from Recommendations**

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

9. MATERIAL CONTRACTS

Set out below is a brief summary of the certain contracts to which the Company is a party and which the Directors have identified as material to the Company or are of such a nature that an investor may wish to have details of particulars of them when assessing whether to apply for Shares.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

9.1 Capital raising agreements

9.1.1 Joint Lead Manager Mandate

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 of the Offers (**Joint Lead Manager Mandate**). The material terms and conditions of which are summarised below:

Fees	<p>Under the terms of the mandate the Company has agreed to pay the Joint Lead Managers:</p> <ul style="list-style-type: none">(a) a management fee of 2% of the total funds raised by the Joint Lead Managers in respect of the Offer;(b) a placement fee of 4% of the total funds raised by the Joint Lead Managers in respect of the Offer; and(c) a success fee to be paid by way of the issue of 1,600,000 Shares. <p>The Company will also reimburse the Joint Lead Managers any reasonable disbursements and out of pocket expenses, incurred in the provision of their services acting as Joint Lead Managers.</p>
Termination Events	<p>The mandate may be terminated by any of the parties with cause on 14 days' notice. The provisions of the indemnity and warrant clauses, however, shall survive termination for a period of 12 months.</p>
Right of First Refusal	<p>The Joint Lead Managers will have the right of first refusal to act as lead manager, underwriter or broker to any capital raising (by way of debt, equity, hybrid securities, quasi debt, convertible loans, convertible notes) within 12 months from the date of official admission to the ASX.</p>

The Joint Lead Manager Mandate otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

9.2 Finance Agreements/Acquisition Agreements/Operational Agreements

9.2.1 Subsoil Use Contract

Ushtogan LLP is party to a subsoil use contract (**Subsoil Contract**), the material terms and conditions of which are summarised below:

Subsoil Contract	<p>The subsoil use contract, No. 5406, is for the exploration of graphite, rare-earth element and precious metals on</p>
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	Sarytoganbai area in Karaganda region of Kazakhstan. It was concluded on 26 October 2018 between the Ministry for Investment and Development of Kazakhstan and Ushtogan Ltd in accordance with Kazakhstan Code on Subsoil and Subsoil Use dated 27 December 2017 No. 125-VI, which came into force on 29 June 2018.
Term	The exploration contract's term is 4 years. In case of discovery of a deposit, Ushtogan shall have the right to extend the term of the contract for the period necessary for its evaluation in accordance with the Law of the Republic of Kazakhstan.
Contract Territory	If, during exploration of mineral resources, it is established that the geographical boundaries of the discovery or deposit are beyond the contract territory specified in the geological allotment, the matter of its expansion should be settled by the competent authority by issuing an appropriate geological allotment not exceeding 50% of the contract territory.
Exclusive Rights	In case of a discovery and evaluation on the basis of the evaluation contract, and subject to meeting other formal minor requirements, Ushtogan shall have an exclusive right to obtain a mining licence.
Transfer	Ushtogan shall have the right to transfer the rights or their part in compliance to the Law of the Republic of Kazakhstan.

9.2.2 Exchange Agreement

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	<p>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:</p> <p>(a) 51,764,706 Shares at a deemed issue price of \$0.20 per Share to be escrowed for a period of 24 months from the date of issue.</p> <p>(b) Three tranches of Performance Shares for a total of 14,117,646 Performance Shares in capital of Sarytogan Graphite, subject to following performance share milestones:</p> <p>(ii) 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</p>
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	<p>will expire on that date which is four years after their date of issue.</p> <p>(iii) 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</p> <p>(iv) 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.</p> <p>(c) 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.</p>
<p>Conditions Precedent</p>	<p>Completion of the Exchange Agreement is subject to and conditional upon the satisfaction or waiver of the following conditions precedent:</p> <p>(a) completion of technical, financial, and legal due diligence by the Company on Ushtogan LLP's assets, business, and financial condition, to the satisfaction of Sarytogan graphite, within 30 days of the execution date. This condition has been satisfied;</p> <p>(b) the Company obtaining shareholder approval for the issue of the Performance Shares and Consideration Shares;</p> <p>(c) two nominees of Ustar Ventures being appointed as directors of the Company. This condition has been satisfied;</p> <p>(d) the Company preparing a full form prospectus, lodging it with ASX and raising a Minimum Subscription of \$6,000,000 under the Prospectus through the issue of Shares at not less than \$0.20 each;</p> <p>(e) the Company receiving conditional approval for its shares to be granted official quotation on the ASX, subject only to conditions that Sarytogan Graphite, acting reasonably, considers will be satisfied on completion; and</p> <p>(f) obtaining a consent for the transfer of objects linked to subsoil use right issued by the Ministry of Industry and Infrastructural Development of the Republic of Kazakhstan under the legislation of the Republic of Kazakhstan. This condition has been satisfied.</p>

The Exchange Agreement otherwise contains provisions considered standard for an agreement of its nature (including confidentiality provisions).

9.2.3 Side Deed

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). The material representations and warranties included in the Side Deed are summarised below:

Participatory Interests and Charter Capital	Ustar Ventures holds 100% of the charter capital of Ushtogan LLP.
Free of Encumbrances	Ustar Ventures is able to sell and transfer 100% of the participatory interests in the charter capital of Ushtogan LLP to the Company without the consent of any other person and free of any encumbrance, pre-emptive rights, or rights of first refusal.
No litigation	Ushtogan LLP and its officers are not involved in any litigation, arbitration or administrative proceeding relating to claims or amounts relating to the Company nor is any such litigation, arbitration or administrative proceeding pending or threatened.
Contract	Ushtogan LLP is the legal and beneficial holder of the Subsoil Use Contract.

9.2.4 Reimbursement Side Deed

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**).

Pursuant to the terms of the Reimbursement Side Deed, the parties to the Reimbursement Side Deed have agreed:

- (a) the Reimbursement Payment will be satisfied through the issue of additional Shares at a price of \$0.20 each; and
- (b) the exchange rate to be used to determine the number of additional Shares to be issued will be A\$1.40:US\$1.00,

as such, 7,000,000 additional Shares will be issued to Ustar Ventures Ltd (or its nominees) to satisfy the Reimbursement Payment.

9.2.5 Working Capital Loan Agreement No.1

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**).

Inyati Fund Pty Ltd was one of the lenders the Company entered into a loan agreement with. The Loan Agreement No.1 with Inyati Fund Pty Ltd included a principal sum of \$150,000 and was entered into on the same arm's length terms as the other third-party lenders. The Company confirms the repayment of the loan to Inyati Pty Ltd pursuant to the Loan Agreement No.1 will not form part of the consideration payable to Inyati Fund Pty Ltd for its services as Joint Lead Manager.

The material terms of the Loan Agreements No.1 are as follows:

Loan Principal Amount	The aggregate principal amount of the Loan Agreements No.1 totalled \$500,000.
Repayment Date	The repayment date is the earlier of: (a) 30 April 2022; and (b) the date the Company completes an initial public offering and listing on the ASX
Purpose	The Company must use amounts drawn under the loan to satisfy working capital requirements and to meet expenditure requirements of Ushtogan LLP.
Loan Security	The loan is unsecured.
Rate of Interest	Interest is payable on the outstanding balance of the loan at a rate of 8% per annum.
Repayment	(a) The borrower may elect to repay the outstanding monies to the lenders in full at any time prior to the repayment date; and (b) 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.

9.2.6 Working Capital Loan Agreement No.2

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

Inyati Fund Pty Ltd was one of the lenders the Company entered into a second loan agreement with. The second loan agreement with Inyati Fund Pty Ltd included a principal sum of \$100,000 and was entered into on the same arm's length terms as the other third-party lenders. The Company confirms the repayment of the loan to Inyati Pty Ltd pursuant to the Loan Agreement No.2 will not form part of the consideration payable to Inyati Fund Pty Ltd for its services as Joint Lead Manager.

The material terms of the Loan Agreements No.2 are as follows:

Loan Principal Amount	The aggregate principal amount of the Loan Agreements No.2 totalled \$300,000.
Repayment Date	The repayment date is the earlier of: (a) 30 April 2022; and (b) the date the Company completes an initial public offering and listing on the ASX

Purpose	The Company must use amounts drawn under the loan to satisfy working capital requirements and to meet expenditure requirements of Ushtogan LLP.
Loan Security	The loan is unsecured.
Rate of Interest	Interest is payable on the outstanding balance of the loan at a rate of 8% per annum.
Repayment	<p>(a) The borrower may elect to repay the outstanding monies to the lenders in full at any time prior to the repayment date; and</p> <p>(b) 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.</p>

9.2.7 Loan Facility Agreement

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

Facility Limit	<p>The facility limit is:</p> <p>(a) prior to completion of the ASX listing - the amount of US\$700,000; and</p> <p>(b) after completion of the ASX listing – the amount of US\$5,000,000.</p>
Repayment Date	<p>The repayment date is the earlier of:</p> <p>(a) 1 July 2030;</p> <p>(b) the reception of written notice from the Lender in the occurrence of default of the Borrower; or</p> <p>(c) the occurrence of a change of control in respect to the Lender, other than in accordance with the Sale and Purchase Agreement.</p>
Loan Security	The loan security is as per the Pledge Agreement.
Rate of Interest	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	Advances must be fully and finally repaid, together with all other outstanding moneys (including interest), on the repayment date.

The Loan Facility Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

9.2.8 Pledge Agreement

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.

The collateral security becomes enforceable at any time of the following:

- (a) the occurrence of an event of default which is continuing; or
- (b) the pledgee's requirement to prescheduled executions of the obligations under the Facility Agreement on the grounds specified in the Facility Agreement.

9.3 Agreements with Directors

9.3.1 Executive Service Agreement – Dr Waldemar Mueller

The Company entered into an executive services agreement with Waldemar Mueller on 29 November 2021, which was subsequently amended by a deed of variation on 21 January 2022 (together, the **Mueller Executive Services Agreement**). The material terms and conditions of the Mueller Executive Services Agreement are summarised below:

Remuneration	\$294,550 + 10% superannuation
Long Term Bonus or Incentive	Subject to a separate written agreement with the Company, the Company will issue Dr Mueller 2,000,000 Options exercisable at \$0.25 expiring on 30 November 2024, of which: (a) 50% vest after one (1) year; and (b) 50% vest after two (2) years, provided Dr Mueller remains an employee of the Company.
Term	The initial term of the Mueller Executive Services Agreement is for three (3) years.
Termination by the Company	The Company may terminate Dr Mueller's employment by giving: (a) three months' written notice in writing or by paying an amount equivalent to 3 month's base salary; or (b) without notice for standard events including where Dr Mueller, commits serious misconduct, commits any material or wilful or persistent breach of the Executive Services Agreement, or is prohibited by law from taking part in the management of the Company.
Termination by Dr Mueller	Dr Mueller may terminate his employment by giving three month's written notice.

The Mueller Executive Services Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

9.3.2 Executive Service Agreement – Sean Gregory

The Company entered into an executive services agreement with Sean Gregory on 17 January 2022, which was subsequently amended by a deed of variation on or about 21 February 2022 (together, the **Gregory Executive Services Agreement**). The material terms and conditions of the Executive Services Agreement are summarised below:

Commencement Date	28 February 2022
Remuneration	\$360,000 plus \$25,000 superannuation
Long Term Bonus or Incentive	<p>The Company will issue Mr Gregory 2,000,000 Options exercisable at \$0.25 expiring on 30 November 2024, of which:</p> <ul style="list-style-type: none"> (a) 50% vest after one (1) year; and (b) 50% vest after two (2) years, <p>provided Mr Gregory remains an employee of the Company.</p> <p>The Company will issue Mr Gregory three tranches of Performance Rights for a total of 6,000,000 Performance Rights in capital of the Company, subject to following Performance Right milestones:</p> <ul style="list-style-type: none"> (a) Tranche 1: 2,000,000 Performance Rights 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 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 four years after their date of issue; (b) Tranche 2: 2,000,000 Performance Rights subject to the 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; and (c) Tranche 3: 2,000,000 Performance Rights subject to 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.
Term	The Gregory Executive Services Agreement shall continue in force until validly terminated in accordance with its terms.
Termination by the Company	The Company may terminate Mr Gregory's employment by giving:

	<ul style="list-style-type: none"> (a) three months' written notice in writing or by paying an amount equivalent to 3 month's base salary; or (b) without notice for standard events including where Mr Gregory, commits serious misconduct, commits any material or wilful or persistent breach of the Executive Services Agreement, or is prohibited by law from taking part in the management of the Company.
Termination by Mr Gregory	Mr Gregory may terminate his employment by giving three month's written notice.

The Gregory Executive Services Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

9.3.3 Non-executive Director appointments

Stephen Penrose and Brendan Borg have entered into appointment letters with the Company to act in the capacity of non-executive Chairman and non-executive Director respectively. These Directors will receive the remuneration set out in Section 8.2.

9.3.4 Deeds of indemnity, insurance, and access

The Company has entered into a deed of indemnity, insurance, and access with each of its Directors. Under these deeds, the Company will agree to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company will also be required to maintain insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances.

9.4 Agreement with S3 Consortium Pty Ltd

The Company entered into a services agreement with S3 Consortium Pty Ltd (ACN 135 239 968) (**S3**) on 11 February 2022 (**S3 Services Agreement**), pursuant to which S3 agreed to provide the Company digital marketing services. The material terms and conditions of the S3 Services Agreement are summarised below:

Scope of Work / Services	<p>S3 has agreed to provide the following services to the Company:</p> <ul style="list-style-type: none"> (a) creation and management of investor awareness campaigns; (b) drafting, reviewing and finalising commentary and investment thesis on the Company, including on Company announcements; and (c) distribution of commentary and investment thesis using the Amplicat Distribution platform to support investor awareness.
Fees	<p>Under the terms of the S3 Services Agreement, the Company agreed to pay S3 a total fee of \$412,500 (including GST). As agreed by the Company and S3, the \$412,500 fee will be paid by the Company by the issue of 2,062,500 Shares in the Company at a deemed issue price of \$0.20 per Share.</p>

Term	The term of the S3 Services Agreement is for a period of twenty-four (24) months.
Termination	<p>The S3 Services Agreement may be terminated by either party:</p> <ul style="list-style-type: none"> (a) in the event of default of a term of the S3 Services Agreement and the defaulting party failing to remedy the default within fourteen (14) days; (b) immediately if the other party is declared bankrupt, suffers an insolvency event or enters into a deed of arrangement with its creditors; or (c) by not giving less than forty-five (45) days written notice of termination.

The S3 Services Agreement otherwise contains provisions considered standard for an agreement of its nature.

10. ADDITIONAL INFORMATION

10.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

10.2 Rights and liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to the Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the

amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution, and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

10.3 Options offered under the Offers

(a) **Entitlement**

Each Option entitles the holder to subscribe for one (1) Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (c), the amount payable upon exercise of each Option will be \$0.25 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) 30 November 2024 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment

of the Exercise Price for each Option being exercised in cleared funds **(Exercise Date)**.

(g) Timing of issue of Shares on exercise

Within 5 Business Days of the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 10.3(e) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

10.4 Existing Options

The terms of the Options that are on issue at the date of this Prospectus are the same as the terms of the Options proposed to be issued under the Option Offer as summarised in Section 10.3 above.

10.5 Performance Shares

Set out below are the terms and conditions of the Performance Shares:

(a) **Vesting Conditions:**

The Performance Shares will be subject to the following vesting conditions (**Vesting Conditions**):

Milestone /Tranche	Number of Performance Shares	Particulars of Vesting Conditions, Due Dates and Expiry Dates
Milestone 1	4,705,882	<p>Due date: This milestone must be achieved within four (4) years of issuing this class of Performance Shares.</p> <p>Expiry Date: If the milestone is achieved in the time period set out above, the Performance Shares will expire on that date which is four (4) years after their date of issue.</p> <p>Vesting criteria: Completion of a feasibility study on the Project, signed off by an independent competent person, within 4 years of issuing this class of Performance Shares with an internal rate of return of >25%.</p>
Milestone 2	4,705,882	<p>Due date: This milestone must be achieved within five (5) years of issuing this class of Performance Shares.</p> <p>Expiry Date: If the milestone is achieved in the time period set out above, the Performance Shares will expire on that date which is five (5) years after their date of issue.</p> <p>Vesting criteria: Production of 50Kt Graphite ore from the Project within 5 years of issuing this class of Performance</p>

Milestone /Tranche	Number of Performance Shares	Particulars of Vesting Conditions, Due Dates and Expiry Dates
		Shares @ 20% TGC or greater (as verified by the Company's auditors).
Milestone 3	4,705,882	<p>Due date: This milestone must be achieved within five (5) years of issuing this class of Performance Shares.</p> <p>Expiry Date: If the milestone is achieved in the time period set out above, the Performance Shares will expire on that date which is five (5) years after their date of issue.</p> <p>Vesting criteria: Production of 100Kt Graphite ore from the Project within 5 years of issuing this class of Performance Shares @ 20% TGC or greater (as verified by the Company's auditors).</p>

(b) **Notification to holder:**

The Company shall notify the holder in writing when the relevant Vesting Condition has been satisfied.

(c) **Conversion**

Subject to paragraph (m), upon satisfaction of the applicable Vesting Condition, and the issue of the notice referred to in paragraph (b) above, each Performance Share will, at the election of the holder, convert into one Share. Conversion of Performance Shares can be made by the holder providing a written notice to the Company.

(d) **Change of Control**

Subject to paragraph (m) and notwithstanding the relevant milestone has not been satisfied, upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

the Performance Shares will be automatically converted into that number of Shares that is equal to not more than 10% of the Shares on issue immediately following conversion under this paragraph. The conversion will be completed on a pro rata basis across each class of Performance Shares then on issue. Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holder on the same terms and conditions.

(e) **Lapse of a Performance Share**

In the event that:

- (i) a Vesting Condition in relation to a Performance Share is not achieved by the Due Date set out in paragraph 10.5(a) ; or
- (ii) a Vesting Condition in relation to a Performance Share is achieved by the Due Date set out in paragraph 10.5(a) but the Performance Share has not been converted into a Share prior to the Expiry Date set out in paragraph 10.5(a),
- (iii) the relevant Performance Share will automatically lapse.

(f) **Share ranking**

All Shares issued upon the conversion of Performance Shares on satisfaction of the applicable Vesting Condition will upon issue rank pari passu in all respects with other Shares.

(g) **Application to ASX**

The Performance Shares will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Share on ASX within the time period required by the ASX Listing Rules.

(h) **Timing of issue of Shares on Conversion**

Within 10 Business Days after the date that Performance Shares are converted, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Performance Shares converted;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the conversion of the Performance Shares.

If a notice delivered under (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Transfer of Performance Shares**

The Performance Shares are not transferable.

(j) **Participation in new issues**

A Performance Share does not entitle a holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(k) **Reorganisation of capital**

If at any time the issued capital of the Company is **reconstructed**, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

(l) **Dividend and Voting Rights**

The Performance Shares do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(m) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Share would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (General Prohibition) then the conversion of that Performance Share shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Share would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of a Performance Share may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition;
- (ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (m)(i) within seven days if the Company considers that the conversion of a Performance Share may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.

(n) **No rights to return of capital**

A Performance Share does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(o) **Rights on winding up**

A Performance Share does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up of the Company.

(p) **ASX Listing Rule compliance**

The Board reserves the right to amend any term of the Performance Shares to ensure compliance with the ASX Listing Rules.

(q) **No other rights**

A Performance Share gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

10.6 Additional Information regarding Performance Shares

The Company is proposing to issue Performance Shares to Ustar Ventures as part of the consideration for the Exchange Agreement. The Company has applied to ASX for approval of the terms of the Performance Shares under ASX Listing Rule 6.1. Where ASX requires any amendments to the terms of the Performance Shares in order for them to be approved, the Company will act in good faith with Ustar Ventures to agree upon those amendments to retain the intent of the performance objectives contained in these terms.

The following additional information is provided in respect of the Performance Shares to be issued to Ustar Ventures pursuant to the Exchange Agreement:

- (a) 14,117,646 Performance Shares are to be issued to Ustar Ventures (or its nominee) on the terms and conditions set out in Section 10.5 above;
- (b) the Performance Shares to be issued to Ustar Ventures Ltd (or its nominee) form part of the consideration for the Exchange Agreement;
- (c) Dr Waldemar Mueller is the sole director and shareholder of Ustar Ventures;
- (d) the number of Performance Shares to be issued to Ustar Ventures (or its nominee) was determined by the Board following arm's length negotiations with Ustar Ventures, and having regard to:
 - (i) the value of the assets of Ushtogan LLP and the Board's assessment of the future prospects of the Sarytogan Graphite Project;
 - (ii) recent market examples of comparable transactions;
 - (iii) the proposed market capitalisation of the Company; and
 - (iv) the fact that part of the consideration payable will be deferred and will only be realised and issued in the event that the milestones are satisfied, which would be a significant value accretive event for the Company;
- (e) in addition to the above, regard was also had to the principles and guidance articulated in ASX Guidance Note 19 with respect to the issue of performance linked securities. The Board considers the number of Performance Shares to be appropriate and equitable for the following reasons:
 - (i) the Performance Shares are consistent with ASX's policy regarding the base requirements for performance securities, which are detailed in section 9 of ASX Guidance Note 19;

- (ii) the number of Shares into which the Performance Shares will convert if the milestones are achieved is fixed (one for one) which allows investors and analysts to readily understand and have reasonable certainty as to the impact on the Company's capital structure if the milestones are achieved. The maximum number of Shares which may be issued if the Performance Rights are converted into Shares (following satisfaction of the milestones) is 14,117,646 Shares;
- (iii) there is an appropriate and demonstrable nexus between the milestones and the Exchange Agreement:
 - (A) the Performance Shares are being issued to the Ustar Ventures Ltd as part of the consideration for the sale of Ushtogan LLP to the Company. Accordingly, the milestones are specifically linked to the operational and financial outcomes attaching to the assets and business of Ushtogan LLP, which the Company will acquire via the Exchange Agreement; and
 - (B) the milestones are directly tied to the performance of Ushtogan LLP's assets, financial performance and business;
- (iv) the milestones are clearly articulated by reference to objective criteria and have reasonable certainty as to the circumstance in which the milestones will be taken to have been met;
- (v) the Performance Shares have an expiry date by which the milestones are to be achieved and, if the milestones are not achieved by that date, the Performance Shares will lapse; and
- (vi) the quantum of the Performance Shares and Performance Rights will be greater than 10% of the total ordinary shares on issue at their time of issue and, therefore, in accordance with section 14 of Guidance Note 19, the Company commissioned an independent expert to opine on the fairness and reasonableness of the issue of the Performance Shares and Performance Rights for the Company's non-participating shareholders. The Independent Expert's Report concluded that the issue of the Performance Shares is not fair but reasonable to non-associated Shareholders. Please refer to the Independent Expert's Report at Annexure D for further information.

10.7 Rights and liabilities attached to Performance Rights

The terms and conditions of the proposed Performance Rights are set out below:

(a) Milestones

The milestones attaching to the Performance Rights (**Milestones**) are as follows:

Tranche	Number of Performance Rights	Milestone
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 four 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.

(b) **Notification to holder**

The Company shall notify the holder in writing when the relevant Milestone has been satisfied.

(c) **Conversion**

Subject to paragraph (p), upon vesting, each Performance Right will, at the election of the holder, convert into one Share.

(d) **Expiry Date**

Each Performance Right shall otherwise expire on or before:

- (i) Tranche 1 the date that is four (4) years from the date of issue;
- (ii) Tranches 2 & 3 the date that is five (5) years from the date of issue,

(together, the **Expiry Date**).

If the relevant Milestone attached to the Performance Right has been achieved by the Expiry Date, all unconverted Performance Rights of the relevant tranche will automatically lapse at that time.

(e) **Lapsing Otherwise**

If the holder (or the effective holder where a nominee has been appointed) of the Performance Right's engagement with the Company (or one of its subsidiaries) is terminated for whatever reason, any unvested Performance Rights held by that relevant holder will automatically lapse.

(f) **Consideration**

The Performance Rights will be issued for nil consideration and no consideration will be payable upon the conversion of the Performance Rights into Shares.

(g) **Share ranking**

All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.

(h) **Application to ASX**

The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

(i) **Timing of issue of Shares on conversion**

Within 5 business days after date that the Performance Rights are converted, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Performance Rights converted;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the Official List of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the conversion of the Performance Rights.

If a notice delivered under (i)10.5(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 business days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(j) **Transfer of Performance Rights**

The Performance Rights are not transferable.

(k) **Participation in new issues**

A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues without exercising the Performance Right.

(l) **Reorganisation of capital**

If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the *Corporations Act 2001* (Cth) at the time of reorganisation.

(m) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to the Company's existing shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment) no changes will be made to the Performance Rights.

(n) **Dividend and voting rights**

The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(o) **Change in control**

Subject to paragraph (p), upon:

- (i) a takeover bid under Chapter 6 of the *Corporations Act* having been made in respect of the Company and:
 - (A) having received acceptances for not less than 50% of the Company's Shares on issue; and
 - (B) having been declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

the Performance Rights shall automatically convert into Shares, provided that if the number of Shares that would be issued upon such conversion is greater than 10% of the Company's Shares on issue as at the date of conversion, then that number of Performance Rights that is equal to 10% of the Company's Shares on issue as at the date of conversion under this paragraph will automatically convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Performance Rights then on issue as well as on a pro rata basis for each holder of Performance Rights. Performance Rights that are not converted into Shares under this paragraph will continue to be held by the holders on the same terms and conditions.

(p) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Right under paragraph (c) or (o) would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

(i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition; and

(ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (p)(i) within seven (7) days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

(q) **No rights to return of capital**

A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(r) **Rights on winding up**

A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(s) **ASX Listing Rule compliance**

The Board reserves the right to amend any term of the Performance Rights to ensure compliance with the ASX Listing Rules.

(t) **No other rights**

A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

10.8 Additional Information regarding Performance Rights

The following additional information is provided in respect of the Performance Rights proposed to be issued to Mr Gregory:

(a) 6,000,000 Performance Rights are proposed to be issued to Mr Gregory on the terms and conditions set out in Section 10.7 above;

(b) the Performance Rights are to be issued to Mr Gregory as part of his remuneration package, in order to link part of the remuneration payable to Mr Gregory to specific performance milestones (set out in Section 10.7) and to align the goals of Mr Gregory with Shareholders. As such, the Performance Rights are not ordinary course of business remuneration securities;

(c) a summary of the executive services agreement for Mr Gregory is included at Section 9.3.2;

(d) As an executive Director, Mr Gregory will play a key role in establishing and executing the Company's business model (as set out in Section 5.5),

which is directly aligned with the performance milestones for the Performance Rights;

In addition, as managing director, Mr Gregory will be responsible for (amongst other things):

- (i) directing the operations of the Company, formulating the Company's strategic direction and providing recommendations of a strategic nature to Board members;
 - (ii) reviewing, approving, implementing and monitoring the business plan and annual budget;
 - (iii) contribution to the development of Board and organisational policies;
 - (iv) ensuring compliance with legal and regulatory requirements;
 - (v) monitoring risks facing the Company and its operations;
 - (vi) identifying skills required by the Board and potential candidates; and
 - (vii) seeking new opportunities that will fit into the Company's strategy and with the support of the Board, completing any transactions and integrating the new business or product into the Company's operations;
- (e) details of the existing total remuneration package of Mr Gregory are set out in Section 8.2;
- (f) details of the security holdings of Mr Gregory assuming completion of the Offer) are set out in Section 8.2. The Performance Rights are proposed to be issued to Mr Gregory as an incentive component of Mr Gregory's remuneration package;
- (g) the Company considers it necessary and appropriate to further remunerate and incentivise Mr Gregory to achieve the applicable performance milestones for the following reasons:
- (i) the issue of Performance Rights to Mr Gregory will further align the interests of Mr Gregory with those of Shareholders;
 - (ii) the Performance Rights are unlisted therefore, the grant of the Performance Rights has no immediate dilutionary impact on Shareholders;
 - (iii) the issue of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Gregory; and
 - (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights on the terms proposed;

- (h) the number of Performance Rights to be issued to Mr Gregory was determined by the Board following arm's length negotiations with Mr Gregory, and having regard to:
- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the number of securities proposed to be held by Mr Gregory;
 - (iii) the remuneration of Mr Gregory; and
 - (iv) incentives to attract and retain the service of Mr Gregory, who has the appropriate knowledge and expertise, while maintaining the Company's cash reserves.

In addition to the above, regard was also had to the principles and guidance articulated in ASX Guidance Note 19 with respect to the issue of performance linked securities; and

- (i) the Board considers the number of Performance Rights to be appropriate and equitable for the following reasons:
- (i) the Performance Rights are consistent with ASX's policy regarding the base requirements for performance securities, which are detailed in section 9 of ASX Guidance Note 19;
 - (ii) the number of Shares into which the Performance Rights will convert if the milestones are achieved is fixed (one for one) which allows investors and analysts to readily understand and have reasonable certainty as to the impact on the Company's capital structure if the milestones are achieved. The maximum number of Shares which may be issued if the Performance Rights are converted into Shares (following satisfaction of the milestones) is 6,000,000 Shares (refer to paragraph (v) below for further detail regarding the dilutive effect);
 - (iii) there is an appropriate link between the milestones and the purposes for which the Performance Rights are being issued and the conversion milestones are clearly articulated by reference to objective criteria;
 - (iv) there is an appropriate link to the benefit of Shareholders and the Company at large through the achievement of the milestones, which have been constructed so that satisfaction of the milestones will be consistent with increases in the value of Company's business;
 - (v) the Performance Rights represent a small proportion of the Company's issued capital upon listing, representing approximately 4.75% in aggregate on an undiluted basis and 3.26% on a fully diluted basis (assuming the Minimum Subscription is raised under the Offer);
 - (vi) the Performance Rights have an expiry date by which the milestones are to be achieved and, if the milestones are not achieved by that date, the Performance Rights will lapse; and

- (vii) the quantum of the Performance Shares and Performance Rights will be greater than 10% of the total ordinary shares on issue at their time of issue and, therefore, in accordance with section 14 of Guidance Note 19, the Company commissioned an independent expert to opine on the fairness and reasonableness of the issue of the Performance Shares and Performance Rights for the Company's non-participating shareholders. The Independent Expert's Report concluded that the issue of the Performance Rights is not fair but reasonable to non-associated Shareholders. Please refer to the Independent Expert's Report at Annexure D for further information.

10.9 Employee Incentive Securities Plan

A summary of the terms of the Company's Employee Securities Incentive Plan (**Plan**) is set out below.

(a) Eligible Participant

Eligible Participant means a person who is a full-time or part-time employee, a non-executive Director, a contractor or a casual employee of the Company, or an Associated Body Corporate (as defined in ASIC Class Order 14/1000), or such other person who has been determined by the Board to be eligible to participate in the Plan from time to time.

The Company will seek Shareholder approval for Director and related party participation in accordance with Listing Rule 10.14.

(b) Purpose

The purpose of the Plan is to:

- (i) assist in the reward, retention and motivation of Eligible Participants;
- (ii) link the reward of Eligible Participants to Shareholder value creation; and
- (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

(c) Plan administration

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

(d) Eligibility, invitation and application

The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.

If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

(e) **Grant of Securities**

The Company will, to the extent that it has accepted a duly completed application, grant the participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

(f) **Terms of Convertible Securities**

Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan. Prior to a Convertible Security being exercised a participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them unless otherwise determined by the Board. A participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

(g) **Vesting of Convertible Securities**

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

(h) **Exercise of Convertible Securities and cashless exercise**

To exercise a Convertible Security, the participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Convertible Security (if subject to vesting conditions) and prior to the expiry date as set out in the invitation or vesting notice.

An invitation may specify that at the time of exercise of the Convertible Securities, the participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the participant that number of Shares equal in value to the positive difference between the

Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

(i) **Delivery of Shares on exercise of Convertible Securities**

As soon as practicable after the valid exercise of a Convertible Security by a participant, the Company will issue or cause to be transferred to that participant the number of Shares to which the participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that participant.

(j) **Forfeiture of Convertible Securities**

Where a participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a participant has acted fraudulently or dishonestly; committed an act which has brought the Company, the Group or any entity within the Group into disrepute, or wilfully breached his or her duties to the Group or where a participant is convicted of an offence in connection with the affairs of the Group; or has a judgment entered against him or her in any civil proceedings in respect of the contravention by the participant of his or her duties at law, in equity or under statute, in his or her capacity as an employee, consultant or officer of the Group, the Board may in its discretion deem all unvested Convertible Securities held by that participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation or vesting notice.

(k) **Change of control**

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the participant to participate in and/or benefit from

any transaction arising from or in connection with the change of control event provided that, in respect of Convertible Securities, the maximum number of Convertible Securities (that have not yet been exercised) that the Board may determine will vest and be exercisable into Shares under this Rule is that number of Convertible Securities that is equal to 10% of the Shares on issue immediately following vesting under this Rule, which as far as practicable will be allocated between holders on a pro-rata basis on the basis of their holdings of Convertible Securities on the date of determination of vesting.

(l) **Rights attaching to Plan Shares**

All Shares issued or transferred under the Plan or issued or transferred to a participant upon the valid exercise of a Convertible Security, **(Plan Shares)** will rank pari passu in all respects with the Shares of the same class. A participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A participant may exercise any voting rights attaching to Plan Shares.

(m) **Disposal restrictions on Plan Shares**

If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

(n) **Adjustment of Convertible Securities**

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an issue of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

(o) **Participation in new issues**

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

(p) **Compliance with applicable law**

No Security may be offered, granted, vested, or exercised if to do so would contravene any applicable law. In particular, the Company must have reasonable grounds to believe, when making an invitation, that the total number of Plan Shares that may be issued upon exercise of Convertible Securities offer when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous three-year period under:

- (i) an employee incentive scheme of the Company covered by ASIC Class Order 14/1000 (**Class Order**); or
- (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme, but disregarding any offer made or securities issued in the capital of the Company by way of or as a result of:
 - (A) an offer to a person situated at the time of receipt of the offer outside Australia;
 - (B) an offer that did not need disclosure to investors because of section 708 of the Corporations Act (exempts the requirement for a disclosure document for the issue of securities in certain circumstances to investors who are deemed to have sufficient investment knowledge to make informed decisions, including professional investors, sophisticated investors and senior managers of the Company); or
 - (C) an offer made under a disclosure document, which would exceed 5% (or such other maximum permitted under any applicable law) of the total number of Shares on issue at the date of the invitation.

(q) **Maximum number of Securities**

When relying on the Class Order relief, the Company will not make an invitation under the Plan if the number of Plan Shares that may be issued, or acquired upon exercise of Convertible Securities offered under an invitation, when aggregated with the number of Shares issued or that may be issued as a result of all invitations under the Plan, will exceed 5% of the total number of issued Shares at the date of the invitation.

(r) **Amendment of Plan**

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all participants.

(s) **Plan duration**

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the participants.

If a participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the participant.

(t) **Income Tax Assessment Act**

The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to the conditions in that Act).

(u) **Maximum number of equity securities proposed to be issued under the Plan**

For the purposes of Listing Rule 7.2 (Exception 13(a)), the maximum number of securities proposed to be issued under the Plan is 20,000,000, being 15.8% of the Company's issued Share capital under the Minimum Subscription. This is a theoretical maximum for the purposes of this Listing Rule and does not necessarily reflect how many securities will be issued under the Plan.

10.10 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or

- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offers.

10.11 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory, or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (f) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offers.

Valuation and Resource Management has acted as Independent Geologist and has prepared the Independent Technical Assessment Report which is included in Annexure A. The Company estimates it will pay Valuation and Resource Management a total of \$34,100 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Valuation and Resource Management has not received fees from the Company for any other services.

HLB Mann Judd has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which is included in Annexure C. The Company estimates it will pay HLB Mann Judd a total of \$16,000 (excluding GST) for these services. HLB Mann Judd has also acted as Auditor. The Company estimates that it will pay HLB Mann Judd a total of \$29,232 for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, HLB Mann Judd has not received fees from the Company for any other services.

RM Corporate Finance Pty Ltd and Inyati Capital Pty Ltd will receive those fees set out in Section 4.5 following the successful completion of the Offers for its services as Joint Lead Managers to the Offers. Further details in respect to the mandate with RM Corporate Finance Pty Ltd and Inyati Capital Pty Ltd are summarised in Section 9.1.1. During the 24 months preceding lodgement of this Prospectus with the ASIC, RM Corporate Finance received fees for capital raising services totalling \$47,460. RM Corporate Finance also received 3,280,000 Shares as an assignment fee for introducing the transaction with Ustar Ventures Ltd to the Company. During the 24 months preceding lodgement of this Prospectus with the ASIC, Inyati Capital Pty Ltd received fees for capital raising services totalling \$40,200.

Steinepreis Paganin has acted as the Australian legal advisers to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$230,152 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin acted as the Australian legal advisors to the Company in relation to other corporate and commercial matters and received fees totalling \$160,152 from the Company for these services.

Grata Law Firm LLP has acted as the Kazakhstan legal advisers to the Company in relation to due diligence on Ushtogan LLP and the Subsoil Contract. In addition, Grata Law Firm LLP has prepared the Solicitor's Report on Title set out in Annexure B. The Company estimates it will pay Grata Law Firm LLP \$131,842 excluding VAT (if applicable) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Grata Law Firm LLP received fees totalling \$131,842 from the Company for services.

Stantons Corporate Finance Pty Ltd has prepared the Independent Expert's Report set out in Annexure D. The Company estimates it will pay Stantons Corporate Finance Pty Ltd a total of \$35,200 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Stantons Corporate Finance Pty Ltd has received fees totalling \$22,000 from the Company for services related to the Independent Expert's Report.

10.12 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offer or of the Shares), the Directors, any persons named in the Prospectus with their consent as proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and

- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Valuation and Resource Management has given its written consent to being named as Independent Geologist in this Prospectus and to the inclusion of the Independent Technical Assessment Report in Annexure A in the form and context in which the report is included.

Grata Law Firm LLP has given its written consent to being named as Kazakhstan lawyers to the Company in this Prospectus and to the inclusion of the Solicitor's Report on Title in Annexure B in the form and context in which the report is included.

HLB Mann Judd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Independent Limited Assurance Report in Annexure C in the form and context in which the information and report is included.

Stantons Corporate Finance Pty Ltd has given its written consent to being named as the Independent Expert in this Prospectus and to the inclusion of the Independent Expert's Report in Annexure D in the form and context in which the information and report is included.

HLB Mann Judd has given its written consent to being named as auditor of the Company in this Prospectus and the inclusion of the audited financial information of the Company contained in the Independent Limited Assurance Report included in Annexure C to this Prospectus in the form and context in which it appears. Steinepreis Paganin has given its written consent to being named as the Australian legal advisers to the Company in relation to the Offers in this Prospectus.

RM Corporate Finance Pty Ltd has given its written consent to being named as a Joint Lead Manager to the Company in this Prospectus.

Inyati Capital Pty Ltd has given its written consent to being named as a Joint Lead Manager to the Company in this Prospectus.

Automatic Group has given its written consent to being named as the share registry to the Company in this Prospectus.

10.13 Expenses of the Offers

The total expenses of the Offer (excluding GST) are estimated to be approximately \$1,154,522 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	(\$)
ASIC fees	3,206
ASX fees	85,500
Lead Manager Fees	519,572
Legal Fees	329,775
Independent Geologist Fees	34,100
Investigating Accountant's Fees	16,000
Independent Expert's Fees	35,200

Item of Expenditure	(\$)
Auditor's Fees	29,232
Share Registry, Printing and Distribution	12,724
Company Secretary / CFO	79,213
Miscellaneous	10,000
TOTAL	1,154,522

Notes: It is estimated that of the majority these costs will be paid from the Company's cash reserves prior to listing, resulting in a net payment from funds raised of \$594,572 – see Use of Funds in section 5.7.

11. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Stephen Penrose
Non-Executive Chairman
For and on behalf of
Sarytogan Graphite Limited

12. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offers.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Board means the board of Directors as constituted from time to time.

Business Days means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Central Zone means the Central Zone of the Sarytogan Graphite Deposit.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement.

Closing Date means the closing date of the Offers as set out in the indicative timetable in the Key Offers Information Section (subject to the Company reserving the right to extend the Closing Date or close the Offers early).

Company or **Sarytogan** means Sarytogan Graphite Limited (ACN 107 920 945).

Conditions has the meaning set out in Section 4.6.

Constitution means the constitution of the Company.

Corporations Act means *the Corporations Act 2001* (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Eligible Shareholders means existing Shareholders of the Company as at the Record Date and all investors that are allocated Shares under the Share Offer.

Employee Incentive Securities Plan has the meaning set out in Section (a)

Exercise Period has the meaning given in Section 10.3.

Exercise Price has the meaning given in Section 10.3.

Expiry Date has the meaning given in Section 10.3.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

Independent Expert's Report means the independent expert's report in relation to the issue of performance securities as part of the consideration payable for the

proposed acquisition of 100% of the participating interests in Ushtogan LLP as set out in Annexure D.

Independent Technical Assessment Report means the report set out in Annexure A to this Prospectus.

JORC Code has the meaning given in the Important Notice Section.

Joint Lead Managers means RM Corporate Finance Pty Ltd (AFSL 315235) & Inyati Capital Pty Ltd (AFSL 485946).

Lead Manager Mandate means the agreement with the Joint Lead Managers summarised in Section 9.1.1.

Maximum Subscription means the maximum amount to be raised under the Offers, being \$8,659,533.

Minimum Subscription means the minimum amount to be raised under the Offers, which is the same as the Maximum Subscription, being \$8,659,533.

North Zone means the North Zone of the Sarytogan Graphite Deposit.

Notice of Exercise has the meaning given in Section 10.3.

Offers means the offers of Shares and Options pursuant to this Prospectus as set out in Section 4.1.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Option Offer means the offer of Options under this Prospectus.

Optionholder means a holder of an Option.

Performance Share means a Performance Share convertible into a Share on the terms set out in Section 10.5.

Prospectus means this prospectus.

Recommendations has the meaning set out in Section 8.4.

Record Date means the date of this Prospectus.

Sarytogan Graphite Project means the graphite project that is situated on the area covered by the Subsoil Contract and as more particularly described in Section 5 of this Prospectus and the Independent Technical Assessment Report.

Section means a section of this Prospectus.

Securities means Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Share Offer means the offer of Shares under this Prospectus.

Shareholder means a holder of Shares.

Side Deeds means the side deeds summarised in Sections 9.2.3 and 9.2.4 of this Prospectus.

Solicitor's Report on Title means the report set out in Annexure B to this Prospectus.

Subsoil Contract means the contract for granting a subsoil use right to Ushtogan LLP for the exploration of graphite, rare earth and precious metals at Sarytoganbay area in Karaganda region of the Republic of Kazakhstan dated 26 October 2018 No. 5406 as more specifically described in Section 9.2.1 and the Solicitor's Report on Title.

US means United States of America.

Ushtogan or **Ushtogan LLP** means Ushtogan LLP (registered in the Republic of Kazakhstan (BIN 14084001101)).

Ustar Ventures Ltd or **Ustar Ventures** means Ustar Ventures Ltd (registered in British Virgin Islands (Company No. 1448342)).

WST means Western Standard Time as observed in Perth, Western Australia.



Valuation & Resource Management

SARYTOGAN GRAPHITE PROJECT INDEPENDENT TECHNICAL ASSESSMENT REPORT

Presented To:

Sarytogan Graphite Limited

Date Issued:

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Executive Summary

Valuation and Resource Management Pty Ltd (VRM) was commissioned by Sarytogan Graphite Limited (SGL or the Company) to prepare an Independent Technical Assessment Report (ITAR or the Report) of the mineral assets in which SGL intends to acquire an interest, being the Sarytogan Graphite Project in Kazakhstan. The ITAR is to be included in a prospectus that will be registered with ASIC on or around mid-February 2022 for an initial public offer of 42,500,000 shares at an issue price of \$0.20 each to raise a total of \$8,500,000 (before costs), associated with the offer is the offer of one option for every four shares held by eligible shareholders at an issue price of \$0.01 per option to raise up to \$159,533 (Prospectus) to facilitate the Company's admission to the Official List of the Australian Securities Exchange (ASX).

This Report has been prepared as a public document, in the format of an independent specialist's report and in accordance with the guidelines of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – the 2015 VALMIN Code (VALMIN) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – the 2012 JORC Code (JORC).

This Report is a technical review of the Company's mineral asset, being the Sarytogan Graphite Project, which consists of one permit to explore and the associated Mineral Resource estimate. The Sarytogan Graphite Project covers approximately 103km². The general location of the Sarytogan Graphite Project is shown in Figure 1.

Sarytogan Graphite Project

SGL has entered into an agreement to acquire Ushtogan LLP (Ushtogan), the entity that owns 100% of the Sarytogan Graphite Project located approximately 190 kilometres southeast of Karaganda, a major city in central Kazakhstan.

An Inferred Mineral Resource estimate on the Sarytogan Graphite Project was prepared in 2019 applying the guidelines of the Australasian Code for Reporting of Exploration Targets, Mineral Resources and Ore Reserves – The JORC Code 2012 Edition (JORC) at the project. This estimate is detailed in Section 3.5. There has been additional exploration since that Mineral Resource estimate was completed, however, that information has not yet been included in an update to the 2019 Mineral Resource.

There has been additional exploration on the project in 2021 which included drilling and associated studies and test work on the currently identified mineralisation.

Drilling in 2021 has confirmed the thickness and graphite grades in the Northern Zone of the previously identified mineralisation. One of the main objectives for the 2021 drilling was to allow a re-estimation of the Mineral Resource with the aim of improving the confidence in the current Mineral Resource. The drilling was also aimed to provide more information on the petrology, metallurgy, and density of the currently identified mineralisation.

Significant drill intersections from the 2021 drilling include.

- 167.7m at 28.87% TGC from surface in ST-56
- 110.2m at 31.24% TGC from 12.5 m in ST-55
- 112.2m at 29.91% TGC from 90.4 m in ST-48
- 110.4m at 30.29% TGC from 60.4 m in ST-54

The details of all the 2021 significant drill intersections are included in Table 2 of this report.

This report documents the technical aspects of the Sarytogan Graphite Project applying the principles and guidelines of the VALMIN and JORC Codes.

Conclusions

SGL has agreed to indirectly acquire the Sarytogan Graphite Project in Kazakhstan and intends to actively explore the project for graphite. Mineralisation hosted in a graphite metamorphosed sedimentary stratigraphic sequence is the primary target for the Sarytogan Graphite Project. Potential exists for alternate mineralization types will also be considered and examined, however, given the current information there is limited potential for alternate mineralisation types.

The Sarytogan Graphite Project hosts a significant high-grade graphite Inferred Mineral Resource, however, there are no Ore Reserve estimates for the project. Significant additional work and technical studies are required prior to the estimation of any Ore Reserves. No previous mining has been reported. There has been recent exploration during 2021 including additional drilling, petrology, and metallurgical test work.

The review found that the graphite deposits were characterised by well-defined zones of consistent mineralisation within the two separate zones. Within the Sarytogan Graphite Project the deposits are considered under drilled or drilled at inconsistent drill spacings.

The Sarytogan Graphite Project includes an Inferred Mineral Resource estimate within two separate mineralised bodies, the exploration within these bodies is at an early stage and requires significant additional work including infill drilling, metallurgical studies including graphite flake size analysis and marketing to determine the potential markets for any potential graphite concentrates from the currently identified mineralisation. A significant portion of the proposed exploration is aimed at increasing the confidence in the current Mineral Resource estimate to allow work to be done to better understand the modifying factors associated with a potential development. The exploration budget of \$3.6 million proposed by the SGL for year one consists of primarily drilling while the budget for year two of \$2.4 million is dominated by studies into the metallurgy, environmental, Scoping and Pre-Feasibility studies. It is VRM's opinion that testing of these targets and proposed work program is justified using the proposed exploration strategy and budget.

It should be noted that while there is currently an Inferred Mineral Resource estimate for the Sarytogan Graphite Project that has been estimated and reported taking into consideration the requirements of the 2012 JORC Code it is uncertain if the additional work would result in the confidence in the Inferred Mineral

Resource estimate being upgraded to an Indicated or Measured category after the proposed work has been undertaken.

1. Introduction

Valuation and Resource Management Pty Ltd (VRM) was engaged by Sarytogan Graphite Limited (SGL or the Company) to prepare an Independent Technical Assessment Report (Report or ITAR) on the mineral assets in which SGL intends to acquire an interest for inclusion in a prospectus to be issued by the Company for an initial public offer of 42,500,000 shares at an issue price of \$0.20 each to raise a total of \$8,500,000 (before costs), associated with the offer is the offer of one option for every four shares held by eligible shareholders at an issue price of \$0.01 per option to raise up to \$159,533 (Prospectus). The Sarytogan Graphite Project comprises one subsoil use contract, No. 5406 (which is essentially the same as an exploration licence) (the Mineral Asset) (Figure 1).

1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

In preparing the ITAR, VRM has applied the guidelines and principles of the *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets* – 2015 VALMIN Code (VALMIN) and the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* – the 2012 JORC Code (JORC). Both industry codes are mandatory for all members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). These codes are also requirements under Australian Securities and Investments Commission (ASIC) rules and guidelines and the listing rules of the Australian Securities Exchange (ASX).

This ITAR is a Public Report as described in the VALMIN Code (Clause 5) and the JORC Code (Clause 9). It is based on, and fairly reflects, the information and supporting documentation provided by SGL and previous owners and associated Competent Persons as referenced in this ITAR and additional publicly available information.

1.2. Scope of Work

VRM's primary obligation in preparing this ITAR is to independently describe mineral Projects applying the guidelines of the JORC and VALMIN Codes. These require that the Report contains all the relevant information at the date of disclosure, that investors and their professional advisors would reasonably require in making a reasoned and balanced judgement regarding the Sarytogan Graphite Project.

VRM has compiled the Report based on the principle of reviewing and interrogating both the documentation of SGL and other previous exploration within the area. This Report is a summary of the work conducted, completed, and reported by the various explorers to February 2022 based on information supplied to VRM

by SGL and other information sourced in the public domain, to the extent required by the VALMIN and JORC Codes.

VRM understands that its review and report will be included in the Prospectus, and as such, it is understood that VRM's review will be a public document. Accordingly, this report has been prepared in accordance with the requirements of the 2015 VALMIN Code.

1.3. Statement of Independence

VRM was engaged to undertake an ITAR. This work was conducted applying the principles of the JORC and VALMIN Codes, which in turn reference ASIC Regulatory Guide 111 Content of Expert Reports (RG111) and ASIC Regulatory Guide 112 Independence of Experts (RG112).

Mr Paul Dunbar of VRM, other than VRM's work on an Independent Technical Assessment Report and Valuation, detailed in an Independent Experts Report completed by Stantons Corporate Finance Pty Ltd (Stantons), has not had any association with SGL or Ushtogan, its individual employees, or any interest in the securities of the Company or potential interest, nor are they expected to be employed by the Company after the initial public offering (IPO), which could be regarded as affecting their ability to give an independent, objective, and unbiased opinion. VRM will be paid a fee for this work based on standard commercial rates for professional services. The fee is not contingent on the results of this report and is estimated, due to the previous work associated with the ITAR to be approximately \$18,000 (ex GST).

1.4. Competent Persons Declaration and Qualifications

The geology sections of the Report were prepared by Mr Paul Dunbar as the primary author.

The Mineral Resource estimate included in this report, was prepared by Mr Serikjan Urbisinov. For graphite specific details in the Mineral Resource estimate Mr Urbisinov relied on other specialists in aspects that relate to graphite as an industrial mineral in the Mineral Resource estimate. Mr Urbisinov is employed by CSA Global Pty Ltd (CSA Global). This report also documents additional exploration activities including shallow pits, drilling and preliminary metallurgy tests conducted since the Mineral Resource estimate was undertaken in 2019.

The Report and information that relates to Mineral Resource estimation is based on information compiled by Mr Serikjan Urbisinov, BSc (Geology), BSc (Computer Science) who is a Member of the AIG. Mr Urbisinov is a full-time employee of CSA Global and has sufficient experience, which is relevant to the style of mineralisation, geology, and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the JORC Code. Mr Urbisinov consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The Report and information that relates geology and exploration is based on information compiled by Mr Paul Dunbar, BSc (Hons), MSc (Minex), a Competent Person who is a Member of the AusIMM and Member

of the AIG. Mr Dunbar is a Director of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology, and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the JORC Code and a Specialist under the VALMIN Code. Mr Dunbar consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The Report and information that relates peer review of the mineral asset valuation was provided by Ms Deborah Lord, BSc (Hons), a Competent Person who is a Fellow of the AusIMM and a Member of the AIG. Ms Lord is a Director of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology, and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person under the JORC Code and a Specialist under the VALMIN Code. She is Chair of the VALMIN Committee and a member of the AusIMM Professional Conduct Committee. Ms Lord consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

1.5. Reliance on Experts and Sources of Information

Mr Dunbar, the author of this report, is not qualified to provide extensive commentary on the legal aspects of the mineral properties or the compliance with the legislative environment and permitting in Kazakhstan. In relation to the tenement standing, VRM has relied on the documentation provided by SGL and the Competent Person for Mineral Resources and the associated JORC Table 1 documentation as at 20 July 2019 which is replicated in this report. As required by the VALMIN Code, the status of the tenements is detailed within this Report. Regarding the legal standing of the tenements that constitute the Sarytogan Graphite Project, and the status of material contracts, VRM directs the reader to the Solicitor's Report on Title included in the Prospectus to which this Report is appended.

In respect of the information contained in this Report, VRM has relied on:

- Information and Reports obtained from SGL or the public domain including but not limited to:
 - Presentation material including several cross sections and plans
 - CSA Global Mineral Resource estimation report
 - SGL's recent exploration activities and internal reports.
- Publicly available information.

All information and conclusions within this Report are based on information SGL made available to VRM to assist with this Report and other relevant publicly available data to February 2022. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous interested parties and joint venturers to the areas, where it has been considered necessary. VRM has, as far as possible and making all reasonable enquiries, attempted to confirm the authenticity and completeness of the technical data used in the preparation of this Report and to ensure that it had access to all relevant technical information. VRM has relied on the information contained within the reports, articles and databases provided by SGL as detailed in the reference list. A draft of this Report

was provided to SGL for the purpose of identifying and addressing any factual errors or omissions prior to finalisation of the Report.

The Sarytogan Graphite Project hosts an Inferred Mineral Resource estimate that was reported on 20 July 2019. These estimates were undertaken by CSA Global, an independent consulting company and this Mineral Resource estimate has been repeated in this Report with the approval and consent of Mr Serikjan Urbisinov who is the Competent Person who prepared the Mineral Resource estimate. VRM has relied on the technical information provided by SGL and other publicly available technical information. VRM has therefore placed reliance on the Competent Persons who signed off on the Exploration Results and Mineral Resource estimates as reported by SGL.

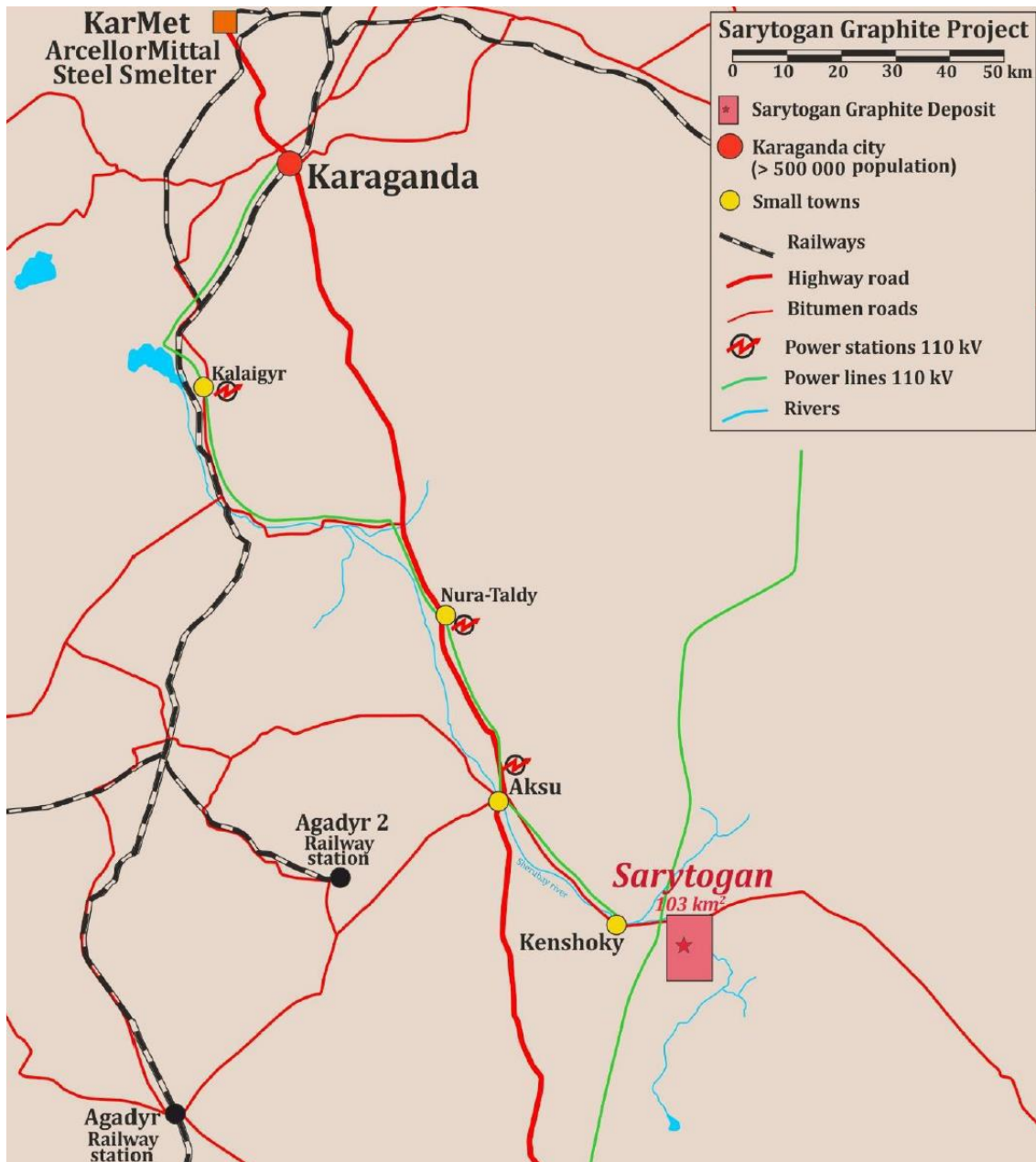
This ITAR contains statements attributable to third parties. These statements are made or based upon statements made in previous technical reports that are publicly available from either government departments or the ASX. The authors of these previous reports have not consented to the statements' use in this report, and these statements are included in accordance with ASIC Corporations (Consent to Statements) Instrument 2016/72.

1.6. Site Visits

VRM has not undertaken a site visit as a part of this report. While the Sarytogan Graphite Project hosts an Inferred Mineral Resource estimate, there is minimal information that would be obtained from a site visit and any information obtained from a site visit would be unlikely to change VRM's opinion as to the value of the project. Additionally given the current restrictions on travel to and from Australia due to the COVID-19 pandemic VRM was unable to undertake a site visit. VRM is confident that while it is considered preferable to undertake a site visit, a site visit would not change the opinion or material information contained in this report of the project due to the information that has been provided to VRM.

2. Mineral Assets

The Mineral Asset included in this Report is limited to the Sarytogan Graphite Project which is 100% owned by Ushtogan LLP (Ushtogan), a company that is owned 100% by Ustar Ventures Limited (Ustar). Ushtogan is registered in Kazakhstan while Ustar is registered in the British Virgin Islands. The Sarytogan Graphite Project consists of a single exploration licence that covers 103 km² which is located in the Karaganda region of central Kazakhstan (Figure 1).



Source CSA Global 2019 – supplied by Ushtogan

Figure 1 – Location of the Sarytogan Graphite Project, central Kazakhstan

2.1. Tenure

The Sarytogan Graphite Project consists of a single exploration tenement covering 103 km². In 2021, SGL executed an agreement to acquire Ushtogan LLP from Ustar Ventures Ltd. While the author of this report has reviewed several agreements and documents any reader is directed to the Solicitor’s Report on Title appended to the Prospectus that this report is also appended for confirmation and information on the tenure and other material contracts associated with the project.

Tenement information is summarised below Table 1.

Table 1 - Sarytogan Graphite Project tenement schedule as at 26 October 2021
 (Source: Contract on Exploration between the Republic of Kazakhstan and Ushtogan LLP supplied by SGL)

Tenement Schedule						
Project	Licence Holder	Licence No.	Area (km ²)	Equity	Grant Date	Expiry Date
Sarytogan Graphite Project	Ushtogan LLP	5046	103.92	100%	14/8/2018	October 2022

Note: The Sarytogan exploration contract (tenement) expires in 2022 however it can be extended for a period of 6 years or converted to a mining lease.

VRM has reviewed the “Contract on the exploration of graphite, rare and rare-earth and precious metals on the Sarytoganbai area in the Karanganda region of the Republic of Kazakhstan” relating to the Sarytogan Graphite Project. That contract is between the Republic of Kazakhstan and Ushtogan LLP. The contract details the requirements for the four-year exploration phase which commenced on 26 October 2018. The contract allows for the conversion of the exploration contract to the stage of evaluation works. On completion of an evaluation phase the contract holder has an exclusive right to conclude a production contract. The duration of the evaluation stage is unclear however it is included in some documentation reviewed by VRM to be for a period of six years.

VRM has been unable to independently confirm the status of the tenement other than by various documents provided by SGL and their legal representatives. In February 2022, VRM was provided with a copy of a Solicitor’s Report on Title on the status of the Sarytogan Graphite Project. While VRM are not specialists in the mining law of Kazakhstan, the report indicates that the tenement is valid, and the contract of work is current.

Based on the reports reviewed VRM is satisfied that the tenement is valid, current and in good standing.

2.2. Accessibility and Topography

The Sarytogan Graphite Project is located approximately 190 km from the regionally significant city of southeast of Karaganda (Figure 1) and 390 km from the capital Nur-Sultan. The site is accessed by a regional highway and associated roads. The closest towns are Kenshoky, (6 km from the project) with a population of approximately 1,300 and Aksu (55 km from the project) with a population of around 5,000. The closest railway station is 68 km from site while there is a high voltage powerline within 2 km of the Sarytogan Graphite Project.

The topography of the region is characterised by isolated mountains above a surrounding gentle plain. The maximum elevation is between 1,140 m and 1,036 m (Mt Karatoganbay and Mt Sarytoganbay respectively) with the relative elevation variation within the project of approximately 300 m. The area is cut by a network of small ephemeral creeks which are tributaries of the Sherubay-Nura and Karasai rivers.

The climate is continental with low rainfall, cold winters (-45°C) and hot summers (+40°C).

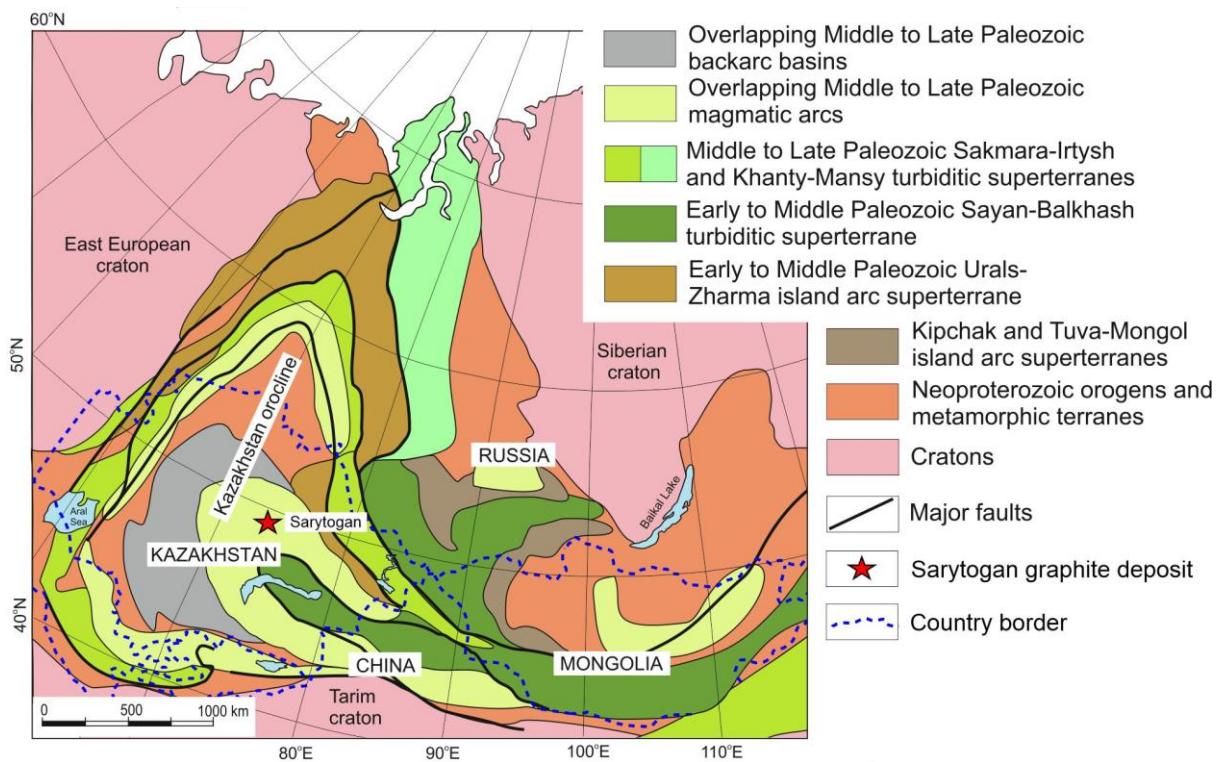
Overall, the topography does not create any impediments to exploration.

3. Sarytogan Graphite Project

3.1. Regional Geological Setting

The Sarytogan deposit lies within the Central Asian Orogenic Belt (CAOB) in a Middle to Late Palaeozoic magmatic arc terrain of eastern Central Kazakhstan (Figure 2). The CAOB comprises several subduction-collision island arc terrains which locally are intensely deformed and intruded by younger granitoids. Intra-plate rifting during the Mesozoic created massive sedimentary basins between Palaeozoic uplands which were filled with terrestrial and shallow water marine assemblages.

The Central Kazakhstan region has a rich and varied resource endowment including coal, gas, gold, copper, lead, zinc, cadmium, molybdenum, uranium, and tungsten. It also has a number of processing facilities to extract these minerals for concentration and export.



(Modified after Soloviev et al. 2020)

Figure 2 - Regional tectonic setting of the Sarytogan graphite deposit within the Central Asian Orogenic Belt

3.2. Local Geology

The Sarytogan graphite deposit is hosted in a Mid to Late Palaeozoic sequence of exhalative rhyolitic tuffs, porphyry with intercalated grit, sandstone and limestone in the west and a sedimentary sequence of sandstone, siltstone, shale, and limestone in the east. The zone between these mineralised bodies is comprised of carbonaceous black and grey sandstones, grits, and conglomerates of lower Carboniferous age.

The Aleksandrovsky granite dome underlies the sequence, with granite and porphyry dykes and stocks intruding the sequence. It outcrops in the northeast and south of the project area (Figure 3). The dome is elliptical in shape with dimensions 1.5 km north-south and 1.8 km east-west. Stratigraphy in contact with the granite are altered to skarns, intensely opalised and hornfelsed. No age dating of the Aleksandrovsky intrusion is reported but is assumed to be very Late Palaeozoic, possibly Permian in age.

Graphite mineralisation at Sarytogan is found in black shales contact metamorphosed by the intruding granite dome, with weakly metamorphosed grey siltstones and sandstones above. Volcanic and terrigenous lithologies are altered to quartz-biotite or quartz sericite assemblages while carbonaceous lithologies are often graphitised. Greisenisation of intruding contact rocks locally may alter rocks to quartz tourmaline lithologies while wollastonite rich skarns +/- garnet are reported.

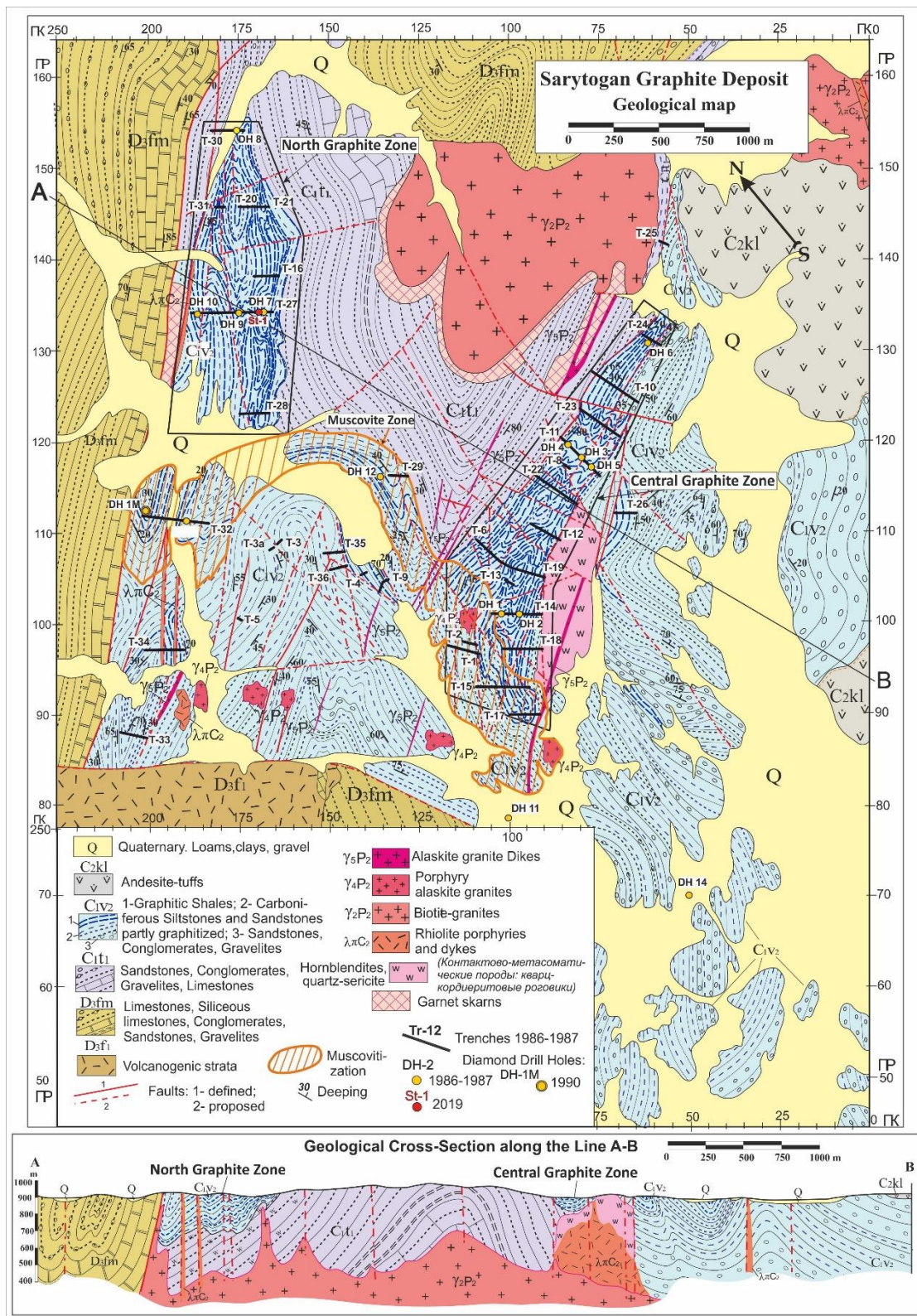
Structurally, the Sarytogan Graphite Project area is dominated by the western and southwestern limb of the Shiyozeck fold, part of the large curved Sarytoganbai syncline which trends northeast and east (Figure 3). Intense parasitic folding at quite fine scale is observed within the Sarytogan Graphite Project area with overturned folds and intense faulting.

The fault network is readily noted in aerial photographs, many of which run northeast subparallel to the folding with secondary structures crosscutting to the northwest and east-west. Overall, the sediments occur between the fold limbs that form an antiformal core against which the graphitic sediments are tightly folded with steep dip angles (see cross-section, Figure 3). These graphitic carbonaceous shales, siltstones are overlain by dark grey weakly carbonaceous siltstones and sandstones.

Two phases of exploration have defined a large zone of graphite mineralisation on each of the fold limbs, hence the Sarytogan Graphite Project is divided into the Central and North graphite zones (Figure 5). The Central Zone has a strike length from the south-southwest to the northeast of 2.9 km and a width of 45 to 90 m in the northeast flank to between 200 and 450 m wide in the centre and 70 m in the southwest.

The North Zone is a part of an overall synclinal fold structure which is fault bounded to the northwest against mixed carbonaceous sediments. The mineralised zone is 2.3 km long, 140 m wide on the north-eastern flank,

500 m in the centre of the zone and 450 m on the southwestern flank. This zone is composed of black graphitic schists, siltstones, and sandstones.



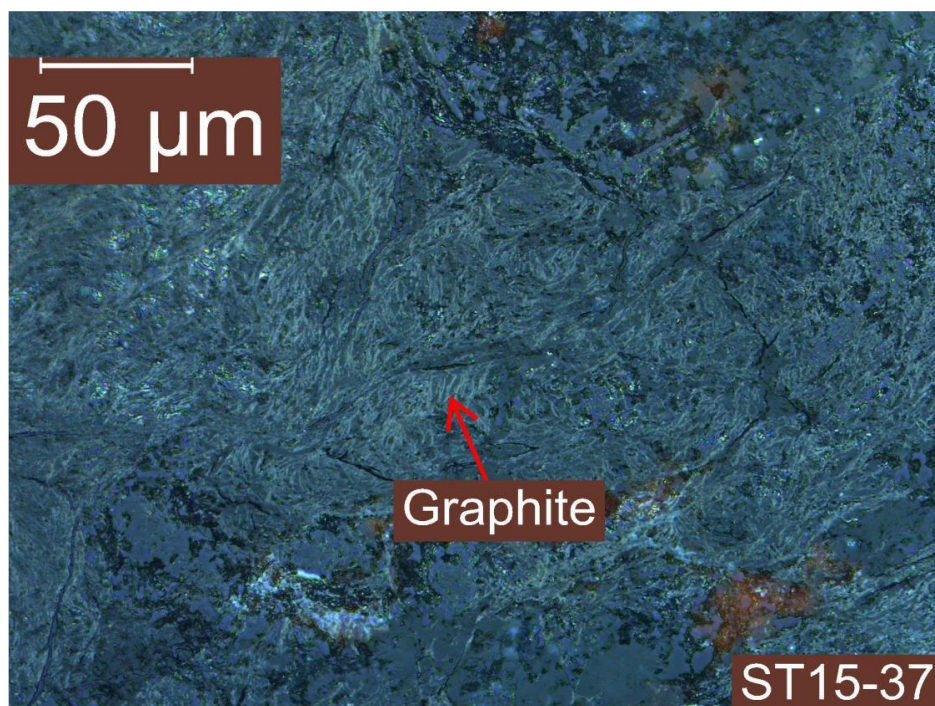
Source CSA Global Mineral Resource Report

Figure 3 – Geology of the Sarytogan Graphite Project

Exploration during the Soviet era from 1985 to 1987 comprised trenching as well as a number of diamond drillholes. A second phase of work in 2019 completed additional diamond drillholes to enable a JORC compliant resource to be estimated. A comparison between the drillhole assay results from work during the 1980s and work during 2019 generally shows good correlation.

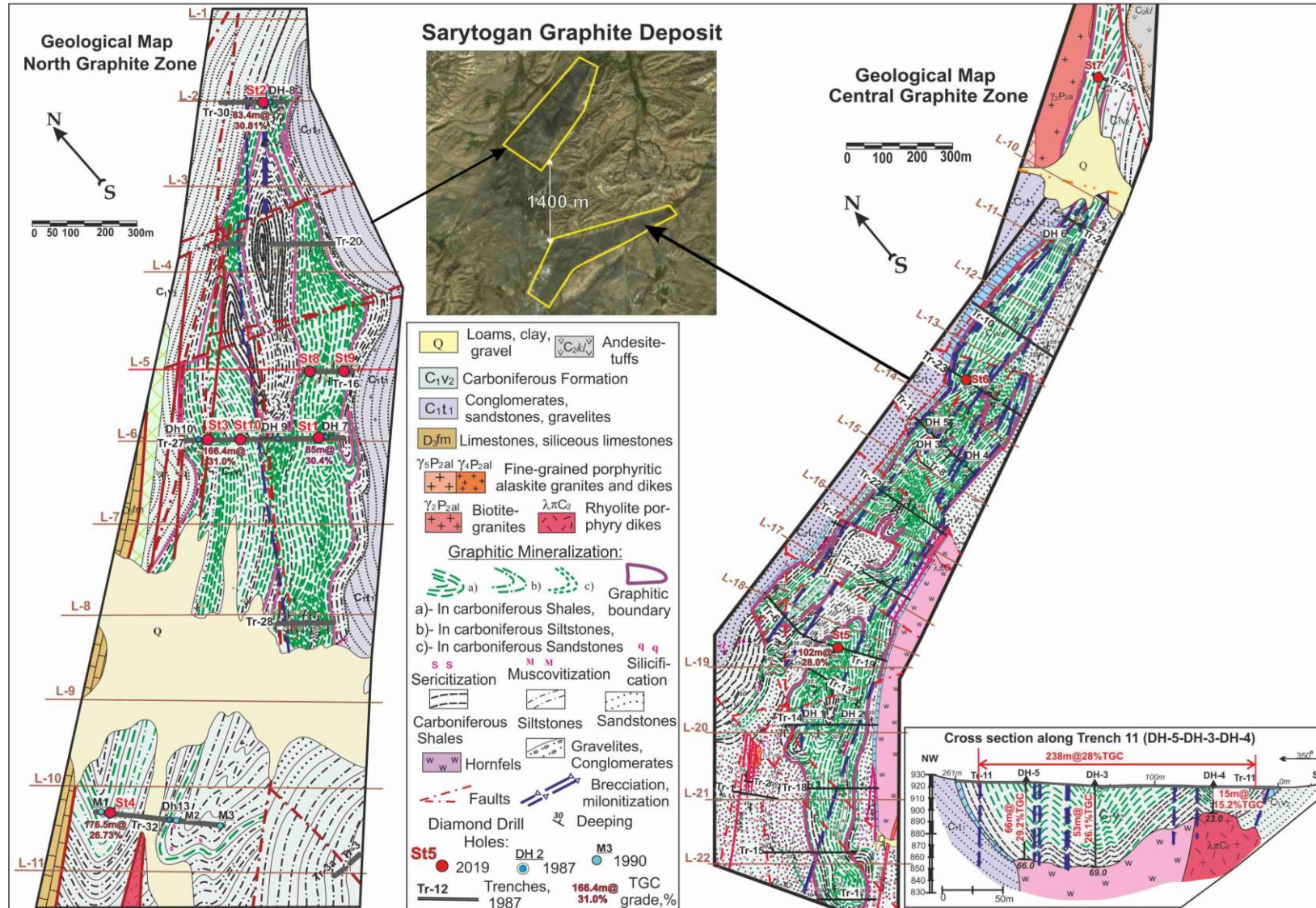
Overall, the Sarytogan Graphite Project has excellent rock exposure with little cover and a strong visual control on graphite mineralisation. Reported graphite grades are very high (Urbisnov, S., and Scogings, A., 2019) with weighted average for drillholes in the Northern Zone of 32.42% Total Graphitic Carbon (TGC) and average depth of 100 m. Locally graphite grades of over 50% TGC are occasionally observed.

Flake size petrographic studies of core samples as part of the 2019 diamond drilling program note that the graphite is generally very fine grained, and the rocks consist of quartz and graphite with abundant haematite. In one sample the graphite occurs entirely as very fine flakes forming a dense network, with individual flakes mostly less than 10 μm (Figure 4). Occasional patches of coarser locally parallel flakes to 50 μm were noted.



Source CSA Global Mineral Resource Report

Figure 4 - Photomicrograph of ST15-37 sample



Source CSA Global Mineral Resource Report

Figure 5 – The two major graphite zones of the Sarytogan deposit

The second sample contained graphite occurring partly as well oriented single flakes, rarely longer than 100 µm and with widths averaging approximately 10 µm. This form of graphite occurs in loose aggregates over much of the thin section. A significant proportion of the graphite also occurs as very small flakes described by Townend (2019) as 'fines' which range from disoriented flakes mostly under 20 µm and includes some less than 5 µm.

3.3. Previous Exploration

Exploration activities within the Sarytogan Graphite Project has been undertaken between 1985 and 1987 when initial trenches were excavated, and wide spaced diamond drilling occurred. The second phase of exploration commenced in 2019 and continued in 2021. There have been no reported exploration activities prior to 1985 or between 1987 and 2019.

Between 1985 and 1987 exploration was conducted by the graphite division of the Karaganda State Regional Geological Expedition with a total of 28 trenches totalling 4,966.5 m excavated and 2,859 separate samples collected. Samples were collected over a length of 4,496.4 m. The trenches were 0.5-3.3 m deep (averaging approximately 1.7-1.8 m) and 0.8 m wide.

In addition to the trenches, 15 vertical diamond drill holes were completed for 1,642.5 m. A total of 804 samples were collected with these extending over 1,460 m of the drilling. The historical samples were whole core with no material retained.

It has been reported that there was metallurgical testing undertaken during this phase of exploration. The metallurgical tests used two separate potential processing options being graphite schist processed by high-temperature sintering followed by leaching with 5% sulphuric acid yielding graphite with 91.3% carbon with a secondary method consisting of flotation and leaching with 5% sulphuric acid yielding graphite with 98.6% carbon. VRM has not been provided these reports and it is unclear if these reports are available to the Company

No exploration activities have been reported to VRM between 1987 and 2019 when Ushtogan LLP commenced exploration which in 2019 consisted of 14 vertical diamond drillholes for a total of 1,711.1 m. Sampling from the 2019 drilling was undertaken on half core with 893 samples collected with these extending over 1, 711.1m of core. Down hole surveys were conducted on a 20 m downhole interval for each hole.

In addition to the 2019 drilling, recent exploration activities have included metallurgical studies using three small bulk samples (15.3 kg, 15.0 kg, and 20.1 kg) and petrographic studies. The petrographic studies are detailed in the geology section (Section 3.2 above). No results of the metallurgical sampling have been reported to VRM.

3.4. Recent Exploration

Diamond Core Drilling

Since July 2021, eighteen diamond drill holes have been completed for 2,090.4 m in the Northern Zone of the Sarytogan Graphite deposit. All holes have been geologically logged, samples collected for petrology, density measurements undertaken, and geochemical sampling completed. Assay results have been returned for 883 samples from thirteen holes. The significant drill intersections for these thirteen holes are shown in Table 2. The significant drill intersections were calculated based on a 10% TGC cut-off with a maximum of 2 m of continuous internal dilution. The “inc” intersections are based on a 35% TGC cut-off with a 4 m minimum thickness and a maximum of 6 m of continuous internal dilution. The “inc²” significant drill intersections are based on consecutive samples over 40% TGC. In addition to these thirteen holes a further 224 samples from five holes have been submitted to an assay laboratory but the company and VRM has not yet received the assay results.

The coordinates and drill information for the 2019 and 2021 diamond drill holes are detailed in Appendix A and Figure 6 shows the drill holes in the Northern Zone of the deposit.

The 2021 drill program aimed to generate assays and samples for a conversion of the Inferred Mineral Resource estimate to an indicated resource category and to collect samples for metallurgical testing.

Trenches, Pits and Surface Samples

During 2019, 340 shallow pits were excavated on eight fences (exploration lines), L-2, L4, L-5, L-7 – L-11 within the northern zone of the Sarytogan graphite deposit. The length of these fences totals 510 m. The results from these trenches were included in the Inferred Mineral Resource estimate undertaken and detailed in Section 3.5 below. 340 individual samples were collected. Of these 340 samples 82 samples were above 10% TGC. The average grade of the 82 samples is 18.9% TGC with the maximum sample being 47% TGC.

Petrology

An additional 299 thin sections have been collected and are being described as a part of the 2021 exploration program. The detailed petrographic descriptions of these samples will assist in understanding the potential metallurgical and processing options for the Sarytogan Graphite Project, in addition to the petrology samples detailed in Section 3.5

Metallurgical Results

VRM, while not considered metallurgical specialists, has received, and reviewed preliminary metallurgical test results. While preliminary, these samples suggest that the mineralisation can produce a graphite concentrate that is dominated by very fine graphite flakes with one sample showing 98.1% of the flakes being less than 38 µm while the second sample has 98.8% of the material being less than 38 µm. The total carbon (TC) assay results from these two preliminary metallurgical tests indicate that the concentrates are generally low grade with the TC assays for the fine fraction of the concentrates of 77.35% TC for one sample and 79.99% TC for a second metallurgical sample.

VRM notes that these are preliminary metallurgical samples and significant additional work is required to determine the likely grades and flake distribution from the deposit.

Table 2 - Significant drill intersections from 2021 diamond drilling

(Source: calculated by VRM from assay results provided by SGL)

Hole ID	Assay Results			
	From	To	Width	TGC %
St-32	0.0	37.7	37.7	22.82
St-37	4.5	11.3	6.8	15.98
	29.3	82.6	53.3	26.05
inc.	63.9	71.9	8.0	36.57
St-44	0.0	21.9	21.9	26.30
St-45	0.0	26.3	26.3	26.89
inc.	9.9	19.9	10.0	40.02
inc ²	9.9	15.9	6.0	47.26
St-46	3.0	55.2	52.2	31.04
inc	39.3	53.3	14.0	38.03
	92.9	164.9	72.0	31.38
inc.	110.9	114.9	4.0	36.73
inc.	125.9	149.9	24.0	36.20
	174.3	195.2	24.9	22.64
St-47	25.3	36.0	10.7	30.52
	47.7	118.6	70.9	31.75
inc.	55.2	61.2	6	39.29
inc.	75.0	79.0	4	37.79
inc.	103.0	116.7	13.7	38.06
inc ²	111	114.8	3.8	43.05
	125.0	218.3(EOH)	93.3	31.18
	163.3	175.4	12.1	39.21
inc.	201.7	218.3(EOH)	16.6	37.60
inc ²	163.3	169.2	5.9	42.09
inc ²	214.7	218.3(EOH)	3.6	46.06
St-48	0.0	6.0	6.0	19.97
	71.0	79.2	9.8	30.13
	90.4	201 (EOH)	112.2	29.91
inc.	129.0	145.8	16.8	35.81
inc ²	130.5	134.0	3.5	40.77
St-49	0.0	7.3	7.3	18.03
	18.2	64.5	46.3	30.60
inc.	33.7	49.5	15.8	36.60
inc ²	47.4	49.5	4.1	42.6
St-51	6.0	12.5	6.5	14.55
	40.2	54.3	14.1	30.38
inc	42.2	46.2	4.0	37.07
St-52	27.2	39.3	12.1	26.20

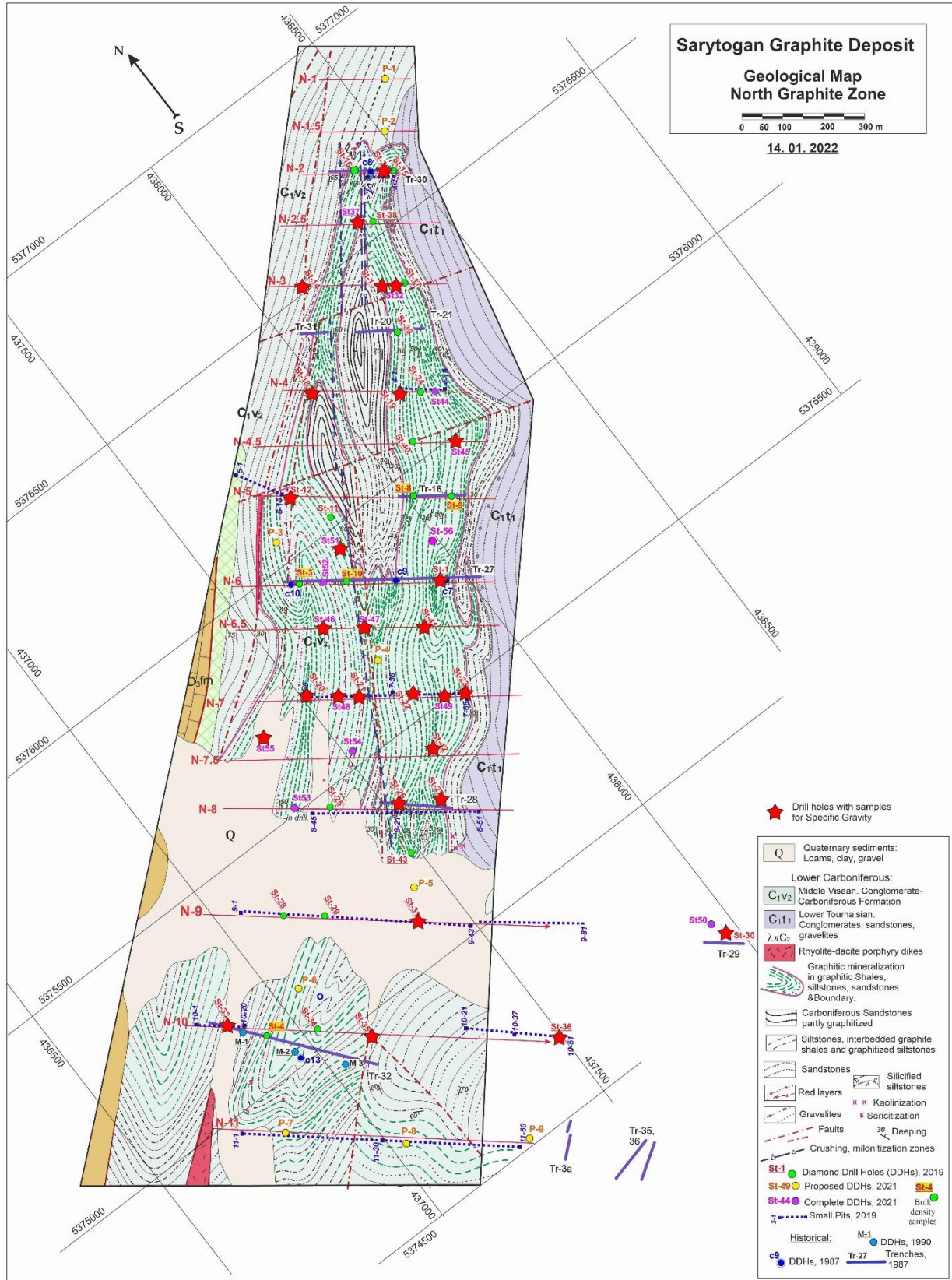
Hole ID	Assay Results			
	From	To	Width	TGC %
	86.6	98.3	11.7	24.25
	110.2	180.8	70.6	27.55
inc	144.8	154.9	10.1	42.45
inc ²	144.8	148.9	4.1	43.43
inc ²	150.9	154.9	4.0	43.12
St-54	31.2	42	10.8	30.44
	60.4	170.8	110.4	30.29
inc	117.2	123.1	5.9	38.25
inc	152.5	163.5	11.0	35.44
inc ²	154.2	157.9	3.7	41.87
St-55	12.5	120.9 (EOH)	110.2	31.24
inc	12.5	19.7	7.2	37.6
inc	27.7	40	12.3	36.06
inc	104.2	106.2	4.0	35.56
St-56	0.0	167.7	167.7	28.87
	40.3	44.4	4.1	38.98
inc	53.7	66.6	12.9	45.09
inc ²	57.3	66.6	9.3	47.28
inc	120.2	129.9	9.7	38.60
inc ²	126.2	129.9	3.7	42.26

Notes:

The drill intersections are for all samples received by the company and provided to VRM.

Significant drill intersections are based on a 10% TGC cut-off, and with a maximum of 2 m of continuous internal dilution and no external dilution.

The inc. intersections are based on a 35% TGC cut-off, minimum width of 4 m, and with a maximum of 6 m of continuous internal dilution and no external dilution while inc² intersections are consecutive samples of greater than 40% TGC. The drill coordinates, depth, number of samples and additional information are detailed in Appendix A.



Source – Sarytogan

Figure 6 - Plan of 2021 drilling in the Northern Zone of the Sarytogan Graphite Project, holes with a purple label the 2021 drilling.

3.5. Sarytogan Graphite Project Mineral Resource Estimates

As detailed in the Exploration Sections (Section 3.3 and Section 3.4 above), there has been exploration within the Sarytogan Graphite Project over two separate exploration stages. The first recorded exploration occurred between 1985 and 1987 with the second phase of exploration commenced in 2019. The current Mineral Resource estimates for the Sarytogan Graphite Project were undertaken in 2019 by CSA Global, an external independent resource consulting group and are reported following the guidelines of JORC 2012. The estimate is detailed in a report dated 20 July 2019 (Urbisinov & Scogings 2019). Within this section of the Report most of the technical details are summarised from the CSA Global report with VRM providing an opinion as to the reasonableness of several aspects of the technical inputs. Mr S. Urbisinov of CSA Global is the Competent Person for the Mineral Resource estimate. While there has been additional exploration undertaken on the Sarytogan Graphite Project since the Mineral Resource estimate was completed, the recent exploration activities have not been incorporated in any updates to the Mineral Resource estimate for the Sarytogan Graphite Project.

3.5.1. High Level Review - Overview

The Sarytogan Graphite Project contains two separate mineralised zones, being the Northern and Central Sarytogan deposits. Both are graphite deposits hosted in graphitic schists. In this review, VRM considers the Sarytogan deposits as a combined mineral system. The petrography has reported that the graphitic schists consist of fine graphite and quartz. There has been no recent metallurgical testing to determine the quality and recovery of the graphite into a graphite concentrate however historical work has indicated that via conventional processing a small flake graphite concentrate can be produced.

The underlying geological or geochemical datasets have not been validated, nor has there been a complete audit or reassessment of the resource. The Mineral Resources for the Sarytogan Graphite Project have not been re-reported or re-estimated as a part of this Report. The technical data was reviewed at a high level, however full due diligence was not undertaken.

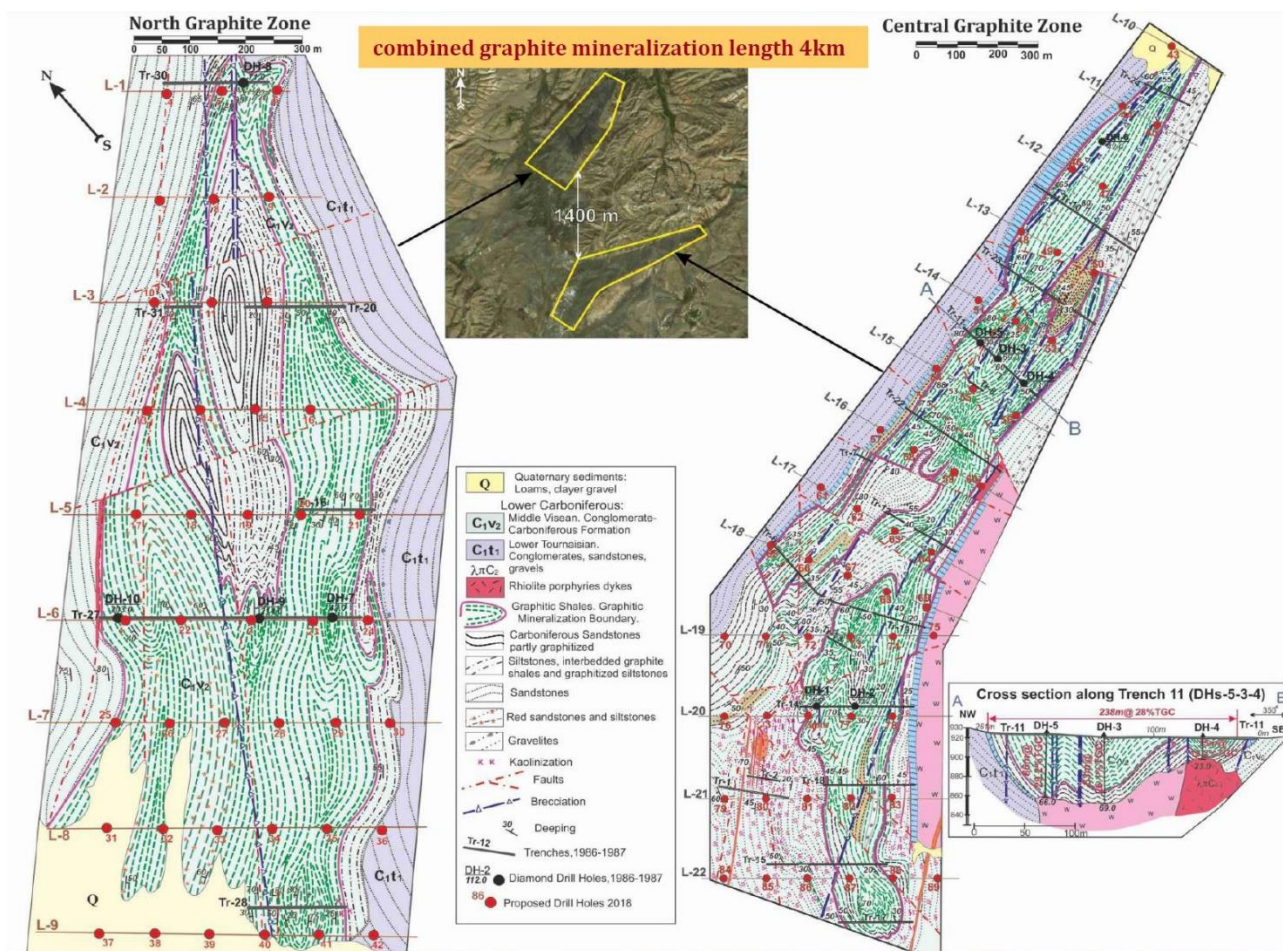
The latest Sarytogan Mineral Resource estimates have not previously been publicly reported. The Mineral Resource estimates were conducted in 2019 and were undertaken in accordance with the JORC Code (2012) and are summarised in Table 3. They are publicly documented for the first time in this Report with JORC Table 1 and associated documentation included in or appended to this report.

Table 3 - Sarytogan Graphite Project Mineral Resource Estimates

Zone	JORC Classification	Tonnage (Mt)	TGC (%)	Contained Graphite (Mt)
North	Inferred	159	28.8	46
Central	Inferred	49	27.5	14
Total	Inferred	209	28.5	60

(Source: Urbisnov & Scogings 2019 - CSA Global Mineral Resource Estimate Report 20 June 2019)

Note: The Sarytogan Mineral Resource was estimated within constraining wireframe solids using a nominal 17% TGC cut off. The resource is quoted by reporting all classified blocks >15% TGC within these wireframe solids. Differences may occur due to rounding.



(Source: Urbisnov & Scogings 2019 - CSA Global Mineral Resource Estimate Report 20 June 2019)

Figure 7 – Local geology of the Sarytogan deposits

3.5.2.Sarytogan Mineral Resource

Geology and Mineralisation

The Sarytogan deposits are in the western and southwestern limbs of a complex series of northeast and east trending folds. The overall structure is further complicated by later faults and smaller scale folds.

The stratigraphy consisting of volcanic and sedimentary rocks have undergone extensive contact metamorphism with carbonaceous rocks altered into hornfels or underwent significant graphitisation along contacts with granite domes.

Graphite-bearing black carbonaceous shale, siltstones and sandstones are overlain by grey- to dark-grey weakly carbonaceous siltstones and sandstones.

The southwestern part of the site is composed of dark grey carbonaceous siltstones with interlayers and lenses of dark-grey sandstones, grey- to brownish-grey sandstones, and siltstone. Most of this area is covered with loose Quaternary sediments.

Exploration has identified two zones of graphitic sediments being the Sarytogan Central and Sarytogan North graphite deposits (Figure 5).

The Central zone, located in the central part of the Sarytogan project is for 2,900 m long from the south-southwest to the northeast and 45-90 m wide on the northeast end of the deposit, 200-450 m wide in the centre and 70 m wide in the southwest. This narrow syncline is complicated on the limbs due to the intrusion of the granite dome and tectonic movements. The graphitic units of the Central zone are represented by graphite schists, siltstones, and sandstones.

The North zone is a part of an extended syncline located in the northern part of the Sarytogan Graphite Project. The fold is approximately 2,300 m long, 140 m wide to the north-east, 500 m in the centre of the fold and 450 m to the southwest. The syncline is composed of black graphite schists, graphitised siltstones, and sandstones.

Informing Data and QAQC

Drilling and Surface Sampling

Historical exploration from 1985 to 1987 consisted of trenching and drilling. Trenches were blasted and then dug using a bucket excavator and partially cleaned manually. The trenches were 0.5-3.3 m deep (averaging 1.7-1.8 m) and nominally 0.8 m wide. After the logging and sampling, all trenches were rehabilitated. Drilling consisted of pre-collared holes (98 mm and 112 mm diameter) with diamond drilling of 59 mm and 76 mm diameter. All drill holes were vertical.

In 2019, conventional diamond drilling was completed with mobile drill rigs equipped with double core tubes. Pre collars to 2-4 m depth were completed using 112-132 mm methods, followed by casing, and the majority of the drilling was undertaken using standard HQ diamond (diameter 96 mm) methods. In rare cases, in complex geological conditions, the diameter was reduced to NQ size (diameter 76 mm). All drill holes were

vertical with downhole surveys were undertaken every 20 m using an inclinometer. Holes were drilled to a depth of between 60-255 m. To maximise core recovery, double tube HQ and NQ core drilling was used. The drilling was closely monitored to maximise core recovery.

During diamond drilling, the length of each drill run, and the length of sample recovered was recorded by the driller (driller's recovery). The recovered sample length was cross checked by the geologist's logging of the drill core and recorded as the final recovery. Average core recoveries for historical drilling and 2019 drilling are 90% and 98% respectively.

No relationship between sample recovery and grade bias has been identified due to loss/gain of fines or washing away of the clay material. It is assumed that the grade of lost material is similar to the grade of the recovered core. For channel chip sampling, every effort was made to sample systematically across each sample interval with sampling completed by trained geologists.

Sampling and Logging

Historical channel samples were taken along the floor of the trench. The length of the samples varied depending on the lithology and was typically 1-2 m (rarely less than 1 m or greater than 2-4 m) the channel samples are believed to be approximately 3cm deep and 5cm wide. The length of the samples was typically 1-1.5 m in graphite schists and graphitised siltstones (in some cases up to 3 m for the areas of shallow dipping graphite units (10-15 °)), and up to 4 m in the surrounding host rocks. Sample lengths averaged 1.7 m.

All historical drill holes were sampled using the entire core. At the initial stage of drilling, the length of core samples was equal to the drill runs (taking into account the core recovery; with a high core recovery, the sample length was 1-1.5 m; with poor recovery, all core of the drill run was taken up to 2 m, rarely up to 3 m). In some cases, samples were taken at 0.5 m (considering lithology). The average length was 1.6 m.

Geological logging for the historical drilling was recorded on paper using special drilling journals.

All core drilling conducted in 2019 was sampled and half core was taken for geochemical analysis. The sample lengths within graphitic rocks were primarily 2 m or less depending on the lithology. The sample length in the barren rocks was 3 m.

All geological logging was completed on paper and later transferred to digital media.

The core documentation includes information on the length of the drill runs, drilling diameter, core recovery and sampling intervals. Special attention was paid to the zones of graphitised rocks, lithology, alteration and mineralisation, the orientation of quartz veins and veinlets were studied in detail.

All drill core was digitally photographed. The core was photographed before and after core sawing and sampling. Specific intervals were photographed in detail. Photos of core are high quality.

All core was documented with the information recorded in the documentation journals. Core documentation was conducted on paper. Primary data is entered in the field log for drill holes. Information was also duplicated and archived on several electronic media. Data verification was conducted visually. The results of geological documentation were used to construct a lithological column and geological sections. The Chief Geologist conducted comparison of documentation with core on a regular basis. Since the Chief Geologist was constantly on the site and organised drilling operations, he also controlled the process of documentation of the core and its sampling.

Laboratory test reports were stored in paper form in the archive as well as electronically.

Sub-sampling Techniques and Sample Preparation

All core from 2019 drill campaign was half-core sampled while the historical sampling occurred using whole core sampling. Most core was cut using an electric diamond saw while some of the more friable intervals were split manually. All core for sampling was pre-marked with the cut line, and a consistent side of the core was sent for assay.

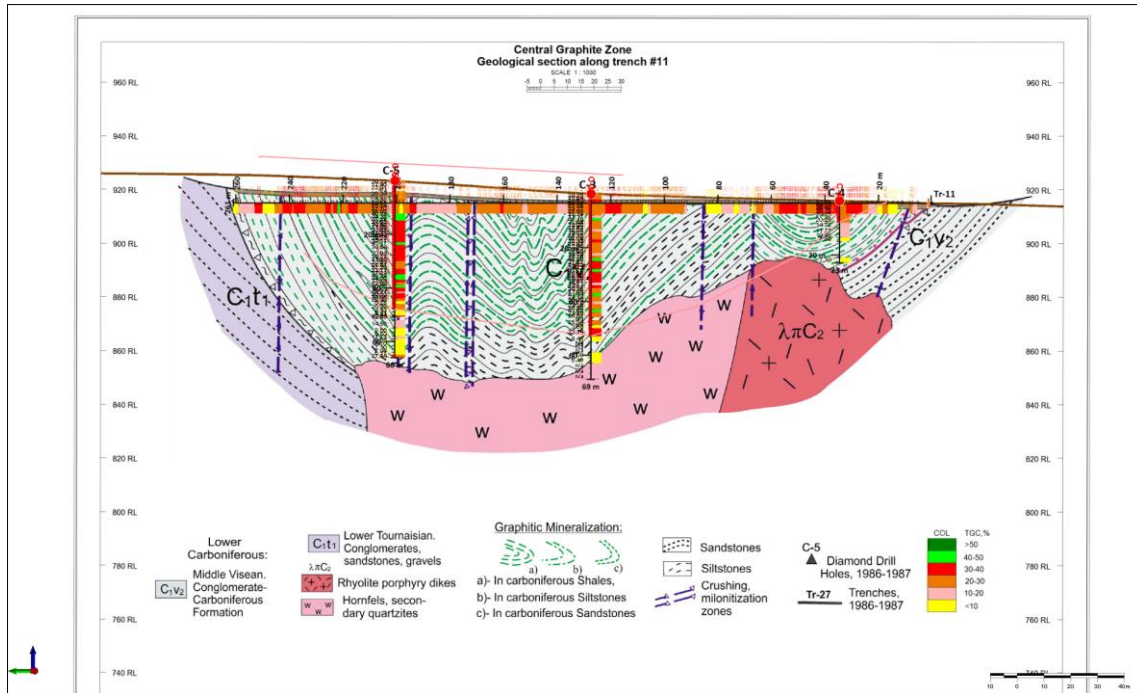
The core sampling was usually at 2 m intervals, however this was refined as required to match logged lithology and geological boundaries. The minimum sample length was 0.5 m.

The quality of sampling was checked by comparing geological documentation and assay results.

All samples were dried, weighed, crushed, and milled in accordance with the sample preparation scheme that is considered industry standard.

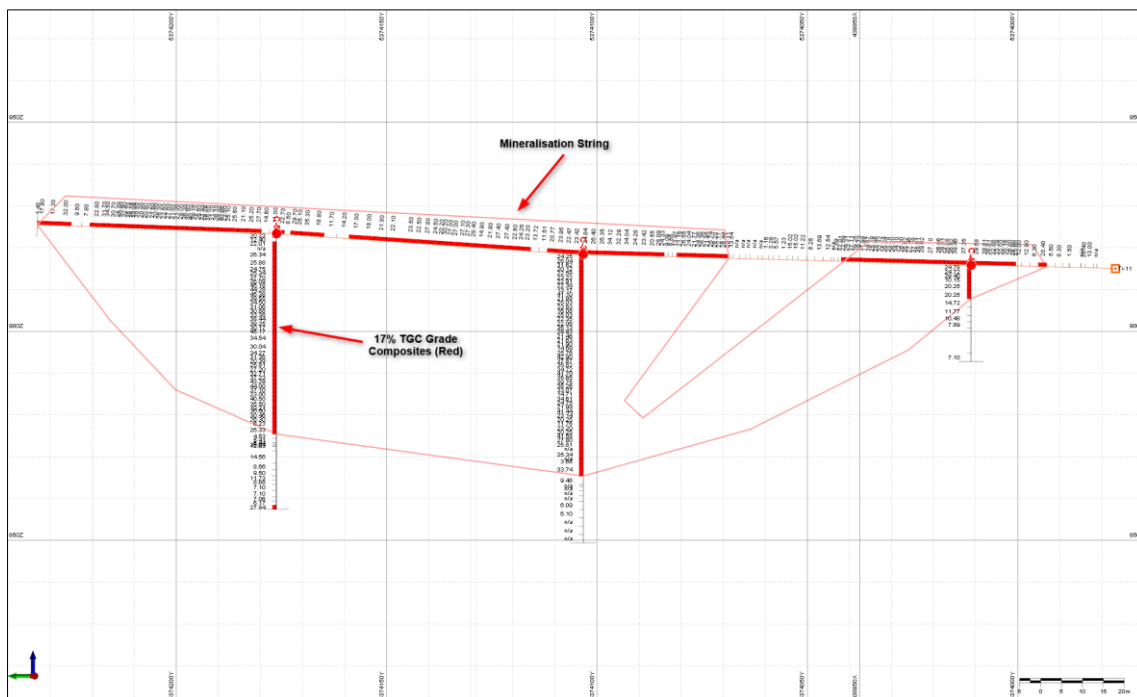
Sample preparation quality control (QC) was conducted using blank samples and taking duplicates from coarse rejects. The QC of the sample abrasion is performed using the "dry" screening method through a sieve with a mesh size of 0.075 mm. Passing of the milled material is more than 95%.

After preparing each sample, all tools and tables were thoroughly cleaned with compressed air. As soon as a batch of samples is prepared, glass is passed through the crushers. The pulverisers were cleaned with quartz sand. The sampled preparation methods are considered to be robust.



Source: Urbisnov & Scogings 2019 - CSA Global Mineral Resource Estimate Report 20 June 2019.

Figure 8 – Sarytogan Central deposit cross section along trench #11



Source: Urbisnov & Scogings 2019 - CSA Global Mineral Resource Estimate Report 20 June 2019

Figure 9 – Sarytogan Central deposit cross section and interpretation of mineralisation

Analysis

From 1985 to 1987, all samples were sent to the Central Laboratory Regional laboratory (ЦКПГО) in Karaganda to perform partially spectral, X-ray structural and thermal analyses.

When analysing for graphite, all samples were subjected to technical analysis: ash content, graphitic carbon content and moisture were analysed. In the determination of graphitic carbon, the presence of carbonates (CO₂) was taken into account.

In 2019, analytical studies were conducted in the chemical-analytical laboratory of LLC Stewart Assay and Environmental Laboratories, located in Karabalta, Kyrgyzstan (Certificate No. RU 181163 of 10/21/2001 and Certificate No. RU 227186 of 08/25/2008).

The main aim of the analysis was to determine the content of graphitic carbon. All samples were subjected to technical tests for the analysis of graphitic carbon. About 10% of the samples were subject to multi-element analysis.

Analysis of graphitic carbon (SE / C11 analysis code) is performed on a Leco analyser after pre-treatment. The method of determination was developed by the laboratory in advance and provides reliable values for total graphitic carbon (TGC).

Multi-element analysis is conducted by inductively coupled plasma from solutions after aqua-regia (ICP-AES). Five elements were analysed: Li, Mo, V, Sn, W.

QAQC

Ushtogan has used the following QC data to monitor quality of the assay data from the drilling:

- Standards (independently prepared commercial reference materials (CRMs)) 1:20 samples
- 34 Blanks (independently prepared commercial blanks) 1:20 samples
- Field duplicates (a second split of the drilled/sampled material).

A QC sample was inserted for every 20 samples within the sampling sequence (approximately 5% of the samples submitted for analysis).

The QC data from drilling used for the resource estimation was assessed using Standard Control Plots. These plot the assay results of a reference standard over time. The results can be compared to the expected value, and plots of second and third standard deviation lines.

Ushtogan also monitored the laboratory internal QC data including:

- Laboratory duplicates (a second split at the sample prep stage)
- Pulp repeats (a second scoop of the active pulp)
- Laboratory standards (laboratory submitted commercial standards)
- Laboratory blanks (laboratory submitted blanks).

The QC results were reviewed for each batch before loading the data into the database. All batches returned results with acceptable tolerances.

Bulk Density Measurements

Densities used in the estimation were based on 15 specific gravity determinations and were conducted on diamond core samples representative of all the different rock and ore types. Density measurements were conducted on site using the Archimedes (water immersion) method, using the total core for each sample. Table 4 below details the bulk density measurements for the 2019 drilling.

Table 4 - Bulk density measurement results

#	Sample ID	Bulk Density			Lithology
		Test 1	Test 2	Average	
1	St-3-61.8	2.305	2.291	2.298	Graphite shale
2	St-3-100.9	2.479	2.472	2.475	Graphite shale
3	St-3-155.9	2.550	2.545	2.547	Graphite siltstone
4	St-3-190.9	2.458	2.437	2.447	Graphite shale
5	St-4-44.8	2.339	2.348	2.343	Graphite shale
6	St-4-119.0	2.611	2.605	2.608	Graphite siltstone
7	St-4-161.0	2.419	2.411	2.415	Graphite shale
8	St-8-22.0	2.614	2.604	2.609	Graphite shale
9	St-8-45.4	2.444	2.429	2.437	Graphite siltstone
10	St-8-56.8	2.434	2.413	2.423	Graphite shale
11	St-8-88.9	2.481	2.482	2.482	Graphite siltstone
12	St-9-28.8	2.421	2.416	2.419	Graphite shale
13	St-9-65.7	2.473	2.473	2.473	Graphite shale
14	St-10-67.7	2.574	2.578	2.576	Graphite shale
15	St-10-83.4	2.561	2.564	2.562	Graphite siltstone
Total		2.478	2.471	2.474	

Source: Urbisnov & Scogings 2019 - CSA Global Mineral Resource Estimate Report 20 June 2019

Data Verification

Visual validation of mineralisation against assay results was undertaken for several holes.

All diamond drill core samples were checked, measured, and marked up before logging in a high level of detail.

The diamond drilling, sampling and geological data were recorded on paper into standardised templates and transferred to Microsoft Excel by the logging/sampling geologists. Geological logs and associated data were cross checked by the supervising Project Geologist.

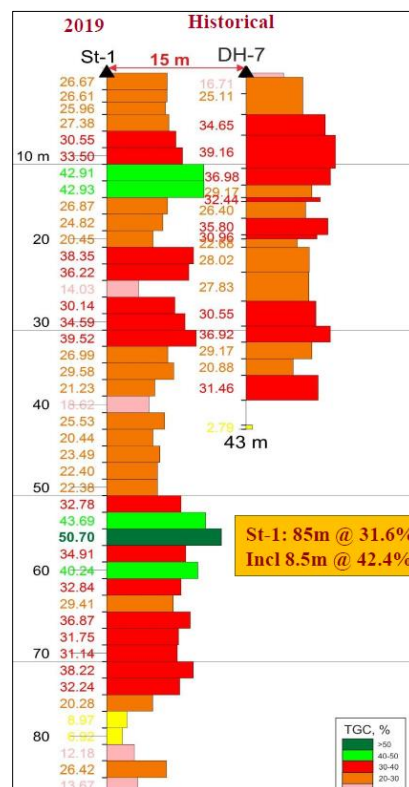
Laboratory assay results were individually reviewed by sample batch and the QC results checked before uploading. All geological and assay data were uploaded into Excel. This data was then validated for integrity

visually and by running systematic checks for any errors in sample intervals, out of range values and other important variations.

All drill core was photographed with corrected depth measurements before sampling.

Mineralisation observed was entirely compatible with reported assays.

No specific twin holes were drilled; however, some recent drill holes were placed and drilled close to the historical holes. Similar grades and distribution were observed in the recent drill holes (Figure 10).



Source: Urbisnov & Scogings 2019 - CSA Global Mineral Resource Estimate Report 20 June 2019

Figure 10 – Assay results from a recent drill hole vs a historical drill hole

Cut-off Grade Determination

CSA Global conducted statistical analysis for TGC grade in order to determine the natural cut-off grade for all mineralised zones combined. Grade envelopes were defined for TGC based on 17% TGC grade.

Mineral Resource Estimation

Details of the estimate were limited to information in the Mineral Resource estimate Report (Urbisnov & Scogings, 2019). The JORC Table 1 appended to that report is appended to this Report.

Interpretation of the key geological domains was undertaken using historical trench data and all diamond drilling was used to develop a new interpretation of the Sarytogan deposit using Micromine software.

Wireframes of the mineralisation envelopes were developed based on the section interpretation and the extent of the interpretation were adjusted by using a geological map in plan view.

The interpretation of graphite mineralised bodies was based on 17% TGC.

The deposit was interpreted on 20 section views for the Central zone and eight section views for the North zone. The grade composites were generated using the following parameters:

- Cut-off grade: 17% TGC
- Minimum composite length: 1 m
- Minimum grade of final composite: 17% TGC
- Maximum total length of waste: not limited
- Maximum consecutive length of waste: 2 m
- Maximum gap between samples: 2 m
- Minimum grade*length for short intervals: 34% TGC*m.

Interpretation was conducted by initially creating strings. The orientation of the geological structures was considered during the interpretation. All strings were saved separately for each zone. The geological map and sections were used to confirm the orientation of the mineralisation. Examples of an interpreted cross section are shown in Figure 8 and Figure 9.

The following approach was applied during interpretation:

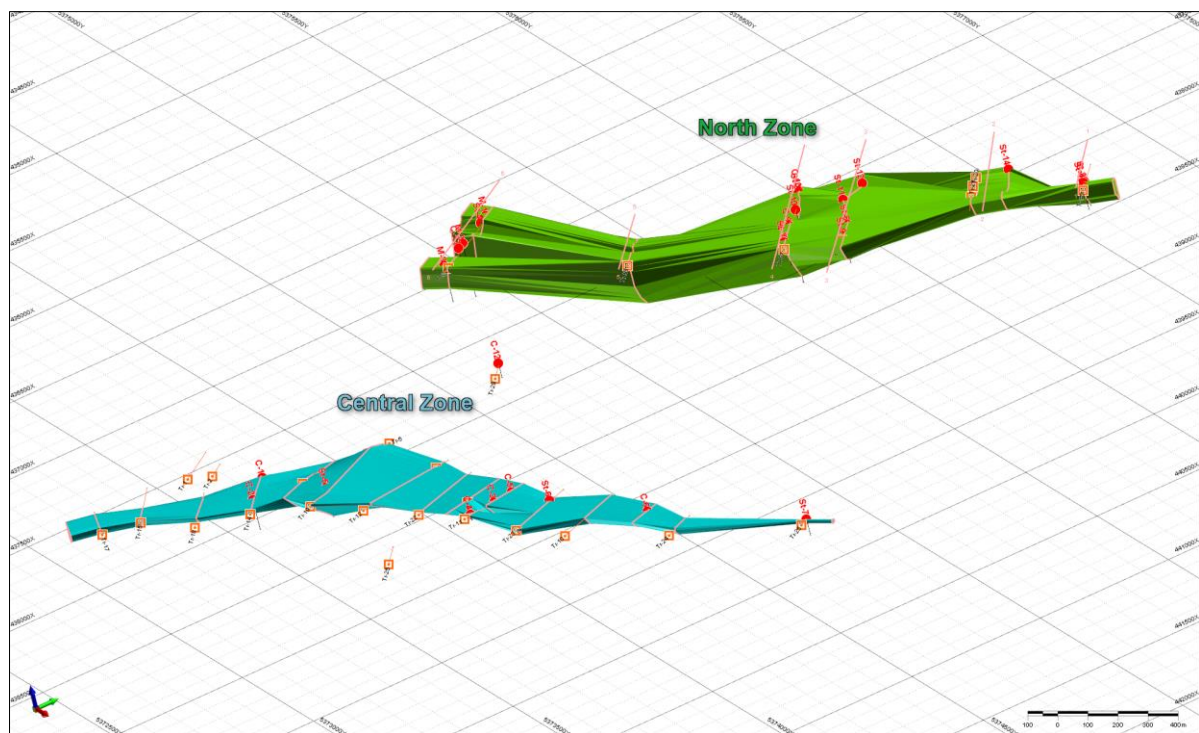
- Each section view was displayed on screen with a clipping window equal to half the distance from the adjacent sections.
- All interpreted strings were snapped to drill holes or to trench sampling channels (i.e., the interpretation was constrained in the third dimension).
- Internal waste within the mineralised envelopes was generally not interpreted and not modelled.
- The interpretation was extended perpendicular to the first and last interpreted section at a distance equal to half the distance between the adjacent drill hole sections. Consideration was given to the general direction of the structure.
- If a mineralised envelope did not extend to the adjacent section, it was projected halfway to the next section and then terminated. The general shape of the envelope was maintained.
- If a mineralised envelope did not extend to the next section within the interpreted profile or plan, it was extrapolated halfway to the next section, maintaining its thickness, and terminated. The general shape of the envelope was maintained.
- If a mineralised envelope extended to surface, it was extended above the topographic DTM. This was completed to make sure there would be no gaps between the block model and the topographic base when the block model was built.

- When intermediate sections were interpreted, the wireframe was initially created between the main cross sections and then sliced at the intermediate section. The wireframe slice was then used to interpret the middle sections.
- The interpreted strings were used to generate 3D models. Each wireframe had a name that corresponded to its mineralisation zone. Two sets of wireframes were created for the deposit, namely: the Central zone and the North zone. An example of the wireframe constructed is shown in Figure 11. Source: Urbisinov & Scogings 2019 - CSA Global Mineral Resource Estimate Report 20 June 2019
- Figure 11 Working in a 3D environment ensured accurate modelling of the mineralised zones. Table 5 shows volumes of the wireframe models.
- Each wireframe model was assigned with a unique name so that it was possible to conduct the subsequent grade interpolation individually for each modelled mineralised body.

Table 5 - Statistics for the wireframe models of the Sarytogan deposit

Source: Urbisinov & Scogings 2019 - CSA Global Mineral Resource Estimate Report 20 June 2019

Mineralisation	Volume (m ³)
Central Zone	25,435,734
North Zone	69,305,714



Source: Urbisinov & Scogings 2019 - CSA Global Mineral Resource Estimate Report 20 June 2019

Figure 11 - Example of the wireframe models

Topography

The topographic surface was constructed from the drill hole collars and trench survey points. All work has been conducted in WGS 84 datum zone 43N, Baltic elevation.

Weathering

It was observed in the field with analytical data confirming that the grade from the surface samples is lower than from the drill holes. This may be attributable to the weathering of the surface samples. It was decided to create a surface parallel to the topographic surface at 10 m depth.

Block Model Construction

Block modelling included several stages. Initially an empty block model was created within the closed wireframe models for the mineralised envelopes interpreted and modelled using a 17% TGC cut-off grade. The block model was then restricted with the surface DTMs, i.e., all model cells above the surfaces were deleted from the model file and then coded by the weathering state.

The block model dimensions and parameters are shown in Table 6.

Table 6 - Block model dimensions and parameters

Source: Urbisinov & Scogings 2019 - CSA Global Mineral Resource Estimate Report 20 June 2019

Axis	Extent (m)		Block size (m)	Maximum sub-celling (m)	No. of parent blocks
	Minimum	Maximum			
Easting	436,750	440,050	50	5	67
Northing	5,373,000	5,376,750	50	5	76
RL	650	950	5	1	61

Initial filling with parent cell size was followed by sub-celling where necessary. The sub-celling occurred near the boundaries of the mineralised bodies or where models were truncated with the DTMs of the topographic surface. The parent cell size was chosen based on the general morphology of mineralised bodies and the data density. The sub-celling size was chosen to maintain the resolution of the mineralised bodies. The sub-cells were optimised in the models where possible to form larger cells. Coding of the block model was based on the separate wireframe models for the deposit.

Interpolation Methodology

TGC and TGC cut-off grades were interpolated into the empty block model using Inverse Distance Weighting (IDW) methods with a power of two.

Interpolation was completed for the blocks that fell into the boundaries of the mineralisation. Interpolation for the Central and North zones was completed separately. Interpolation was also completed separately for each weathering state (weathered, fresh).

To accommodate the morphology of the mineralisation zone, a dynamic (rotating) search ellipsoid was used. To set up the dynamic search, it was necessary to assign azimuth, dip, and plunge values to each cell in the block model. Plunge value was assumed fixed and set to 0. That was achieved using the methodology described below.

1. A set of strings was digitised for every drill hole section approximately perpendicular to the deposit strike. All strings were digitised through the central parts of the wireframe slices.

2. These strings represented the general dip for each modelled lens (purple lines).
3. When all strings for azimuth and dip were digitised, they were “normalised,” i.e., points were inserted in such a way that the distance between points along strings would not be greater than 10 m.
4. Azimuth for each pair of points along strings was calculated and recorded in the string file which was digitised for the deposit strike.
5. Inclination for each pair of points along strings was calculated and recorded in the string file which was digitised for the lenses plunge.
6. Inclination for each pair of points along strings was calculated and recorded in the string file which was digitised for the lenses dip.
7. All calculated values for strings were checked to have correct positive or negative values and corrected if it was necessary.
8. The resultant strings were used to interpolate azimuth, plunge, and dip values into each cell of the block model. Spherical search was employed for this process.

Mineral Resource Classification and Reporting

Mineral Resource tonnes and TGC are key metrics for assessing flake graphite projects, however these projects also require attributes such as product flake size and purity to be evaluated to allow consideration of potential product specifications (Scogings, 2014; Scogings et al. 2017). This is because flake size distribution and carbon content are fundamental parameters that conventionally drive the value in a graphite project, with the larger and purer flakes >150 µm typically being more valuable. Flake graphite is defined primarily according to size distribution, with terms such as small, medium, and large used in the marketplace (Table 7).

Table 7 - Typical graphite flake size and market terminology

(Source Scogings et.al. 2015)

Sizing	Market terminology
>300 µm (+48 Mesh)	Extra-Large or ‘Jumbo’ Flake
>180 µm (-48 to +80 Mesh)	Large Flake
>150 µm (-80 to +100 Mesh)	Medium Flake
>75 µm (-100 to +200 Mesh)	Small Flake
<75 µm (-200 Mesh) 80-85%C	Fine Flake

Note: 1 mm = 1000 microns (µm)

Clause 49 of the JORC Code (2012) requires that minerals such as graphite that are produced and sold according to product specifications be reported “in terms of the mineral or minerals on which the project is to be based and must include the specification of those minerals”.

Clause 49 also states that “It may be necessary, prior to the reporting of a Mineral Resource or Ore Reserve, to take particular account of certain key characteristics or qualities such as likely product specifications, proximity to markets and general product marketability.”

Therefore, graphite Mineral Resources must be reported at the minimum in terms of graphite purity and flake size distribution, in addition to TGC and tonnages, and should also account for logistics and proximity to markets.

Flake graphite projects are typically evaluated in terms of product specifications and marketability using some of the following tests:

- Mineralogical tests e.g., petrographic examination of thin section, mineral liberation analysis, or

- graphite content by size analyses of crushed rock
- Comminution and flotation to produce a graphite concentrate
 - Determination of particle size distribution and carbon (graphite) content of each sieve fraction of the concentrate
 - Market performance tests such as bulk density, thermal stability, expandability, crystallinity, chemical purity, and spheronisation into spherical graphite for battery anodes
 - Some projects with a high content of very fine graphite have been assessed on a laboratory scale by passing an electrical current through rock samples to cause exfoliation of graphite (electrochemical exfoliation) which has reportedly been processed into multi-layer graphene. Examples include projects in Sweden, Western Australia, and Queensland

Petrography

As detailed in section 3.2, above, Petrographic studies by Townend Mineralogy (Townend 2019) of two small core samples from hole ST 15 indicates that the graphitic schist is generally very fine grained and consists of quartz and fine flake graphite.

Metallurgy / Process tests

There are no recent metallurgical results available; however, the historical results are described in section 3.3, above.

Offtake Agreement

It was reported in the CSA Global report (Urbisinov & Scogings 2019) that a local Kazakhstan company KSP Steel has expressed interest in purchasing graphite from the Sarytogan deposit, though it is unclear what specification of product they require.

Classification

A key risk for the project is the production of saleable graphite concentrates, given that only historical metallurgical test results are available, and it is unknown if these methods (e.g., high-temperature sintering leaching with sulphuric acid) are potentially economic. In terms of the JORC Code Clause 49, this uncertainty in process method and likely product quality translates into classification of the Mineral Resource as Inferred, i.e., implied, not verified product quality. It is considered that, provided saleable product/s can be extracted from the Sarytogan graphite deposit, and given the proximity and favourable logistics of Sarytogan to potential customers, that the classification of the deposit as an Inferred Mineral Resource is supported.

Based on an assessment of the cut-off grades, the eventual economic extraction, exploration undertaken to date, potential markets for the graphite concentrate, among other modifying factors, the Mineral Resource has been classified by the Competent Person as an Inferred Mineral Resource estimate taking into account Clause 49 of the JORC Code 2012.

3.5.3.VRM Comments

The Mineral Resource estimates within the Sarytogan Graphite Project are based on historic (1985 to 1987) and recent (2019) exploration data. No material issues identified or reported with the recent drilling, samples, or analytical methods. It is however noted that there were only 14 drill holes undertaken in the recent drilling

and there is, in VRM's opinion, a small number of drill holes and samples where the underlying data has been undertaken using modern exploration practices. VRM has not undertaken a re-assessment of the underlying data that supports the Mineral Resource nor have the Mineral Resources been re-estimated or re-reported as a part of this report. This Report provides a high-level review and documents/details the previous CSA Global Mineral Resource estimate report.

In VRM's opinion, there are insufficient bulk density measurements for a deposit / resource estimate of this size. There are only 15 measurements, and these have been averaged to assign a global density to the Mineral Resource estimate. In VRM's opinion additional bulk density measurements should be collected from each stratigraphic unit and each separate geological domain to ensure the density of different rock types and zones of mineralisation is accurately reflected. Collection of additional density measurements is expected to be a focus of exploration activities in 2022.

The Mineral Resource estimation has been undertaken by the inverse distance method (squared). VRM considers this method to be reasonable especially with the limited dataset of drilling and trench samples. The drill spacing is also considered to be very broad with the drilling being undertaken on a nominal 40 - 100m x 250m drill pattern, with drill hole depths varying from 60 m to 300 m. In VRM's opinion this drill pattern very is broad taking into consideration the mineralisation style of the deposit and should be infill drilled to provide additional confidence in the resource estimate.

4. Exploration Strategy

The Company's exploration strategy and objectives are summarised below.

4.1. Strategy

- Advance Project using best practice exploration techniques;
- Exploration will be focused on advancing the knowledge of the Sarytogan Graphite Project's mineralisation including studies associated with environmental baseline information, metallurgy, processing, marketing, and mining so as to understand the modifying factors associated with any potential development;
- Given the high-grade nature of the mineralisation identified to date and after concentrate specifications are better understood and potential end users are identified, SGL may seek opportunities for strategic partnerships with potential customers;
- Development and execution of well-structured, practical, and achievable exploration objectives, with clear Project "go, no-go" decision points.

4.2. Project Objectives

- Systematically explore existing mineralisation and extensions to the existing mineralisation;
- Determine the potential for Inferred Mineral Resource estimate and increase the confidence in the Mineral Resource estimate;

- Progress the Mineral Resource estimate toward a Scoping and Pre-Feasibility study including metallurgy, mining methods, processing, and marketing of potential concentrates from the Sarytogan Graphite Project.

5. Risks and Opportunities

As with all mineral assets, there are several associated risks and opportunities which have implications for the valuation of those assets. Some non-geological or mining related technical risks and opportunities that are common to most projects include the risks associated with security of tenure, native title claims, environmental approvals, social, geopolitical, and regulatory approval risks.

As the project is located in Kazakhstan, there are country-specific risks that can include economic, social, or political instability, changes of law affecting foreign ownership, government participation, taxation, mining law, exploration licensing, and environmental protection. Many of these risks are outside the control of the company and are detailed within the risks section of the Prospectus.

In VRM's opinion, the Sarytogan Mineral Resource estimates require significant additional drilling, bulk density determinations and metallurgical testing to determine if the mineralisation can be processed to generate a graphite concentrate and the potential markets of that product. Given the very high grades, it is possible that electrochemical exfoliation may be a suitable process to generate graphene products which are the focus of multiple advanced and emerging industrial applications. Other external consultants have recommended additional drilling, geological, structural, and geochemical studies to support an improved geological and mineralisation model. VRM agrees with the requirement for more drilling and also recommends mineralogical (petrographic) and metallurgical studies.

Risks associated with the potential development include, but are not limited to, various modifying factors that are critical in determining the economic viability of a potential development. Aspects include hydrology, geotechnical studies into the potential extraction methods, metallurgical studies, processing flowsheets and costings and especially in graphite development ensuring that a market exists for the specific products from the Sarytogan Graphite Project.

Given the early stage of exploration within the Sarytogan Graphite Project, there are opportunities to extend the current resource inventory. Continued exploration and drilling have, in VRM's opinion, a high probability of defining additional mineralisation. It is recommended that SGL continue a significant exploration program on the Sarytogan Graphite Project should it proceed with the acquisition.

As with all exploration projects, a key technical risk is that further exploration will not result in the delineation of mineralisation with the potential to be economic.

Often the historical exploration reports, such as those which underpin the Sarytogan Mineral Resource estimate, do not include, or discuss the use of quality assurance and quality control (QAQC) procedures as part of the sampling programs. Therefore, it is difficult to determine the validity and reliability of much of the historical samples, even where original assays are reported. The inability to properly validate all the exploration data reported herein, which has an impact on the proposed exploration, increases the exploration risk.

Global economics such as changes to commodity prices and access to capital to fund exploration can be considered as both risks and opportunities. These are factors that are outside of the control of the Company, as are broader societal issues. For example, at the time of drafting this Report, the impact of COVID-19 is being felt globally with a third and fourth waves of infections causing renewed lockdowns in many parts of the world. While so far the mining industry and resources sector has adapted quickly and continued business activities throughout this time, the potential risks for future exploration in the near future remains unclear.

6. Proposed Exploration

To achieve the exploration strategy, it is expected that SGL will undertake exploration within the Sarytogan Graphite Project as summarised below.

- Validation of the existing exploration data, with specific follow up of historic geochemical samples (pits and drill holes), with re-sampling were warranted and on the basis that historical core can be located;
- Initial work will include detailed assaying, metallurgical test work and mineralogical analysis from approximately 2,090.4 m of diamond drilling that was completed during the 2021 field season between July and November 2021;
- During 2022 (Year One) exploration will consist of additional infill and extensional diamond drilling (both PQ and NQ) and further metallurgical test work on up to 100 samples. Subject to the results of this work, it is proposed to update the JORC Mineral Resource in late CY 2022 after the completion of the 2022 field season;
- Undertaking further environmental and topographical studies in third quarter of 2022;
- As a part of the work planned for 2022, it is expected that there will be sufficient samples for preliminary marketing discussions with potential offtake partners; and
- During the 2023, the second year after the proposed ASX listing, and subject to the completion of an updated JORC Mineral Resource and more detailed mineralogical classification of the resources (including flake size distribution and quality), it is proposed to undertake preliminary economic assessments on the Sarytogan Graphite Project including desktop or scoping studies.

7. Proposed Exploration Budget

The exploration strategy and targets are discussed in more detail in the various Project sections. Table 8 summarises expenditure by activity and Project. The costs are shown as an all-in inclusive cost that includes the cost of drilling, sampling, assaying, personnel, and all other on-costs. All costs are expressed in Australian dollars (A\$).

In VRM’s opinion, the proposed exploration budget and work programs are valid, consistent with the exploration potential within SGL’s Sarytogan Graphite Project and broadly in line with the expected exploration costs.

The exploration budget as presented includes exploration drilling; however, the exact number and depth of these drill holes is not sufficiently advanced to document in this Report. This is reasonable, given the early stage of exploration of the Sarytogan Graphite Project. The proposed exploration budget is sufficient to meet the statutory minimum exploration expenditure on the tenement and maintain the tenement in good standing.

Table 8 - Summary of Exploration Expenditure

(Source: SGL and modified by VRM)

Minimum Subscription (\$8,659,533 million)			
Project	Year 1	Year 2	Total
<i>Sarytogan Graphite Project</i>			
Drilling	\$1,800,000	\$400,000	\$2,200,000
Assays	\$450,000	\$100,000	\$550,000
Metallurgical Test work	\$100,000	\$400,000	\$500,000
Consulting Fees	\$400,000	\$150,000	\$550,000
Scoping, Pre-Feasibility Studies	-	\$450,000	\$450,000
Environmental Studies	\$50,000	\$100,000	\$150,000
Transportation	\$100,000	\$75,000	\$175,000
Equipment	\$100,000	\$50,000	\$150,000
Working Capital & Wages	\$691,310	\$691,310	\$1,382,620
Accommodation and Storage	\$125,000	\$125,000	\$250,000
Taxes	\$150,000	\$150,000	\$300,000
Total	\$3,966,310	\$2,691,310	\$6,657,620

8. References

The references below document the main documents referred to in this report, however the ASX releases for various companies are not included in the reference list.

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Scogings, A.J., Hughes, E., Salwan, S. and Li, A. 2015. Natural Graphite Report. Strategic Outlook to 2020. November 2015, 484 pp. Industrial Minerals Research, United Kingdom.

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VALMIN, 2015. Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code). Available from <http://valmin.org/>

9. Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Webmineral www.webmineral.com, Wikipedia www.wikipedia.org,

The following terms are taken from the 2015 VALMIN Code.

Annual Report means a document published by public corporations on a yearly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Australasian means Australia, New Zealand, Papua New Guinea, and their offshore territories.

Code of Ethics means the Code of Ethics of the relevant Professional Organisation or Recognised Professional Organisations.

Corporations Act means the Australian Corporations Act 2001 (Cth).

Experts are persons defined in the Corporations Act whose profession or reputation gives authority to a statement made by him or her in relation to a matter. A Practitioner may be an Expert. Also see Clause 2.1.

Exploration Results is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Feasibility Study means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-feasibility Study.

Financial Reporting Standards means Australian statements of generally accepted accounting practice in the relevant jurisdiction in accordance with the Australian Accounting Standards Board (AASB) and the Corporations Act.

Independent Expert Report means a Public Report as may be required by the Corporations Act, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity. Also see ASIC Regulatory Guides RG 111 and RG 112 as well as Clause 5.5 of the VALMIN Code for guidance on Independent Expert Reports.

Information Memoranda means documents used in financing of projects detailing the project and financing arrangements.

Investment Value means the benefit of an asset to the owner or prospective owner for individual investment or operational objectives.

Life-of-Mine Plan means a design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.

Market Value means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing

buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. Also see Clause 8.1 for guidance on Market Value.

Materiality or being **Material** requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being reported. Where relevant information is not supplied, an explanation must be provided to justify its exclusion. Also see Clause 3.2 for guidance on what is Material.

Member means a person who has been accepted and entitled to the post-nominals associated with the AIG or the AusIMM or both. Alternatively, it may be a person who is a member of a Recognised Professional Organisation included in a list promulgated from time to time.

Mineable means those parts of the mineralised body, both economic and uneconomic, that are extracted or to be extracted during the normal course of mining.

Mineral Asset means all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction, and processing of Minerals in connection with that Tenure.

Most Mineral Assets can be classified as either:

(a) **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.

(b) **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.

(c) **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.

(d) **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study.

(e) **Production Projects** – Tenure holdings – particularly mines, wellfields, and processing plants – that have been commissioned and are in production.

Mine Design means a framework of mining components and processes taking into account mining methods, access to the Mineralisation, personnel, material handling, ventilation, water, power, and other technical requirements spanning commissioning, operation, and closure so that mine planning can be undertaken.

Mine Planning includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralisation, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation, and closure.

Mineral means any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.

Mineralisation means any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis, or composition.

Mineral Project means any exploration, development, or production activity, including a royalty or similar interest in these activities, in respect of Minerals.

Mineral Securities means those Securities issued by a body corporate or an unincorporated body whose business includes exploration, development or extraction and processing of Minerals.

Mineral Resources is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Mining means all activities related to extraction of Minerals by any method (e.g., quarries, open cast, open cut, solution mining, dredging etc).

Mining Industry means the business of exploring for, extracting, processing, and marketing Minerals.

Modifying Factors is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Ore Reserves is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Practitioner is an Expert as defined in the Corporations Act, who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.

Preliminary Feasibility Study (Pre-Feasibility Study) means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors that are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Professional Organisation means a self-regulating body, such as one of engineers or geoscientists or of both, that:

- (a) admits members primarily on the basis of their academic qualifications and professional experience.
- (b) requires compliance with professional standards of expertise and behaviour according to a Code of Ethics established by the organisation; and
- (c) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its Code of Ethics be breached.

Public Presentation means the process of presenting a topic or project to a public audience. It may include, but not be limited to, a demonstration, lecture or speech meant to inform, persuade, or build good will.

Public Report means a report prepared for the purpose of informing investors or potential investors and their advisers when making investment decisions, or to satisfy regulatory requirements. It includes, but is not limited to, Annual Reports, Quarterly Reports, press releases, Information Memoranda, Technical

Assessment Reports, Valuation Reports, Independent Expert Reports, website postings and Public Presentations. Also see Clause 5 for guidance on Public Reports.

Quarterly Report means a document published by public corporations on a quarterly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Reasonableness implies that an assessment which is impartial, rational, realistic, and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.

Royalty or Royalty Interest means the amount of benefit accruing to the royalty owner from the royalty share of production.

Securities has the meaning as defined in the Corporations Act.

Securities Expert are persons whose profession, reputation or experience provides them with the authority to assess or value Securities in compliance with the requirements of the Corporations Act, ASIC Regulatory Guides and ASX Listing Rules.

Scoping Study means an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.

Specialists are persons whose profession, reputation, or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.

Status in relation to Tenure means an assessment of the security of title to the Tenure.

Technical Assessment is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.

Technical Assessment Report involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.

Technical Value is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

Tenure is any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.

Transparency or being **Transparent** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information that is known to the Practitioner.

Valuation is the process of determining the monetary Value of a Mineral Asset at a set Valuation Date.

Valuation Approach means a grouping of valuation methods for which there is a common underlying rationale or basis.

Valuation Date means the reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report or the cut-off date of available data. The Valuation Date and date of finalisation of the Public Report **must** not be more than 12 months apart.

Valuation Methods means a subset of Valuation Approaches and may represent variations on a common rationale or basis.

Valuation Report expresses an opinion as to monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.

Value means the Market Value of a Mineral Asset.

Appendix A - Drill collar information from the 2019 and 2021 Diamond Drilling.

Note the Significant intersections in this table are slightly different to the Table 2 due to different criteria being used in calculating the intervals.

The coordinates are WGS84 UTM zone 43 North, all drill intersections are down hole widths.

2019 Drill Collar information and Significant Drill Intersections

#	Graphite Zone	Location (Fence #)	Hole ID	Depth	Number of Samples	Number of Standards	Number of Duplicates	Number of Blanks	Easting	Northing	RL	inc	Intersection			TGC (%)
													From	To	Width	
1	North	L-6	St-1	94.0	48	2	2	2	437951.4	5375726.2	897.9		0.0	85.0	85.0	29.10
												inc.	7.0	75.0	68.0	31.50
2	North	L-2	St-2	92.0	48	2	2	2	438441.8	5376619.1	887.6		2.0	85.4	83.4	30.29
												inc.	11.0	35.0	24.0	37.42
3	North	L-6	St-3	205.0	106	6	5	5	437673.6	5375932.9	891.9		0.0	196.3	166.4	31.02
												inc.	0.0	8.0	8.0	22.65
												inc.	8.0	65.4	57.4	32.62
												inc.	68.6	125.0	55.2	35.92
												inc.	169.2	196.3	27.1	30.44
4	North	L-10	St-4	255.1	133	7	6	6	436919.0	5375113.9	893.7		22.0	108.3	86.3	28.52
												inc.	22.0	62.4	40.4	32.91
												inc.	67.9	108.3	40.4	27.08
													132.6	189.0	56.4	24.92
													205.0	234.8	29.8	23.64
													251.2	255.1	3.9	29.27
5	Central		St-5	110.0	55	2	2	2	438228.3	5373785.9	910.7		0.0	110.0	110.0	26.23
												inc.	3.0	71.0	68.0	30.26
6	Central		St-6	104.7	52	2	2	2	439002.6	5374230.3	923.0		5.0	78.4	73.4	32.70
												inc.	27.0	52.0	25.0	40.47
													96.8	104.7	7.9	24.97
7	Central		St-7	60.0	23	...	...	...	437964.4	5375717.0	898.6		0.0	10.7	10.7	26.24
8	North	L-5	St-8	119.2	61	3	3	3	438027.7	5375928.5	892.8		0.0	100.3	91.0	28.50
												inc.	0.0	74.7	74.7	29.46
9	North	L-5	St-9	96.7	48	2	2	2	438103.8	5375872.4	895.6		0.0	80.2	80.2	29.58
												inc.	22.0	42.5	20.5	34.29
10	North	L-6	St-10	181.8	93	4	4	4	437769.1	5375868.2	892.5		0.0	7.3	7.3	23.34

#	Graphite Zone	Location (Fence #)	Hole ID	Depth	Number of Samples	Number of Standards	Number of Duplicates	Number of Blanks	Easting	Northing	RL	inc	Intersection			
													From	To	Width	TGC (%)
													46.3	56.0	9.7	24.46
													67.6	165.9	98.3	30.41
												inc.	114.0	122.0	8.0	40.10
11	North	L-5	St-11	74.6	37	2	2	2	437838.4	5376013.2	889.9		4.0	16.5	12.5	32.12
													28.6	36.5	7.9	31.65
12	North	L-5	St-12	153.0	79	4	4	4	437785.7	5376116.5	886.4		4.0	153.0	147.0	31.32
												inc.	38.8	68.5	29.7	38.03
												inc.	132.8	138.5	5.7	43.58
13	North	L-3	St-13	63.5	33	2	2	2	438283.1	5376373.2	894.1		0.0	52.5	52.5	24.86
												inc.	19.0	29.0	10.0	34.32
14	North	L-3	St-14	80.0	41	2	2	2	438136.8	5376492.9	888.9		2.0	38.0	36.0	23.97
												inc.	13.0	23.0	10.0	36.59
15	North	L-2	St-15	85.0	36	1	1	1	438473.6	5376596.3	887.7		0.0	44.0	44.0	30.29
												inc.	4.0	34.0	30.0	35.30
												inc.	16.0	22.0	6.0	40.99
16	North	L-2	St-16	40.0	15	1	1	1	438412.4	5376646.4	887.0					0.16
17	North	L-1	St-17	24.3	13	...	...	...	438336.4	5376353.5	896.0		4.0	15.0	11.0	21.96
												inc.	11.0	13.0	2.0	30.88
18	North	L-4	St-18	87.9	44	2	2	2	437971.7	5376300.7	885.8		12.4	77.4	65.0	25.08
												inc.	28.8	42.0	13.2	35.33
19	North	L-4	St-19	70.5	38	1	1	1	438142.1	5376165.2	890.5		2.0	55.8	53.8	25.86
												inc.	23.5	30.8	7.3	31.76
20	North	L-7	St-20	56.0	29	1	1	1	437533.1	5375687.4	890.5		0.0	19.8	19.8	28.50
												inc.	13.0	19.8	6.8	33.80
21	North	L-7	St-21	149.0	76	3	3	3	437621.3	5375620.4	895.8		0.0	3.0	3.0	24.84
													37.8	47.0	9.2	29.57
													57.8	149.0	91.2	30.61
												inc.	127.0	136.4	9.4	42.10
22	North	L-7	St-22	104.0	52	2	2	2	437728.7	5375547.3	900.3		0.0	92.2	92.2	29.23
												inc.	21.8	51.8	30.0	37.05
												inc.	37.8	45.8	8.0	43.20
												inc.	79.8	88.0	8.2	33.52

#	Graphite Zone	Location (Fence #)	Hole ID	Depth	Number of Samples	Number of Standards	Number of Duplicates	Number of Blanks	Easting	Northing	RL	inc	Intersection			TGC (%)
													From	To	Width	
23	North	L-7	St-23	50.0	26	1	1	1	437828.1	5375477.8	904.7	inc.	0.0	10.7	10.7	25.05
													24.0	41.9	17.9	24.96
													27.2	34.5	7.3	32.28
24	North	L-8	St-24	42.0	26	1	1	1	438187.1	5376133.4	891.8	inc.	4.0	12.9	8.9	30.92
													15.9	18.9	3.0	25.37
													23.0	27.7	4.7	22.31
													28.6	36.0	7.4	33.53
25	North	L-8	St-25	21.0	7	...	...	...	437411.3	5375434.3	889.8		0.0	4.0	4.0	19.80
26	North	L-8	St-26	112.0	58	2	2	2	437532.2	5375357.8	892.3	inc.	0.0	38.0	38.0	24.35
													51.2	104.5	53.3	31.02
													51.2	75.0	23.8	33.78
27	North	L-8	St-27	87.0	42	2	2	2	437616.6	5375303.8	895.8	inc.	0.0	32.5	32.5	30.69
													17.5	25.0	7.5	36.54
													55.5	81.1	25.6	27.59
													59.0	67.0	8.0	32.39
28	North	L-9	St-28	18.7	9	...	...	...	437134.9	5375311.0	889.6	inc.	0.0	12.5	12.5	8.20
													12.5	18.7	6.2	10.80
29	North	L-9	St-29	30.0	15	...	...	...	437216.0	5375253.8	901.2	inc.	0.0	8.8	8.4	25.17
													16.5	24.2	7.7	38.83
30	North	L-9	St-30	50.0	27	1	1	1	437964.3	5374612.1	907.6	inc.	0.0	30.4	30.5	25.85
													5.0	8.2	3.2	32.56
													11.0	13.4	2.4	40.10
													17.2	25.4	8.2	31.99
31	North	L-9	St-31	50.0	28	1	1	1	437380.7	5375107.1	897.6		16.6	50.0	33.4	31.51
32	North	L-10	St-33	68.0	35	1	1	1	436863.6	5375188.0	895.1	inc.	2.0	64.0	62.0	30.31
													10.3	32.0	21.7	35.85
													14.5	19.0	4.5	41.19
33	North	L-10	St-34	76.8	40	1	1	1	437034.5	5375049.2	893.1	inc.	48.0	53.0	5.0	36.57
													43.9	67.0	21.1	26.50
													57.0	61.0	4.0	32.20
34	North	L-10	St-35	72.8	37	1	1	1	437118.9	5374949.5	896.7	inc.	0.0	17.0	17.0	20.65
													11.5	17.0	5.5	26.32

#	Graphite Zone	Location (Fence #)	Hole ID	Depth	Number of Samples	Number of Standards	Number of Duplicates	Number of Blanks	Easting	Northing	RL	inc	Intersection			TGC (%)	
													From	To	Width		
													52.7	61.0	8.3	31.52	
													61.0	67.0	6.0	17.87	
35	North	L-10	St-36	30.0	17	...	...	...	437488.4	5374668.5	896.2		0.0	2.0	2.0	21.26
													9.5	21.0	11.5	31.19	
												inc.	11.0	16.0	5.0	37.26	
36	North	L-2,5	St-38	66.0	34	1	1	1	438369.4	5376514.6	892.2		0.0	38.3	38.3	36.69	
													inc.	10.0	28.0	18.0	38.42
													inc.	18.0	24.0	6.0	42.10
													43.1	56.9	13.8	26.39	
													56.9	60.0	3.1	16.77	
37	North	L-3,5	St-39	38.0	23	1	1	1	438244.9	5376264.1	893.5		0.0	33.1	33.1	25.67	
													inc.	8.5	22.5	16.0	33.48
													inc.	8.5	16.5	8.0	37.54
38	North	L-4,5	St-40	53.0	27	1	1	1	438110.8	5376034.8	891.9		0.0	31.4	31.4	28.99	
													inc.	10.0	14.0	4.0	40.41
													31.4	38.0	6.6	12.48	
													38.0	47.6	9.6	24.72	
39	North	L-6,5	St-41	91.0	46	2	2	2	437853.9	5375663.3	899.5		0.0	91.0	91.0	27.47	
													inc.	10.0	22.0	12.0	36.61
													inc.	18.0	22.0	4.0	43.19
													inc.	35.9	58.6	22.7	33.10
40	North	L-7,5	St-42	27.7	14	...	...	...	437678.2	5375402.1	897.1		0.0	12.3	12.3	27.60
	North	L-8,5	St-43a	12.5									Hole Abandoned				
41	North	L-8,5	St-43	110.0	58	2	2	2	437533.1	5375173.4	892.1		2.0	14.6	12.6	30.93	
													23.7	103.5	79.8	31.45	
													inc.	41.8	57.5	15.7	39.73
													inc.	51.8	57.5	5.7	43.37
TOTAL:				3412.8	1729	69	67	67									

Note The coordinates are WGS84 UTM zone 43 north, all drill intersections are down hole widths.

2021 Drill Collar information

#	Graphite Zone	Location (Fence #)	Hole ID	Depth	Number of Samples	Number of Standards	Number of Duplicates	Number of Blanks	Easting	Northing	RL	inc	Intersection																	
													From	To	Width	TGC (%)														
1	North	N-3	St-32	57.3	32	1	1	0	438304.3	5376366.9																				
2	North	N-2,5	St-37	93.1	51	3	3	0	438335.9	5376541.6	891.7		inc.	19.9	21.9	2.0	32.44													
														33.7	37.7	4.0	30.00													
														4.5	11.3	6.8	15.98													
														29.3	82.6	53.3	26.05													
														inc.	45.9	71.9	26.0	33.20												
														inc.	49.9	51.9	2.0	45.44												
3	North	N-4	St-44	33.9	21	1	1	0	438205.8	5376110.2	894.5			0.0	21.9	21.9	26.30													
														inc.	3.0	6.0	3.0	32.17												
														inc.	12.0	15.5	3.5	32.19												
													4	North	N-4,5	St-45	40.3	23	1	1	0	438200.6	5375973.9	898.8			0.0	26.3	26.3	26.89
																											inc.	7.9	19.9	12.0	38.84
													5	North	N-6,5	St-46	203.6	107	4	4	0	437652.0	5375811.1	894.2			9.9	15.9	6.0	47.26
	inc.	65.9	67.9	2.0	40.00																									
	10.0	55.2	45.2	33.16																										
	92.9	153.9	61.0	33.50																										
	inc.	125.9	149.9	24.0	36.20																									
	153.9	164.9	11.0	19.70																										
6	North	N-6,5	St-47	218.3	114	5	5	0	437725.8	5375749.4	896.6			174.3	195.2	20.9	24.30													
														25.3	34.0	8.7	35.07													
														47.7	118.6	70.9	31.75													
														inc.	97.0	116.7	19.7	36.39												
														132.0	218.3	86.3	32.69													
														inc.	163.3	169.2	5.9	42.10												
7	North	N-7	St-48	201.0	107	5	5	0	437580.5	5375650.0	896.0			203.6	218.3	14.7	37.68													
														0.0	6.0	6.0	19.97													
														71.0	79.2	8.2	33.07													
														88.8	201.0	112.2	29.91													
														inc.	88.8	129.0	40.2	30.00												

#	Graphite Zone	Location (Fence #)	Hole ID	Depth	Number of Samples	Number of Standards	Number of Duplicates	Number of Blanks	Easting	Northing	RL	inc	Intersection				
													From	To	Width	TGC (%)	
												inc.	129.0	139.8	10.8	40.66	
8	North	N-7	St-49	75.0	41	1	1	0	437778.3	5375514.0	904.0		0.0	7.3	7.3	18.03	
													18.2	64.5	46.3	30.64	
												inc.	28.2	53.5	25.3	34.70	
9	North	N-9	St-50	58.5	32				437909.2	5374640.6	906.4		-	-	-	n/a	
10	North	N-5,5	St-51	63.3	34	1	1		437816.7	5375933.1	892.9		0.0	12.5	12.5	12.15	
													40.2	54.3	14.1	30.38	
11	North	N-6	St-52	200.0	103	4	4		437721.5	5375897.5	892.0		30.8	39.3	8.5	32.48	
													90.6	98.3	7.7	30.60	
													110.2	164.8	54.6	31.64	
												inc.	144.8	154.9	10.1	42.45	
													166.8	180.8	14.0	14.85	
12	North	N-8	St-53	78.0	42	1	1		437371.6	5375495.1	890.2		-	-	-	n/a	
13	North	N-7,5	St-54	180.0	94	4	4		437526.8	5375527.9	894.4		32.9	42.0	9.1	32.95	
													60.4	170.8	110.4	30.29	
												inc.	113.0	123.1	10.1	35.87	
												inc.	154.2	157.9	3.7	41.87	
14	North	N-7,5	St-55	121.0	40	3	3		437380.5	5375689.2	887.4		10.7	120.9	110.2	31.24	
													inc.	10.7	19.7	9.0	36.23
													inc.	27.7	40.0	12.3	36.03
													inc.	102.2	119.3	17.1	35.19
15	North	N-5,5	St-56	175.0	93	4	4		437991.7	5375826.7	896.9		4.0	131.8	127.8	30.98	
													inc.	40.3	68.6	28.3	39.22
													inc.	53.7	66.6	12.9	45.09
													inc.	120.2	129.9	9.7	38.60
													137.3	149.1	11.8	30.04	
													158.9	167.0	8.1	29.28	
16	North	N-9	St-57	32.6	19	1	1		437968.3	5374713.9	910.8					n/a	
16	North	N-5,5	St-58	159.3	79	4	4		74° 9.380'B	48° 32.057'C	893					n/a	
17	North	N-9,0	St-59	100.3	52	2	2		74° 9.430'B	48° 31.390'C	899					n/a	
			TOTAL:	2090.5	1084	46	46										

Appendix B - JORC Table 1

Table 1: Section 1 Sampling Techniques and Data (Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <i>Nature and quality of sampling (e.g., cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>In cases where 'industry standard' work has been done this would be relatively simple (e.g., 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g., submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> Channel samples were taken along the floor, the length of the samples varies depending on lithology sampled, from 1 to 2 m, rarely less than 1 m or greater than 2-4 m. The cross section of channels was 3 cm x 5 cm. The average sample length is 1.7 m. The length of the sample taken was 1–1.5 m in graphite schists and graphitised siltstones, in some cases up to 3 m for the areas of shallow dipping of graphite units (10–15 °), and up to 4 m in the host rocks. All historical drill holes were whole core sampled at an average length of 1.6 m. In 2019 half core was sampled. Sample length within graphitic rocks is primarily 2 m or less depending on the lithology.
Drilling techniques	<ul style="list-style-type: none"> <i>Drill type (e.g., core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g., core diameter, triple or standard tube, depth of diamond tails, face-sampling bit, or other type, whether core is oriented and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> From 1985 through 1987, trenches were blasted and then excavated by using a one-bucket excavator and partially cleaned manually. The depth of the trenches is from 0.5 to 3.3 m, with an average depth of 1.7-1.8 m. The width is 0.8 m. After the logging and sampling, all trenches were filled up. From 1985 through 1987, drill holes were drilled vertically with a UKB-500 drill rig. Pre-drilling was conducted with carbide crowns with a diameter of 98 and 112 mm with subsequent transition to diamond drilling with a diameter of 59 and 76 mm. In 2019, core drilling was completed by XY-44A and XY-44T drill rigs mounted on wheel-based mobile trailed platforms and equipped with a smooth-bore drill with a detachable core receiver of the Boart Longyear system equipped with double core tubes. Pre-drilling is completed with carbide crowns with a diameter of 112-132 mm to a depth of 2-4 m, followed by casing. Drilling is conducted using a removable core

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<p>receiver and HQ diamond crowns (diameter 96 mm), in rare cases, in complex geological conditions, diameter was reduced to NQ size (diameter 76 mm). Water was used as a washing liquid, and polymer solutions were used at absorption sites.</p> <ul style="list-style-type: none"> • All drill holes are vertical. Drill hole depth varies from 60 to 255 m. At the completion of a drill hole, downhole survey is carried using a MIR-36 inclinometer with measurements every 20 m. • To maximise core recovery, double tube HQ and NQ core drilling was used, with the drilling utilising drillers experienced in drilling difficult ground conditions. Drill penetration rates and water pressure were closely monitored to maximise recovery. • During the diamond drilling the length of each drill run and the length of sample recovered was recorded by the driller (driller's recovery). The recovered sample length was cross checked by the geologists logging the drill core and recorded as the final recovery. • Average core recoveries for historical drilling and 2019 drilling are 90% and 98% respectively. • At present, no relationships between sample recovery and grade bias due to loss/gain of fines or washing away of clay material has been identified. It is assumed that the grade of lost material is similar to the grade of the recovered core. • For channel chip sampling, every effort was made to sample systematically across each sample interval with sampling completed by trained geologists.
Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • In 1985-87 all logging was recorded on paper using special drilling journals. • All logging is completed on paper and later transferred to a digital media. • The core documentation includes information on the length of the drill runs, drilling diameter, core recovery and sampling intervals. Special attention was paid to the zones of graphitised rocks, lithology, alteration and mineralisation, the orientation of quartz veins and veinlets were studied in detail. • All drill core is digitally photographed and completed in separate room using a specially designed stand that provides a fixed angle. The camera positioned at the same distance from the stand. The core is photographed in 2 states before sawing and then after sawing. The most interesting samples are photographed at close distances. • A collection of representative samples is used during logging to provide consistency

Criteria	JORC Code explanation	Commentary
Subsampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality, and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<p>with descriptions</p> <ul style="list-style-type: none"> • All historical drill holes were whole core sampled. At the initial stage of drilling, the length of core samples was equal to the drill run (taking into account the core recovery; with a high core recover, the sample length was 1–1.5 m; with poor recovery, all core of the drill run was taken up to 2 m, rarely up to 3 m). In some cases, samples were taken at 0.5 m (considering lithology). Average length is 1.6 m. • In 2019 half core was sampled. Sample length within graphitic rocks is primarily 2 m or less depending on the lithology. The sample length in the barren rocks is 3 m. Half of the core is taken for sampling. • Most core was cut using an electric diamond saw and some more friable intervals were split manually. All core for sampling was pre-marked with the cut line, and only one side of the core was sent for assay to maintain consistency. • The core sampling was generally at a 2 m interval, refined to match logged lithology and geological boundaries. A minimum sample length of 0.5 m was used. • The quality of sampling is checked by comparing geological documentation and samples.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> • <i>Nature of quality control procedures adopted (e.g., standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> • From 1985 through 1987, all samples were sent to the Central Laboratory Regional laboratory (ЦКПГО) in Karaganda to perform partially spectral, X-ray structural, thermal analyses. When analysing for graphite, all samples were subjected to technical analysis: ash content, graphitic carbon content and humidity are analysed. In the determination of graphitic carbon, the presence of carbonate carbonates (CO₂) was taken into account. • In 2019, all samples are dried, weighed, crushed, and milled in accordance with the sample preparation scheme. Sample preparation control is conducted using blank samples, taking duplicates from crushing rejects. The quality control of the sample abrasion is performed using the “dry” screening method through a sieve with a mesh size of 0.075 mm. Passing of the milled material is more than 95%. After preparing each sample, all tools and tables are thoroughly cleaned with compressed air. As soon as a batch of samples is prepared, glass is passed through the crushers. The pulverisers are cleaned with quartz sand. Quality of sample preparation is good. • In 2019, analytical studies are conducted in the chemical-analytical laboratory of LLC

Criteria	JORC Code explanation	Commentary
<p>Verification of sampling and assaying</p>	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<p>Stewart Assay and Environmental Laboratories, located in Karabalta, Kyrgyzstan (Certificate No. RU 181163 of 10/21/2001 and Certificate No. RU 227186 of 08/25/2008). The main type of analytical method is to determine the content of graphite carbon. All samples are subjected to technical tests for the analysis of graphite carbon; some samples (about 10%) are also given for multi-element analysis.</p> <ul style="list-style-type: none"> • In 2019, analysis of graphite carbon (SE / C11 analysis code) is performed on a Leco analyser after pre-treatment. The method of determination was developed by the laboratory in advance and provides reliable values for total graphitic carbon (TGC). • Quality control (QC) samples were submitted in 2019 with each assay batch (certified reference standards, certified reference standard blanks and duplicate samples). The laboratory inserted their own quality assurance/quality control (QAQC) samples as part of their internal QAQC. All assay results returned were of acceptable quality based on assessment of the QAQC assays. <ul style="list-style-type: none"> • Visual validation of mineralisation against assay results was undertaken for several holes. • All diamond drill core samples were checked, measured, and marked up before logging in a high level of detail. • The diamond drilling, sampling and geological data were recorded on paper into standardised templates and transferred to Microsoft Excel by the logging/sampling geologists. Geological logs and associated data were cross checked by the supervising Project Geologist. • Laboratory assay results were individually reviewed by sample batch and the QC results checked before uploading. All geological and assay data were uploaded into Excel. This data was then validated for integrity visually and by running systematic checks for any errors in sample intervals, out of range values and other important variations. • All drill core was photographed with corrected depth measurements before sampling. • Mineralisation observed was entirely compatible with reported assays in both drill core. • No specific twin holes were drilled; however, some recent drill holes were placed

Criteria	JORC Code explanation	Commentary
Location of data points	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<p>and drilled close to the historical holes. Similar grades and distribution were observed in the recent drill holes.</p> <ul style="list-style-type: none"> • In 2019, topographic and geodetic works were conducted using modern, high-precision, satellite geodetic equipment — a single-frequency 12-channel GPS Sokia GRX1, represented by a base station and mobile receiver with a GPS antenna. The device at the measurement time has valid calibration certificates. • The grid system used at the deposit is the WGS84 UTM Zone 43 coordinate system, Baltic elevation system. • Downhole survey was conducted with an IEM-36 instrument (No. 624). Measurements of the angle and azimuth are conducted every 20 m. • Control measurements have not revealed any inconsistencies and errors. • The accuracy of the Sokia GRX1 results in deviations of no more than 10 cm.
Data spacing and distribution	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing, and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • The density of the drill holes within the estimated limits of the proposed open pit mining area is 40-100 m between the drill holes on each section. The distances between the sections is 250 m, and the depths of the drill holes varies between 60 and 300 m. • The grid is sufficient to trace mineralisation zones.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> • The spatial position of the graphite zones is confined structurally to the western and southwestern limbs of the Shiyozek fold, complicated by the large curved Sarytoganbai syncline which trends in northeast and east directions. • The North zone has a strike length of 2,300 m, a width of between 110 and 500 m, and a depth up to 190 m. The weighted average TGC for drill holes is 32.42% (for 20% cut-off). The average depth is 100 m. • The Central zone has a strike length of 2,900 m, a width of between 86 and 114 m on the flanks up to 450 m in the centre, and a depth up to 80 m, with an average of 40 m. The weighted average graphite carbon content is 28.12% (for 20% cut-off).
Sample security	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • During the 2019 exploration program, control over the safety of samples is conducted throughout the entire process. Each sample is assigned a unique number. The core samples selected after logging are transferred (with the corresponding orders and sample registers) to the sample preparation facilities, which is located in the Ekibastuz city. In the sample preparation laboratory, each

Criteria	JORC Code explanation	Commentary
Audits or reviews	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<p>sample underwent the entire processing cycle in compliance with all necessary requirements for the preservation of samples and the prevention of their contamination.</p> <ul style="list-style-type: none"> A desktop review of the sampling techniques and data was conducted by CSA Global. Visual validation of the drill hole and mineralised intersections was undertaken against hard copy drill sections and provided core photographs. The drill hole and trench channel samples used were considered acceptable for reporting a Mineral Resource estimate under the JORC Code.

Table 1: Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<ul style="list-style-type: none"> The exploration licence 1139-R-TPI (1139-P-ТПИ) was issued to Ushtogan LLP on 22/06/2018 and confirmed by 5406-TPI (5406-ТПИ) contract on 26/10/2018. The exploration concession covers 103.92 km². There are no other mineral deposits and protected natural areas within the concession area.
Exploration done by other parties	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> In the period from 1985 to 1987, geological exploration was conducted by the Graphite party of the Karaganda State Regional geological expedition. Since 2019, exploration drilling is being conducted by Ushtogan LLP. Evaluation of the exploration results by third parties was not conducted.
Geology	<ul style="list-style-type: none"> <i>Deposit type, geological setting, and style of mineralisation.</i> 	<ul style="list-style-type: none"> Structurally, the Sarytogan site is confined to the western and southwestern wing of the Shiyozek fold, complicated by a large curved Sarytoganbai syncline which trends in northeast and east directions. In general, the Sarytogan site is a large, over-intrusive zone; the volcanic and sedimentary rocks developed here have undergone extensive contact metamorphism; volcanogenic and

Criteria	JORC Code explanation	Commentary
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terrigenous rocks are transformed into quartz-biotite, quartz-sericite hornfels; carbonaceous rocks are either altered into hornfels, or underwent significant graphitisation, and along contacts with intrusive granite domes, quartz-tourmaline and tourmaline hydrothermal rocks of the greisen type are developed.

- The deposit belongs to the black shale regional-metamorphic type and represents a carbon-bearing conglomerate sequence with a greisen zone with a thickness of more than 80 m in the over-intrusive zone of the granite massif that compose the Sarytoganbai syncline. Host rocks include graphite siltstone and graphite shale.

Drillhole information

- A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:
 - easting and northing of the drillhole collar
 - elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar
 - dip and azimuth of the hole
 - downhole length and interception depth
 - hole length.
- If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.

Category	Historical Trench	Historical Drill holes	Recent Drill holes	Total
Workings/drill holes	28	15	14	57
Metres driven/drilled	4,966.5	1,642.5	1,711.1	8,320.1
Trace/survey records	56	30	168	254
Assay intervals	2,859	804	893	4556
Assay intervals (in metres)	4,496.4	1,460	1,711.1	7,667.5
Including: TGC – Empty value	2	93 – n/a	0	95

Data aggregation methods

- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g., cutting of high grades) and cut-off grades are usually Material and should be stated.
- Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.
- The assumptions used for any reporting of metal equivalent values

- Exploration results are not being reported.

Criteria	JORC Code explanation	Commentary
	<i>should be clearly stated.</i>	
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.</i> • <i>If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (e.g., ‘downhole length, true width not known’).</i> 	Exploration results are not being reported.
Diagrams	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> • Refer to diagrams in body of text.
Balanced reporting	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • Exploration results are not being reported
Other substantive exploration data	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • In 2019, drilling, analytical, metallurgical studies of small bulk samples and petrographic studies have been conducted at the deposit. • To study the metallurgical properties, three small metallurgical samples weighing 15.3, 15.0 and 20.1 kg were selected. At the moment, the samples are undergoing testing.
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (e.g., tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • Drilling is planned to upgrade the resources and check the extent of the mineralised zones.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in Section 1, and where relevant Section 2, also apply to this section)

Criteria	JORC Code explanation	Commentary
Database integrity	<ul style="list-style-type: none"> Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. Data validation procedures used. 	<ul style="list-style-type: none"> Data used in the Mineral Resource estimate (MRE) is sourced from a database dump, provided in the form of Microsoft Excel files. Relevant tables from the files are imported into Micromine 2018 software for use in the MRE. These were validated in Micromine for inconsistencies, overlapping intervals, out of range values, and other important items. All data was visually checked.
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. 	<ul style="list-style-type: none"> No site visit is completed at this stage. Site visit is planned at a later stage when more information and core will be collected and available for the review on the site.
Geological interpretation	<ul style="list-style-type: none"> Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology. 	<ul style="list-style-type: none"> There is a reasonable level of confidence in the geological interpretation of mineralisation zones. Drill holes, trenches and surface mapping have been used to assist the interpretation. Additional work is required to better define exact geometry and the extents of the interpreted mineralised zones in the areas of sparse drilling. Surface mapping of mineralised outcrop, drill hole/trench intercept logging and assay results have formed basis for the geological interpretation. The precise limits and geometry cannot be absolutely defined due to the limitations of the current drill coverage. Further work is required to better define the geometry and limits of the mineralised zones, but no significant downside changes to the interpreted mineralised volume are anticipated. The grade and to a lesser degree lithological interpretation forms the basis for the modelling.
Dimensions	<ul style="list-style-type: none"> The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. 	<ul style="list-style-type: none"> The currently interpreted mineralisation of the Sarytogan area extends for approximately 2.3 km for the North zone and 2.9 km for the Central zone along a 40° northeast strike. The zone extends from surface to 220 m depth below the surface in the North zone and 100 m depth below the surface in the Central zone.

Criteria	JORC Code explanation	Commentary
Estimation and modelling techniques	<ul style="list-style-type: none"> <i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i> <i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i> <i>The assumptions made regarding recovery of by-products.</i> <i>Estimation of deleterious elements or other non-grade variables of economic significance (e.g., Sulphur for acid mine drainage characterisation).</i> <i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i> <i>Any assumptions behind modelling of selective mining units.</i> 	<ul style="list-style-type: none"> Grade estimation was by Inverse Distance Weighting (IDW) to the power of two using Micromine 2018 software. The interpretation was extended perpendicular to the corresponding first and last interpreted cross section to the distance equal to a half distance between the adjacent exploration lines. If a mineralised envelope did not extend to the adjacent drill hole section, it was projected halfway to the next section and terminated. The general direction and dip of the envelopes was maintained. There were no previous estimates for this deposit. No mining has taken place. No assumptions were made regarding the recovery of by-products. No deleterious or non-grade variables were estimated. The block model was constructed using a 50 m E x 50 m N x 5 m RL parent block size, with sub-celling to 5 m E x 5 m N x 1 m RL for domain volume resolution. The parent cell size was chosen based on the general morphology of mineralised bodies and in order to avoid the generation of too large block models. The sub-celling size was chosen to maintain the resolution of the mineralised bodies. The sub-cells were optimised in the models where possible to form larger cells.
Estimation and modelling techniques (continued)	<ul style="list-style-type: none"> <i>Any assumptions about correlation between variables.</i> <i>Description of how the geological interpretation was used to control the resource estimates.</i> <i>Discussion of basis for using or not using grade cutting or capping.</i> <i>The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available.</i> 	<ul style="list-style-type: none"> Interpolation was conducted for the blocks that fell into the boundaries of the mineralisation. Interpolation for the Central and North zone was completed separately. Interpolation was also completed separately for each weathering state (weathered, fresh). To accommodate for the morphology of the mineralisation zone a dynamic search ellipsoid was used for the grade interpolation. No selective mining units were assumed in this estimate. No strong correlations were found between the grade variables. The radii of the search ellipsoid and orientation of axes were selected based on drill hole/trench distribution and geological orientation. The first search radius was selected to be equal to the block size dimensions to use the grades from the workings that intercepted the block. The second search radius was selected to be equal to 100 m along the first and second directions and 10 m along the third direction. Model cells that did not receive a grade estimate from the first or second

Criteria	JORC Code explanation	Commentary
Moisture	<ul style="list-style-type: none"> • <i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i> 	<p>interpolation run were used in the next interpolation with greater search radii equal to two times bigger in all directions than in the previous run. The model cells that did not receive grades from the first three runs were then estimated using radii incremented by 100 m in the first and second directions and by 5 m in the third direction. When model cells were estimated using radii not exceeding 600 m in the first and second directions and 30 m in the third direction. A restriction of at least three samples from at least two drill holes or development drives was applied to increase the reliability of the estimates.</p> <ul style="list-style-type: none"> • The tonnages are estimated on a dry basis
Cut-off parameters	<ul style="list-style-type: none"> • <i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> • Statistical analysis showed natural breaks in the graphite grade population distribution at approximately 17% which formed the basis for the decision regarding determination of mineralisation envelope cut-off grade. • The Mineral Resource was reported at 15% TGC.
Mining factors or assumptions	<ul style="list-style-type: none"> • <i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i> 	<ul style="list-style-type: none"> • At this stage of resource development, it is assumed that mining would be by open pit methods. It has been assumed that the full strike length, width, and depth of the modelled mineralisation can be economically mined.
Metallurgical factors or assumptions	<ul style="list-style-type: none"> • <i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i> 	<ul style="list-style-type: none"> • Metallurgical testwork is currently being conducted.
Environmental factors or assumptions	<ul style="list-style-type: none"> • <i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the</i> 	<ul style="list-style-type: none"> • No detailed assumption regarding possible waste and process residue disposal options have been made at this stage.

Criteria	JORC Code explanation	Commentary
	<p><i>potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</i></p>	
Bulk density	<ul style="list-style-type: none"> • <i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size, and representativeness of the samples.</i> • <i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vughs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</i> • <i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i> 	<ul style="list-style-type: none"> • A total of 15 samples were sent for the bulk density measurements. The bulk density was measured using the conventional water immersion technique. • A bulk density value of 2.45 t/m³ was assigned to each block of the block model.
Classification	<ul style="list-style-type: none"> • <i>The basis for the classification of the Mineral Resources into varying confidence categories.</i> • <i>Whether appropriate account has been taken of all relevant factors (i.e., relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity, and distribution of the data).</i> • <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i> 	<ul style="list-style-type: none"> • The Inferred Mineral Resource classification is based on the evidence from the available drill, trench sampling and surface mapping. This evidence is sufficient to imply, but not verify, geological and grade continuity. • The classification has taken into account all available geological and sampling information, and the classification level is considered appropriate for the current stage of this project.
Audits or reviews.	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of Mineral Resource estimates.</i> 	<ul style="list-style-type: none"> • Internal audits were completed by CSA Global which verified the technical inputs, methodology, parameters, and results of the estimate.
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> • <i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the</i> 	<ul style="list-style-type: none"> • The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource to an Inferred classification as per the guidelines of the 2012 JORC Code.

Criteria	JORC Code explanation	Commentary
	<p><i>relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i></p> <ul style="list-style-type: none"> <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> <i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	<ul style="list-style-type: none"> The statement refers to global estimation of tonnes and grade.

ANNEXURE B – SOLICITOR'S REPORT ON TITLE



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Partner

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21 February 2022

The Directors
Sarytogan Graphite Limited
Level 1, 1205 Hay Street
West Perth WA 6005

Dear Directors

SOLICITOR'S REPORT ON TENEMENT

This tenement report (**Report**) is prepared for inclusion in a prospectus to be issued by Sarytogan Graphite Limited (formerly PME Biofuels Limited) ACN 107 920 945 (**SGL**) for the purposes of compliance with Australian laws and the rules of ASX Limited (**Prospectus**).

We understand that SGL has entered into an Exchange Agreement dated 29 June 2021 (as varied on 15 October 2021) to acquire 100% of the participation interest in the charter capital of Ushtogan Limited Liability Partnership (**Ushtogan**), incorporated in the Republic of Kazakhstan (**RoK**) in exchange for certain Consideration Securities as defined in the Agreement (**Transaction**).

AZERBAIJAN-BELARUS-CHINA-CZECH REPUBLIC-GEORGIA-KAZAKHSTAN-KYRGYZSTAN-LATVIA-POLAND-RUSSIA-SWITZERLAND-TAJIKISTAN-TURKEY-TURKMENISTAN-UK-UKRAINE-UZBEKISTAN

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1. SCOPE

We have been requested to report on the legal status and title of the contract No. 5406 dated 26 October 2018 on exploration of graphite, rare, rare earth and precious metals at Sarytoganbay area in Karaganda region of the Republic of Kazakhstan (**Contract**), to which Ushtogan is a party, pursuant to the RoK legislation.

Based on the Contract, Ushtogan has a subsoil use right (**SUR**) to perform exploration on the territory of the Sarytoganbay area. If Ushtogan makes a commercial discovery, appraises it and relevant resources and reserves are verified by a competent person's report, it has an exclusive right to obtain a mining licence.

This Report contains results of our findings identified during legal due diligence on the Contract.

This Report is limited to the searches and enquires set out in Section 2 of this Report.

Annexure A of this Report sets out major details of the Contract.

2. SEARCHES AND ENQUIRIES

For the purposes of this Report, we have conducted searches and made enquiries in respect of the Contract as follows (**Searches**):

- (a) we have filed a letter dated 16 July 2021 with the RoK Ministry of Industry and Infrastructural Development (**MIID**) requesting to confirm Ushtogan's title to the Contract, absence of Addendums to the Contract, absence of any encumbrances over the Contract or participation interest in Ushtogan registered by the Authority (as defined in Section 3 hereof) and absence of the Authority's notifications on breach of obligations under the Contract. On 1 September 2021, we filed through the E-Government website (www.egov.kz) a second letter with the MIID asking to respond to the first letter. The Authority responded on 7 September 2021 with enclosure of two notifications on breach of obligations under the Contract (i) for 2019 dated 30 December 2020 and (ii) for 2020 dated 3 September 2021 (collectively, **Non-Compliance Notifications (2019-2020)**). (Ushtogan provided its response to the Authority on 27 September 2021);
- (b) on 14 February 2022, we have filed a request (substantially the same as the above letter dated 16 July 2021) with the MIID to verify the latest Ushtogan's status. As of the date of this Report, we have not received the MIID's response;
- (c) we have reviewed the list of documents provided by Ushtogan relating to the Contract and listed in Annexure B hereto; and
- (d) we have obtained searches from the online E-Licensing State Database System (www.elicense.kz) containing information on certain licenses and permits issued by Kazakhstan state authorities. These searches were conducted on 14 February 2022. Details of any material issues identified from these searches are set out in Section 5.4 of this Report.

3. RELEVANT LAWS

The principal statute governing mining activities in Kazakhstan is the Code on Mineral Resources and Subsoil Use, dated 27 December 2017 (**Subsoil Code**), which came into force on 29 June 2018. By adopting the Subsoil Code, which is based on the Western Australian model, Kazakhstan moved from a contractual regime to a licensing regime for solid minerals (except for uranium production, which remains under a contractual regime).

The Code replaced the similarly named Law, dated 24 June 2010 (**2010 Subsoil Law**), save for certain provisions that remain effective for entities which subsoil use contracts (**SUCs**) were concluded either (i) before 29 June 2018 or (ii) after 29 June 2018 if the relevant SUR was granted to a company that won an auction for granting a SUR held before 29 June 2018, as is the case with Ushtogan.

We note that while Western Australian's legislator uses a "mining tenement" definition, Kazakh legislator uses the notion of a SUR, which means the opportunity provided by the Subsoil Code to use mineral resources on a reimbursable basis within the limits of an allocated site for entrepreneurial purposes within a certain term. The state represented by the Authority grants SUR by either execution of a SUC (exploration contract, mining contract, combined exploration and mining contract) or, starting from 29 June 2018 by issuing a subsoil use licence (exploration licence, mining licence).

Some specific issues relating to precious metals are governed by the Law on Precious Metals and Precious Stones, dated 14 January 2016.

There are also numerous decrees of the Kazakhstan Government and orders of the head of the State's competent authority responsible for state supervision on subsoil use in respect of solid minerals (**Authority**), currently represented by the MIID, that regulate mining issues set out by the Subsoil Code in more detail.

The Contract is subject to the remaining effective provisions of the 2010 Subsoil Law and the Subsoil Code.

4. RESULTS OF SEARCHES

As a result of our Searches, but subject to the qualification and assumptions set out in this Report, we are of the view that, as at the date of the relevant Searches this Report provides an accurate statement as to:

- (a) the Company's title to the Contract;
- (b) the validity and good standing of the Contract; and
- (c) pledge of the SUR under the Contract.

5. EXECUTIVE SUMMARY

Subject to the qualifications and assumptions in this Report, we consider the following to be a summary of material matters in relation to the Contract:

5.1. The Contract has been validly granted

The results of our legal due diligence and enquires indicate that the Contract was granted to Ushtogan on the basis of the Minutes on results of an auction for granting SUR No. 4.8 dated 22 June 2018, issued by the RoK Ministry of Investment and Development (the predecessor to the MIID). Ushtogan was acknowledged as the winner of the auction which (Ushtogan) proposed the highest amount of the signature bonus equal to 4,400,000 Kazakhstani tenge (**KZT**) and, after the three-time announcement of this amount, there were no other proposals from other participants to the auction.

Ushtogan duly paid the signature bonus and according to the certificate obtained from the website of the Kazakhstan Electronic Government (www.egov.kz) there were no change in composition of participants (shareholders) of Ushtogan from the date of the auction to the date of execution of the Contract (which may be a ground for acknowledging the auction as invalid with subsequent termination of the Contract).

Accordingly, Ushtogan has been validly granted the SUR under the Contract in respect of the Sarytoganbay Area.

5.2. Standing of the Contract

As a result of our legal due diligence and the Searches, we believe that Ushtogan's SUR under the Contract is valid as of 7 September 2021. (This date may be renewed once the MIID provides its response to our request dated 14 February 2022.)

The Authority confirmed by its letter issued on 7 September 2021 that as of that date Ushtogan was a holder of the valid Contract and no notifications on termination of the Contract had been issued.

Taking into account Ushtogan's letter dated 11 February 2022 stating that there have been no correspondence related to breach of obligations under the Contract, it appears that the SUR under the Contract remains to be valid as of 11 February 2022.

5.3. Term of the Contract

The Contract provides that Ushtogan is entitled to explore graphite, rare, rare earth and precious metals at the Sarytoganbay Area for a period of 4 years of exploration, which expires on 26 October 2022.

Under the Subsoil Code if a deposit (mineralization) is discovered at the Sarytoganbay Area, the Contract may be extended for the period required for appraisal of the deposit (mineralization) determined upon results of negotiations between the parties to the Contract.

According to Ushtogan, it has defined a mineralization/deposit at the Sarytoganbay Area and intends to apply for an extension of the Contract.

Provided that:

- (a) Ushtogan obtains the Geology Committee's confirmation regarding the mineralization;
- (b) the application for the extension of the exploration stage for appraisal of the deposit/mineralization with all required information is filed before 26 October 2022; and
- (c) Ushtogan has successfully negotiated the extension with the MIID (in practice in the absolute majority of cases such negotiations are positive for subsoil users, provided there are no non-rectified contractual obligations referred to in the MIID's notifications (if any)),

Ushtogan will be granted an extension of the exploration stage under the Contract for appraisal of the deposit/mineralization (such terms normally vary from 1.5 to 3 years.)

After appraisal and obtaining the competent person's report on the estimation of resources and reserves of solid minerals, prepared under the (CRIRSCO-aligned) Kazakhstan Code of Public Reporting on Exploration Results, Mineral Resources and Reserves, Ushtogan has a non-assignable exclusive right to apply for a mining licence. Holding a mining licence entails certain rights and duties, as revealed in Section 5.12 of this Report.

5.4. Pledge over the Contract

Under the Subsoil Code, a pledge over SUR is subject to mandatory registration by the Authority. On 7 July 2021, the Authority issued the Certificate on registration of the

agreement on pledge of the SUR under the Contract No. KZ73VKW00000092, which copy is publicly available at www.elicense.kz. The Certificate confirms registration of a pledge over the SUR under the Contract under the following conditions:

- (a) Pledgor – Ushtogan;
- (b) Pledgeholder – PME Biofuels Limited (now called Sarytogan Graphite Limited);
- (c) Pledge Agreement No. 001 dated 25 June 2021;
- (d) Amount of obligation – US\$5,400,000; and
- (e) Term of repayment – 1 July 2030.

5.5. Duties and liability under the Contract

The Contract imposes a number of obligations on Ushtogan, including financial obligations, which must be strictly observed. Financial obligations under the Contract comprise:

- (a) obligations set out by the work program (approx. US\$ 1.5 million for the 3rd contractual year (10/2020-10/2021) and approx. US\$ 2.3 million for the 4th contractual year (10/2021-10/2022);
- (b) transfers to the abandonment fund equal to 1% of annual expenses for geological works;
- (c) financing tuition of Kazakhstan staff equal to 1% of the annual expenses for exploration;
- (d) transfers for social economic development of the region equal to 1,000-time monthly calculation index (**MCI**) determined for the relevant fiscal year (approx. US\$ 6,815 for 2021; 1 MCI for 2021 is KZT 2,917 with the average exchange rate of KZT 428 / US\$ 1); and
- (e) financing research and development works for not less than 1% of an aggregate annual income earned from activities under the Contract upon results of the preceding year (normally not applicable during exploration).

Non-compliance with financial obligations (c)-(e) above entitles the MIID to impose a penalty equal to 1% of underperformed obligation.

The MIID may unilaterally terminate the Contract in case of Ushtogan’s failure to:

- (a) rectify more than two breaches of contractual obligations within the timeline set out in the Authority’s notification(s) (this ground is not applicable if Ushtogan has performed the physical volume of obligations set out by the work program and project documents in full); and (or)
- (b) perform at least 30% of financial obligations during two consecutive years.

Ushtogan shall also comply with the below local content requirement related to minimum percentage of Kazakhstan citizens in its staff:

Categories of staff	Local content, %

1 st category – managers	50
2 nd category – specialists with college and university degrees	50
3 rd category – workers	50

Non-compliance with the above percentage in staff entails a penalty equal to 2,000-time MCI (approx. US\$ 13.6 thousand).

Ushtogan shall ensure that local content in works and services is not less than 50% during each contractual year. Non-compliance with this obligation entitles the Authority to impose a penalty equal to 1% of obligations not performed during the reported period.

The MIID may also terminate the Contract in case of change of direct or indirect control over the Contract without obtaining the MIID's Consent (as defined in Section 5.11 hereof), save for limited exceptions. In this regard, we understand that relevant Consents #04-2-18/1159 dated 29 January 2022 and #04-2-18/3515 dated 14 February 2022 required for the Transaction under the Subsoil Code were obtained.

See more details in Section 5.11 of this Report.

5.6. Compliance with financial obligations under the work program

Under terms of the Contract, Ushtogan shall comply with financial obligations set out in the work program being an integral part of the Contract. The progress of the compliance with the work program is reflected in Reports on Performance of Contract Obligations (**LKU Reports**), which shall be annually submitted by Ushtogan to the MIID.

Major indicators of LKU Reports are "financial obligations" regarding subsoil user's general expenses on carrying out exploration under a relevant SUC and "investment obligations".

Financial obligations consist of investment obligations, as well as obligations on insurance, payments to the abandonment fund, indirect expenses and taxes.

In their turn, investment obligations comprise, *inter alia*, expenses related to geological exploration, payments for social economic development of the region and its infrastructure and financing tuition of Kazakhstani personnel.

LKU Reports contain the columns "Conditions under the Contract" and "Fact since the beginning of year". Normally there is a difference between figures of planned financial obligations set out in work programs and LKU reports due to the following. Figures in work programs are usually set out for years calculated from the date of execution of the relevant SUC (eg, in relation to the Contract from 26 October of one year to the same date of the subsequent year). On the other hand, the LKU Reports always reflect not years of a contract, but calendar years ending on 31 December. In practice, the allocation of planned financial obligations from work programs to LKU Reports is normally made *pro rata*, however the final decision on allocation is up to the subsoil user.

We note that Ushtogan's work program has only figures for investment obligations. Accordingly, the below table contains comparison of planned and factual expenses under the work program for 1-4 contractual years and LKU Reports for 2018-2021 related to investment obligations, not financial ones.

in thousands KZT

Contractual year	Planned investment obligations under the Work Program (KZT)	Calendar year	Planned investment obligations under the LKU Report (KZT)	Factual performance of investment obligations under LKU Reports (KZT)	Performance ratio (%)
		2018	<u>53,295</u> <i>(if pro rata, should be 72,388)</i>	4,962	9.3 <i>(if pro rata – 6.9)</i>
1 st (26.10.2018 - 26.10.2019)	394,353	2019	<u>311,964</u> <i>(if pro rata, should be 321,965 + 84,181 = 406,146)</i>	126,904	40.7 <i>(if pro rata – 31.2)</i>
2 nd (26.10.2019 - 26.10.2020)	458,596	2020	<u>380,071</u> <i>(if pro rata, should be 374,415 + 117,478 = 491,893)</i>	1,727	0.5 <i>(if pro rata – 0.2)</i>
3 rd (26.10.2020 - 26.10.2021)	639,990	2021	639,990- <i>(if pro rata, should be 522,512 + 177,775 = 700,287)</i>	401,409	62.7 <i>(if pro rata – 57.3)</i>
4 th (26.10.2021 - 26.10.2022)	968,474	2022	- <i>(if pro rata, should be 790,699)</i>	-	-
Total for 1-3 contractual years	1,492,939	Total for 2018-2021	745,330 <i>(if pro rata, should be 970,427)</i>	535,002	

In view of the above table, Ushtogan failed to perform its financial obligations for each of 2018-2021. However, as there is no performance of financial obligations for less than 30% during two consecutive years, the risk of unilateral termination of the Contract by the MIID is not applicable.

Further, the MIID may unilaterally terminate the Contract in case of Ushtogan's failure to rectify more than two breaches of contractual obligations within the timeline set out in the MIID's notification(s). The timeline for rectification of breaches of financial obligations is defined neither in the Contract, nor in the applicable legislation. Ushtogan has received two Non-Compliance Notifications (2019-2020) where the Authority indicated that Ushtogan failed to comply with the following obligations during 2019 and 2020:

in thousands KZT

Year / Underperformance	Financial obligations		Investment obligations		Expenses for geological exploration	
	Planned	Factual	Planned	Factual	Planned	Factual
2019	394,353	196,337	311,964	126,904	306,387	126,870
2020	458,596	3,911	380,071	1,727	373,927	1,727
Total for 2019-2020	852,949	200,248	692,035	128,631	680,314	128,597
Underperformance	652,701 (approx. US\$ 1,517,909)		563,404 (approx. US\$ 1,310,242)		551,717 (approx. US\$ 1,283,062)	

The Authority stated that Ushtogan should within 1 month after receipt of each of the Notifications provide all required documents evidencing rectification of breaches (copies of payment orders, agreements, acceptance acts, etc.), otherwise the Authority may take measures according to the Contract and subsoil use legislation, including termination of the Contract according to Article 277.14.12 of the Subsoil Code (*ie*, in case of a failure to rectify more than two breaches of contractual obligations within the timeline set out in the Authority's notification(s)).

We note that *de facto* all three above obligations are of the substantially one and same nature. As noted above, financial obligations consist of, *inter alia*, investment obligations (at least for 85 or more percent) and, in its turn, investment obligations consist of, *inter alia*, expenses for geological exploration (at least for 90 or more percent). However, formally the Authority may require from Ushtogan to comply with all these three types of obligations.

According to Ushtogan's letter to the MIID dated 27 September 2021, during 2021, Ushtogan had invested more than 617 thousand USD and had an agreement on investment of 500 thousand USD more until the end of 2021. It undertook to rectify other breaches until the end of 2021.

To mitigate this risk which might arise in connection with underperformance of these obligations, Ushtogan was recommended taking measures either to:

- (a) perform the physical volume of obligations set out in the work program and project documents in full (in which case the underperformed financial obligations for a certain year shall not be considered as violation of the Contract and the ground for unilateral termination by the Authority); or
- (b) fulfill its financial, investment and geological exploration obligations for the underperformed amount.

From practical point of view, we note the following. The MIID exercises its right to unilateral termination of SUCs due a subsoil user's failure to rectify more than two breaches of contractual obligations within the timeline set out in the Authority's notification(s) in an absolute majority of cases in relation to unfaithful subsoil users that, having received a SUR, do not conduct any subsoil use operations. The MIID's approach is quite flexible and it normally does not seek to exercise its right to terminate a SUC at its discretion in relation to actually operating subsoil users that pay taxes, carry out exploration or mining operations resulting in putting ore reserves to the state balance sheet, thereby fulfilling the main principle of the Subsoil Code in terms of replenishing the mineral resource base of Kazakhstan, and creating job places.

In addition, we note that in April 2020, the State Commission for Ensuring the Emergency Regime under the Kazakhstan President gave instructions to the MIID to consider the possibility to transfer contractual obligations for 2020 to subsequent years without application of sanctions for non-compliance with works program obligations for 2020, due to the emergency situation in connection with the COVID 19 pandemic. The MIID announced that every subsoil user could file an application for introduction of relevant amendments to its SUC.

According to the LKU Report for 2021, Ushtogan has fulfilled its investment obligations for 62.7%. Thus, on the one hand, it was not able to rectify the breaches of the above three groups of financial obligations (financial, investment and geological exploration).

However, on the other hand, according to LKU Report for 2021 and the Geological Works Report for 2021, Ushtogan has performed the physical volume of obligations set out in the work program and project documents for 2021 in full, as described in the below table.

	Drilling works	Selection and processing of core works	Laboratory works
Planned volume of physical obligations under the Work Program	1,000 running meters	333	350
Factual volume of works performed	2,098 running meters (according to the LKU Report for 2021)	1,084 samples (according to the Geological Works Report for 2021)	1,216 samples (according to the Geological Works Report for 2021)

We consider such performance of physical obligations for 2021 in full, as well as the forthcoming obtaining of the Geology Committee's confirmation of mineralization at the Sarytoganbay Area (which is a pre-requisite for transitioning to an appraisal stage) as strong risk mitigation factors. Given other factors mentioned above, in our view, the probability that the MIID might terminate the Contract due to Ushtogan's failure to rectify more than two breaches of contractual obligations within the timeline set out in the Non-Compliance Notifications (2019-2020) is low.

5.7. Compliance with other duties under the Contract

(a) Financing tuition of Kazakhstan citizens

According to LKU Reports for 2018-2020, Ushtogan underperformed its obligations to finance tuition of Kazakhstan citizens for the amount of KZT 7,407,000 (approx. US\$ 17,226). Non-Compliance Notifications (2019-2020) referred to Ushtogan's underperformance of the above obligation for KZT 6,877,000 during 2019-2020. According to Ushtogan's response to MIID dated 27 September 2021, it had fulfilled this obligation for KZT 3,680,000 (with enclosure of evidence documents) and undertook to rectify other breaches until the end of 2021.

According to LKU Reports for 2021, instead of a planned amount equal to KZT 5,226,000, Ushtogan made transfers for KZT 8,906,000 (overperformance is equal to KZT 3,680,000). Thus, as of the date of this Report, Ushtogan's underperformance of this obligation for 2018-2021 is KZT 3,197,000 (approx. US\$ 7,435).

The Authority may impose a penalty of 1% of underperformed obligation. Ushtogan is recommended paying the above amount.

(b) Financing social and economic development of Karaganda region

According to LKU Reports for 2018-2020, Ushtogan underperformed its obligations to finance social and economic development of Karaganda region and its infrastructure for the amount of KZT 5,703,000 (approx. US\$13,263). Non-Compliance Notifications (2019-2020) referred to Ushtogan's underperformance of the above obligation for KZT 4,810,000 during 2019-2020. According to Ushtogan's response to MIID dated 27 September 2021, it has fulfilled this obligation for KZT 5,303,000 (with enclosure of evidence documents) and undertook to rectify other breaches until the end of 2021.

According to LKU Reports for 2021, instead of a planned amount equal to KZT 2,405,000, Ushtogan made transfers for KZT 8,220,000 (overperformance is equal to KZT 5,815,000). Thus, as of the date of this Report Ushtogan is fully compliant with this obligation.

(c) Payments to abandonment fund

According to LKU Reports for 2018-2020, Ushtogan failed to make payments to the abandonment fund for the amount of KZT 7,441,000 (approx. US\$17,305). Non-Compliance Notifications (2019-2020) referred to Ushtogan's underperformance of the above obligation for KZT 6,911,000 during 2019-2020. According to Ushtogan's response to MIID dated 27 September 2021, it had fulfilled this obligation for KZT 6,911,000 (with enclosure of evidence documents) and undertook to rectify other breaches until the end of 2021.

According to LKU Reports for 2021, instead of a planned amount equal to KZT 5,226,000, Ushtogan made transfers for KZT 12,137,000 (overperformance is equal to KZT 6,911,000). Thus, as of the date of this Report, Ushtogan's underperformance of this obligation for 2018-2021 is KZT 530,000 (approx. US\$1,230). Ushtogan is recommended making a transfer to the abandonment fund for the above amount.

(d) Local content in staff, works and services

According to Ushtogan's reports on local content in staff for relevant quarters of 2018, 2019, 2020 and 2021, all Ushtogan's employees were Kazakhstan citizens. Accordingly, Ushtogan is compliant with this obligation.

Pursuant to the documents provided to us by Ushtogan, it is compliant with its obligation to ensure that local content in works and services is not less than 50% during each of 2018, 2019 and 2020. We have not been provided with a report related to local content in works and services in 2021, as the term for submission of this report expires on 30 April 2022 and preparation of the annual report for approx. 200 suppliers is a lengthy process. According to verbal explanation of Ushtogan's representatives, the share of payments to foreign suppliers does not exceed 20% of all payments to suppliers. In view of this, it appears that Ushtogan will also comply with the 50% threshold for local content in works and services.

5.8. Contract territory

Ushtogan may carry out exploration operations only within a subsoil plot which boundaries are indicated in a geological allotment. It has the geological allotment issued by the Geology Committee on 14 August 2018 for the area of 103.82 km² located in Karaganda Region.

If, during exploration, Ushtogan finds out that the boundaries of a discovery or deposit are not within the area of the allotment, the Authority may extend the contract territory for not more than 50% of the initial contract territory, if such new territory is free of subsoil use.

5.9. Relinquishment issues

Under the Contract, Ushtogan has the obligation to return a contract territory not included into the territory on which a commercial discovery was made as follows:

- by the end of the second year of the Contract (*ie*, by 26 October 2020) – 30%;
- by the end of the third year of the Contract (by 26 October 2021) – 30%;
- by the end of the fourth year of the Contract – 30%.

According to Ushtogan's letter dated 5 May 2021, it had not returned any part of the contract territory. Thus, formally Ushtogan failed to return 30% of its contract territory. Accordingly, there is a risk that the MIID will file a notification with Ushtogan referring to the breach of the above contractual obligation. A failure to rectify more than two breaches of contractual obligations within the timeline set out in the MIID's notification entitles the MIID to unilaterally terminate the Contract. If such breaches are completely rectified within the above timeline, then the MIID's right to unilaterally terminate the SUC does not emerge. Relinquishment of the territory is formalized by re-issue of the geological allotment annexed to a relevant Addendum to the Contract.

Ushtogan has initiated the process of execution of the relinquishment obligation. MIID by its letter dated 23 November 2021 informed Ushtogan to provide required documents to start negotiations on amending the Contract with regard to the relinquishment.

Ushtogan has duly obtained an act of inspection of a part (33 km²) of the contract territory dated 22 December 2021, which is a mandatory pre-requisite for amending the geological allotment. Further, we were provided with a draft of Addendum 1 to the Contract formalizing the compliance with the relinquishment obligation, which (the draft) is considered by the MIID as of the date of this Report. Thus, Ushtogan appears to shortly fulfil its relinquishment obligation and we see no risks related to this issue.

5.10. Land issues

Under Kazakh law, SURs are separate from surface rights. A subsoil user carrying out exploration operations may require from land users or land owners the right of limited use of respective land plots (private servitude) or a public servitude (both for state lands or land plots belonging to land users or land owners). ("Servitude" is a civil law definition similar to the common law definition of "easement".)

A private servitude is established on the basis of a relevant agreement with the land users or land owners or upon a court resolution. A public servitude is established upon a resolution of a relevant local executive body (**Akimat**).

Formally, Ushtogan shall obtain either a public or private servitude for the land plots where exploration operations will be performed.

We have been provided with a package of documents and Ushtogan's letter dated 2 November 2021 No. 18 where Ushtogan explained, that the Sarytoganbay deposit's territory consists of the Northern and Central graphite zones, which areas are 130 and 135 ha, respectively. Ushtogan carried out incremental drilling works and geological surveys on these areas.

On the rest part of the geological allotment (which total area is 103.82 sq. km), Ushtogan did not perform any works, as there were no signs of any mineralization, the rocks were empty.

Both above graphite zones lie within the boundaries of a land plot (cadastral No. 09 102-004-115) for which the right of temporary land use belongs to “Al-Rayan 1918” joint peasant household.

We have been provided with an agreement dated 20 October 2021 for establishment of a private servitude for 265 ha until 1 November 2024 signed by Ushtogan and the above land user, which was duly registered by the registration authority on 16 November 2021.

Thus, Ushtogan is compliant with the requirement to obtain a servitude for the land plots where exploration operations are or will be performed.

5.11. Requirements of the Subsoil Code for change of control over SUR

The Subsoil Code contains the definition of objects linked to SUR (**Objects**), which comprise any form of equity participation (shares, participatory interest, etc.), as well as securities that confirm the ownership right or are convertible into any form of equity participation in (i) a subsoil user or (ii) a legal entity or other organisation that has the opportunity directly and/or indirectly to determine decisions taken by the subsoil user (**Controlling Company**).

Those shares and other securities (including derivative financial instruments, the underlying assets of which are shares) of a subsoil user or its Controlling Company that are circulating on a local or foreign stock exchange are not acknowledged as Objects.

Any transaction resulting in transfer of a SUR or Objects (including issuance of shares/securities into circulation at a domestic or foreign stock exchange) is subject to a prior MIID’s consent (**Consent**). There are limited exceptions when a Consent is not required.

A failure to obtain the Consent when it was required (i) makes the transaction void under Kazakh law (which may be irrelevant for transactions made outside of Kazakhstan) and (ii) entitles the MIID to unilateral termination of the relevant SUC or licence.

5.12. Rights and duties of a mining licence holder

If Ushtogan makes a commercial discovery, appraises it and relevant resources and reserves are verified by the competent person’s report, it has an exclusive right to apply for a mining licence.

A mining licence holder has the exclusive right to mine solid minerals, make mining exploration, as well as use subsoil space for the purposes of mining, the deployment of mining and (or) mining and processing production facilities, placement of technogenic mineral formations.

After consideration of the application for a mining licence and provided the applicant meets statutory requirements, the Authority notifies that it has a one-year period to obtain the relevant state approvals for the mining works plan and the abandonment plan. This notification is the basis for reservation of the relevant state-owned land plots for subsoil use purposes by the related Akimat. The Authority issues a mining licence within five business days of receipt of the above approvals.

A mining licence is granted for a period up to 25 years (with possibility of further extensions). There is a stability clause against further changes of the licence conditions, except for changes in seven spheres of legislation (tax, customs, etc.).

Each licensee shall:

- (a) provide a security for performance of abandonment works. A licence holder may start mining only after it has provided security for performance of abandonment works. The security amount shall cover the estimated cost of works for liquidation of consequences of operations both performed and for the following three years from the date of the last positive integrated state expertise of the abandonment plan. During the first third of the licence term, the security in the form of a bank deposit pledge or a bank guarantee shall comprise not less than 40% of the total security amount;
- (b) pay fees for land plot use (rent payments), equal to 450-time MCI (approximately \$2,925) for each square kilometer;
- (c) comply with annual minimum expenditures for mining of solid minerals (except for ferrous ores) as set forth in the below table; and

All figures are in MCIs (approximate US\$)

No	Up to 5 ha	From 5 to 100 ha (inclusive)	For each further ha within the territory from 100 to 10,000 ha (inclusive)	For each further ha within the territory over 10,000 has
1	530 (US\$ 3,600)	1,063 (US\$ 7,200)	10 (US\$ 68)	120 (US\$ 820)

- (d) make payments each equal to 1% of the mining expenses incurred during the previous year separately for (i) tuition of Kazakhstani personnel and (ii) research and development works starting from the second year of the mining licence.

Further, the licensee shall ensure at least 50% of local content in works and services procured, as well as procure goods, works and services under the procurement rules approved by the Authority. Save for limited exceptions, a major part of procurement shall be made on a tender basis through the electronic procurement web-site reestr.nadloc.kz.

A licence holder may apply for a retention status, which entitles the licensee not to commence or suspend the extraction of solid minerals under a mining licence at a specified area for a period of up to five years (with the possibility of further extension for five more years).

Retention status releases the licensee from minimum annual mining expenditures.

Grounds for retention status are unprofitability of mining due to market conditions, force majeure, absence of ecologically compliant technology for mining, or a court decision on rehabilitation procedure for the licensee.

5.13. Liability under a mining licence

Non-compliance of a licensee with minimum share of local content in works and services entails a penalty equal to 30% of the cost of works and services related to the unfulfilled obligation.

Non-compliance with the obligation to finance either the tuition of Kazakhstani personnel or research and development works entails a penalty equal to 100% of the amount of unfulfilled obligations.

Payment of above penalties terminates the main obligation for the relevant reporting year.

There are two grounds when a mining licence may be revoked by the Authority:

- (a) a transfer of SUR or Objects without the Consent, which caused a threat to national security (one year is provided for rectification of the breach); and
- (b) a breach of obligations to pay a signature bonus, rental payments and/or comply with minimum annual mining expenditure commitments (three months are provided for rectification of the breach).

If the licensee failed to rectify a breach within the above timeline after receipt of the Authority's notification, the Authority issues a licence revocation notification.

The licence becomes ineffective in three months after the date the licensee receives the revocation notification from the Authority. The licensee may appeal against the licence revocation within 15 business days after the receipt and the final decision is taken by court.

Revocation is not allowed if the failure to perform or improper performance of obligations was caused by force majeure (excluding absence of technical and/or financial resources, of necessary goods, works and services on the market, or the imposition of an administrative penalty).

6. QUALIFICATIONS AND ASSUMPTIONS

6.1. The information, conclusions and recommendations contained in this Report are entirely and solely based on the documents provided by Ushtogan and obtained during the Searches. The information, conclusions and recommendations can be changed in case of provision of additional information and documents.

6.2. Assumptions

For the purpose of this Report we have assumed:

- (a) any document and information provided to us in relation to the Contract are authentic, were within the powers and capacity of those who executed them, were duly authorised, executed and delivered and are binding on the parties to them and all copies are exact duplicates of their originals;
- (b) all facts on which we have relied in providing this Report are and continue to be correct and no relevant matter was withheld from us, whether deliberately or inadvertently;
- (c) this Report does not cover any third party interests, including encumbrances, in relation to the Contract which are not registered with the Authority; and
- (d) the information in relation to the Contract is accurate as at the date the relevant Searches were obtained. We cannot comment on whether any changes have occurred in respect of the Contract between the date of the Searches and the date of the Prospectus.

6.3. Qualifications

The Report is subject to the following qualifications and disclaimers:

- (a) our investigations have only concerned, and our Report only relates to, the matters reviewed by us which are the subject of this Report;
- (b) we are unable to advise that the materials disclosed to us comprise all of the information and materials in existence which may be relevant;
- (c) there may be other information or documents not known to us which would affect the contents of this Report. A list of the documents provided to GRATA International for the purposes of the legal review on which this Report is based is attached as Annexure B;
- (d) we have not gone beyond the scope set out in this Report and have performed the legal due diligence investigation only in the manner agreed;
- (e) our review has been limited solely to the subsoil and subsoil use legislation of Kazakhstan in force at the date of this Report;
- (f) to the best of our knowledge, all information and recommendations contained in this Report are accurate and current only either as of the date of this Report or other dates defined herein. Should more information become available or a change of regulations take place thereafter, this Report may not be fully relied upon.

7. CONSENT TO BE NAMED IN THE PROSPECTUS

GRATA International gives its written consent to the inclusion of this Report in the Prospectus in the form and context in which it is included. This Report is not to be quoted or referred to in any other public document or filed with any government body or other person without our prior consent.

Except for this Report, GRATA International has not been involved in the preparation of any part of the Prospectus, or authorized the issue of the Prospectus and is not responsible for any matter included in or omitted from the Prospectus.

8. DISCLOSURE OF FINANCIAL INTERESTS

GRATA International will be paid fees for the preparation of this Report and related matters.

Other than in respect of these professional fees, GRATA International and its affiliates have no significant interest in the proportion of SGL.

Yours faithfully,

Grata Law Firm

GRATA International



Annexure A – Details of the Contract No. 5406

Subsoil user	Project Name	Project location	Status	Authorised minerals	Start Date– Expiry Date	Contract Area (km2)	Annual fees
Ushtogan LLP	Sarytoganbay	Karaganda region of Kazakhstan	Granted	Graphite, rare, rare earth and precious metals	26/10/2018– 26/10/2022 The total term of the Contract is 4 years of exploration. If a deposit (mineralization) is discovered, the Contract may be extended for the period required for appraisal of the deposit (mineralization) determined upon results of negotiations between the parties to the Contract. Having appraised and obtained the competent person's report on the estimation of resources and reserves of solid minerals, prepared under the (CRIRSCO-aligned) KAZRC Code, the subsoil user has a non-assignable exclusive right to apply for a mining licence.	103.82	No fixed fee. Financial obligations under the Contract comprise: 1) obligations set out by the work program (approx. US\$ 1.5 million for the 3rd contractual year (10/2020-10/2021) and approx. US\$ 2.3 million for the 4th contractual year (10/2021-10/2022); 2) financing tuition of Kazakhstan staff equal to 1% of the annual expenses for exploration; 3) transfers for social economic development of the region equal to 1,000-time MCI determined for the relevant fiscal year (approx. US\$ 6,815 for 2021); 4) transfers to the abandonment fund equal to 1% of annual expenses for geological works; 5) financing research and development works for not less than 1% of an aggregate annual income earned from activities under the Contract upon results of the preceding year.

According to the Authority's letter issued on 7 September 2021, as of that date there were no Addendums to the Contract. According to Ushtogan's letter dated 11 February 2022, Ushtogan is in the process of signing an Addendum 1 to the Contract with regard to return of a part of the contract territory.

Annexure B – Documents Reviewed

- 1) The Contract dated 26 October 2018 № 5406;
- 2) Geological allotment for the Sarytoganbay Area;
- 3) LKU Report for 2018;
- 4) LKU Report for 2019;
- 5) LKU Report for 2020;
- 6) LKU Report for 2021;
- 7) Report on the composition of persons and (or) organizations that directly or indirectly control the subsoil user for the exploration or production of solid minerals for 2018, 2019, 2020 and 2021 (in Microsoft Word and PDF);
- 8) Geological report for 2018;
- 9) Geological report for 2019;
- 10) Geological report for 2020;
- 11) Geological report for 2021;
- 12) Screenshots of Ushtogan's reports on acquired GWS and a share of local content for in them for the 4th quarter of 2018, and each quarter of 2019 and 2020, as well as an annual report for 2020;
- 13) Reports on acquired GWS and a share of local content for in them for the 4th quarter of 2018, 1st – 4th quarters of 2019 and for 2020 in Excel;
- 14) Payment order dated 13 July 2018. № 1 for the amount of KZT 4,400,000;
- 15) Ushtogan's responses dated 27 April 2021 to the GRATA's request No. 1 dated 16 April 2021;
- 16) Ushtogan's responses dated 5 May 2021 to the GRATA's request No. 2 dated 1 May 2021;
- 17) Plan of exploration works at the Sarytoganbay Area for 2018-2023;
- 18) Ushtogan's letter to the Authority dated 22 January 2019 No. 2;
- 19) Ushtogan's letter to the Authority dated 8 April 2020 No. 2;
- 20) The MIID's letter dated 7 September 2021 No. 04-3-18ZhT-E-1598-7P;
- 21) The MIID's notification on breach of obligations under the Contract dated 30 December 2020 No. 04-2-18/9997-I;
- 22) The MIID's notification on breach of obligations under the Contract dated 3 September 2021 No. 04-3-18/6420-I;
- 23) Ushtogan's letter to the MIID dated 27 September 2021 No. 11;
- 24) Agreement on subsoil user's contribution (abandonment fund agreement) dated 17 September 2021 between Ushtogan and JSC Bank CenterCredit;
- 25) Ushtogan's payment order dated 17 September 2021 No. Q5-00026 for 6,911,000 tenge (transfer to the abandonment fund);
- 26) Ushtogan's payment order dated 16 September 2021 No. 90 for 800,000 tenge (payment for tuition of an individual);
- 27) Ushtogan's payment order dated 16 September 2021 No. 91 for 2,880,000 tenge (payment for tuition of two individuals);
- 28) Ushtogan's payment order dated 27 August 2021 No. 69 for 5,303,000 tenge (transfers for social economic development of the region for 2018-2019 – 2,525,000 tenge and for 2019-2020 – 2,778,000 tenge);

- 29) Ushtogan's letter dated 2 November 2021 No. 18 to GRATA;
- 30) Servitude Agreement dated 20 October 2021 concluded between Ushtogan and "Al-Rayan 1918" joint peasant household, affixed with the seal of the Department of Aktogay region for real estate and land cadaster;
- 31) Consent #04-2-18/1159 dated 29 January 2022;
- 32) Consent #04-2-18/3515 dated 14 February 2022;
- 33) Draft Addendum 1 to the Contract regarding the return of a part of the contract territory;
- 34) MIID's letter dated 23 November 2021 to Ushtogan regarding the return of a part of the contract territory;
- 35) Act of inspection of a part of the Sarytoganbay exploration site dated 22 December 2021;
and
- 36) Ushtogan's email dated 11 February 2022 to GRATA.

ANNEXURE C – INDEPENDENT LIMITED ASSURANCE REPORT

22 February 2022

The Board of Directors
Sarytogan Graphite Limited
Suite 8, 110 Hay Street
SUBIACO WA 6008

Dear Board Members

INDEPENDENT LIMITED ASSURANCE REPORT ON THE HISTORICAL AND PRO FORMA FINANCIAL INFORMATION OF SARYTOGAN GRAPHITE LIMITED

Introduction

This Independent Limited Assurance Report (“Report”) has been prepared for inclusion in a prospectus to be dated on or around 22 February 2022 (“Prospectus”) and issued by Sarytogan Graphite Limited (“Sarytogan Graphite” or “the Company”) in relation to the Company’s initial listing on the Australian Securities Exchange (“ASX”). The Prospectus comprises 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 an offer of one option for every four shares held by eligible shareholders at an issue price of \$0.01 per option to raise up to \$159,533 (“Offers”).

This Report has been included in the Prospectus to assist potential investors and their financial advisers to make an assessment of the financial position and performance of Sarytogan Graphite. All amounts are expressed in Australian dollars and expressions defined in the Prospectus have the same meaning in this Report.

This Report does not address the rights attaching to the shares to be issued in accordance with the Offers, nor the risks associated with accepting the Offers. HLB Mann Judd (“HLB”) has not been requested to consider the prospects for Sarytogan Graphite, nor the merits and risks associated with becoming a shareholder, and accordingly has not done so, nor purports to do so. HLB has not made and will not make any recommendation, through the issue of this Report, to potential investors of the Company, as to the merits of the Offers and takes no responsibility for any matter or omission in the Prospectus other than the responsibility for this Report. Further declarations are set out in Section 7 of this Report.

Structure of Report

This Report has been divided into the following sections:

1. Scope of Report;
2. Directors’ Responsibility;
3. Our Responsibility;
4. Conclusions;
5. Restriction on Use;
6. Liability; and
7. Declarations.

1. Scope of Report

You have requested HLB to perform a limited assurance engagement and to report on the Financial

hlb.com.au

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation.

Information as set out in Section 6 of the Prospectus:

Historical Financial Information

The Historical Financial Information, as set out in Section 6 of the Prospectus, comprises:

- The summary audited historical Statements of Financial Position as at 30 June 2020 and 30 June 2021 and summary audited historical Statements of Profit or Loss and Statements of Cash Flows of the Company for the years then ended; and
- The summary reviewed historical Statement of Financial Position as at 31 December 2021 and summary reviewed Statement of Profit or Loss and Statement of Cash Flows of the Company for the half-year ended 31 December 2021.

Pro Forma Financial Information

The Pro Forma Financial Information, as set out in Section 6 of the Prospectus, comprises:

- The pro forma Consolidated Statement of Financial Position of the Group as at 31 December 2021 and supporting notes which include the pro forma adjustments.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Financial Information and the events or transactions to which the pro forma adjustments relate, as if those transactions or events had occurred as at 31 December 2021. Due to its nature, the Pro Forma Financial Information does not represent the Group's actual or prospective financial position, financial performance or cash flows. The Group comprises the Company and its wholly-owned subsidiary, Ushtogan LLP, which it is intending to acquire.

The Historical Financial Information and the Pro Forma Financial Information are presented in an abbreviated form insofar as they do not include all the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in Australia in accordance with the *Corporations Act 2001*.

This Report has been prepared for inclusion in the Prospectus. HLB disclaims any assumption of responsibility for any reliance on this Report or on the Financial Information to which this Report relates for any purpose other than the purposes for which it was prepared. This Report should be read in conjunction with the Prospectus.

2. Directors' Responsibility

The Directors of the Company are responsible for the preparation and presentation of the Financial Information. The Directors are also responsible for the determination of the pro forma adjustments set out in Section 6.8 of the Prospectus and the basis of preparation of the Financial Information.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine are necessary to enable the preparation of the Financial Information that is free from material misstatement.

3. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Financial Information based on the procedures performed and evidence we have obtained. Our engagement was conducted in accordance with Australian Auditing Standards applicable to assurance engagements. Specifically, our review was carried out in accordance with Standards on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* and ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information* and included such enquiries and procedures which we considered necessary for the purposes of this Report. Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting

matters, and applying analytical and review procedures applied to the accounting records in support of the Financial Information.

The procedures undertaken by HLB in our role as Investigating Accountant were substantially less in scope than that of an audit examination conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the Financial Information.

In relation to the information presented in this Report:

- a) support by another person, corporation or an unrelated entity has not been assumed; and
- b) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report.

4. Conclusions

Historical Financial Information

Based on our review, which was not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Company as set out in Section 6 of the Prospectus does not present fairly:

- a) the historical Statements of Financial Position of Sarytogan Graphite Limited as at 30 June 2020, 30 June 2021 and 31 December 2021; and
- b) the historical Statements of Profit or Loss and Statements of Cash Flows of Sarytogan Graphite Limited for the years ended 30 June 2021 and 30 June 2021 and the half-year ended 31 December 2021,

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Australian Accounting Standards and other mandatory professional reporting requirements.

Pro Forma Financial Information

Based on our review, which was not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Financial Information of the Group as set out in Section 6 of the Prospectus does not present fairly the Pro Forma Consolidated Statement of Financial Position of the Group as at 31 December 2021, which incorporates the pro forma adjustments, as set out in Section 6.8 of the Prospectus.

5. Restriction on Use

Without modifying our conclusion, we draw attention to Section 6 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose.

6. Liability

The liability of HLB is limited to the inclusion of this Report in the Prospectus. HLB makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from, the Prospectus.

7. Declarations

- a) HLB will be paid its usual professional fees based on time involvement, for the preparation of this Report and review of the Financial Information, which is estimated to be \$16,000 plus GST;
- b) Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report;
- c) Neither HLB, nor any of its employees or associated persons has any interest in Sarytogan Graphite Limited or the promotion of the Company or any of its subsidiaries;
- d) HLB Mann Judd has been appointed as the Company's auditors;
- e) Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus; and
- f) HLB has consented to the inclusion of this Report in the Prospectus in the form and context in which it appears.

Yours faithfully

HLB Mann Judd
Chartered Accountants

A handwritten signature in black ink, appearing to read "L Di Giallonardo", written in a cursive style.

L Di Giallonardo
Partner

ANNEXURE D – INDEPENDENT EXPERT’S REPORT

21 February 2022

The Directors
Sarytogan Graphite Limited
Level 1, 1205 Hay Street
West Perth WA 6005

Dear Directors,

Independent Expert's Report Relating to the Issue of Performance Securities

1 Executive Summary

Opinion

- 1.1 In our opinion, the issue of 14,177,646 performance shares by Sarytogan Graphite Limited ("**Sarytogan**" or the "**Company**") to Ustar Ventures Limited ("**Ustar Ventures**"), and 6,000,000 performance rights to new Managing Director appointee Mr Sean Gregory, as outlined in the prospectus ("**Prospectus**") is considered **NOT FAIR** but **REASONABLE** to the non-participating security holders of Sarytogan ("**Non-Participating Security Holders**") as at the date of this report. Our **NOT FAIR** opinion is a result of an inability to form a fairness opinion on hypothetical future values based on reasonable grounds.

Introduction

- 1.2 Stantons Corporate Finance Pty Ltd ("**Stantons**") were engaged by the directors of Sarytogan to prepare an Independent Expert's Report ("**IER**") to express an opinion on the fairness and reasonableness of the issue of performance shares to Ustar Ventures. This IER accompanies the Prospectus relating to the issue of up to 42,500,000 ordinary shares and up to 15,953,339 options through an initial public offering ("**IPO**") of Sarytogan shares on the Australian Securities Exchange ("**ASX**").
- 1.3 Sarytogan is an Australian unlisted public company that historically had operations in biofuels development in Malaysia, though has not conducted any biofuels-related business activities since 2011. Sarytogan is in the process of acquiring Ushtogan LLP ("**Ushtogan**") from Ustar Ventures (the "**Acquisition**"). Completion of a minimum capital raising, which is being executed by way of the IPO, is a condition precedent to the Acquisition.
- 1.4 Ustar Ventures is an investment holding company registered in the British Virgin Islands and is owned by a sole shareholder, Dr Waldemar Mueller ("**Dr Mueller**"). Ustar Ventures holds a 100% interest in Ushtogan, which owns the Sarytogan Graphite Project in eastern Kazakhstan ("**Sarytogan Project**"). The Sarytogan Project comprises one exploration license covering approximately 103 square kilometres, which is valid until 26 October 2022.
- 1.5 Sarytogan and Ustar Ventures are parties to an Exchange Agreement dated 29 June 2021 and amended by Addendum No. 1 dated 15 October 2021 (the "**Acquisition Agreement**"). Pursuant to the Acquisition Agreement, Sarytogan proposes to acquire 100% of the issued capital of Ushtogan, with Ustar Ventures to be issued the following consideration:
- a) 51,764,706 ordinary shares of Sarytogan at a deemed issue price of \$0.20 per share;

- b) 4,705,882 performance shares each entitling the holder to one ordinary share of Sarytogan on completion of a positive feasibility study, within four years of issue, with an internal rate of return of at least 25% (the "**Performance Shares 1**"). The Performance Shares 1 will expire four years from the date of issue;
 - c) 4,705,882 performance shares each entitling the holder to one ordinary share of Sarytogan on achieving production of 50,000 tonnes of graphite ore at 20% Total Graphite Content ("**TGC**") or greater within five years of the Company listing on the ASX (the "**Performance Shares 2**"); and
 - d) 4,705,882 performance shares each entitling the holder to one ordinary share of Sarytogan on achieving production of 100,000 tonnes of graphite ore at 20% TGC or greater, within five years of the Company listing on ASX (the "**Performance Shares 3**").
- 1.6 At a general meeting of Sarytogan shareholders on 29 November 2021, the above share issues to Ustar Ventures were approved by shareholders.
- 1.7 The Company has agreed to issue an additional 7,000,000 ordinary shares to Ustar Ventures as reimbursement for expenditure that Ustar Venture has represented has been incurred on the Sarytogan Project.
- 1.8 The Company is proposing the IPO to satisfy a condition precedent to the Acquisition Agreement to raise a minimum of \$6,000,000. The proposed IPO will comprise the issue of:
- a) 42,500,000 ordinary shares at an issue price of \$0.20 to raise \$8,500,000 (before costs); and
 - b) 15,953,339 options at an issue price of \$0.01 to raise \$159,533 (before costs), available to existing shareholders and subscribers for the new ordinary shares on a basis of 1 option for every 4 ordinary shares.
- 1.9 The Company has recently agreed to appoint Mr Sean Gregory ("**Mr Gregory**") as Managing Director, with an employment commencement date of 19 April 2022.
- 1.10 Under the terms of his appointment, Mr Gregory is entitled to the following securities:
- a) 2,000,000 options exercisable at \$0.25 and expiring on 30 November 2024. 50% of the options will vest after 1 year, with the remaining 50% to vest after 2 years.
 - b) 2,000,000 performance rights each entitling the holder to one ordinary share of Sarytogan on completion of a positive feasibility study, within four years of issue, with an internal rate of return of at least 25% (the "**Tranche 1 Performance Rights**"). The Tranche 1 Performance Rights will expire four years from the date of issue;
 - c) 2,000,000 performance rights each entitling the holder to one ordinary share of Sarytogan on achieving production of 50,000 tonnes of graphite concentrate within five years of issue (the "**Tranche 2 Performance Rights**"); and
 - d) 2,000,000 performance rights each entitling the holder to one ordinary share of Sarytogan on achieving production of 100,000 tonnes of graphite concentrate within five years of issue (the "**Tranche 3 Performance Rights**");
- (collectively, the "**Performance Rights**")
- 1.11 The Company also proposes to issue 2,062,500 ordinary shares to S3 Consortium Pty Ltd ("**S3 Consortium**") pursuant to a services agreement to provide digital marketing services.
- 1.12 Collectively, paragraphs 1.5, 1.7, 1.8, 1.10 and 1.11 are referred to as the "**Transaction**".

Purpose

- 1.13 If the Transaction is completed, the Performance Shares 1, Performance Shares 2, Performance Shares 3, and Performance Rights (collectively, the "**Performance Securities**") will have the potential to convert into ordinary shares representing approximately 13.75% of Sarytogan's ordinary shares on issue on admission to quotation on ASX.

- 1.14 ASX Listing Rule 6.1 requires that the terms that apply to each class of equity securities must, in the opinion of ASX, be appropriate and equitable.
- 1.15 Pursuant to ASX Guidance Note 19 (“**GN19**”), with respect to the issue of performance securities, unless certain exceptions are applicable ASX will generally consider it appropriate and equitable, and therefore impose a condition, that the entity obtain a report from an independent expert that complies with the requirements in Australian Securities and Investment Commission (“**ASIC**”) Regulatory Guide 111 *Content of expert reports* (“**RG 111**”).
- 1.16 Specifically, it is a requirement to obtain an IER in situations where an entity is applying to be listed on ASX and it has or proposes to have performance securities on issue which may, if the milestones are met, convert into ordinary shares (in aggregate) representing greater than 10% of the total ordinary shares the entity proposes to have on issue at the date of admission to quotation.
- 1.17 The issue of Performance Shares and Performance Rights is explained in the Prospectus at Section 10.5. This IER provides an opinion on the fairness and reasonableness of the issue of Performance Shares and Performance Rights and is attached to the Prospectus.

Basis of Evaluation

- 1.18 With regard to ASIC’s RG 111, we do not consider the issue of Performance Securities to be a control transaction, and we therefore consider the Performance Securities to be:
- fair if the value of a Sarytogan share after the issue of Performance Securities is greater than the value of an ordinary share before the issue of Performance Shares; and
 - reasonable if it is fair, or if despite not being fair there are sufficient reasons for Non-Participating Security Holders to accept the Performance Securities terms.

Fairness Assessment

- 1.19 With regard to RG 111, ASIC’s Regulatory Guide 170 *Prospective Financial Information* (“**RG 170**”) and Information Sheet 214 *Mining and Resources: Forward Looking Statements* (“**IS 214**”), we do not believe there are reasonable grounds to place a hypothetical future value of a Sarytogan ordinary share upon each milestone triggering the issue of the Performance Securities, given this would require numerous speculative predictions about circumstances relating to the Sarytogan Project of which there is currently a lack of certainty. We do not consider assumptions required to predict values that are sufficiently narrow or predictable to determine a future hypothetical value. Further details of our reasoning are set out from Paragraph 7.3.
- 1.20 Accordingly, we are unable to opine on the value of a Sarytogan share upon the issue of each tranche of the Performance Securities. By default, the issue of Performance Securities is therefore considered not fair to Non-Participating Security Holders.

Reasonableness Assessment

- 1.21 We considered the following likely advantages and disadvantages of the issue of Performance Securities to Non-Participating Security Holders.

Table 1. Reasonableness Assessment

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Achievement of each milestone may be value accretive to Sarytogan ▪ Consideration is structured to align interests of Non-Participating Security Holders, Ustar Ventures and the incoming Managing Director ▪ Performance shares are deferred and contingent consideration rather than cash ▪ Performance Shares are incorporated into the Acquisition Agreement and acceptance of the Performance Shares facilitates access to the Sarytogan investment opportunity 	<ul style="list-style-type: none"> ▪ Dilution of Non-Participating Security Holder's interests

Source: Stantons analysis

Conclusion

- 1.22 In our opinion, the proposed issue of the Performance Securities is **NOT FAIR** but **REASONABLE** to the Non-Participating Security Holders of Sarytogan, due to the inability to form an opinion on the value before and after the issue of Performance Securities with reasonable grounds.
- 1.23 This opinion must be read in conjunction with the more detailed analysis included in this report, together with the disclosures, Financial Services Guide, and appendices to this report.

Financial Services Guide

Dated 21 February 2022

Stantons Corporate Finance Pty Ltd

Stantons Corporate Finance Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) ("**Stantons**" or "**we**" or "**us**" or "**ours**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

In the above circumstances, we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- a) who we are and how we can be contacted;
- b) the services we are authorized to provide under our **Australian Financial Services Licence, Licence No: 448697**;
- c) remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- d) any relevant associations or relationships we have; and
- e) our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and debt instruments)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without considering your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product. Where you do not understand the matters contained in the Independent Expert's Report, you should seek advice from a registered financial adviser.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Our fee for preparing this report is expected to be A\$22,000 exclusive of GST.

You have a right to request further information in relation to the remuneration, the range of amounts or rates of remuneration and you can contact us for this information.

Except for the fees referred to above, neither Stantons nor any of its directors, employees, or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

Stantons employees and contractors are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

Stantons is ultimately a wholly-owned subsidiary of Stantons International Audit and Consulting Pty Ltd, a professional advisory and accounting practice. From time to time, Stantons and Stantons International Audit and Consulting Pty Ltd (that trades as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons Corporate Finance Pty Ltd
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaints within 10 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("**AFCA**"). AFCA has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
MELBOURNE VIC 3001

Telephone: 1800 931 678

Stantons confirms that it has arrangements in place to ensure it continues to maintain professional indemnity insurance in accordance with s.912B of the Corporations Act 2001 (as amended). In particular, our Professional Indemnity insurance, subject to its terms and conditions, provides indemnity up to the sum

insured for Stantons and our authorised representatives/representatives/employees in respect of our authorisations and obligations under our Australian Financial Services Licence. This insurance will continue to provide such coverage for any authorised representative/representative/employee who has ceased work with Stantons for work done whilst engaged with us.

Contact details

You may contact us using the details set out above or by phoning (08) 9481 3188 or faxing (08) 9321 1204.

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2 Summary of Transaction

Background

- 2.1 Sarytogan is an Australian public unlisted company with historical operations in biofuels development in Malaysia, though has not engaged in any biofuels-related business activities since 2011.
- 2.2 Sarytogan is proposing an IPO of the Company's ordinary shares on ASX in conjunction with the acquisition of a 100% interest in the Sarytogan Project in eastern Kazakhstan, held by Ushtogan.
- 2.3 RM Corporate Finance agreed to a binding term sheet with Ushtogan on 13 April 2021 to effect the Acquisition of Ushtogan. The binding term sheet was assigned by RM Corporate Finance to Sarytogan (then known as PME Biofuels Limited) and then superseded by the Acquisition Agreement between Ustar Ventures and Sarytogan executed on 29 June 2021, which was subsequently updated by Addendum No. 1 executed on 15 October 2021.

Proposed Transaction

- 2.4 Pursuant to the Acquisition Agreement which outlines the key terms of the Transaction, Sarytogan proposes to (in conjunction with other transaction terms as outlined in the Prospectus):
- a) acquire 100% of the issued capital of Ushtogan.
 - b) provide the following consideration to Ustar Ventures:
 - i) 51,764,706 ordinary shares at a deemed issue price of \$0.20 per share, to be escrowed for 24 months from the date of issue;
 - ii) 4,705,882 Performance Shares 1 that vest on completion of a feasibility study with an internal rate of return of at least 25% on the Sarytogan Project by an independent competent person under the JORC Code¹ within four years. The Performance Shares 1 expire four years from issue;
 - iii) 4,705,882 Performance Shares 2 that vest on the production of 50,000 tonnes of graphite ore from the Sarytogan Project at 20% TGC or greater within five years; and
 - iv) 4,705,882 Performance Shares 3 that vest on the production of 100,000 tonnes of graphite ore from the Sarytogan Project at 20% TGC or greater within five years.
 - c) in satisfaction of a condition precedent to the Transaction, raise a minimum A\$6,000,000 pursuant to a full-form prospectus at a share price of at least A\$0.20 per share via an IPO. The Company proposes to raise \$8,500,000 (before expenses) via the issue of 42,500,000 ordinary shares at \$0.20 per share, and a further \$159,533 via a 1 for 4 options entitlement (exercise price of \$0.25 and expiring on 30 November 2024) of 15,953,339 options at an issue price of \$0.01, available to any existing shareholders and participants in the IPO (i.e., excluding shares issued as a result of the Acquisition and Joint Lead Managers fee).
- 2.5 Sarytogan also proposes to issue a further 7,000,000 ordinary shares to Ustar Ventures as Reimbursement for expenditure of approximately US\$1,000,000 that Ustar Ventures has represented it incurred on the Sarytogan Project.
- 2.6 The Company has recently agreed to appoint Mr Gregory as Managing Director, and as part of his remuneration package, Mr Gregory is entitled to the following securities:
- a) 2,000,000 options exercisable at \$0.25 and expiring on 30 November 2024. 50% of the options will vest after 1 year, with the remaining 50% to vest after 2 years.
 - b) 2,000,000 Tranche 1 Performance Rights each entitling the holder to one ordinary share of Sarytogan on completion of a positive feasibility study, within four years of issue, with

¹ Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition

- an internal rate of return of at least 25%. The Tranche 1 Performance Rights expire four years from issue;
- c) 2,000,000 Tranche 2 Performance Rights each entitling the holder to one ordinary share of Sarytogan on achieving production of 50,000 tonnes of graphite concentrate within five years of issue; and
 - d) 2,000,000 Tranche 3 Performance Rights each entitling the holder to one ordinary share of Sarytogan on achieving production of 100,000 tonnes of graphite concentrate within five years of issue.
- 2.7 The Company also proposes to issue 2,062,500 ordinary shares to S3 Consortium pursuant to a services agreement to provide digital marketing services. The shares will be issued just prior to the IPO.
- 2.8 The capital structure of Sarytogan as a result of the proposed Transaction, IPO and Managing Director appointment is as follows.

Table 2. Capital Structure Impact of Transaction

Security	Ordinary shares	Undiluted percentage (%)	Diluted for Performance Securities only (%)	Fully diluted (%)
Ordinary Shares				
Ordinary shares currently on issue	21,313,356	16.88	14.56	11.58
Consideration shares	51,764,706	41.00	35.37	28.12
Joint Manager shares	1,600,000	1.27	1.09	0.87
IPO ordinary shares	42,500,000	33.67	29.04	23.08
Ustar Ventures reimbursement shares	7,000,000	5.54	4.78	3.80
S3 Consortium shares	2,062,500	1.63	1.41	1.12
Total ordinary shares	126,240,562	100.00	86.25	68.57
Performance Shares				
Performance Shares 1	4,705,882		3.22	2.56
Performance Shares 2	4,705,882		3.22	2.56
Performance Shares 3	4,705,882		3.22	2.56
Total Performance Shares	14,117,646		9.65	7.67
Performance Rights				
Tranche 1 Performance Rights	2,000,000		1.37	1.09
Tranche 2 Performance Rights	2,000,000		1.37	1.09
Tranche 3 Performance Rights	2,000,000		1.37	1.09
Total Performance Rights	6,000,000		4.10	3.26
Total Performance Securities	20,117,646		13.75	10.93
Total ordinary shares and Performance Securities	146,358,208		100.00	79.49
Options				
Options currently on issue	14,300,000			7.77
IPO options	15,953,339			8.67
Director options to be issued	5,500,000			2.99
Managing Director options	2,000,000			1.09
Total options	37,753,339			20.51
Fully diluted ordinary shares	184,111,547			100.00

Source: Prospectus, Stantons analysis

3 Scope

Purpose of the Report

- 3.1 If issued, the Performance Securities will have the potential to convert into ordinary shares representing approximately 13.75% of Sarytogan's ordinary shares on issue at the time of admission to quotation on ASX.
- 3.2 ASX Listing Rule 6.1 requires that the terms that apply to each class of equity securities must, in the opinion of ASX, be appropriate and equitable.
- 3.3 Pursuant to ASX GN19, with respect to performance securities, unless certain exceptions are applicable ASX will generally consider it appropriate and equitable, and therefore impose a condition, that the entity obtains a report from an independent expert that complies with the requirements in ASIC's RG 111.
- 3.4 Specifically, it is a requirement to obtain an IER in situations where an entity is applying to be listed on ASX and it has or proposes to have performance securities on issue which may, if the milestones are met, convert into ordinary shares (in aggregate) representing greater than 10% of the total ordinary shares the entity proposes to have on issue at the date of admission to quotation.
- 3.5 The issue of Performance Securities is explained in the Prospectus at Section 10.5. This IER provides an opinion on the fairness and reasonableness of the issue of Performance Securities and is attached to the Prospectus.

Basis of Evaluation

- 3.6 In determining the fairness and reasonableness of the Transaction, we have had regard to the guidelines set out by ASIC's RG111.
- 3.7 RG111 requires a separate assessment of whether a transaction is "fair" and whether it is "reasonable".
- 3.8 We therefore considered the concepts of "fairness" and "reasonableness" separately. The basis of assessment selected and the reasons for that basis are discussed below.
- 3.9 We do not consider the issue of the Performance Securities to be a control transaction for the purpose of RG111.

Fairness

- 3.10 To assess whether the proposed issue of Performance Securities is fair in accordance with RG111, we sought to compare the fair market value of a Sarytogan ordinary share before the issue of Performance Securities to the value of a Sarytogan share subsequent to the issue of Performance Securities. We note that as the issue of Performance Securities is not a control transaction, no control premium should be applied to the valuation.
- 3.11 Fair market value is defined by the International Glossary of Business Valuation Terms as:
- "The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts."*
- 3.12 While RG111 contains no explicit definition of value, we believe the above definition of fair market value is consistent with RG111.11 and common market practice.
- 3.13 In considering the fairness of the issue of Performance Securities, we have had regard to ASX's GN 19, which states:

"... ASX would expect the independent expert to assume that the relevant performance milestone(s) have been met, assess the impact that would have on the value of the entity compared to the situation if the relevant performance milestone(s) were not met, and then

determine whether the resulting number of ordinary shares to be issued by the entity to the holder of the performance shares is fair and reasonable in the circumstances.

ASX would have no objection to an independent expert expressing a broader view on an issue of performance securities, for example, a statement that while the expert is not able to conclude that the issue is fair or reasonable (as applicable), they regard it as being in the interests of the entity and non-participating security holders to proceed with the issue."

3.14 Furthermore, RG 111 guidance on reasonable grounds states:

"An expert's opinion should be based on reasonable grounds.

...

An expert should not include prospective financial information (including forecasts and projections) or any other statements or assumptions about future matters in its report unless there are reasonable grounds for the forward-looking information...

...

RG 170 gives detailed guidance on what we consider is a reasonable basis for stating prospective financial information."

3.15 RG 170 provides the following guidance related to "reasonable grounds":

"The making of a statement that contains prospective financial must have reasonable grounds or it will be taken to be misleading. To demonstrate reasonable grounds, an issuer must be able to point to:

- a) Some facts or circumstance;*
- b) Existing at the time of publication of the information;*
- c) On which the issuer in fact relied;*
- d) Which are objectively reasonable; and*
- e) Which supports the information.*

What constitutes 'reasonable grounds' must be judged according to the facts and circumstances of each case and the requirement of the Corporations Act.

...

Issuers of prospective financial information need to ensure that all material assumptions, including implied assumptions, are reasonable."

3.16 In light of the above guidance, we have considered whether there are reasonable grounds to assess a fair market value of a Sarytogan ordinary share upon the milestone triggers being met for the issue of the Performance Securities.

Reasonableness

3.17 In accordance with RG111.12, we have defined the proposed Performance Securities issue as being reasonable if it is fair, or if despite not being fair we believe that there are sufficient reasons for the Non-Participating Security Holders to accept the proposal.

3.18 We therefore considered whether the advantages to Non-Participating Security Holders of accepting the Performance Securities issue outweigh the disadvantages.

Individual Circumstances

3.19 We have evaluated the proposed issue of Performance Securities for Non-Participating Security Holders generically. We have not considered the effect on the circumstances of individual investors. Due to their personal circumstances, individual investors may place different emphasis

on various aspects of the proposed issue of Performance Securities from those adopted in this report. Accordingly, individuals may reach a different conclusion to ours on whether the proposed issue of Performance Securities is fair and reasonable. If in doubt, investors should consult an independent financial adviser about the impact of the proposed issue of Performance Securities on their specific financial circumstances.

4 Profile of Sarytogan

History and Principal Activities

- 4.1 Sarytogan is an Australian public unlisted company that was previously involved in biofuels development in Malaysia, though has not engaged in any biofuels-related business activities since 2011.
- 4.2 The Company currently undertakes no business operations besides holding some modest equity investments.

Board of Directors

- 4.3 The current Board of Directors of Sarytogan, as at 21 February 2022, are:
- Mr Stephen Penrose (Non-Executive Director)
 - Dr Waldemar Mueller (Technical Director)
 - Mr Brendan Borg (Non-Executive Director)
- 4.4 Refer to Section 8 of the Prospectus for further details.
- 4.5 The Company recently appointed Mr Gregory as Managing Director with an employment commencement date of 19 April 2022.

Financial Performance

- 4.6 Sarytogan's audited Statements of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2019, 30 June 2020 and 30 June 2021 are set out below.

Table 3. Sarytogan Statement of Profit or Loss and Other Comprehensive Income

	Audited 12 months to 30 June 2019 (\$)	Audited 12 months to 30 June 2020 (\$)	Audited 12 months to 30 June 2021 (\$)
Interest income	176	24	4
Dividends received	-	34,007	9,900
Administration costs	(19,374)	(12,362)	(225,608)
Profit/(loss) before income tax	(19,198)	21,669	(215,704)
Income tax	-	-	-
Profit/(loss) for the year	(19,198)	21,669	(215,704)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net fair value gain on revaluation of equity investments at FVOCI ²	-	36,385	(48,125)
<i>Items that will not be reclassified to profit or loss</i>			
Gain on sale of equity instrument designated at FVOCI ²	-	23,111	-
Other comprehensive income for the year, net of tax	-	59,496	(48,125)
Total comprehensive loss	(19,198)	81,165	(263,829)

Source: PME Biofuel 2020 Annual Report, Sarytogan 2021 Annual Report

² Fair value through other comprehensive income

Financial Position

- 4.7 Set out below is the audited Statement of Financial Position of Sarytogan as at 30 June 2021, prepared on a consolidated basis. We note Section 6 of the Prospectus presents a detailed pro forma financial position of Sarytogan including adjustments for material events that have occurred subsequent to 30 June 2021 and completion of the Acquisition and IPO.

Table 4. Sarytogan Statement of Financial Position

Audited as at 30 June 2021 (\$)	
Current assets	
Cash and cash equivalents	82,097
Trade and other receivables	24,712
Total current assets	106,809
Non-current assets	
Prepayment	328,000
Equity investments	116,413
Total non-current assets	444,413
Total assets	551,222
Current liabilities	
Trade and other payables	(244,212)
Total current liabilities	(244,212)
Total liabilities	(244,212)
Total net assets/(liabilities)	307,010
Equity	
Contributed equity	6,469,697
Accumulated losses	(6,178,204)
Revaluation reserve	15,517
Total equity	307,010

Source: Sarytogan 2021 Annual Report

5 Profile of Ushtogan

History and Principal Activities

Company Background

- 5.1 Ushtogan is a Kazakhstan based limited liability partnership that holds the rights to the Sarytogan Project. Ushtogan is a 100% owned subsidiary of Ustar Ventures, a British Virgin Islands registered holding company. Dr Mueller is the sole shareholder of Ustar Ventures.
- 5.2 The Sarytogan Project comprises a single licence, 1139-R-TPI, (covering approximately 103.92 square kilometres) for the exploration of graphite, rare earth metals and precious metals at the Sarytoganbay area in the Karaganda region of Kazakhstan. Ushtogan has a contract with the Government of Kazakhstan providing subsoil rights for the exploration of graphite, rare earth and precious metals which was issued on 26 October 2018 and is valid until 26 October 2022. The contract is renewable for a further six years or convertible into a mining licence. In the case of the discovery of a deposit, Ushtogan will have the right to extend the term of the contract for the period necessary for its evaluation.
- 5.3 We note the expenditure requirement has not been met on the tenement for the past 3 years. Current year expenditure is approximately US\$1.2m.

Capital Structure

- 5.4 Dr Mueller currently holds a 100% interest in Ushtogan through Ustar Ventures.

Directors

- 5.5 Dr Mueller is the sole director of Ushtogan as at 21 February 2022.

6 Valuation Methodology

Available Methodologies

- 6.1 In consideration of our fairness assessment of Sarytogan, we considered a range of common market practice valuation methodologies in accordance with RG111, including those listed below.
- Capitalisation of future maintainable earnings ("**FME**")
 - Discounted future cash flows ("**DCF**")
 - Asset-based methods ("**Net Assets**")
 - Quoted market prices or analysis of traded share prices
 - Common industry rule-based methodologies
- 6.2 Each of these methods is appropriate in certain circumstances and often more than one approach is applied. The choice of methods depends on several factors such as the nature of the business being valued, the return on the assets employed in the business, the valuation methodologies usually applied to value such businesses and the availability of required information.

Valuation Considerations

Reasonable Grounds for Valuation Assumptions

- 6.3 After taking into consideration the nature of the Performance Securities' milestones, we do not consider that assumptions with reasonable grounds can be made to derive a hypothetical future value of the Company upon the trigger of the respective milestone conditions.

7 Fairness Evaluation

- 7.1 In determining whether the proposed issue of Performance Securities is fair to the Non-Participating Security Holders of Sarytogan, we have considered guidance contained in ASIC RG 111, RG 170 and IS 214 (refer to Paragraphs 3.13 to 3.15).
- 7.2 To assess the fairness of the issue of Performance Securities, a fair market value of a Sarytogan ordinary share must be assessed before and after the issue of Performance Securities. We note this would require an assessment of the future value of the Sarytogan Project at the time of meeting the milestones of the Performance Securities.
- 7.3 Assumptions required to assess a future value include:
- Likelihood of success of future exploration work;
 - Achievement of a sufficiently defined mineral resource/reserve;
 - Estimates of potential resource/reserve grades;
 - Metallurgy;
 - Feasibility of the Sarytogan Project, including key economic metrics contained in a definitive feasibility study;
 - Capital costs to develop the Sarytogan Project in the event it is economical to do so;
 - Operational parameters;
 - Future funding requirements and available terms of financing;
 - Timing of future development and required capital expenditure;
 - Future market prices and the supply and demand profile for graphite;
 - Production schedule;
 - Development timeline;
 - Operational costs incurred in the extraction of graphite.
- 7.4 Taking into account the above factors, we do not believe there are sufficient available reasonable grounds for the assumptions required to assess the future fair market value of a Sarytogan share.

Performance Shares 1 and Tranche 1 Performance Rights

- 7.5 The milestone condition relating to the vesting of the Performance Shares 1 and Tranche 1 Performance Rights is the completion of a positive feasibility study, within four years of issue, with an internal rate of return (“IRR”) of at least 25%.
- 7.6 An IRR metric expresses the expected return based on forecast cash flows from a project. However, it does not represent a value in absolute terms which is commonly expressed as a net present value (“NPV”). Therefore, in addition to their being insufficient certainty to construct a hypothetical future forecast cash flow model for the reasons outlined above, a project with an IRR of at least 25% may be large or small, and therefore have a larger and smaller NPV. Accordingly, it is not possible to determine a hypothetical future value based on an IRR metric.

Performance Shares 2, Performance Shares 3, Tranche 2 Performance Rights and Tranche 3 Performance Rights

- 7.7 The milestone condition relating to the vesting of the Performance Shares 2, Performance Shares 3, Tranche 2 Performance Rights and Tranche 3 Performance Rights are the achievement of production of 50,000 (Performance Shares 2 and Tranche 2 Performance Rights) and 100,000 (Performance Shares 3 and Tranche 3 Performance Rights) tonnes of graphite ore at 20% TGC or greater within five years of the Company listing on ASX (for the Performance Shares) or the issue date (the Performance Rights).

- 7.8 We note the future value of the output specific to these levels of production would require a forecast of graphite prices, but also the capital and operational costs required to generate these outputs would also need to be considered, which cannot currently be determined with sufficient certainty.
- 7.9 Furthermore, a hypothetical future value analysis would also be required for the whole project, not just output specific to the milestone condition production targets.

Fairness Summary

- 7.10 As there is a lack of reasonable grounds to assess a hypothetical future value of Sarytogan upon meeting the performance conditions on the Performance Securities, we are unable to form a fairness opinion for the issue of the Performance Securities. Accordingly, by default, the Performance Securities issue is **NOT FAIR** to the Non-Participating Security Holders of Sarytogan, pursuant to ASIC's RG 111.

8 Reasonableness Evaluation

- 8.1 Under RG111, a transaction is considered "reasonable" if it is "fair", or if despite being not fair there are sufficient reasons to accept the proposal.
- 8.2 We have considered the following advantages, disadvantages and other factors in assessing the reasonableness of the issue of Performance Securities.

Advantages

Achievement of each milestone may be value accretive to Sarytogan

- 8.3 Achievement of each of the respective milestones of the Performance Shares and Performance Rights requires advancing the Sarytogan Project in line with the Company's business objectives. On achievement of each of the milestones, the Company will be at a significantly more advanced stage than the current position. For the Sarytogan Project to continue to be developed to the required stages to satisfy the milestones, it could reasonably be expected that the directors have assessed that the development of the Sarytogan Project is likely to be economic. Whilst we cannot assign a specific value to Sarytogan at the stage of meeting each milestone, it is likely that a significantly more advanced project, as reflected by the achievement of the milestones, would be value accretive to the Non-Participating Security Holders of Sarytogan.

Consideration is structured to align interests of Non-Participating Security Holders, Ustar Ventures and Mr Gregory

- 8.4 The Milestones on the Performance Shares and Performance Rights are structured in such a way that the contingent and deferred consideration is linked to events that represent significant advancement of the Sarytogan Project. This structure is designed to align the interests of Non-Participating Security Holders and Ustar Ventures (the vendor of the Sarytogan Project and holder of the Performance Shares) and Mr Gregory (the incoming Managing Director).

Issue of shares is contingent and deferred consideration rather than cash

- 8.5 As the Performance Securities are contingent and deferred equity consideration, if this consideration is being paid in lieu of cash consideration, it follows that less cash is required by the Company to be paid as consideration, and more of the Company's cash can be used for exploration and/or other activities to advance the Sarytogan Project or any other purpose.

Performance Shares are incorporated into the Exchange Agreement

- 8.6 The issue of the Performance Shares is a term incorporated into completion of the acquisition of the Sarytogan Project. As per 4.6 a) of the Prospectus, completion under the Exchange Agreement is a condition for the IPO to proceed. Accordingly, acceptance of the Performance Share issue facilitates access to the Sarytogan investment opportunity for investors in the IPO under the Prospectus.

Disadvantages

Dilution of security holder's interests

- 8.7 In the event that each of the milestones is met, Non-Participating Security Holders will have their interests in Sarytogan diluted.

Other Considerations

No dilution if milestones are not met

- 8.8 Non-Participating Security Holders will not be diluted if each of the milestones is not met. However, we note this scenario would mean the development of the Sarytogan Project may not be as successful as if the conditions were met and the value of the Company in such a scenario may be lower.

9 Conclusion

Opinions

- 9.1 The proposed issue of 14,117,646 Performance Shares to Ustar Ventures and 6,000,000 Performance Rights to Mr Gregory, is considered **NOT FAIR** but **REASONABLE** to the Non-Participating Security Holders of Sarytogan as at the date of this report.

Other Considerations

Covid-19

- 9.2 We note that the COVID-19 pandemic has significantly impacted the global economy and capital markets in recent times. Market volatility has been particularly high as a result, and this may lead to significant uncertainty around asset valuations. However, we do not have any reason to believe that these factors would alter our opinion.

Non-Participating Security Holders Decision

- 9.3 Stantons was engaged to prepare an IER setting out whether in its opinion the proposal to issue Performance Securities is fair and reasonable and to state reasons for that opinion. Stantons has not been engaged to provide a recommendation to Non-Participating Security Holders as to whether to approve the issue of Performance Securities.
- 9.4 The decision of whether to approve the issue of Performance Securities is a matter for individual security holders based on each security holder's views as to the value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure, and tax position. If in any doubt as to the action they should take in relation to the proposal, security holders should consult their professional advisor.
- 9.5 Similarly, it is a matter for individual security holders as to whether to buy, hold or sell shares in Sarytogan. This is an investment decision upon which Stantons does not offer an opinion. Security holders should consult their professional advisor in this regard.

Source Information

- 9.6 In making our assessment as to whether the proposed issue of Performance Securities is fair and reasonable to Non-Participating Security Holders, we have reviewed published available information and other unpublished information of the Company that is relevant to the current circumstances. In addition, we held discussions with the management of Sarytogan about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith, but in the preparation of this report, we have relied in part on information provided by the directors and management of Sarytogan.
- 9.7 Information we have received includes, but is not limited to:
- Drafts of the Sarytogan Prospectus for the IPO to 21 February 2022
 - PME Biofuels Limited and Sarytogan Annual Reports for the financial years ended 30 June 2020 and 30 June 2021
 - Ushtogan Annual Report for the year ended 31 December 2020 and Interim Report for the half-year ended 30 June 2021
 - Transaction documents including the binding term sheet, side deed, and assignment agreement
 - The Acquisition Agreement dated 29 June 2021 and Addendum No. 1 to the Acquisition Agreement dated 15 October 2021
 - Register of Sarytogan shareholders and option holders as at 11 October 2021
 - The Executive Services Agreement between the Company and Mr Gregory

- The draft Side Deed between Sarytogan and Ustar Ventures relating to the reimbursement share issue
- The service mandate between Sarytogan and S3 Consortium executed 14 February 2022
- Various other company materials contained in a virtual data room relating to both Ushtogan and Sarytogan

9.8 Our report includes the appendices, our declarations, and our Financial Services Guide.

Yours Faithfully

STANTONS CORPORATE FINANCE PTY LTD



James Turnbull
Authorised Representative

APPENDIX A

GLOSSARY

Term/Abbreviation	Definition
Acquisition	The acquisition by Sarytogan of Ushtogan from Ustar Ventures
Acquisition Agreement	The Exchange Agreement between Sarytogan and Ustar Ventures dated 29 June 2021 as updated by Addendum No. 1 signed on 15 October 2021
AFCA	Australian Financial Complaints Authority
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Company	Sarytogan Graphite Limited
DCF	Discounted future cash flows
Dr Mueller	Dr Waldemar Mueller
FME	Capitalisation of future maintainable earnings
FSG	Financial Services Guide
GN19	ASX Guidance Note 19
IER	Independent Expert's Report
IPO	Initial Public Offering of 42,500,000 ordinary shares and 15,953,339 options in Sarytogan
IRR	Internal rate of return
IS 214	ASIC Information Sheet 214 <i>Mining and Resources: Forward Looking Statements</i>
JORC Code	Australasian Code for Reporting Exploration Targets, Mineral Resources and Ore Reserves 2012
Mr Gregory	Mr Sean Gregory
Net Assets	Asset-based valuation methodologies
Non-Participating Security Holders	Sarytogan security holders who do not hold performance securities
NPV	Net Present Value
Performance Rights	The Tranche 1 Performance Rights, Tranche 2 Performance Rights and Tranche 3 Performance Rights
Performance Securities	The Performance Rights, Performance Shares 1, Performance Shares 2 and Performance Shares 3
Performance Shares 1	4,705,882 performance shares each entitling the holder to one ordinary share of Sarytogan on completion of a positive feasibility study, within four years of issue, with an internal rate of return of at least 25%
Performance Shares 2	4,705,882 performance shares each entitling the holder to one ordinary share of Sarytogan on achieving production of 50,000 tonnes of graphite ore at 20% TGC or greater within five years of the Company listing on the ASX
Performance Shares 3	4,705,882 performance shares each entitling the holder to one ordinary share of Sarytogan on achieving production of 100,000 tonnes of graphite ore at 20% TGC or greater, within five years of the Company listing on ASX
Prospectus	The prospectus relating to the IPO of Sarytogan
RG 111	ASIC Regulatory Guide 111: <i>Content of Expert Reports</i>
RG 170	ASIC's Regulatory Guide 170 <i>Prospective Financial Information</i>
S3 Consortium	S3 Consortium Pty Ltd
Sarytogan	Sarytogan Graphite Limited
Sarytogan Project	The Sarytogan graphite project located in eastern Kazakhstan
Stantons	Stantons Corporate Finance Pty Ltd
TGC	Total Graphite Content
Tranche 1 Performance Rights	2,000,000 performance rights each entitling the holder to one ordinary share of Sarytogan on completion of a positive feasibility study, within four years of issue, with an internal rate of return of at least 25%

Term/Abbreviation	Definition
Tranche 2 Performance Rights	2,000,000 performance rights each entitling the holder to one ordinary share of Sarytogan on achieving production of 50,000 tonnes of graphite ore at 20% TGC or greater within five years of issue
Tranche 3 Performance Rights	2,000,000 performance rights each entitling the holder to one ordinary share of Sarytogan on achieving production of 100,000 tonnes of graphite ore at 20% TGC or greater, within five years of issue
Transaction	The proposed Transaction involving the Acquisition, IPO, issue of performance rights to Mr Gregory, issue of reimbursement shares to Ustar Ventures and issue of shares to S3 Consortium
Ushtogan	Ushtogan LLP
Ustar Ventures	Ustar Ventures Limited

APPENDIX B

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons Corporate Finance Pty Ltd trading as Stantons Corporate Finance dated 21 February 2022, relating to the proposed issue of Performance Securities to Ustar Ventures and Mr Sean Gregory.

At the date of this report, Stantons Corporate Finance does not have any interest in the outcome of the proposal. Stantons Corporate Finance prepared an Independent Expert's Report for Sarytogan for the purpose of approving the share issues to Ustar Ventures in November 2021. There are no other relationships with Sarytogan other than Stantons Corporate Finance acting as an independent expert for the purposes of this report. Stantons Corporate Finance Pty Ltd undertook an independence assessment and considered that there are no existing relationships between Stantons Corporate Finance and the parties participating in the Transaction detailed in this report which would affect our ability to provide an independent opinion. The fee (excluding disbursements) to be received for the preparation of this report is based on time spent at normal professional rates plus out-of-pocket expenses. Our fee for preparing this report is expected to be A\$22,000 exclusive of GST. The fee is payable regardless of the outcome. Except for that fee, neither Stantons Corporate Finance Pty Ltd nor Mr James Turnbull have received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the preparation of this report.

Stantons Corporate Finance Pty Ltd does not hold any securities in Sarytogan. There are no pecuniary or other interests of Stantons Corporate Finance Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons Corporate Finance and Mr James Turnbull have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Prospectus.

QUALIFICATIONS

We advise Stantons Corporate Finance Pty Ltd is the holder of an Australian Financial Services License (No 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions involving securities. Stantons Corporate Finance Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic financial planning for both listed and unlisted businesses.

Mr James Turnbull, the person with overall responsibility for this report, has experience in the preparation of valuations for companies, particularly in the context of listed company corporate transactions, including the fairness and reasonableness of such transactions. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

DECLARATION

This report has been prepared at the request of Sarytogan to assist Non-Participating Security Holders of Sarytogan to assess the merits of the issue of performance securities to which this report relates. This report has been prepared for the benefit of Sarytogan security holders and those persons only who are entitled to receive a copy for the purposes under the Corporations Act 2001 and does not provide a general expression of Stantons Corporate Finance's opinion as to the longer-term value of Sarytogan, its subsidiaries and/or assets. Stantons Corporate Finance does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Sarytogan or their subsidiaries, businesses, other assets and liabilities. Neither the whole, nor any part of this report, nor any reference thereto, may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons Corporate Finance Pty Ltd to the form and context in which it appears.

DISCLAIMER

This report has been prepared by Stantons Corporate Finance Pty Ltd with due care and diligence. However, except for those responsibilities which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons Corporate Finance Pty Ltd (and Stantons International Audit and Consulting Pty Ltd ("**SIAC**"), the

parent company of Stantons Corporate Finance, its directors, employees or consultants) for the preparation of this report.

DECLARATION AND INDEMNITY

Recognising that Stantons Corporate Finance may rely on information provided by Sarytogan and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons Corporate Finance's experience and qualifications), Sarytogan has agreed:

- (a) to make no claim by it or its officers against Stantons Corporate Finance Pty Ltd (and SIAC) to recover any loss or damage which Sarytogan may suffer as a result of reasonable reliance by Stantons Corporate Finance Pty Ltd on the information provided by Sarytogan; and
- (b) to indemnify Stantons Corporate Finance Pty Ltd against any claim arising (wholly or in part) from Sarytogan, or any of its officers, providing Stantons Corporate Finance Pty Ltd with any false or misleading information or in the failure of Sarytogan or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons Corporate Finance Pty Ltd.

A final draft of this report was presented to Sarytogan for a review of factual information contained in the report. Comments received relating to factual matters were considered, however, the valuation methodologies and conclusions did not change as a result of any feedback from Sarytogan.

ANNEXURE E – CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement FY22

This corporate governance statement outlines the corporate governance framework that has been established by Sarytogan Graphite Ltd (“SAR” or the “Company”) and its controlled entities (“Group”) and its compliance with that framework for the reporting period from 1 July 2021 to 30 June 2022.

The Directors are cognisant of the fourth edition Corporate Governance Principles and Recommendations (“ASX Principles”) published by the ASX Corporate Governance Council and have adopted the ASX Principles where they are considered appropriate to the Company’s circumstances. Under ASX Listing Rules, a company is required to provide a statement disclosing the extent to which it has followed all the recommendations of the ASX Principles and identify all the recommendations that have not been followed and give reasons for not following them. Unless otherwise outlined in this statement, the Board considers that the Company’s policies and practices follow the ASX Principles recommendations for the reporting period from 1 July 2021 to 30 June 2022.

The charters, codes and policies in respect of the Company’s corporate governance practices referred to in this statement are reviewed and updated periodically to ensure that they remain appropriate to the Company’s circumstances. The Company’s charters, codes and policies are available on SAR’s website at www.sarytogangraphite.com.au

This statement is current as at **17 January 2022** and has been approved by the Board of Directors of SAR.

Principle 1: Lay Solid Foundations for Management and Oversight

(a) **Roles of the Board and Management**

The Board acknowledges that it is accountable to shareholders and must ensure that the Company is properly managed and protected to enhance shareholder value by ensuring the long-term health and prosperity of the Group.

SAR’s Board Charter establishes the following key responsibilities and functions of the Board:

- develop, review and monitor the Company’s long-term business strategies and provide strategic direction to management;
- ensure policies and procedures are in place to safeguard the Group’s assets and business and to enable the Group to act ethically and prudently;
- develop and promote a system of corporate governance which ensures the Group is properly managed and controlled;
- identify the Group’s principal risks and ensure that it has in place appropriate systems of risk management, internal control, reporting and compliance and that management is taking appropriate action to minimise those risks;
- review and approve the Company’s budgets and consolidated financial statements. Before the Board approves the Company’s financial statements, it shall receive from the CEO and the Chief Financial Officer a declaration that the financial records of the Group comply with the appropriate accounting standards and give a fair view of the financial position and performance of the Company;
- monitor management’s performance and the Company’s financial results on a regular basis;

- appoint, appraise and determine the remuneration and benefits of the CEO;
- delegate powers to the CEO as necessary to enable the day-to-day business of the Group to be carried on, and to regularly review those delegations;
- ensure that the Group has in place appropriate systems to comply with relevant legal and regulatory requirements that impact on its operations;
- determine the appropriate capital management for the Group including share and loan capital and dividend payments; and
- determine and regularly review an appropriate remuneration policy for employees of the Group.

The Board has delegated the day-to-day management of the business and affairs of SAR to the CEO. The Board has approved detailed delegation authority limits for the CEO and certain senior managers that may be exercised in accordance with SAR's Delegated Authority Policy. Financial and procedural controls are maintained by management to ensure adherence to the delegated authority limits and SAR's Delegated Authority Policy. When considered appropriate by the Board these financial and procedural controls may be amended.

In addition to the requirements of the law, the Company's Constitution and ASX Listing Rules, the Delegated Authority Policy reserves the following matters (including amendments to any such matters) for approval by the Board:

- establishment of SAR's overall strategic direction; business plan, including geographic expansion and product range; and the Company's key business and financial objectives;
- approval of acquisition and disposal of assets which exceed the authority limits delegated to the CEO;
- decisions which result in a material change to the business of SAR;
- various financial controls;
- changes to the Company's capital or corporate structure; and
- charging or encumbering in any way the assets of the Group or borrowing any money or obtaining any financial facility.

(b) Procedure for the Selection and Appointment of Directors

In selecting new members for the Board, the Board Charter requires directors to have regard to the appropriate range of qualifications, experience and diversity needed by the Board as a whole and for the directors to endeavour to appoint individuals who will provide a mix of director characteristics and diverse experiences, perspectives and skills appropriate for the Group.

The Board has established guidelines for the appointment and selection of Directors. These guidelines are to ensure that the Board consists of members with a range of skills and experience to meet its primary responsibility for promoting the success of the Company in a way which ensures that the interests of shareholders and other stakeholders are promoted and protected.

(c) Letters of Appointment

(i) Non-Executive Directors

Two new Directors were appointed during the period. Non-Executive Directors have received formal letters of appointment setting out the term of office, their role and responsibilities, time commitments, remuneration and expenses, outside interests, the requirement to disclose director's interests, the requirement to comply with key corporate policies, the Company's policy on when Directors may seek independent professional advice, indemnity and insurance arrangements, and confidentiality obligations.

(ii) **Senior executives**

The Company has entered into employment agreements with senior executives of the Company which provide the employment conditions, remuneration and entitlements for the senior executive's position with the Company. The agreement also contains an acknowledgement by the senior executive to maintain information which is confidential to the Group. All inventions, discoveries and novel designs created by the senior executive as a result of or in the course of the performance of their duties with the Group are assigned to the Company.

(iii) **Company secretary**

The company secretary is Mr Ian Hobson who was appointed on 5 July 2021.

The company secretary is accountable directly to the Board, through the Chairman. Each Director is able to communicate directly with the company secretary and vice versa.

Mr Hobson's biography is available in the Company's 2021 Annual Report.

The company secretary's responsibilities include:

- ensuring that the business and attendances at Board and committee (where established) meetings are captured in the minutes;
- advising the Board on governance matters;
- acting as the Company's disclosure officer to ASX; and
- monitoring that Board and committee (where established) policies and procedures are followed.

(d) **Diversity Policy**

The Company has adopted a Diversity Policy to assist SAR to achieve a corporate objective of attracting, developing and retaining people who are highly competent and can contribute to the long-term success of the Company and its corporate values by bringing a broader range of perspectives, experience and ideas. The Diversity Policy requires that the Board set and assess measurable objectives for achieving improved diversity.

As at 30 January 2022 of the employees employed throughout the Group in full-time, part-time and casual employment, Nil percent of employees were women and 100 percent were men. There are no women on the Board and no women hold a senior executive position. A senior executive position is a position which reports directly to the CEO or the Board.

The Company has not set measurable diversity objectives due to the size and recent ASX listing of the Company. The Company is cognisant that achieving diversity objectives is influenced by many factors including:

- the need to hire the best qualified person for the available job as established by the Company’s Equal Opportunity Policy;
- changes in the number of people employed due to expansion or reduction in future business activities of the Company; and
- changes in the composition of the workforce due to resignations, redundancies or terminations.

Due to the current size of the Group’s workforce (less than 100 employees) the Company is not required to lodge annual public reports with the Workplace Gender Equality Agency for the Company’s operations.

(e) Board and Board Committee Performance Evaluation

The Board Charter requires the Board to undertake a review of its performance, policies and practices every 12 months and to disclose the process for periodically evaluating the performance of the Board, its committees and individual directors. The results of the performance evaluation will be used by the Board when considering making a recommendation to shareholders regarding any Director required to stand for re-election.

Due to the recent Board appointments, no Board review was undertaken during the year.

(f) Senior Executive Performance Evaluation

The Board reviews the performance of the CEO against key performance indicators on an annual basis. The CEO undertakes a formal review each year assessing the performance of senior executives who report to him.

During the financial year, no performance reviews of the senior management occurred due to recent employment appointments.

Principle 2: Structure the Board to Add Value

(a) Composition of the Board

The Board is responsible for the overall operation and stewardship of the Group and for the overall success and long-term growth in a way which ensures that the interests of shareholders are promoted and protected.

The information in this Statement regarding the Directors, the Board and committee membership is current as at the date of this statement.

There were three Director changes during the year. The Directors and the date of their appointment as at the date of this Corporate Governance Statement are:

Director	Independence	Appointment date
Mr Waldemar Mueller – Managing Director	Not Independent	29 November 2021
Mr Stephen Penrose – Non-Executive Chairman	Independent	29 November 2021
Mr Brendan Borg – Non-Executive Director	Independent	29 November 2021

Waldemar Mueller is to revert to the position of Technical Director on the appointment of Sean Gregory as managing director on or about 19 April 2022. Details of the respective Director’s

biographies setting out their skills, experience, directorships of other listed companies and other responsibilities are included in the Directors' Report contained in the Prospectus.

(b) Director Independence

The Board comprises 2 independent Non-Executive Directors, being a majority of directors.

The Company has adopted guidelines based on the factors set out in the ASX Principles in assessing the independent status of a director. These guidelines are set out in the Board Charter.

The Board considers that each of Stephen Penrose and Brendan Borg are independent non-executive Directors for the purpose of the ASX Principles.

The Board believes that Mr Penrose is the most appropriate Director to lead the Board as a Non-Executive Chairman, that he is able to bring independent judgement and business acumen to relevant issues falling within the scope of the role of Chairman, and that SAR as a whole, benefits from this extensive experience and knowledge and his contribution to the Company as Chairman.

(c) Board Skills Matrix

Collectively, the Board has an extensive range of commercial skills and other relevant experience required for effective management of the Company's business. A board skills matrix is provided on the company's website.

The Board considers that its current members have an appropriate mix of skills that enable the Board to discharge its responsibilities and deliver the Company's strategy and corporate objectives.

(d) Nominations and Remuneration Committee

The Board has not formed a Nomination and Remuneration Committee on the basis that the size and complexity of the underlying business did not warrant the costs and additional time input of the committee members.

The Board has assumed the role of a Nominations Committee which includes:

- review the size and composition of the Board;
- review and advise the Board on the range of skills available on the Board and appropriate balance of skills for future Board membership;
- review and consider succession planning for the CEO, the chairman and other Directors and key executives;
- develop criteria and procedures for the identification of candidates for appointment as Directors, with the criteria including a consideration of the candidate's:
 - skills, experience, expertise and personal qualities;
 - capability to devote the necessary time and commitment to the role; and
 - potential conflicts of interest and independence;
- apply the criteria and procedures to identify prospective candidates for appointment as a Director and make recommendations to the Board;

- make recommendations to the Board regarding any Directors who should not continue in office, having regard to the results of a formal performance appraisal of Directors and/or consideration of the appropriate composition of the Board;
- nominate for approval by the Board external experts (where appropriate) to advise on the matters listed above;
- review the time required from a non-executive Director and whether Directors are meeting this requirement;
- evaluate management's recommendations on the appointment of key executives;
- develop a plan for identifying, assessing and enhancing Director competencies;
- ensure that there are appropriate professional development opportunities for continuing Directors to develop and maintain the skill and knowledge needed to perform their role as a Director effectively; and
- ensure that there is an appropriate induction program for new Directors and members of senior management and review its effectiveness.

The Board has assumed the role of a Remuneration Committee which includes the:

- determination of the remuneration policy recommendations of the CEO;
- determination of the remuneration and contract terms for the CEO and senior management;
- determination of the terms and conditions of long-term incentive plans, short-term incentive plans, share right plans, performance targets and bonus payments for the CEO and senior management;
- determination of the terms and conditions of any employee incentive plans;
- determination the remuneration of non-executive Directors;
- review, management and disclosure of the policy (if any) under which participants to an equity-based remuneration scheme may be permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- determination of the content of the Remuneration Report to be included in the Company's Annual Report.

(e) **Induction program**

The Board has established an induction program for new Directors. This includes the provision of information to assist them to familiarise themselves with the business, strategy and operations by way of meetings with Non-Executive Directors, Executives and other key employees, access to all relevant Company information including key corporate governance policies, charters and procedures and Board papers, where appropriate.

Principle 3: Act Ethically and Responsibly

(a) **Statement of Values**

The Company recognises that its reputation is a valuable asset which is based largely on the ethical behaviour of the people who represent the Company. A statement of values has been formulated and disclosed on the Company's website.

(b) **Code of Conduct**

The Board has established a Code of Conduct which outlines how the Company expects Directors and employees to not only comply with the law, but also to conduct themselves in a manner consistent with the current community and corporate standards.

The objectives of the Code of Conduct are:

- to provide a benchmark for professional behaviour throughout the Company;
- to support SAR's business reputation and corporate image within the community; and
- to make employees aware of the consequences if they breach the code.

Any breach of the Code of Conduct is treated as a serious matter and may give rise to disciplinary action including termination of employment.

(c) **Supporting Policies to the Code**

The Board has established various policies to support the Code of Conduct including:

(i) **Whistleblowing**

SAR recognises that any genuine commitment to detecting and preventing illegal and other undesirable conduct must include, as a fundamental cornerstone, a mechanism whereby Directors and employees can report their concerns freely and without fear of repercussion.

SAR's Whistleblower Protection Policy provides a mechanism for the reporting of illegal and other undesirable conduct. An employee can report a matter of concern to their immediate supervisor or manager, or to a more senior manager or in instances where the employee wishes to remain anonymous, to the company secretary. All reported concerns are required to be investigated appropriately and feedback regarding the investigation's outcome provided to the employee where appropriate.

(ii) **Securities dealing by SAR Directors and Employees**

The purpose of SAR's Securities Dealing Policy is:

- to explain the type of conduct in relation to dealings in securities of SAR that is prohibited under the Corporations Act 2001 (Cth) ("Corporations Act") which is applicable to all SAR Employees, Directors, its contractors and consultants and any of their related parties; and
- to establish a best practice procedure relating to dealing in securities that provides protection to both SAR and Group employees against the misuse of unpublished information which could materially affect the value of securities.

In addition to the restrictions imposed at law, the policy also requires that Employees and Directors who wish to deal in securities must obtain prior approval to do so. Employees and Directors of SAR, and their related parties, may only deal in the Company's securities during certain dealing windows.

(iii) **Anti-Bribery & Anti-Corruption Policy**

SAR's Anti-Bribery & Anti-Corruption Policy prohibits any Representative from paying, offering, accepting or receiving a bribe in any form.

The Company prohibits the offering of acceptance of gifts, entertained or hospitality in circumstances which would be considered to give rise to undue influence.

The Company does not make political donations or payments.

Principle 4: Safeguard Integrity of Corporate Reporting

(a) **Audit, Risk and Compliance Committee**

The Board has not formed an Audit, Risk and Compliance Committee on the basis that the size and complexity of the underlying business did not warrant the costs and additional time input of the committee members.

The Board has assumed the role of an Audit, Risk and Compliance Committee which includes:

- overview of the external audit function and maintaining an appropriate working relationship with the external auditors;
- overseeing financial reporting;
- fulfilling its overview of the systems of internal control which the Board and management have established;
- ensuring the establishment and maintenance of processes of risk management and monitoring compliance with corporate policies, the Code of Conduct and corporate governance and risk management policies generally; and
- meeting planning, agenda and board paper format, and minute requirements.

(b) **Affirmation**

The Board did not receive (as the company was not listed at that time) assurance from the CEO and the chief financial officer in respect of the 2021 financial statements, that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial report risks.

Any periodic corporate report the Company releases to the market that is not audited or reviewed by an external auditor is prepared by management and is to reviewed by the full board before being released.

(c) **Auditor to attend Annual General Meeting**

The Company's external auditor attended the 2021 Annual General Meeting.

The Company will ensure that the external auditor will be in attendance at the 2021 Annual General Meeting of the Company to answer questions from shareholders relevant to the audit.

Principle 5: Making Timely and Balanced Disclosure

Market Disclosure

The Company has adopted a Market Disclosure Policy for the purpose of:

- identifying material price-sensitive information;

- reporting such information to the disclosure officer for review;
- ensuring SAR achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules; and
- ensuring the Company, the Board and key senior management do not contravene the Corporations Act or ASX Listing Rules.

The rules set out in the policy are designed to ensure that announcements made by the Company:

- are made in a timely manner;
- are factual;
- do not omit material information; and
- are expressed in concise and clear language that allows shareholders and the market to assess the impact of the information when making investment decisions.

The policy applies to Directors and members of senior management who are most likely to be in possession of, or become aware of, the relevant information. All SAR employees are made aware of the existence of the policy so that they can assist with reporting of potentially sensitive information to the appropriate persons within the Company.

SAR is committed to:

- complying with the general and continuous disclosure principles contained in the ASX Listing Rules and the Corporations Act;
- preventing the selective or inadvertent disclosure of material price-sensitive information;
- ensuring that shareholders and the market are provided with full and timely information about its activities; and
- ensuring that all market participants have equal opportunity to receive externally available information issued by SAR.

The company secretary has been appointed as SAR's disclosure officer responsible for implementing and administering the Market Disclosure Policy.

The disclosure officer is responsible for all communication with ASX and for making the decisions on what should be disclosed publicly under the policy.

The disclosure officer is responsible for developing and maintaining relevant guidelines to help SAR's employees understand what information may be materially price-sensitive.

The disclosure officer is responsible for monitoring all SAR disclosure practices and for making recommendations to the Board on updating the policy in response to change in internal structure legislature and regulatory developments and technology developments.

Principle 6: Respect the Rights of Security Holders

Shareholder Communications

SAR recognises that its current and prospective shareholders are entitled to be informed in a timely manner of all major happenings and developments affecting SAR. SAR's website currently includes information about itself and a section on its corporate governance policies and practices. In addition,

the website is updated progressively to contain relevant information to shareholders and interested parties.

The CEO and the company secretary have the primary responsibility for communication with shareholders. The CEO has overall responsibility for communication with analysts, stockbrokers, the media and major shareholders. The company secretary has overall responsibility for communication with ASX, other regulatory bodies and retail shareholders.

SAR has a Communications Policy which is based upon compliance with the Company's disclosure obligations and aims at all times to achieve best practice.

The policy commits the Company to facilitating shareholder participation in member meetings and to dealing promptly with shareholder enquiries.

SAR believes that communicating with shareholders by electronic means, particularly through its website, is an efficient way of distributing information in a timely and convenient manner.

Shareholders can elect to receive communications from the Company's share registry electronically. Shareholders are also able to send communications to the Company and the Company's share registry and receive responses to these communications electronically, details of which are available on the Company's website.

The Company holds its Annual General Meeting (AGM) in Perth, Australia, to which all shareholders are invited. Shareholders who are unable to attend can appoint a proxy to attend and vote at the meeting and can register questions in advance of the AGM either online or by submitting a question form provided in the AGM mail out. Questions are collated and during the AGM, the Chairman seeks to address as many of the more frequently raised topics as possible.

Principle 7: Recognise and Manage Risk

(a) **Risk Management**

SAR's Risk Management Policy assists in the development of organisational capabilities in risk management for internal control purposes. Risk management is regarded as an integral part of the Company's strategic planning, business planning and investment/project appraisal procedures. The focus of risk management is the identification and treatment of risks with the objective to add maximum sustainable value to all of the activities of the Company.

The Board acknowledges that it is ultimately responsible for the risk management and internal control framework of the Company. The Board regularly reviews the effectiveness of the risk management and internal control framework to satisfy itself that it continues to be sound. The Board reviews and discusses strategic risks and opportunities arising from changes in the Company's business environment regularly and on an as needs basis.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to report to the Board through on the efficiency and effectiveness of risk management.

During the period, the Company has reviewed the Risk Management Policy and considers that it remains sound.

The Company does not have an internal audit function. That function is undertaken by the full Board.

(b) **Economic, Environmental and Social Sustainability Risks**

(i) **Economic sustainability risks**

Economic sustainability risks are risks relating to macro-economic conditions which could affect the Group's ability to continue operating at current levels over the long-term. The Group is exposed to a number of economic sustainability risks including:

- foreign exchange risk;
- regulatory risk; and
- sovereign risk.

These risks are included in the Company's risk register and if the risk is considered material and able to be mitigated, mitigation strategies are prepared by management.

(ii) **Environmental sustainability risks**

Environmental sustainability risks are risks to the Group's ability to continue operating in a manner that does not compromise the health of ecosystems in which it operates over the long-term.

The Company does not believe that it is exposed to any environmental sustainability risks which have a real possibility of substantially impacting on the Group's ability to create or preserve value for its shareholders over the short-, medium- or long-term.

(iii) **Social sustainability risks**

Social sustainability risks are risks to SAR's ability to continue operating in a manner that meets acceptable social norms and needs over the longer-term. The Company does not believe that it is exposed to any social sustainability risks which have a real possibility of substantially impacting on SAR's ability to create or preserve value for its shareholders over the short-, medium- or long-term.

Principle 8: Remunerate Fairly and Responsibly

(a) **Remuneration Policies and Practices**

(i) **Non-Executive Directors**

The maximum aggregate fees that can be paid to Non-Executive Directors was established in the Company's Constitution as \$300,000 per annum. This amount has not been varied by shareholders.

The amount paid to each Non-Executive Director is a fixed annual amount as agreed by the Board and does not include a commission or percentage of profits or income of the Company.

Non-Executive Directors are not eligible to receive retirement benefits (other than statutory superannuation) and do not participate in any equity-based payment or incentive plans.

The details of the remuneration paid to each Non-Executive Director during the financial year are included in the Remuneration Report contained in the 2021 Annual Report.

(ii) **Executives**

The Company has entered into an agreement with the CEO which has established a remuneration and reward framework. The agreement is designed to provide a base salary with the addition of short- and long-term incentive rewards to attract and retain a strong candidate and promote financial performance and growth, while also encouraging long-term shareholder value. Short-term and long-term incentives are subject to the achievement of qualitative non-financial performance indicators and the achievement of key financial metric targets.

Senior management are paid a base salary and may be paid a yearly cash bonus following an annual performance review. Specific short- and long-term incentives are currently not included in a senior manager's employment contract.

- (iii) As detailed under Principle 4, the Board performs the tasks of the Nominations and Remuneration Committee and assumed its responsibilities.

(b) **Speculative dealing**

Directors, Employees and their related parties are prohibited at all times from:

- engaging in short-term speculative dealing in the Company's securities such as dealing for a short-term gain. This includes buying and selling securities within a three-month period, and entering into other short-term dealings (e.g. forward contracts). However, a sale of shares received following vesting of employee incentives (if applicable) with a vesting period of over three months is not considered speculative for this purpose;
- short selling or in dealing through contracts for difference or derivatives linked specifically to SAR's securities;
- entering into transactions in financial products which operate to limit the economic risk of security holdings in SAR over unvested entitlements or vested entitlements subject to a holding lock or restriction on dealing (restricted entitlements or restricted securities), including, without limitation, any hedging or similar arrangement in respect of unvested entitlements or restricted entitlements held or granted under any equity-based remuneration scheme; and
- entering into any stock borrowing or margin loan arrangement in relation to security holdings in SAR, transferring securities in SAR into an existing margin loan account and selling securities in SAR to satisfy a call pursuant to a margin loan.

APPLICATION FORM
