

JUNE 2023 QUARTERLY REPORT

NGX Limited (ASX: NGX) (“NGX” or “Company”) is pleased to present its Quarterly Report for the quarter ending 30 June 2023. Highlights during and since the quarter include:

Admission to the Official List of ASX

NGX successfully listed on the ASX on 16 June, following the completion of the Company's initial public offering (“IPO”). The IPO received strong support, raising A\$9.56M raised (before costs) and closed oversubscribed.

Grant of Duwi Licence and Commencement of Scoping Study Activities

During the quarter, the Company received all regulatory approvals, and the transfer of the Duwi Natural Graphite Project (“Duwi”) retention licence to NGX was completed.

NGX commenced preparatory testwork and other studies for Duwi concentrates, to assess its suitability as downstream feedstock in the emerging battery anode market. This work will contribute to a new Scoping Study for Duwi.

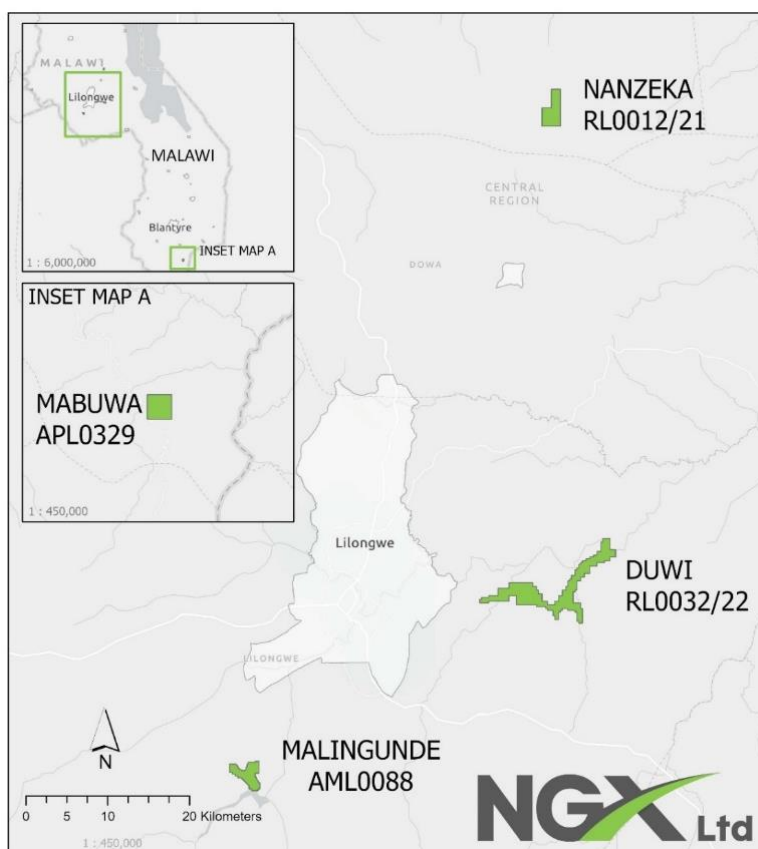


Figure 1: Tenement Location Map of the Graphite Projects

For further information, please contact:

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Executive Director
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Natural Graphite Projects

The Company's Projects comprise the Duwi Natural Graphite Project, the Nanzeka Natural Graphite Project, the Malingunde Natural Graphite Project and the Mabuwa Project.

The Duwi Natural Graphite Project – Granted

The Duwi Project is located approximately 15km east of Malawi's capital Lilongwe, and has a Mineral Resource estimate of 85.9Mt at 7.1% total graphitic carbon (TGC) for contained graphite of 6.13Mt.

Table 1: Mineral Resource Estimate, Duwi Natural Graphite Project

Classification	JORC Classification	Tonnes (Mt)	TGC (%)	Tonnes Graphite (Mt)
Saprolite	Indicated	4.2	7.0	0.3
	Inferred	2.3	7.6	0.2
	Subtotal	6.5	7.2	0.5
Fresh	Indicated	31.0	7.2	2.2
	Inferred	48.4	7.1	3.4
	Subtotal	79.4	7.1	5.6
Total	Indicated	35.2	7.2	2.5
	Inferred	50.7	7.1	3.6
	Total	85.9	7.1	6.1

Note: The Mineral Resource was estimated within constraining wireframe solids based on a nominal lower cut-off grade of 5 % TGC. The resource is quoted from blocks above 5 % TGC. Differences may occur due to rounding.

The Duwi and Nyama Mineral Resource is classified as a combination of Indicated and Inferred, in accordance with the JORC Code, with geological evidence sufficient to assume geological and grade continuity in the Indicated volumes. Classification of the Mineral Resource estimate was carried out taking into account the geological understanding of the deposit, quality of the samples, density data and drillhole spacing. Metallurgical results related to flake size and sample purity, and petrographic analyses of thin sections from selected drill core, were considered as per Clause 49 of the JORC Code.

Sovereign Metals Limited (“**Sovereign**”) (previous parent entity of NGX) had completed a range of characterisation and mineralogical examinations and test-work programs on fresh ore and surface saprolite material from the Duwi deposit (Table 2).

Table 2: Duwi – Examples of Concentrate Flake Size and Carbon Content Achieved from Mintek and SGS Testwork Programs

Particle size		MINTEK 2013		SGS 2014		Flake Category
Tyler Mesh	(µm)	Distribution (wt. %)	C ¹ (%)	Distribution (wt. %)	C ² (%)	
+35	+425	19.7	96.3	17.5	95.8	Extra Large (Jumbo)
-35 + 48	- 425 + 300	17.1	93.3	16.0	93.8	
-50 + 100	- 300 + 150	27.4	90.3	29.3	91.0	Large-Medium
-100 + 200	- 150 + 75	15.7	90.8	19.1	88.8	Small
-200	- 75	20.1	88.7	18.0	87.7	Amorphous

Total	100.0	91.8	100.0	91.3	
¹ The graphitic carbon content of the samples was determined using a thermo gravimetric analyser. The graphitic carbon equivalent content shown in the table is the difference between the loss on ignition at 375°C and 1,000°C. ² The chemical analysis used to determine the total carbon content employs combustion of a sample followed by infrared detection on a LECO SC-632 instrument. All reported analytical results have an associated measurement uncertainty based on the expected precision and accuracy relating to the method and sample concentration. Values at 100% should not be treated as pure products without additional impurity testing. The estimated measurement uncertainty for total carbon values greater than 90% C is 1.7% (relative) with a resolution of 1 significant figure.					

The Nanzeka Natural Graphite Project - Granted

The Nanzeka Natural Graphite Project (RL0012/21) is located approximately 60km north of Lilongwe. Mapping, rock chip sampling, trenching (8 trenches for 654m) and limited drilling (3 diamond drill holes for 237m) in 2013 identified high-grade flake graphite mineralisation over a strike length of approximately 3km with a true width of about 10m. Some surface exposures show up to 150m of graphite mineralisation widths. Previous drill results at Nanzeka included:

- **KODD0002:** **10m @ 11.0% TGC incl. 4m @ 12.5% (from 24m)**
- **KODD0003:** **8m @ 10.5% TGC incl. 4m @ 12.5% (from 8m)¹**

Mapping, rock-chip sampling in 2012 and results from a Versatile Time Domain Electromagnetic (VTEM) geophysical survey show potential for a strike extension to the mineralised zone to the north, and other potential zones to the west and east that NGX plans to follow-up.

The current understanding of the geology shows high-grade graphite gneiss bands that define a broad, open synform/antiform fold pair that plunges gently to the north and north-east. High-grade mineralisation representing the western limb of the synform (Western Zone) daylights along a small ridge whilst an area of graphite mineralisation exposed in a gentle valley (Eastern Zone) represents the daylighting of the antiformal fold hinge.

The Malingunde Natural Graphite Project – Subject to grant of a mining licence and transfer to NGX

The Malingunde Project is located in the Central Region of the Lilongwe District of Malawi. The Malingunde Project site is located approximately 20km southwest of Malawi's capital, Lilongwe. The Malingunde Project has a Mineral Resource estimate of 65Mt at 7.2% TGC for contained graphite of 4.68Mt.

Sovereign previously completed a Pre-Feasibility Study on Malingunde, “representing a high quality potential future mining operation producing premium quality natural graphite products”².

In February 2022, Sovereign applied for the grant of a mining licence at the Malingunde Project which covers 5.7km². Conditional approval for the mining licence was provided in April 2022 with conditions to be addressed including receipt of an Environmental and Social Impact Assessment (“ESIA”) approval certificate under the Malawian environmental regulations.

The transfer of the Malingunde Project from Sovereign to NGX is subject to the satisfaction (or waiver) of various conditions precedent pursuant to the Demerger Deed (refer to the Prospectus for further information).

¹ CSA Competent Persons Report, NGX Limited Replacement Prospectus lodged 12 April 2023.

² DRA Competent Persons Report, NGX Limited Replacement Prospectus lodged 12 April 2023

Exploration and Development Activities

With the IPO now completed, NGX has made initial appointments of key personnel in Malawi, including an experienced Country Manager, substantially enhancing our capacity in-country.

An experienced graphite processing consultant has also been engaged and commenced reviewing the considerable historical data for the Projects, with a view to identify areas to augment, update and improve on previous studies and testwork.

NGX accordingly began planning a range of testwork and studies to upgrade the information in the previous 2015 Scoping Study for Duwi, completed by Sovereign.

This includes revisiting and updating infrastructure and transport options, particularly in light of the emerging benefits of grid-connected solar PV generation to provide a cost effective, sustainable power supply.

Additional metallurgical testwork will be undertaken to produce a high-grade Duwi concentrate with low levels of impurities suited to anode materials production, building on prior testwork. A secondary focus will be to optimise the tailings produced to minimise environmental impacts. Concentrate generated in the Duwi metallurgical program will be evaluated for downstream applications including battery anode materials.

NGX has begun planning the initial season of fieldwork at Nanzeka. This work will include mapping and sampling and potentially geophysical surveys, to provide information ahead of a further campaign of RC and potentially diamond drilling.

The ESIA process is continuing for the Malingunde Natural Graphite Project and Sovereign is engaging with various stakeholders and relevant authorities, in conjunction with NGX.

NGX has also commenced a preliminary assessment of Electric Vehicle (EV) markets and downstream processing options for the Company's natural graphite projects. Expert consultants have been engaged to initiate and progress this effort.

Corporate

Admission to the Official List of ASX

All conditions to the Offers under the Company's Replacement Prospectus lodged 12 April 2023 ("**Prospectus**") were satisfied and NGX was admitted to the Official List of ASX on 14 June 2023, quotation commencing 16 June 2023. The A\$9.56M raised (before costs) is being directed towards the Company's exploration programs planned to evaluate the potential for the Graphite Projects in Malawi. The Prospectus is available on the Company website: www.ngxlimited.com.

As at 30 June 2023, the Company has the following securities on issue:

Security Type	Number
Ordinary Shares	90,611,840
Unlisted Options	4,000,000
<i>Options exercisable at \$0.30, expiring 3 years from grant</i>	<i>1,500,000</i>
<i>Options exercisable at \$0.40, expiring 4 years from grant</i>	<i>1,500,000</i>
<i>Options exercisable at \$0.40, expiring 3 years from grant</i>	<i>1,000,000</i>

Financial Position

NGX is in a strong financial position with cash at bank of approximately \$8.76 million and no debt as at 30 June 2023.

Appendix 1: Disclosures in accordance with ASX Listing Rule 5.3

Mining exploration tenements

As at 30 June 2023, the Company holds an interest in the following exploration tenements:

Project	Licence Number	Percentage Interest	Status
Nanzeka Project	RL0012/21	100%	Granted
Duwi Project	RL0032/22	100%	Granted
Malingunde Project	AML0088	100% ¹	Mining licence application (Transfer to NGX pending) ²
Mabuwa Project	APL 0329	100%	Exploration licence application

Notes:

¹ In February 2022, Sovereign applied for the grant of a mining licence at the Malingunde Project which covers 5.7km². Conditional approval for the mining licence was provided in April 2022 with conditions to be addressed including receipt of an environmental and social impact assessment approval certificate under the Malawian environmental regulations.

² The transfer of the Malingunde Project from Sovereign to NGX is subject to the satisfaction (or waiver) of various conditions precedent pursuant to the Demerger Deed (refer to the Prospectus for further information).

Use of Funds Statement

The Company was admitted to the official list of the ASX on 14 June 2023 with official quotation occurring on 16 June 2023 and as such, the quarterly report for the period ended 30 June 2023 is covered by the "Use of Funds Statement" included in the Company's Prospectus. The analysis below reflects 0.5 months from the date of official quotation (prospectus numbers have been apportioned for the corresponding period, with the exception of: *Expenses of the Offers* which a 70% apportionment was allocated and *Working capital facility* as this was paid in full).

Allocation of Funds	Actual \$A'000	Prospectus \$A'000	Variance \$A'000
Exploration expenditure on granted tenements	5	98	(93)
Expenditure on other projects	-	22	(22)
Business development activities	75	11	64
General and administration costs	38	27	11
Repayment of working capital facility	484	484	-
Cash reserves and working capital	14	22	(8)
Expenses of the Offers	307	314	(7)
Total Funds Allocated	923	978	(55)

Summary of Mining Exploration Activities Expenditure

During the quarter, the Company made the following payments in relation to mining exploration activities:

Mining exploration activity	A\$000
Mapping and reports	19
Title management and other consultants	53
Field supplies, vehicles, travel and other	31
Total	103

There were no mining or production activities or expenses during the quarter.

Related party payments

During the quarter, the Company made the following payments to related parties and their associates:

Related party and associates	A\$000
Administrative fees ¹	57
Director fees	53
Repayment of loan from Sovereign ²	645
Total	755

Notes:

¹ Including IPO management fees, company secretarial services and provision of a fully serviced office.

²Pursuant to the Demerger Deed entered into on 10 February 2023, refer to the Prospectus for further details.

Forward Looking Statements

Statements regarding plans with respect to NGX's project are forward-looking statements. There can be no assurance that the Company's plans for development of his projects will proceed as currently expected. These forward-looking statements are based on the Company's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company which could cause actual results to differ materially from such statements. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of that announcement.

Competent Person Statement

The information in this Report that relates to Exploration, Mineral Resource & Metallurgical results is extracted from the Company's Prospectus lodged with ASIC on 12 April 2023. This Prospectus is available to view on www.ngxlimited.com. The information in the Prospectus was based on and fairly represents information compiled or reviewed by Mr David Williams, a Competent Person, who is a Member of The Australian Institute of Geoscientists (RPGEO) (#4176). Mr Williams is employed by ERM Australia Pty Ltd trading as CSA Global, an independent consulting company. Mr Williams has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Prospectus.

This announcement has been authorised for release by the Company's Executive Director, Matt Syme.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

NGX Limited

ABN

649 545 068

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows		Current quarter A\$000	Year to date (12 months) A\$000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(103)	(322)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(24)	(24)
	(e) administration and corporate costs	(110)	(160)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	14	14
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (Business development)	(136)	(349)
	Other (IPO costs)	(231)	(231)
1.9	Net cash from / (used in) operating activities	(590)	(1,072)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment:	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter A\$000	Year to date (12 months) A\$000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	9,561	9,561
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(91)	(91)
3.5	Proceeds from borrowings	390	868
3.6	Repayment of borrowings	(645)	(645)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	9,215	9,693
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	132	132
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(590)	(1,072)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,215	9,693

Consolidated statement of cash flows		Current quarter A\$000	Year to date (12 months) A\$000
4.5	Effect of movement in exchange rates on cash held	2	6
4.6	Cash and cash equivalents at end of period	8,759	8,759

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter A\$000	Previous quarter A\$000
5.1	Bank balances	8,759	132
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,759	132

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
A\$000**

(24)

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term 'facility' includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify):

Total facility amount at quarter end A\$000	Amount drawn at quarter end A\$000
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7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify):	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

During the quarter, the Company repaid approximately \$755,000 of the loan provided by Sovereign Metals Limited, the previous parent company of NGX, pursuant to the Demerger Deed.

8. Estimated cash available for future operating activities	A\$000
8.1 Net cash from / (used in) operating activities (item 1.9)	(590)
8.2 (Payments for exploration & evaluation classified as investment activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(590)
8.4 Cash and cash equivalents at quarter end (item 4.6)	8,759
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	8,759
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	14.8
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Not applicable.

8.8.2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Not applicable.

8.8.3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Not applicable.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2023

Authorised by: Company Secretary
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.