

SARYTOGAN GRAPHITE LIMITED
ACN 107 920 945
SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) which supplements a prospectus dated 23 February 2022 (**Prospectus**) issued by Sarytogan Graphite Limited (ACN 107 920 945)(**Company**).

This Supplementary Prospectus is dated 20 May 2022 and was lodged with the ASIC on that date. The ASIC, and its respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus is a refresh document as defined in section 724(3H) of the Corporations Act, as inserted by ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70 (the **Instrument**).

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed at www.sarytogangraphite.com.au.

Under the Corporations Act, the Company has an obligation to update a disclosure document if it becomes aware of new information that is material to investors. This Supplementary Prospectus has been prepared to provide additional information to investors on items that the Company considers may be material. This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

The Company will send a copy of this Supplementary Prospectus to all applicants who have subscribed for Shares and Options under the Prospectus to the date of this Supplementary Prospectus.

1. BACKGROUND TO SUPPLEMENTARY PROSPECTUS

(a) Extension of Subsoil Use Contract

As detailed in the section 5.3 of the Title Report included in the Prospectus, the Subsoil Contract expires on 26 October 2022.

The Company received feedback from ASX on 19 April 2022 that ASX will not grant conditional approval for the Company to be admitted to the Official List until the extension of the Subsoil Contract (**Extension**) has been granted. As set out in Section 4.6 of the Prospectus, ASX granting conditional approval for the Company to be admitted to the Official List is a condition of the Offers.

The Company applied to the MIID for the Extension on 25 March 2022.

On 19 May 2022, the Company received confirmation that the MIID has made a decision to grant the Extension, and that the Extension will be

formally granted upon the submission of various administrative documents by the Company to the MIID.

The Company reasonably expects that the Extension will be formally granted in June 2022.

As the Company does not expect the Extension will be formally granted prior to 23 May 2022 and will not be able to satisfy this condition imposed by ASX prior to this date, the Company has prepared this Supplementary Prospectus to refresh the period for admission to quotation of Shares and Options offered under the Prospectus pursuant to the Instrument.

(b) Issue of New Securities

As at the date of the Prospectus, the Company reasonably anticipated that the cash reserves would enable the Company to operate until the end of April, at which time the Company expected to have raised the Minimum Subscription and be admitted to the Official List.

The Company notes that the Offers were oversubscribed and the Company is holding all application proceeds in trust as per the requirements of the Corporations Act.

Given the Company has prepared this Supplementary Prospectus to refresh the period for admission to quotation of Shares and Options offered under the Prospectus, the Company may now not be admitted to the Official List until at the latest 20 August 2022.

Although the Company expects that the Extension will be granted prior to July 2022 and that the Company will be admitted to the Official List as soon as possible after the grant of the Extension, the Company requires additional funding to continue the operations of the Company and, most importantly, to progress the Sarytogan Graphite Project until such time the Company is admitted to the Official List.

Given the delay in admission to the Official List, the Company has also extended the repayment date for Loan Agreements No.1 and Loan Agreements No.2 from 30 April 2022 to 30 September 2022.

As such, the Company has undertaken an additional issue of securities to:

- (i) various investors, through the issue of 6,250,000 Shares at an issue price of \$0.16 to raise \$1,000,000. These funds will be used to continue exploration at the Sarytogan Graphite Project and for administration costs;
- (ii) the Joint Lead Managers, through the issue of an aggregate of 1,000,000 Options as a fee for undertaking the additional capital raising; and
- (iii) the lenders of Loan Agreements No.1 and Loan Agreements No.2, through the issue of 5 Options (at a nil issue price) for every \$1.00 loaned to the Company under the Loan Agreements No.1 and Loan Agreements No.2 (effectively as an extension fee and acknowledgement of the risk these lenders have incurred in supporting the Company financially) being an aggregate of 4,000,000 Options,

(together, the **New Securities**).

The 6,250,000 Shares are fully paid and 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 of the Prospectus.

The 5,000,000 Options were issued on the terms and conditions set out in Section 10.3 of the Prospectus. All Shares issued on conversion of the Options will rank equally with the Shares on issue as at the date of this Supplementary Prospectus.

For the avoidance of doubt, the various investors issued 6,250,000 Shares will not be considered Eligible Shareholders and will not be entitled to participate in the Option Offer under the Prospectus.

2. PURPOSE

The Supplementary Prospectus has been prepared to:

- (a) provide investors with updated information in relation to the issue of the New Securities, and consequential changes to the information in the Prospectus regarding the Company's capital structure, pro forma financial information and related disclosures;
- (b) update the repayment date for Loan Agreements No.1 and Loan Agreements No.2 from 30 April 2022 to 30 September 2022;
- (c) provide investors with a revised indicative timetable for the Offers;
- (d) extend the Closing Date of the Offers to 8 July 2022; and
- (e) refresh the period for admission to quotation of Shares and Options offered under the Prospectus, pursuant to the Instrument.

3. EXTENSION OF CLOSING DATE

The Board wishes to advise that the Closing Date of the Offers has been extended until 5:00pm (WST) on 8 July 2022 and accordingly the Indicative Timetable set out in Section 2 of the Prospectus is deleted and replaced with the following:

INDICATIVE TIMETABLE

Lodgement of Prospectus with the ASIC	23 February 2022
Exposure Period begins	23 February 2022
Opening Date	3 March 2022
Lodgement of Supplementary Prospectus	20 May 2022
Closing Date	8 July 2022
Issue of Securities under the Offers	12 July 2022
Dispatch of holding statements	13 July 2022
Expected date for quotation on ASX	18 July 2022

1. *The above dates are indicative only and may change without notice. Unless otherwise indicated, all time given are WST. 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 Securities to applicants.*

2. *If the Offers are 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.*

4. EXTENSION OF TIME TO MEET CONDITIONS FOR QUOTATION

The second paragraph at Section 4.10 of the Prospectus is updated to reflect the following:

"If the Shares and Options issued under the Prospectus are not admitted to Official Quotation by ASX before the expiration of three (3) months after the date of the Supplementary 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." **(Quotation Condition)**

The Company makes the following statements regarding the Quotation Condition as required by the Instrument:

- (a) an application for admission to quotation of Shares and Options offered under the Prospectus was made within 7 days after the date of the Prospectus;
- (b) as at the date of this Supplementary Prospectus, the Offers are fully subscribed and the number of Shares and Options for which applications have been received is over 42,500,000 Shares and 15,953,300 Options;
- (c) the Shares and Options offered under the Prospectus have not been admitted to quotation as at the date of this Supplementary Prospectus;
- (d) the ASX has not granted the Company conditional approval to list on ASX;
- (e) the key conditions to the Company's listing that remain outstanding are:
 - (i) the ASX granting the Company conditional approval to admitted to the Official List; and
 - (ii) completion occurring under the Exchange Agreement, which requires ASX granting conditional approval for the Company to be admitted to the Official List;
- (f) the Quotation Condition is being amended to extend the period for admission to quotation of Shares and Options offered under the Prospectus from 3 months from the date of the Prospectus to 3 months from the date of this Supplementary Prospectus; and
- (g) the Quotation Condition must be satisfied by 20 August 2022, being the date 3 months from the date of this Supplementary Prospectus.

5. EXTENSION OF LOAN AGREEMENTS

As a result of the extension of the repayment dates for the Loan Agreements No.1 and the Loan Agreements No.2, the Prospectus is amended as follows:

(a) **Working Capital Loan Agreement No.1**

Section 9.2.5 of the Prospectus is amended by replacing "30 April 2022" with "30 September 2022".

(b) **Working Capital Loan Agreement No.2**

Section 9.2.6 of the Prospectus is amended by replacing "30 April 2022" with "30 September 2022".

6. ISSUE OF SECURITIES

As a result of the issue of the New Securities, the Prospectus is amended as set out below.

(a) **Key Offer Information**

The table and notes set out immediately beneath 'Key Statistics of the Offer' in Section 2 of the Prospectus are deleted and replaced with the following:

	Minimum Subscription (\$8,659,533)¹
Offer Price per Share	\$0.20
Offer Price per Option	\$0.01
Shares currently on issue	27,563,356 ⁸
Options currently on issue	19,300,000
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	132,490,562
Market Capitalisation Post-Listing (undiluted)³	\$26,498,112
Chairman and Director Options	7,500,000

	Minimum Subscription (\$8,659,533)¹
Performance Shares to be issued to Ustar Ventures Ltd for the acquisition of Ushtogan LLP ⁴	14,117,646
Performance Rights to be issued to Managing Director ⁶	6,000,000
Shares on issue Post-Listing (fully diluted)	195,361,547
Market Capitalisation Post-Listing (fully diluted)⁷	\$39,072,309

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.
8. This includes 21,313,356 Shares on issue as at the date of the Prospectus and 6,250,000 Shares issued on 12 May 2022.

(b) Controlling interest of Ustar Ventures

Part D of Section 3 of the Prospectus is amended by replacing "46.5%" with reference to Ustar Venture Ltd's interest in the Company with "44.4%".

(c) Interests of Advisors

Part D of Section 3 of the Prospectus is amended by replacing the Joint Lead managers interests in securities of the Company as at the date of the Prospectus as follows:

"RM Corporate Finance Pty Ltd associates:

- (a) James Richardson:
 - (i) 2,745,712 Shares; and
 - (ii) 1,250,000 Options; and
- (b) Guy Le Page:
 - (i) 2,713,000 Shares; and
 - (ii) 1,250,000 Options.

Inyati Fund Pty Ltd (as an associate of Inyati Capital Pty Ltd)

(a) 1,800,000 Shares; and

(b) 3,550,000 Options."

(d) **Free Float**

Part G of Section 3 of the Prospectus is amended by replacing "41.25%" with reference to the Company's 'free float' with "43.63%".

(e) **Use of Funds**

The table at Section 5.7 of the Prospectus and notes set out immediately are deleted and replaced with the following:

Funds available	Amount (\$)	Percentage of Funds (%)
Existing cash reserves ¹	170,861	1.93%
Funds raised from the Offers	8,659,533	98.07%
Total	8,830,394	100%
Allocation of funds		
Drilling ²	2,200,000	24.9%
Assays	550,000	6.2%
Metallurgical Testwork	500,000	5.7%
Consulting Fees	550,000	6.2%
Scoping, Pre-Feasibility Studies	450,000	5.1%
Environmental Studies	150,000	1.7%
Transportation	175,000	2.0%
Equipment	150,000	1.7%
Working Capital & Wages	1,354,627	15.3%
Accommodation and Storage	250,000	2.8%
Administration ⁴	450,000	5.1%
Taxes	300,000	3.4%
Working Capital Loan Repayment	839,187	9.5%
Brokerage ³	519,572	5.9%
Accrued administration	317,008	3.6%

Funds available	Amount (\$)	Percentage of Funds (%)
costs (unpaid director fees)		
Expenses of the Offer ³	75,000	0.8%
Total	8,830,394	100%

Notes:

1. Existing cash reserves available, not including the budgeted administration and exploration expenses to 31 July 2022, which have been accounted for. 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.
2. The majority of the Expenses of the Offers have been pre-funded. Refer to Section 10.13 for further details.
3. 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.
4. 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.

(f) **Capital Structure**

The 'Shares' and 'Options' tables and notes set out immediately below each table in Section 5.8 of the Prospectus are deleted and replaced with the following:

Shares¹

	Minimum Subscription
Shares currently on issue ²	27,563,356
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	132,490,562

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 May 2022 and comprised the issue of 6,250,000 Shares at an issue price of \$0.16 each.
3. The Company proposes to issue the Joint Lead Managers with 1,600,000 Shares as a success fee for the Offers.
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 9.4 for the terms of the agreement with S3 Consortium Pty Ltd.

Options

	Minimum Subscription
Options currently on issue	19,300,000
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	42,753,339

Notes:

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

(g) Substantial Shareholders

The content of Section 5.9 of the Prospectus is deleted in its entirety and replaced with the following:

“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	1,100,000	Nil	Nil	12.3%	9.6%
Inyati Fund Pty Ltd	1,800,000	3,550,000	Nil	Nil	6.5%	11.4%
Brendan Borg & Erin Borg	1,425,000	1,425,000	Nil	Nil	5.2%	6.1%

<Borg Family Super Fund A/C> ²						
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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	44.4%	38.3%

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 6,944,444 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.

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."

(h) **Financial Information**

Section 6 of the Prospectus is amended by deleting Section 6 in its entirety, and replacing it with the revised Section 6 which is set out in Annexure A to this Supplementary Prospectus.

(i) **Disclosures of Interests**

The tables and notes labelled 'As at the date of this Prospectus' and 'Post- Completion of the Offer' at Section 8.2 of the Prospectus are deleted and replaced with the following:

"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	Percentage (%) (Undiluted)	Percentage (%) (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	5.2%	6.1%

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%	4.1%
Dr Waldemar Mueller ³	58,764,706	2,000,000 ⁴	Nil	14,117,646	44.4%	38.3%
Stephen Penrose	Nil	2,000,000 ⁵	Nil	Nil	0.0%	1.0%
Brendan Borg ⁶	1,425,000	2,925,000	Nil	Nil	1.1%	2.2%

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."

(j) **Free Float**

Section 10.8(i)(v) of the Prospectus is amended by replacing:

- (i) "4.75%" with reference to the proportion of Performance Rights on an undiluted basis with "4.53%"; and
- (ii) "3.26%" with reference to the proportion of Performance Rights on a diluted basis with "3.07%".

(k) **Equity securities proposed to be issued under the Plan**

Section 10.9(u) of the Prospectus is amended by replacing "15.8%" with reference to the proportion of the maximum number of securities proposed to be issued under the Plan with "15.1%".

(l) **Independent Limited Assurance Report**

As a result of the changes to the Financial Information as set out in Annexure A of this Supplementary Prospectus, HLB Mann Judd has re-issued its Independent Limited Assurance Report as at the date of this Supplementary Prospectus, which is attached to this Supplementary Prospectus as Annexure B.

7. WITHDRAWAL OF PREVIOUS APPLICATIONS

In accordance with section 724(2) of the Corporations Act, if you applied for Shares under the Prospectus (**Existing Applicant**), you may withdraw your application and be repaid your application monies, provided you give the Company written notice of your wish to do so within **one month** of the date of this Supplementary Prospectus.

Any repayments made by the Company pursuant to an Existing Applicant exercising their right to withdraw their application will be made in full without interest.

An Existing Applicant who wishes to withdraw their application and obtain a refund must submit a written request to the Company's share registry by mail or delivery to the addresses set out below so that it is received within one month of the date of the Supplementary Prospectus (i.e. by the close of business on 20 June 2022).

Mailing address	Hand delivery
Sarytogan Graphite Limited C/- Automic Pty Ltd Level 5, 191 St Georges Terrace PERTH WA 6000	Sarytogan Graphite Limited C/- Automic Pty Ltd Level 5, 191 St Georges Terrace PERTH WA 6000

The details for the payment of the refund cheque and address to which it should be sent as set out in the written request must correspond to the details contained in the Application Form lodged by that Existing Applicant.

If you do not wish to withdraw your application, you do not need to take any action.

8. CONSENTS

The Company confirms that as at the date of this Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.

HLB Mann Judd has given its written consent to being named as the Investigating Accountant in this Supplementary Prospectus and to the inclusion of the Revised Independent Limited Assurance Report at Annexure B of this Supplementary Prospectus. HLB Mann Judd has not withdrawn its consent prior to the lodgement of this Supplementary Prospectus with the ASIC.

9. DIRECTORS' AUTHORISATION

This Supplementary 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 Supplementary Prospectus with the ASIC.



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

ANNEXURE A – SECTION 6

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)	-	-	-

This Supplementary Prospectus is intended to be read with the Prospectus dated 23 February 2022, issued by Sarytogan Graphite Limited (ACN 107 920 945).

	30 June 2020	30 June 2021	31 December 2021
	Audited \$	Audited \$	Reviewed \$
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)

This Supplementary Prospectus is intended to be read with the Prospectus dated 23 February 2022, issued by Sarytogan Graphite Limited (ACN 107 920 945).

	Year ended 30 June 2020	Year ended 30 June 2021	Half-Year ended 31 December 2021
	Audited \$	Audited \$	Reviewed \$
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

This Supplementary Prospectus is intended to be read with the Prospectus dated 23 February 2022, issued by Sarytogan Graphite Limited (ACN 107 920 945).

	30 June 2020	30 June 2021	31 December 2021
	Audited \$	Audited \$	Reviewed \$
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 Reviewed	Pro Forma Adjustments	Pro Forma Statement of Financial Position
		\$	\$	\$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	6.10	238,800	6,806,546	7,045,346
Trade and other receivables	6.11	58,531	1,529	60,060
TOTAL CURRENT ASSETS		297,331	6,808,075	7,105,406
NON-CURRENT ASSETS				
Exploration and evaluation expenditure	6.12	-	13,902,249	13,902,249
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)	-
TOTAL NON-CURRENT ASSETS		1,573,235	12,480,334	14,053,569
TOTAL ASSETS		1,870,566	19,288,409	21,158,975
LIABILITIES				

This Supplementary Prospectus is intended to be read with the Prospectus dated 23 February 2022, issued by Sarytogan Graphite Limited (ACN 107 920 945).

	Section Reference	Sarytogan Graphite as at 31 December 2021 Reviewed	Pro Forma Adjustments	Pro Forma Statement of Financial Position
		\$	\$	\$
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	19,902,932	21,135,992
EQUITY				
Issued capital	6.19	7,582,754	20,898,764	28,481,518
Option reserve	6.20	-	159,533	159,533
Share-based payment reserve	6.21	-	991,719	991,719
Foreign currency translation reserve		-	131,602	131,602
Revaluation reserve		15,517	(15,517)	-
Accumulated losses	6.22	(6,365,211)	(2,263,169)	(8,628,380)
TOTAL EQUITY		1,233,060	19,902,932	21,135,992

This Supplementary Prospectus is intended to be read with the Prospectus dated 23 February 2022, issued by Sarytogan Graphite Limited (ACN 107 920 945).

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 \$33,677 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.
- (m) The issue of 6,250 000 fully paid ordinary shares at an issue price of \$0.16 each in May 2022 which raised \$1,000,000. These funds will be used in part to fund the payment of further amounts up to July 2022 comprising administration costs of \$435,626, exploration and evaluation expenditure of \$544,063 and various accruals of \$176,958.
- (n) The issue of 1,000,000 options to brokers as consideration for arranging the capital raising in (m) above. These options are exercisable at \$0.25 each prior to 30 November 2024. The total value of these options of \$60,280 has been applied against issued capital.
- (o) The issue of 4,000,000 options to lenders as consideration for extending the loan repayment dates to 30 September 2022. These options are exercisable at \$0.25 each prior to 30 November 2024. The total value of these options of \$241,120 has been expensed.

6.9 Significant Accounting Policies

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.

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.

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.

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.

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.

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:

- (a) 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
- (b) 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:

- (a) 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
- (b) 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.

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:

- (a) 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
- (b) 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.

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.

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.

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.

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.

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.

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.

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.

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.

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)	(839,187)
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)
Proceeds from May 2022 capital raising	6.8(m)	1,000,000
Payment of various expenses to July 2022	6.8(m)	(1,156,647)
Total pro forma adjustments		6,806,546

	Note	Pro Forma
		\$
Pro forma cash and cash equivalents		7,045,346

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
Further exploration and evaluation costs paid from May 2022 capital raising	6.8(m)	544,063
Transfer of prepaid exploration and evaluation expenditure	6.8(e)	328,000
Total pro forma adjustments		13,902,249
Pro forma exploration and evaluation expenditure		13,902,249

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)

	Note	Pro Forma
		\$
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(l)	2,062,500	412,500
Transaction costs – pro forma	6.8(h) & (j)	-	(1,026,397)
Issue of shares in May 2022	6.8(m)	6,250,000	1,000,000
Options issued to brokers (capital raising cost)	6.8(n)	-	(60,280)

This Supplementary Prospectus is intended to be read with the Prospectus dated 23 February 2022, issued by Sarytogan Graphite Limited (ACN 107 920 945).

	Note	Pro Forma	Pro Forma
		Number of shares	\$
Total pro forma adjustments		111,177,206	20,898,764
Pro forma issued capital		132,490,562	28,481,518

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
Value of options issued to brokers	6.8(m)	60,280
Value of options issued to lenders	6.8(o)	241,120
Total pro forma adjustments		991,719
Pro forma share-based payment reserve		991,719

The following options were issued subsequent to 31 December 2021:

Options issued to brokers as consideration for arranging the capital raising in May 2022	1,000,000
Options issued to lenders as consideration for extending the loan repayment dates to 30 September 2022	4,000,000
	5,000,000

The above options are exercisable at \$0.25 each prior to 30 November 2024. The options have been valued using the Black & Scholes Option Pricing Model with the following inputs:

	Brokers	Lenders
Number of options	1,000,000	4,000,000
Grant date share price (price of the May 2022 capital raising)	\$0.16	\$0.16
Exercise price	\$0.25	\$0.25
Expected volatility	80%	80%
Option expiry date	30/11/24	30/11/24
Vesting	Immediate	Immediate
Risk free rate	2.15%	2.15%
Fair value per option	\$0.0603	\$0.0603
Total value	\$60,280	\$241,120

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
Total value	\$690,319

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)	(33,677)
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)
Value of options issued to lenders	6.8(o)	(241,120)
Payment of further administration costs and accrued expenses to July 2022	6.8(m)	(612,584)
Total pro forma adjustments		(2,263,169)

This Supplementary Prospectus is intended to be read with the Prospectus dated 23 February 2022, issued by Sarytogan Graphite Limited (ACN 107 920 945).

	Note	Pro Forma
		\$
Pro forma accumulated losses		(8,628,380)

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>Consideration¹:</u>		
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.

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.

ANNEXURE B – INDEPENDENT LIMITED ASSURANCE REPORT

18 May 2022

The Board of Directors
Sarytogan Graphite Limited
Suite 8, 110 Hay Street
SUBIACO WA 6008

Dear Board Members

INDEPENDENT LIMITED ASSURANCE REPORT (“REPORT”) ON THE HISTORICAL AND PRO FORMA FINANCIAL INFORMATION OF SARYTOGAN GRAPHITE LIMITED

Introduction

We have been engaged by Sarytogan Graphite Limited (“Sarytogan Graphite” or “the Company”) to report on the historical and pro forma financial information of the Company for the years ended 30 June 2020 and 30 June 2021 and the half-year ended 31 December 2021 included in the prospectus of Sarytogan Graphite dated 23 February 2022 (“Prospectus”) and in a supplementary prospectus of Sarytogan Graphite to be dated on or around 20 May 2022. The Prospectus and Supplementary Prospectus are in connection with the Company’s initial listing on the Australian Securities Exchange (“ASX”), and 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 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 and Supplementary 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 and Supplementary 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 or Supplementary 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.

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.

1. Scope of Report

You have requested HLB to perform a limited assurance engagement and to report on the Financial Information as set out in Section 6 of the Prospectus (and as modified by the content of the Supplementary Prospectus):

Historical Financial Information

The Historical Financial Information, as set out in Section 6 of the Prospectus (and as modified by the content of the Supplementary 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 the Supplementary 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 and the Supplementary 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 and the Supplementary 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 the Prospectus and the Supplementary 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 (as modified by the Supplementary 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 the Supplementary 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 the Prospectus and the Supplementary Prospectus.

5. Restriction on Use

Without modifying our conclusion, we draw attention to Section 6 of the Prospectus (as modified by the Supplementary Prospectus), which describes the purpose of the Financial Information, being for inclusion in the Prospectus and the Supplementary 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 Supplementary Prospectus. HLB makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from, the Supplementary 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 or Supplementary Prospectus, HLB was not involved in the preparation of any other part of the Prospectus or Supplementary Prospectus and did not cause the issue of any other part of the Prospectus or Supplementary 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 or Supplementary Prospectus; and
- f) HLB has consented to the inclusion of this Report in the Supplementary Prospectus in the form and context in which it appears.

Yours faithfully

HLB Mann Judd
Chartered Accountants



L Di Giallonardo
Partner