ANNUAL REPORT

2023

NGX Ltd

NGX Limited | ABN: 35 649 545 068 | ASX: **NGX**

CORPORATE DIRECTORY

DIRECTORS

Mr Ian Middlemas — Non-Executive Chairman
Mr Matthew Syme — Executive Director
Mr Matthew Bungey — Non-Executive Director
Mr Mark Pearce — Non-Executive Director

COMPANY SECRETARY

Ms Elizabeth (Lib) Matthews

REGISTERED OFFICE

Level 9, 28 The Esplanade,
Perth WA 6000 Australia
Telephone: +61 8 9322 6322
Fax: +61 8 9322 6558

AUDITOR

William Buck Audit (WA) Pty Ltd

SOLICITORS

Thomson Geer

BANKERS

National Australia Bank and Standard Bank

STOCK EXCHANGE

Australian Securities Exchange
Fully Paid Ordinary Shares (ASX Code: **NGX**)

SHARE REGISTRY

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Level 5, 191 St Georges Terrace
Perth WA 6000
AUSTRALIA
Telephone: 1300 288 664

CONTENTS

NGX Ltd

The Directors of NGX Limited present their report on the Group consisting of NGX Limited (the "**Company**" or "**NGX**") and the entities it controlled at the end of, or during, the year ended 30 June 2023.

OPERATING AND FINANCIAL REVIEW

Operations

Natural Graphite Projects

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

<u>The Duwi Natural Graphite Project – Granted</u>

The Duwi Natural Graphite Project (RL0032/22) **("Duwi")** 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).

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 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**	

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Operations (Continued)

The Duwi Natural Graphite Project – Granted (Continued)

Notes:

[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) **("Nanzeka")** 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 Natural Graphite Project (AML0088) **("Malingunde")** is located approximately 20km southwest of Malawi's capital, Lilongwe. The Malingunde Natural Graphite Project has a Mineral Resource estimate of 65Mt at 7.2% TGC for contained graphite of 4.68Mt and Ore Reserves of 9.5Mt at 9.5% TGC.

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 Malingunde which covers 5.7km^2. 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 Malingunde 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).

Exploration and Development Activities

With the initial public offering **("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. The previous 2015 Scoping Study was subsequently revoked by Sovereign as it was considered that the parameters used were no longer relevant.

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[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

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Operations (Continued)

Exploration and Development Activities (Continued)

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 reverse circulation and potentially diamond drilling.

The ESIA process is continuing for Malingunde 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 Group's natural graphite projects. Expert consultants have been engaged to initiate and progress this effort.

Corporate - Demerger

On 10 February 2023, Sovereign, Sovereign Services Limited **("SSL")** (an entity owned by Sovereign) and NGX, NGX Mining Limited and NGX Exploration Limited (entities owned by NGX) entered into a Demerger Deed, which provides the terms of the demerger of NGX from Sovereign.

The effect of the Demerger Deed is that NGX acquired the Natural Graphite Projects from Sovereign and in return NGX issued 42,805,918 Shares at a deemed issue price of A$0.20 per Share to Sovereign, for the In-Specie Distribution to shareholders. The Demerger Deed was subject to a number of conditions precedent that were required to be met and/or waived (if possible) prior to completion and transfer of Duwi and Malingunde to NGX. Duwi was successfully transferred to NGX during the financial year, pursuant to the Demerger Deed.

The demerger and distribution of Shares to Sovereign shareholders was effected on 24 March 2023. The financial impact included the issue of 42,805,918 demerger Shares and recognition of exploration and evaluation assets of $6,561,073, the repayment of a loan from Sovereign of $644,666 and recognition of a $777,841 loan forgiveness, pursuant to the Demerger Deed.

Corporate - ASX Listing

NGX was successfully admitted to the ASX on 14 June 2023, following the completion of the Company's IPO. The IPO received strong support and closed oversubscribed with $9.56 million raised (before costs) by way of the issue of 47,805,920 ordinary shares.

Results of Operations

The net loss of the Group for the year ended 30 June 2023 was $3,493,647 (2022: $585,098). Significant items contributing to the year end loss include the following:

- Expense recognised for projects in Application upon acquisition pursuant to the Demerger Deed of $2,000,111 (2022: nil) in relation to the Group's Natural Graphite Projects in Malawi;
- Exploration and evaluation expenses of $453,968 (2022: $405,150) in relation to the Group's Natural Graphite Projects in Malawi. This is attributable to the Group's accounting policy of expensing exploration and evaluation expenditure incurred by the Group subsequent to acquisition of the rights to explore and up to the completion of feasibility studies;
- Share-based payments expenses totalling $344,544 (2022: nil) relating to incentive options issued during the year. The fair value of incentive options are recognised over the vesting period of the option; and
- Business development expenses of $360,229 (2022: nil) which includes the Group's investor relations activities including but not limited to public relations costs, marketing and digital marketing, travel costs, conference fees and business development consultant fees.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Financial Position

As at 30 June 2023, the Group had a net current asset surplus of $8,443,282 (2022: deficiency of $144,784). At 30 June 2023, the Group had cash reserves of $8,754,588 (2022: $2) and borrowings of $34,850 (2022: $549,720). At 30 June 2023, the Group had net assets of $15,006,469 (2022: net liabilities of $694,504). These increases are largely driven by the financial impact of the demerger and IPO during the year, resulting in exploration and evaluation assets totalling $6,561,073, and cash and cash equivalents at 30 June 2023 of $8,754,588.

Principal Activities

The principal activity of the Group during the year consisted of the exploration and development of resource projects.

Business Strategies and Prospects for Future Financial Years

The objective of the Group is to create long-term shareholder value through the discovery, development and acquisition of technically and economically viable mineral deposits. To date, the Group has not commenced production of any minerals. However, Sovereign (former parent entity of the Company) had identified a Mineral Resource at both Duwi and Malingunde. Furthermore, Sovereign's previous activities on Malingunde identified an Ore Reserve. The Group intends to conduct further exploration activities, including field work, to follow up targets identified at Nanzeka and to complete a Scoping Study at Duwi . These activities are inherently risky and the Board is unable to provide certainty of the expected results of these activities, or that any or all of these likely developments will be achieved. The material business risks faced by the Group that could have an effect on the Group's future prospects, and how the Group manages these risks, include:

- **Grant and transfer of Malingunde to NGX** – Although conditional approval for the Malingunde Mining Licence was granted in April 2022, the approval and subsequent transfer remains subject to a number of conditions to be addressed, including the receipt of an environmental and social impact assessment **("ESIA")** approval certificate under the applicable Malawian environmental regulations. The Company and Sovereign are engaging with relevant stakeholders and authorities in respect to the ESIA approval process. There can be no guarantees that a certificate will be received based on the current ESIA. If this occurs, and a modified ESIA and/or mine plan is not accepted, the Mining Licence may not be granted and subsequently transferred;

- **The Group's exploration properties may never be brought into production** – The exploration for, and development of, mineral deposits involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. To mitigate this risk, the Group will undertake systematic and staged exploration and testing programs on its mineral properties and, subject to the results of these exploration programs, the Group will then progressively undertake a number of technical and economic studies with respect to its projects prior to making a decision to mine. Resulting from these technical studies, a Mineral Resource has been estimated at Duwi and Malingunde and an Ore Reserve has been estimated at Malingunde. There can be no guarantee of the technical and economic viability of the Group's mineral properties or that the properties will be successfully brought into production;

- **The Group's exploration programmes may not identify an economic deposit -** Nanzeka is at an early stage of exploration and current/potential investors should understand that mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards. The success of the Group depends, among other things, on successful exploration and/or acquisition of reserves, securing and maintaining title to tenements and consents, successful design, construction, commissioning and operating of mining and processing facilities, successful development and production in accordance with forecasts and successful management of the operations. Exploration and mining activities may also be hampered by force majeure circumstances, land claims and unforeseen mining problems. There is no assurance that exploration and development of the mineral interests owned by the Group, or any other projects that may be acquired in the future, will result in the discovery of mineral deposits which are capable of being exploited economically. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited. If such commercial viability is never attained, the Group may seek to transfer its property interests or otherwise realise value, or the Group may even be required to abandon its business and fail as a "going concern";

- **The Group is subject to sovereign risk of the Republic of Malawi** – The Group's operations in the Republic of Malawi are exposed to various levels of political, economic and other risks and uncertainties. The Republic of Malawi is a developing country and there can be no assurances that the risks of operating in the Republic of Malawi will not directly impact the Group's operations;

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Business Strategies and Prospects for Future Financial Years (Continued)

- **The Group's exploration activities being delayed due to lack of available equipment and services -** The exploration activities of the Group requires the involvement of a number of third parties, including drilling contractors, assay laboratories, consultants, other contractors and suppliers. Demand for drilling equipment and exploration related services in Malawi is currently very high and has resulted in higher exploration costs, delays in completing the Group's exploration activities, and delays in the assessment and reporting of the results. Should there continue to be high demand for exploration equipment and related services, there may be further delays in undertaking exploration activities, which may result in increased exploration costs and/or increased working capital requirements for the Group and may have a material impact on the Group's operations and performance;
- **The Group's operations will require further capital** – the exploration and any development of the Group's exploration properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying, or the indefinite postponement of, exploration and any development of the Group's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Group;
- **The Group may be adversely affected by fluctuations in commodity prices** – the price of commodities fluctuate widely and are affected by numerous factors beyond the control of the Group. Future production, if any, from the Group's mineral properties will be dependent upon the price of commodities being adequate to make these properties economic. The Group currently does not engage in any hedging or derivative transactions to manage commodity price risk. As the Group's operations change, this policy will be reviewed periodically going forward; and
- **Global financial conditions may adversely affect the Group's growth and profitability** – many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. Due to the current nature of the Group's activities, a slowdown in the financial markets or other economic conditions may adversely affect the Group's growth and ability to finance its activities.

DIRECTORS

The names and details of the Company's directors in office at any time during the financial year were:

Directors	
Mr Ian Middlemas	Non-Executive Chairman
Mr Matthew Syme	Executive Director *(appointed 19 January 2023)*
Mr Matthew Bungey	Non-Executive Director *(appointed 24 January 2023)*
Mr Mark Pearce	Non-Executive Director
Mr Benjamin Stoikovich	Non-Executive Director *(resigned 12 December 2022)*

Unless otherwise stated, Directors held their office from 1 July 2022 until the date of this report.

CURRENT DIRECTORS AND OFFICERS

Mr Ian Middlemas *B.Com, CA*
Chairman

Mr Middlemas is a Chartered Accountant and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a director with a number of publicly listed companies in the resources sector.

Mr Middlemas was appointed a Director of the Company on 19 April 2021. During the three year period to the end of the financial year, Mr Middlemas has held directorships in Constellation Resources Limited (November 2017 – present), Apollo Minerals Limited (July 2016 – present), GCX Metals Limited (October 2013 – present), Berkeley Energia Limited (April 2012 – present), GreenX Metals Limited (August 2011 – present), Salt Lake Potash Limited (Receivers and Managers Appointed) (January 2010 – present), Equatorial Resources Limited (November 2009 – present), Sovereign Metals Limited (July 2006 – present), Odyssey Gold Limited (September 2005 – present), Piedmont Lithium Limited (September 2009 – December 2020) and Peregrine Gold Limited (September 2020 – February 2022).

CURRENT DIRECTORS AND OFFICERS (Continued)

Mr Matthew Syme *B.Com, CA*
Executive Director

Mr Syme is a Chartered Accountant and an accomplished mining executive with over 27 years' experience in senior management roles in Australia and overseas. He was a Manager in a major international Chartered Accounting firm before spending three years as an equities analyst in a large stockbroking firm.

Mr Syme has considerable experience in managing mining and exploration projects in a wide range of commodities and countries. He has been Managing Director or Chief Executive Officer of several ASX listed companies, including Berkeley Resources Limited, Odyssey Gold Limited, Sierra Mining Limited and Salt Lake Potash Limited from April 2015 to November 2018.

Mr Syme was appointed a Director of the Company on 19 January 2023. During the three year period to the end of the financial year, Mr Syme held a directorship in Odyssey Gold Limited (August 2020 – present).

Mr Matthew Bungey *B.Chem Eng (Hons), B. Sci, MBA*
Non-Executive Director

Mr Bungey is a Chemical Engineer with over 20 years' experience in natural resources. He commenced his career as a Process Engineer with BHP Billiton **("BHP")** at Centre for Minerals Technology in the United States where he was responsible for process design and research into bacterial leaching of copper-sulphide ore. He then spent several years in the Marketing Division of BHP based in The Hague. Mr Bungey was most recently a Managing Director and Head of Mining and Metals with Barclays Investment Bank in London.

Mr Bungey was appointed Non-Executive Director of the Company on 24 January 2023. During the three year period to the end of the financial year, Mr Bungey has held a directorship in Salt Lake Potash Limited (Receivers and Managers Appointed) (May 2020 – present).

Mr Mark Pearce *B.Bus, CA, FCIS, FFin*
Non-Executive Director

Mr Pearce is a Chartered Accountant and is currently a director of several listed companies that operate in the resources sector. He has had considerable experience in the formation and development of listed resource companies and has worked for several large international Chartered Accounting firms. Mr Pearce is also a Fellow of the Governance Institute of Australia and a Fellow of the Financial Services Institute of Australasia.

Mr Pearce was appointed a Director of the Company on 19 April 2021. During the three year period to the end of the financial year, Mr Pearce has held directorships in GCX Metals Limited (Alternate Director) (June 2022 – present), Constellation Resources Limited (July 2016 – present), GreenX Limited (August 2011 – present), Equatorial Resources Limited (November 2009 – present), Sovereign Metals Limited (July 2006 – present), Peregrine Gold Limited (September 2020 – February 2022), Apollo Minerals Limited (July 2016 – February 2021) and Salt Lake Potash Limited (Receivers and Managers Appointed) (August 2014 – October 2020).

Ms Elizabeth (Lib) Matthews *B.Com, CA, ACG, GAICD*
Company Secretary

Ms Matthews is a Chartered Accountant, Chartered Secretary of the Governance Institute of Australia and graduate of the Australian Institute of Company Directors Course. She commenced her career at a large international accounting firm and has since been involved with exploration and development companies operating in the resources sector. Ms Matthews was appointed Company Secretary of NGX Limited on 9 December 2022.

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made (2022: nil).

EARNINGS PER SHARE

	2023 $	2022 $
Basic and diluted loss per share ($ per share)	**(0.25)**	(292,549)

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities. There have been no known breaches of environmental laws and regulations by the Group during the financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

(i) On 24 March 2023, the demerger and in-specie distribution of Shares to Sovereign shareholders was effected. The financial impact included the issue of 42,805,918 demerger Shares at a deemed price of $0.20 each and recognition of exploration and evaluation assets of $6,561,073, pursuant to the Demerger Deed; and

(ii) On 14 June 2023, following the completion of the Company's IPO NGX was successfully admitted to the ASX. The IPO received strong support and closed oversubscribed with $9.56 million raised (before costs) by way of the issue of 47,805,920 ordinary shares.

There were no significant changes in the state of affairs of the Group during the year ended 30 June 2023 not otherwise disclosed.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

As at the date of this report, other than previously stated, there are no other matters or circumstances which have arisen since 30 June 2023 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2023, of the Group;
- the results of those operations, in financial years subsequent to 30 June 2023, of the Group; or
- the state of affairs, in financial years subsequent to 30 June 2023, of the Group.

SHARE OPTIONS

At the date of this report the following options have been issued over unissued Ordinary Shares of the Group:

- 1,500,000 Unlisted Options exercisable at $0.30 each on or before 13 June 2026;
- 1,500,000 Unlisted Options exercisable at $0.40 each on or before 13 June 2027; and
- 1,000,000 Unlisted Options exercisable at $0.40 each on or before 13 June 2026.

During the year ended 30 June 2023 no ordinary shares were issued as a result of the exercise of options (2022: nil). Subsequent to year end and until the date of this report, no ordinary shares have been issued as a result of the exercise of options.

REMUNERATION REPORT - AUDITED

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel **("KMP")** of the Group.

Details of Key Management Personnel

The KMP of the Group during or since the end of the financial year were as follows:

Directors	
Mr Ian Middlemas	Non-Executive Chairman
Mr Matthew Syme	Executive Director *(appointed effective 19 January 2023)*
Mr Matthew Bungey	Non-Executive Director *(appointed effective 24 January 2023)*
Mr Mark Pearce	Non-Executive Director
Mr Benjamin Stoikovich	Non-Executive Director *(resigned effective 12 December 2022)*

Unless otherwise disclosed, the KMP held their position from 1 July 2022 until the date of this report.

Remuneration Policy

The Group's remuneration policy for its KMP has been developed by the Board taking into account the size of the Group, the size of the management team for the Group, the nature and stage of development of the Group's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors. In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP:

(a) the Group is currently focussed on undertaking exploration, appraisal and development activities;

(b) risks associated with small capitalisation resource companies whilst exploring and developing projects; and

(c) other than profit which may be generated from asset sales, the Group does not expect to be undertaking profitable operations until sometime after the commencement of commercial production of the project.

Remuneration Policy for Executives

The Group's remuneration policy is to provide a fixed remuneration component and a performance based component (short term incentive and long term incentive). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

Fixed Remuneration

Fixed remuneration consists of base salary, as well as employer contributions to superannuation funds and other non-cash benefits. Fixed remuneration is reviewed annually by the Board. The process consists of a review of Group and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

Performance Based Remuneration – Short Term Incentive

Some executives are entitled to an annual cash incentive payment upon achieving various key performance indicators **("KPI's")**, as set by the Board. Having regard to the current size, nature and opportunities of the Group, the Board has determined that these KPI's will include measures such as successful commencement and/or completion of exploration activities (e.g. commencement/completion of exploration programs within budgeted timeframes and costs), establishment of government relationships (e.g. establish and maintain sound working relationships with government and officialdom), development activities (e.g. completion of infrastructure studies and commercial agreements), corporate activities (e.g. recruitment of key personnel and representation of the company at international conferences) and business development activities (e.g. corporate transactions and capital raisings).

These measures were chosen as the Board believes they represent the key drivers in the short and medium term success of the Project's development. On an annual basis, subsequent to year end, the Board assesses performance against each individual executive's KPI criteria. During the 2023 financial year, no bonuses (2022: nil) were approved, paid, or are payable.

REMUNERATION REPORT – AUDITED (CONTINUED)

Performance Based Remuneration – Long Term Incentive

The Board has or may issue incentive securities to some executives (if applicable) as a key component of the incentive portion of their remuneration, in order to attract and retain the services of any executives and to provide an incentive linked to the performance of the Group. The Board considers that for each executive who has or may receive securities in the future, their experience in the resources industry will greatly assist the Group in progressing its projects to the next stage of development and the identification of new projects. As such, the Board believes that the number of incentive securities to be granted to any executives will be commensurate to their value to the Group.

The Board has a policy of granting incentive securities to executives (if applicable) with exercise prices at and/or above market share price (at the time of agreement). As such, incentive securities granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive securities granted.

Other than service-based vesting conditions, there are not expected to be additional performance criteria if incentive securities are granted to executives, as given the speculative nature of the Group's activities and the small management team responsible for its running, it is considered the performance of the executives and the performance and value of the Group are closely related. If other forms of incentive securities are issued, then performance milestones may be applied. The Group's Securities Trading Policy prohibits KMP from entering into arrangements to limit their exposure to incentive securities granted as part of their remuneration package.

During the year ended 30 June 2023, 2,500,000 unlisted incentive options were issued to KMP (2022: nil). No incentive options previously issued to KMP were exercised or expired (2022: nil).

Remuneration Policy for Non-Executive Directors

The Board policy is to remunerate Non-Executive Directors at or below market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Group, incentive securities may be used to attract and retain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. Total Directors' fees paid to all Non-Executive Directors are not to exceed $400,000 per annum. Director's fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group and Non-Executive Directors may in limited circumstances receive incentive securities in order to secure their services.

Fees for the Chairman are presently $36,000 and fees for other Non-Executive Directors are $20,000 per annum plus statutory superannuation. These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Group.

Relationship between Remuneration of KMP and Shareholder Wealth

During the Group's project identification, acquisition, exploration and development phases of its business, the Board anticipates that the Group will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly the Group does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore there is no relationship between the Board's policy for determining the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Group during the current and previous financial years.

The Board did not determine the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Group traded between the beginning and end of the current financial year. Discretionary annual cash bonuses, when applicable, will be based on achieving various non-financial key performance indicators to be determined by the Board. However, as noted above, KMP's may receive Incentive Securities which generally will only be of value should the value of the Group's shares increase sufficiently to warrant exercising the Incentive Securities.

REMUNERATION REPORT – AUDITED (CONTINUED)

Relationship between Remuneration of KMP and Earnings

As discussed above, the Group is currently undertaking new project acquisition, exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which are currently planned) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous financial years when determining the nature and amount of remuneration of KMP.

In addition to a focus on operating activities, the Board is also focussed on finding and completing new business and other corporate opportunities. The Board considers that the prospects of the Group and resulting impact on shareholder wealth will be enhanced by this approach. Accordingly, a bonus may be paid upon the successful completion of a new business or corporate transaction. No bonuses were declared or paid to KMP in the current financial year (2022: nil).

Where required, KMP receive superannuation contributions, currently equal to 11% of their salary as of 1 July 2023, and do not receive any other retirement benefit.

All remuneration provided to KMP is valued at cost to the company and expensed. Incentive securities are valued using the Black Scholes option or Binomial valuation methodology as appropriate. The value of these incentive securities is expensed over the vesting period.

Employment Contracts with Key Management Personnel

Mr Matthew Syme, Executive Director, has a letter of appointment confirming the terms and conditions of his appointment dated 19 January 2023. Mr Syme also has a services agreement with the Company dated 19 January 2023, which provides for a consultancy fee at the rate of $1,200 per day for management and technical services provided by Mr Syme. Either party may terminate the agreement without penalty or payment by giving three months' notice.

All Directors have a letter of appointment confirming the terms and conditions of their appointment as Director of the Company.

Remuneration of Key Management Personnel

Details of the nature and amount of each element of the remuneration of each director and KMP of the Group for the years ended 30 June 2023 and 30 June 2022 are as follows:

	Short-term		Post-employment	Share-based Payments	Total	Performance Related
2023	**Salary & Fees $**	**Other $**	**Superannuation benefits $**	**Value of Unlisted Securities $**	**$**	**%**
Ian Middlemas	1,523	-	160	-	1,683	-
Matthew Syme[1]	194,400	-	-	172,272	366,672	47.0
Matthew Bungey[1]	846	-	89	57,424	58,359	98.4
Mark Pearce	846	-	89	57,424	58,359	98.4
Benjamin Stoikovich[2]	-	-	-	-	-	-
Total	**197,615**	**-**	**338**	**287,120**	**485,073**	

Notes:
1 As at date of appointment. Mr Syme was appointed 19 January 2023 and Mr Bungey was appointed 24 January 2023.
2 As at date of resignation. Mr Stoikovich resigned effective 12 December 2022.

	Short-term		Post-employment	Share-based Payments	Total	Performance Related
2022	**Salary & Fees $**	**Other $**	**Superannuation benefits $**	**Value of Unlisted Securities $**	**$**	**%**
Ian Middlemas	-	-	-	-	-	-
Mark Pearce	-	-	-	-	-	-
Benjamin Stoikovich	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

REMUNERATION REPORT – AUDITED (CONTINUED)

Options Granted to Key Management Personnel

Details of Incentive Options granted by the Group to each KMP are as follows:

2023	Options Granted	Grant Date	Vesting Date	Expiry Date	Exercise Price $	Grant Date Fair Value $	No. Vested as at 30 June 2023
Ian Middlemas	-	-	-	-	-	-	-
Matthew Syme	750,000	13-Jun-2023	13-Jun-2023	13-Jun-2026	0.30	$0.111	750,000
	750,000	13-Jun-2023	13-Jun-2023	13-Jun-2027	0.40	$0.118	750,000
Matthew Bungey	250,000	13-Jun-2023	13-Jun-2023	13-Jun-2026	0.30	$0.111	250,000
	250,000	13-Jun-2023	13-Jun-2023	13-Jun-2027	0.40	$0.118	250,000
Mark Pearce	250,000	13-Jun-2023	13-Jun-2023	13-Jun-2026	0.30	$0.111	250,000
	250,000	13-Jun-2023	13-Jun-2023	13-Jun-2027	0.40	$0.118	250,000
Benjamin Stoikovich	-	-	-	-	-	-	- [1]
	2,500,000	**-**	**-**	**-**	**-**	**-**	**2,500,000**

Note:
1 As at date of resignation. Mr Stoikovich resigned effective 12 December 2022.

During the financial year ended 30 June 2023, no incentive securities lapsed for KMP of the Group (2022: nil).

The fair value of Incentive Options granted is estimated as at the date of grant using the Black Scholes option valuation model taking into account the terms and conditions upon which the Incentive Options were granted. The table below lists the inputs to the valuation model used for share options granted by the Company to the KMP in the previous table:

Inputs	Series 1	Series 2
Exercise price	$0.30	$0.40
Grant date share price	$0.20	$0.20
Dividend yield[1]	-	-
Volatility	100%	100%
Risk-free interest rate	3.83%	3.785%
Grant date	13-Jun-2023	13-Jun-2023
Expiry date	13-Jun-2026	13-Jun-2027
Expected life of option[2]	3.0	4.0
Fair value at grant date	$0.111	$0.118

Notes:
1 The dividend yield reflects the assumption that the current dividend payout will remain unchanged.
2 The expected life of the options is based on the expiry date of the options.

Details of the values of Incentive Options granted, exercised or lapsed for each KMP during the 2023 financial year are as follows:

2023	Value of Options Granted during the Year $	Value of Options exercised during the year $	Value of Options expired during the year $	Value of Options included in remuneration for the year $	Remuneration for the year that consists of Options %
Directors					
Ian Middlemas	-	-	-	-	-
Matthew Syme	172,272	-	-	172,272	74.5
Matthew Bungey	57,424	-	-	57,424	100
Mark Pearce	57,424	-	-	57,424	100
Benjamin Stoikovich	-	-	-	-	-
Total	**287,120**	**-**	**-**	**287,120**	

REMUNERATION REPORT – AUDITED (CONTINUED)

Other Transactions

Apollo Group Pty Ltd **("Apollo Group")**, a Company of which Mr Mark Pearce is a director and beneficial shareholder, provides corporate, administration and company secretarial services and serviced office facilities to the Company under a services agreement. Either party can terminate the services agreement at any time for any reason by giving one month's written notice. Apollo Group receives a monthly retainer of $24,000 (exclusive of GST) for the provision of these services. The monthly retainer is reviewed every six to twelve months and is based on Apollo Group's budgeted cost of providing the services to the Company (and other companies utilising same or similar services from Apollo Group) for the next six to twelve month period, with minimal mark-up (if any). Upon admission of the Company to the Official List, Apollo Group was paid a one-off fee of A$30,000 (plus GST) for services provided in relation to Prospectus and the listing process.

Loans from Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2023 (2022: nil).

End of the Audited Remuneration Report.

DIRECTORS' INTERESTS

As at the date of this report, the Directors' interests in the securities of the Company are as follows:

	Shares[1]	Unlisted Options[2]
Ian Middlemas	4,000,000	-
Matthew Syme	1,240,000	1,500,000
Matthew Bungey	340,908	500,000
Mark Pearce	781,062	500,000

Notes:

1 'Shares' means fully paid ordinary shares in the capital of the Company.

2 'Unlisted Options' means an unlisted option to subscribe for one Share in the capital of the Company.

TENEMENT SCHEDULE

Tenements held as at the date of the Directors' Report are listed in the table below:

Project	Licence Number	Percentage Interest	Status
Nanzeka Natural Graphite Project	RL0012/21	100%	Granted
Duwi Natural Graphite Project	RL0032/22	100%	Granted
Malingunde Natural Graphite 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 Natural Graphite Project which covers 5.7km^2. 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 Natural Graphite 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).

MEETINGS OF DIRECTORS

The number of meetings of Directors held during the year and the number of meetings attended by each Director were as follows:

Directors	Board Meetings Number Eligible to Attend	Board Meetings Number Attended
Ian Middlemas	1	1
Matthew Syme	1	1
Matthew Bungey	1	1
Mark Pearce	1	1
Benjamin Stoikovich	-	-

There were no Board committees during the financial year. The Board as a whole currently performs the functions of an Audit Committee, Risk Committee, Nomination Committee, and Remuneration Committee, however this will be reviewed should the size and nature of the Group's activities change.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Group has entered into Deeds of Indemnity with the Directors indemnifying them against certain liabilities and costs to the extent permitted by law.

The Group has paid, or agreed to pay, premiums in respect of Directors' and Officers' Liability Insurance and Group Reimbursement policies for the 12 months ended 30 June 2023 and 2022, which covers all Directors and officers of the Group against liabilities to the extent permitted by the Corporations Act 2001. The policy conditions preclude the Group from any detailed disclosures including premium amount paid.

PROCEEDINGS ON BEHALF OF GROUP

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a part for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

Non-audit services provided by our auditors William Buck and related entities for the financial year ended 30 June 2023 included providing an Investigating Accountants Report for the Prospectus, related costs amounted to $3,450 (2022: nil). The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 15 of the Directors' Report.

This report is made in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

For and on behalf of the Directors

MATTHEW SYME
Executive Director

20 September 2023

COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is extracted from the following ASX announcements:

- *"NGX to Undertake Scoping Study for Duwi Natural Graphite Project"* – dated 27 July 2023; and
- *"Replacement Prospectus"* – dated 14 June 2023

The information in this Directors' Report that relates to Exploration Results and Mineral Resources (Graphite – Malingunde, Duwi, Nyama) is based on, and fairly represents, information compiled by Mr David Williams, a Competent Person, who is a Member of The Australian Institute of Geoscientists. 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'. Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this Directors' Report that relates to Ore Reserves (Graphite – Malingunde Natural Graphite Project) is based on, and fairly represents, information compiled by Mr Ryan Locke, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Locke is employed by Orelogy Group Pty Ltd, an independent consulting company. Mr Locke 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'. Mr Locke consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mr Williams and Mr Locke have approved the Directors' Report as a whole and consents to its inclusion in the form and context in which it appears.

FORWARD LOOKING STATEMENTS

Statements regarding plans with respect to NGX's project are forward-looking statements. There can be no assurance that the Group's plans for development of its projects will proceed as currently expected. These forward-looking statements are based on the Group'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 Group, which could cause actual results to differ materially from such statements. The Group 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.

William Buck
ACCOUNTANTS & ADVISORS

NGX Ltd

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF NGX LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director

Dated this 20th day of September 2023

Level 20, 181 William Street, Melbourne VIC 3000
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vic.info@williambuck.com
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 $	2022 $
Interest income		**14,419**	-
Corporate and administrative expenses		**(349,153)**	(44,025)
Exploration and evaluation expenses		**(453,968)**	(405,150)
Impairment expense		**-**	(135,923)
Business development expenses		**(360,229)**	-
Depreciation expense	5	**(61)**	-
Share-based payments expense	14	**(344,544)**	-
Expense recognised for projects in application	15	**(2,000,111)**	-
Loss before income tax		**(3,493,647)**	(585,098)
Income tax expense	4	-	-
Loss after income tax		**(3,493,647)**	(585,098)
Other comprehensive income for the year, net of tax			
Items that may be classified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**2,271**	**-**
Other comprehensive income, net of income tax		**2,271**	**-**
Total comprehensive loss attributable to members of NGX Limited		**(3,491,376)**	(585,098)
Basic and diluted loss per share attributable to the ordinary equity holders of the company ($ per share)	13	**(0.25)**	(292,549)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	2023 $	2022 $
ASSETS			
Current Assets			
Cash and cash equivalents	12(b)	**8,754,588**	2
Other receivables	3	**38,906**	-
Other assets		**-**	38
Total Current Assets		**8,793,494**	40
Non-Current Assets			
Property, plant and equipment	5	**2,114**	-
Exploration and evaluation assets	6	**6,561,073**	-
Total Non-Current Assets		**6,563,187**	-
TOTAL ASSETS		**15,356,681**	40
LIABILITIES			
Current Liabilities			
Trade and other payables	7	**315,362**	144,824
Borrowings	8	**34,850**	-
Total Current Liabilities		**350,212**	144,824
Non-Current Liabilities			-
Borrowings	8	**-**	549,720
Total Non-Current Liabilties		**-**	549,720
TOTAL LIABILITIES		**350,212**	694,544
NET ASSETS/(LIABILITIES)		**15,006,469**	(694,504)
EQUITY			
Contributed equity	9	**17,834,386**	2
Reserves	10(a)	**1,360,236**	-
Accumulated losses	11	**(4,188,153)**	(694,506)
TOTAL EQUITY/(DEFICIENCY)		**15,006,469**	(694,504)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Contributed Equity	Share-Based Payment Reserve	Foreign Currency Translation Reserve	Other Equity Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$	$
2023						
Balance at 1 July 2022	**2**	**-**	**-**	**-**	**(694,506)**	**(694,504)**
Net loss for the year	**-**	**-**	**-**	**-**	**(3,493,647)**	**(3,493,647)**
Exchange differences arising on translation of foreign operations	**-**	**-**	**2,271**	**-**	**-**	**2,271**
Total Comprehensive Income/(Loss)	**-**	**-**	**2,271**	**-**	**(3,493,647)**	**(3,491,376)**
In-specie distribution	**8,561,184**	**-**	**-**	**-**	**-**	**8,561,184**
Issue of shares	**9,561,184**	**-**	**-**	**-**	**-**	**9,561,184**
Share issue costs	**(287,984)**	**-**	**-**	**-**	**-**	**(287,984)**
Equity contribution	**-**	**-**	**-**	**913,863**	**-**	**913,863**
Share based-payment expense	**-**	**444,102**	**-**	**-**	**-**	**444,102**
Balance at 30 June 2023	**17,834,386**	**444,102**	**2,271**	**913,863**	**(4,188,153)**	**15,006,469**
2022						
Balance at 1 July 2021	2	-	-	-	(109,408)	(109,406)
Net loss for the year	-	-	-	-	(585,098)	(585,098)
Total Comprehensive Income/(Loss)	-	-	-	-	(585,098)	(585,098)
Balance at 30 June 2022	2	-	-	-	(694,506)	(694,504)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 $	2022 $
Operating Activities			
Interest received from third parties		**14,419**	-
Payments to employees and suppliers		**(944,295)**	-
Net cash flows used in operating activities	12(a)	**(929,876)**	-
Investing Activities			
Payments for property, plant and equipment		**(2,176)**	-
Cash acquired on acquisition	15	**144,194**	-
Net cash flows from investing activities		**142,018**	-
Financing Activities			
Proceeds from issue of ordinary shares	9(b)	**9,561,184**	-
Share issue costs		**(177,852)**	-
Repayment of borrowings following demerger		**(644,666)**	-
Increase in borrowings		**803,778**	-
Net cash flows from financing activities		**9,542,444**	-
Net increase in cash and cash equivalents		**8,754,586**	-
Cash and cash equivalents at the beginning of the year		**2**	2
Cash and cash equivalents at the end of the year	12(b)	**8,754,588**	2

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the consolidated financial report of NGX Limited (**"NGX"** or **"Company"**) and its consolidated entities (**"Consolidated Entity"** or **"Group"**) for the year ended 30 June 2023 are stated to assist in a general understanding of the financial report.

NGX is a for-profit company limited by shares, incorporated and domiciled in Australia. Our ordinary shares are listed on the Australian Securities Exchange **("ASX")** under the symbol "NGX".

The Group's principal activities are mineral exploration and development.

The consolidated financial report of the Group for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 14 September 2023.

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards **("AASBs")** and interpretations adopted by the Australian Accounting Standards Board **("AASB")** and the Corporations Act 2001. The financial statements comprise the financial statements of the Group. For the purposes of preparing the financial statements, the Group is a for-profit entity. The financial report has also been prepared on a historical cost basis. The financial report is presented in Australian dollars.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards **("IFRS")** as issued by the International Accounting Standards Board.

In the current financial year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are mandatory for the current annual reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(c) Issued standards and interpretations not early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the reporting period ended 30 June 2023. Those which may be relevant to the Group are set out in the table below, but these are not expected to have any significant impact on the Group's financial statements:

Standard/Interpretation	Application Date of Standard	Application Date for Company
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	1 January 2024	1 July 2024
AASB 2021-7(a-c) Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2025	1 July 2025
AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants	1 January 2024	1 July 2024

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

(e) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less an expected credit loss provision. An estimate for the expected credit loss is made based on the historical risk of default and expected loss rates at the inception of the transaction. Inputs are selected for the expected credit loss impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates.

(f) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 30 days.

(g) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(h) Earnings per Share

Basic earnings per share (**"EPS"**) is calculated by dividing the net profit attributable to members of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential Ordinary Shares and the effect on revenues and expenses of conversion to Ordinary Shares associated with dilutive potential Ordinary Shares, by the weighted average number of Ordinary Shares and dilutive Ordinary Shares.

(i) Revenue Recognition

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(j) Exploration and Evaluation Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method and with AASB 6 *Exploration for and Evaluation of Mineral Resources*, which is the Australian equivalent of IFRS 6. Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition and are recorded as an asset if:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditure incurred by the Group subsequent to the acquisition of the rights to explore is expensed as incurred, up until the technical feasibility and commercial viability of the project has been demonstrated with an appropriate feasibility study.

Capitalised exploration costs are reviewed at each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs 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 is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Use and Revision of Accounting Estimates

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described Note 1(v).

(m) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred income tax assets is reviewed at each reporting 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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

(n) Issued Capital

Ordinary Shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. 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.

(o) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the year but not distributed at reporting date.

(p) Impairment of Non-Financial Assets

The Group assesses at each reporting 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 Group 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 the 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.

(q) Share-Based Payments

Equity-settled share-based payments are provided to officers, employees, consultants and other advisors. These share-based payments are measured at the fair value of the equity instrument at the grant date. Fair value is determined using an appropriate option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share-based payments reserve. Equity-settled share-based payments may also be provided as consideration for the acquisition of assets. Where ordinary shares are issued, the transaction is recorded at fair value based on the quoted price of the ordinary shares at the date of issue. The acquisition is then recorded as an asset or expensed in accordance with accounting standards.

(r) Plant and Equipment

(i) Cost and valuation

All classes of plant and equipment are measured at cost. Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount. Where it is expected that a liability for capital gains tax will arise, this expected amount is disclosed by way of note.

(ii) Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment. Computer equipment is depreciated over a three year useful life.

(s) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The chief operating decision maker has been identified as the Board of Directors, taken as a whole. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the Board of Directors. The Company aggregates two or more operating segments when they have similar economic characteristics. Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. For the majority of borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

(u) Principal of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by NGX Limited at reporting date. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power.

Where controlled entities have entered or left the group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(v) Significant judgements and key assumptions

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

(i) Key judgements

The Group capitalises expenditure incurred in the acquisition of rights to explore and records this as an asset where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves (Note 1(j)).

There are areas of interest from which no reserves have been extracted, but the directors are of the continued belief that such expenditure should not be written off since the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

The Company recognises share-based payments in accordance with the policy at Note 1(q). Key judgements include the option valuation and estimate of the number of options likely to vest.

2. INCOME AND EXPENSES

	2023 $	2022 $
ASX listing and IPO expenses		
ASX Listing fees and IPO expenses[1]	**191,788**	-
	191,788	-
Employee benefits expense included in profit or loss		
Wages, salaries and fees	**197,953**	-
Share-based payments expense	**344,544**	**-**
Total employee benefits expense included in profit or loss	**542,497**	**-**

Note:

[1] The Group incurred ASX listing and IPO expenses, and capital raising costs, in connection with the IPO capital raising, pursuant to the Prospectus. These costs have been apportioned between “ASX listing fees and IPO expenses” totalling $191,788 recognised as an expense and “share issue costs” totalling $287,984 recognised in equity. The apportionment is based on the specific nature of the activity.

3. OTHER RECEIVABLES

	2023 $	2022 $
GST receivable	**38,906**	-
Total other receivables	**38,906**	**-**

4. INCOME TAX

	2023 $	2022 $
(a) Recognised in the Statement of Comprehensive Income		
Deferred income tax		
Origination and reversal of temporary differences	-	-
Adjustments in respect of income tax of previous years	-	-
Deferred tax assets not brought to account	-	-
Income tax expense reported in the statement of comprehensive income	-	-
(b) Reconciliation Between Tax Expense and Accounting Loss Before Income Tax		
Accounting loss before income tax	(3,493,647)	-
At the domestic income tax rate of 30% (2022: 30%)	(1,048,094)	-
Expenditure not allowable for income tax purposes	845,803	-
Effect of removal from SVM Tax group	95,181	-
Capital losses	(28,787)	-
Deferred tax assets not brought to account	135,897	-
Income tax expense attributable to loss	-	-
(c) Deferred Tax Assets and Liabilities		
Deferred income tax at 30 June relates to the following:	-	-
Deferred Tax Liabilities		
Accrued interest	-	-
Deferred tax assets used to offset deferred tax liabilities	-	-
	-	-
Deferred Tax Assets		
Accrued expenditure	11,070	-
Capital allowances	23,029	-
Tax losses available to offset against future taxable income	101,798	-
Deferred tax assets used to offset deferred tax liabilities	-	-
Deferred tax assets not brought to account[1]	(135,897)	-
	-	-

Note:

[1] The benefit of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

5. PROPERTY, PLANT AND EQUIPMENT

Computer Equipment	2023 $	2022 $
Carrying amount at 1 July	-	-
Additions	2,208	-
Depreciation	(61)	-
Foreign exchange differences	(33)	-
Carrying amount at 30 June	**2,114**	-
-at cost	2,175	-
-accumulated depreciation	(61)	-

6. EXPLORATION AND EVALUATION ASSETS

	Notes	2023 $	2022 $
(a) Exploration and evaluation assets by area of interest			
In-Specie Distribution[1]	9(b)	8,561,184	-
Expense recognised for projects in application[2]		(2,000,111)	
Total exploration and evaluation assets		**6,561,073**	-
(b) Reconciliation of carrying amount:			
Carrying amount at 1 July		-	-
Acquisition of exploration and evaluation assets during the year		6,561,073	-
Balance at 30 June[3]		**6,561,073**	-

Notes:

1 The demerger and in-specie distribution of Shares to Sovereign shareholders was effected on 24 March 2023. The financial impact included the issue of 42,805,918 demerger shares at a deemed price of $0.20 each and recognition of exploration and evaluation assets of $6,561,073, pursuant to the Demerger Deed.

2 Pursuant to the demerger and in-specie distribution, and in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the consideration paid for the tenements in the application stage was expensed upon acquisition, quantified based on their area and relative size to Sovereign's other projects, as this was considered the underlying value of the tenements in the application stage. This expense totalled $2,000,111.

3 The ultimate recoupment of costs carried forward for exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

7. TRADE AND OTHER PAYABLES

	2023 $	2022 $
Trade payables	273,752	135,824
Accrued expenses	41,610	9,000
Total trade and other payables	**315,362**	144,824

8. BORROWINGS

	2023 $	2022 $
Loan from Sovereign Metals Limited		
Carrying amount at 1 July	**549,720**	106,408
Additions	**907,637**	443,312
Forgiveness of loan from Sovereign[1]	**(777,841)**	-
Repayment of loan to Sovereign	**(644,666)**	-
Carrying amount at 30 June	**34,850**	549,720

Note:
[1] On 10 February 2023, Sovereign and its subsidiaries and NGX entered a Demerger Deed. Following the demerger on 24 March 2023, as per the terms of the Demerger Deed, Sovereign forgave NGX for debts incurred prior to 31 August 2022, and subsequent amounts not in the Demerger Deed Budget.

9. CONTRIBUTED EQUITY

	Notes	2023 $	2022 $
(a) Issued Capital			
90,611,840 Ordinary Shares (2022: 2)	9(b)	**17,834,386**	2

(b) Movements in Ordinary Shares During the Past Two Years Were as Follows:

Date	Details	Number of Ordinary Shares	Issue Price $	$
2023				
1-Jul-22	Opening balance	**2**	**-**	**2**
24-Mar-23	Issue of Shares – In-Specie Distribution[1]	**42,805,918**	**0.20**	**8,561,184**
16-Jun-23	Issue of Shares – Initial Public Offering[2]	**47,805,920**	**0.20**	**9,561,184**
	Share issue costs	**-**	**-**	**(287,984)**
30-Jun-23	**Closing balance**	**90,611,840**		**17,834,386**
2022				
1-Jul-21	Opening balance	2	-	2
30-Jun-22	Closing balance	2	-	2

Notes:
[1] The demerger and in-specie distribution of Shares to Sovereign shareholders was effected on 24 March 2023. The financial impact included the issue of 42,805,918 demerger shares at a deemed price of $0.20 each.
[2] NGX was successfully admitted to the ASX on 14 June 2023, following the completion of the Group's IPO. The IPO received strong support and closed oversubscribed with $9.56 million raised (before costs) by way of the issue of 47,805,920 ordinary shares.

(c) Rights Attaching to Ordinary Shares

The rights attaching to fully paid ordinary shares ("**Ordinary Shares**") arise from a combination of the Company's Constitution, statute and general law. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the Corporations Act 2001 or Listing Rules).

(i) Shares

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the directors, subject to the Corporations Act 2001 and any rights attached to any special class of shares.

9. CONTRIBUTED EQUITY (Continued)

(ii) Meetings of Members

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act 2001. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is 2 shareholders.

(iii) Voting

Subject to any rights or restrictions at the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by poll. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents. On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

(iv) Changes to the Constitution

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

10. RESERVES

(a) Nature and Purpose of Share-based Payments Reserve

	Note	2023 $	2022 $
Share-based payments reserve	10(b)	**444,102**	-
Other equity reserve	10(d)	**913,863**	-
Foreign currency translation reserve		**2,271**	-
Total reserves		**1,360,236**	-

The share-based payments reserve is used to record the fair value of Unlisted Options issued by the Company.

The other equity reserve is used to record the equity impacts of the asset acquisition and loan forgiveness on demerger.

The foreign currency reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(b) Movements in the share-based payments reserve during the past two years were as follows:

Date	Details	Number of Incentive Options	$
2023			
1 Jul 2022	Opening balance	-	-
13 Jun 2023	Issue of A$0.30 Incentive Options	**1,500,000**	-
13 Jun 2023	Issue of A$0.40 Incentive Options	**1,500,000**	-
13 Jun 2023	Issue of A$0.40 Broker Options	**1,000,000**	-
	Share-based payment expense	-	**444,102**
30 Jun 2023	**Closing balance**	**4,000,000**	**444,102**
2022			
1 Jul 2021	Opening balance	-	-
30 Jun 2022	Closing balance	-	-

10. RESERVES (Continued)

(c) Terms and Conditions of Unlisted Options

The Unlisted Options are granted based upon the following terms and conditions:

- Each Unlisted Option entitles the holder to the right to subscribe for one Ordinary Share upon the exercise of each Unlisted Option;
- The Unlisted Options outstanding at the end of the financial year have the following exercise prices and expiry dates:
  - 1,500,000 Unlisted Incentive Options exercisable at $0.30 each on or before 13 June 2026;
  - 1,500,000 Unlisted Incentive Options exercisable at $0.40 each on or before 13 June 2027; and
  - 1,000,000 Unlisted Broker Options exercisable at $0.40 each on or before 13 June 2026.
- The Unlisted Options are exercisable at any time prior to the Expiry Date, subject to vesting conditions being satisfied (if applicable);
- Ordinary Shares issued on exercise of the Unlisted Options rank equally with the then Ordinary Shares of the Company;
- Application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon the exercise of the Unlisted Options;
- If there is any reconstruction of the issued share capital of the Company, the rights of the Unlisted Option holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction; and
- No application for quotation of the Unlisted Incentive Options will be made by the Company.

(d) Other Equity Reserve

Date	Details	$
2023		
1 Jul 2022	Opening balance	**-**
27 Jul 2022	Acquisition of subsidiaries[1]	**136,022**
24 Mar 2023	Forgiveness of Loan from Sovereign[2]	**777,841**
30 Jun 2023	**Closing balance**	**913,863**
2022		
1 Jul 2021	Opening balance	-
30 Jun 2022	Closing balance	-

Notes:

1 On 27 July 2022, NGX acquired NGX Exploration Limited and NGX Mining Limited through its subsidiaries, NGX Exploration UK Limited and NGX Mining UK Limited. Prior to the acquisition, NGX had loaned NGX Exploration Limited and NGX Mining Limited a total of $136,022. In the year ended 30 June 2022, a provision was made for the loan and it was written off by the Company. As at 27 July 2022, this transaction was between a parent entity and subsidiary and the amount was recognised at fair value directly in equity as a contribution. Refer Note 15 for details.

2. On 10 February 2023, NGX Sovereign and NGX entered a Demerger Deed. Following the demerger on 24 March 2023, as per the terms of the Demerger Deed, Sovereign forgave NGX for debts incurred prior to 31 August 2022, and subsequent amounts not agreed in the Budget. As the transaction was between a parent entity and subsidiary prior to demerger, the forgiven amount has been recognised directly in equity.

11. ACCUMULATED LOSSES

	2023 $	2022 $
Balance at 1 July	**(694,506)**	(109,408)
Net loss for the year	**(3,493,647)**	(585,098)
Balance at 30 June	**(4,188,153)**	(694,506)

12. STATEMENT OF CASH FLOWS RECONCILIATION

	2023 $	2022 $
(a) Reconciliation of the Net Loss After Tax to the Net Cash Flows from Operations		
Loss for the year	**(3,493,647)**	(585,098)
Adjustment for non-cash income and expense items		
Depreciation of plant and equipment	**61**	-
Share-based payment expense	**344,544**	-
Expense recognised for projects in application	**2,000,111**	-
Other non-cash items	**(37,226)**	-
Change in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	**(38,906)**	-
Increase/(decrease) in trade and other payables	**136,075**	9,000
Increase/(decrease) in other borrowings	**159,112**	576,098
Net cash outflow from operating activities	**(929,876)**	**-**
(b) Reconciliation of Cash		
Cash at bank and on hand	**8,754,588**	2
Balance at 30 June	**8,754,588**	2

(c) Non-cash financing and investing activities

During the 2023 financial year, the Group acquired interests in exploration assets for which NGX's shares were issued as part of the consideration. Refer to Note 15 for details.

13. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2023 $	2022 $
Basic and diluted loss per share ($ per share)	**(0.25)**	(292,549)

	2023 $	2022 $
Net loss attributable to members of the parent used in calculating basic and diluted earnings per share:	**(3,493,647)**	(585,098)
Earnings used in calculating basic and dilutive earnings per share	**(3,493,647)**	(585,098)

	Number of Ordinary Shares 2023	Number of Ordinary Shares 2022
Weighted average number of Ordinary Shares used in calculating basic and dilutive earnings per share	**13,967,926**	2

(a) Non-Dilutive Securities

As at reporting date, 4,000,000 Unlisted Options (which represent 4,000,000 potential Ordinary Shares) were considered non-dilutive as they would decrease the loss per share.

13. EARNINGS PER SHARE (Continued)

(b) Conversions, Calls, Subscriptions or Issues after 30 June 2023

Subsequent to 30 June 2023, no Ordinary Shares were issued as a result of the conversion of options. There were no other conversions to, calls of, or subscriptions for Ordinary Shares or issues of potential Ordinary Shares since the reporting date and before the completion of this financial report.

14. SHARE-BASED PAYMENTS

(a) Recognised Share-based Payment Expense

From time to time, the Group provides incentive options to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options granted, and the terms of the options granted are determined by the Board. Shareholder approval is sought where required.

During the past two years, the following equity-settled share-based payments have been recognised:

	2023 $	2022 $
Expense arising from equity-settled share-based payments with KMP	287,120	-
Other expense arising from equity-settled share-based payments	57,424	-
Total share-based payments recognised as a share-based payment expense	**344,544**	-
Expense arising from equity-settled share-based payments with brokers	99,558	-
Total share-based payments recognised as a share issue cost in equity	**99,558**	-
Total share-based payment transactions	**444,102**	-

(b) Summary of Unlisted Options Granted as Share-based Payments

The following Unlisted Options were granted as share-based payments during the past two financial years:

Security Type	Number	Grant Date	Expiry Date	Vesting Date	Exercise Price $	Fair Value $
Options	1,500,000	13 Jun 23	13 Jun 26	13 Jun 23	0.30	0.111
Options	1,500,000	13 Jun 23	13 Jun 27	13 Jun 23	0.40	0.118
Options	1,000,000	13 Jun 23	13 Jun 26	13 Jun 23	0.40	0.100

The following table illustrates the number and weighted average exercise prices (WAEP) of Unlisted Options granted as share-based payments at the beginning and end of the financial year:

Date	Details	2023 Number	2023 WAEP	2022 Number	2022 WAEP
2023					
1 Jul 2022	Opening balance	-	-	-	-
13 Jun 2023	Issue of A$0.30 Incentive Options	1,500,000	$0.11	-	-
13 Jun 2023	Issue of A$0.40 Incentive Options	1,500,000	$0.15	-	-
13 Jun 2023	Issue of A$0.40 Broker Options	1,000,000	$0.10	-	-
30 Jun 2023	Share-based payment expense	-	-	-	-
30 Jun 2023	**Closing balance**	**4,000,000**	**$0.36**	-	-

The outstanding balance of options issued as share-based payments as at 30 June 2023 is represented by:

- 1,500,000 Unlisted Incentive Options exercisable at $0.30 each on or before 13 June 2026;
- 1,500,000 Unlisted Incentive Options exercisable at $0.40 each on or before 13 June 2027; and
- 1,000,000 Unlisted Broker Options exercisable at $0.40 each on or before 13 June 2026.

14. SHARE-BASED PAYMENTS (Continued)

(c) Weighted Average Remaining Contractual Life

At 30 June 2023, the weighted average remaining contractual life of Unlisted Options on issue that had been granted as share-based payments was 3.33 years (2022: nil).

(d) Range of Exercise Prices

At 30 June 2023, the range of exercise prices of Unlisted Options on issue that had been granted as share-based payments was $0.30 to $0.40 (2022: nil).

(e) Weighted Average Fair Value

The weighted average fair value of Unlisted Options that have been granted as share-based payments by the Company is $0.111 (2022: nil).

(f) Option Pricing Models

The fair value of Unlisted Options granted is estimated as at the date of grant using the Black Scholes option valuation model taking into account the terms and conditions upon which the Unlisted Options were granted. The table below lists the inputs to the valuation model used for share options granted by the Company:

Inputs	Tranche 1	Tranche 2	Tranche 3
Exercise price	0.300	0.400	0.400
Grant date share price	0.200	0.200	0.200
Dividend yield[1]	-	-	-
Volatility	100%	100%	100%
Risk-free interest rate	3.83%	3.79%	3.83%
Grant date	13 June 2023	13 June 2023	13 June 2023
Expiry date	13 June 2026	13 June 2027	13 June 2026
Expected life of option[2]	3.00	4.00	3.00
Fair value at grant date	0.111	0.118	0.100

Notes:

1 The dividend yield reflects the assumption that the current dividend payout will remain unchanged.

2 The expected life of the options is based on the expiry date of the options.

15. ASSET ACQUISITION

On 27 July 2022, NGX acquired NGX Exploration Limited and NGX Mining Limited through its subsidiaries, NGX Exploration UK Limited and NGX Mining UK Limited.

In line with relevant accounting standards, the Company has treated the acquisition of NGX Exploration Limited and NGX Mining Limited as an asset acquisition and an equity contribution.

Where an acquisition does not meet the definition of a business combination the transaction is accounted for as an asset acquisition. The consideration transferred for the acquisition of an asset comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs with regards to the acquisition are capitalised. Identifiable assets acquired and liabilities assumed in the acquisition are measured at their fair value at the acquisition date.

Where settlement of any part of cash consideration is deferred and/or contingent, the probability of making these future payments are assessed as at acquisition date and measured accordingly. The amounts of payable in the future are discounted to their present value as at the date of exchange. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

15. ASSET ACQUISITION (Continued)

The total cost of the asset acquisition was nil, as follows:

	27 July 2022 A$
Consideration	
Cash paid	-
Total consideration	-
Identifiable net assets	
Cash at bank	**144,194**
Identifiable net assets	**144,194**
Net cash inflow	
Net cash acquired on acquisition of NGX Exploration Limited and NGX Mining Limited	**144,194**
Net consolidated cash inflow	**144,194**

On 10 February 2023, Sovereign, SSL (an entity owned by Sovereign), NGX and NGX Mining Limited and NGX Exploration Limited (entities owned by NGX) entered into a Demerger Deed, which provides the terms of the demerger of NGX from Sovereign. The effect of the Demerger Deed is that NGX acquired the Graphite Projects from the Sovereign Group and in return NGX issued 42,805,918 Shares at a deemed issue price of A$0.20 per Share to Sovereign, for the In-Specie Distribution to Shareholders. NGX demerged from Sovereign, effective 24 March 2023.

In line with relevant accounting standards, the Company has treated the acquisition of the Graphite Projects as an asset acquisition. Where an acquisition does not meet the definition of a business combination the transaction is accounted for as an asset acquisition. The consideration transferred for the acquisition of an asset comprises the 42,805,918 Shares at a deemed issue price of A$0.20 per Share to Sovereign. Identifiable assets acquired assumed in the acquisition are measured at their fair value at the acquisition date.

	$
Consideration	
42,805,918 Shares at a deemed issue price of A$0.20 per Share	**8,561,184**
Total consideration	**8,561,184**
Identifiable assets acquired	
Exploration and evaluation assets (granted)	**6,561,073**
Exploration and evaluation assets (application)	**2,000,111**
Identifiable assets acquired	**8,561,184**

16. RELATED PARTIES

(a) Subsidiaries

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

		Equity Interest	
Name of Controlled Entity	**Place of Incorporation**	**2023**	**2022**
NGX Graphite Pty Ltd	Australia	100%	100%
NGX Holdings (UK) Limited	United Kingdom	100%	100%
NGX Mining (UK) Limited	United Kingdom	100%	100%
NGX Exploration (UK) Limited	United Kingdom	100%	100%
NGX Mining Limited[1]	Malawi	100%	-
NGX Exploration Limited[1]	Malawi	100%	-

Note:

1 On 27 July 2022, NGX acquired NGX Exploration Limited and NGX Mining Limited through its subsidiaries, NGX Exploration UK Limited and NGX Mining UK Limited.

16. RELATED PARTIES (Continued)

(b) Ultimate Parent

NGX Limited is the ultimate parent of the Group.

(c) Key Management Personnel

Details relating to KMP, including remuneration paid, are included at Note 17.

(d) Transactions with Related Parties in the Consolidated Group

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

17. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

The KMP of the Company during the financial year were as follows:

Directors	
Mr Ian Middlemas	Non-Executive Chairman
Mr Matthew Syme	Executive Director *(appointed effective 19 January 2023)*
Mr Matthew Bungey	Non-Executive Director *(appointed effective 24 January 2023)*
Mr Mark Pearce	Non-Executive Director
Mr Benjamin Stoikovich	Non-Executive Director *(resigned effective 12 December 2022)*

There were no other KMP of the Company or the Group. Unless otherwise disclosed, KMP held their position from 1 July 2022 until 30 June 2023.

(b) Remuneration of Key Management Personnel

	2023 $	2022 $
Short-term employee benefits	**197,615**	-
Post-employment benefits	**338**	
Share-based payments	**287,120**	-
Total remuneration of key management personnel	**485,073**	**-**

(c) Loans from Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2023 (2022: nil).

(d) Other Transactions

Apollo Group Pty Ltd **("Apollo Group")**, a Company of which Mr Mark Pearce is a director and beneficial shareholder, provides corporate, administration and company secretarial services and serviced office facilities to the Company under a services agreement. Either party can terminate the services agreement at any time for any reason by giving one month's written notice. Apollo Group receives a monthly retainer of $24,000 (exclusive of GST) for the provision of these services. The monthly retainer is reviewed every six to twelve months and is based on Apollo Group's budgeted cost of providing the services to the Company (and other companies utilising same or similar services from Apollo Group) for the next six to twelve month period, with minimal mark-up (if any). Upon admission of the Company to the Official List, Apollo Group was paid a one-off fee of A$30,000 (plus GST) for services provided in relation to the Prospectus and listing process.

18. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The corporate and administrative functions based in Australia and the United Kingdom are considered incidental to the Consolidated Entity's Graphite exploration activities in Malawi.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables. The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk and credit risk.

This note presents information about the Group's exposure to the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Group's operations change, the Directors will review this policy periodically going forward.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarised below.

(a) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due.

The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

2023	≤12 Months A$	1-5 Years A$	≥5 Years A$	Total A$
Financial Liabilities				
Trade and other payables	**315,362**	**-**	**-**	**315,362**
Borrowings	**34,850**	**-**	**-**	**34,850**
Total financial liabilities	**350,212**	**-**	**-**	**350,212**

2022	≤6 Months A$	1-5 Years A$	≥5 Years A$	Total A$
Financial Liabilities				
Trade and other payables	144,824	-	-	144,824
Borrowings	-	549,720	-	549,720
Total financial liabilities	144,824	549,720	-	694,544

(b) Commodity Price Risk

The Group is exposed to commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration and business development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Capital Management

The Group manages its capital to ensure that it will be able to continue as a going concern while financing the development of its projects through primarily equity based financing. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares. The Group is not subject to externally imposed capital requirements.

There were no changes in the Group's approach to capital management during the year. During the next 12 months, the Group will continue to explore financing opportunities, primarily consisting of additional issues of equity should it be required.

d) Fair Value

The net fair value of financial assets and financial liabilities approximates their carrying value as at 30 June 2023 and 30 June 2022.

e) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables are non-interest bearing.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

Interest-bearing financial instruments	2023 $	2022 $
Cash and cash equivalents	**8,754,588**	2
Total interest-bearing financial instruments	**8,754,588**	2

The Group’s cash at bank and on hand had a weighted average floating interest rate at year end of 4.30%. During 2022 the Group’s cash at bank and on hand were non-interest bearing. The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest rate sensitivity

A sensitivity of 1% (100 basis points) has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 1% (100 basis points) movement in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

	Profit or loss	
	100bp Increase	100bp Decrease
2023		
Cash and cash equivalents	**87,546**	**(87,546)**
2022		
Cash and cash equivalents	-	-

f) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents, and trade and other receivables.

There are no significant concentrations of credit risk within the Group. The carrying amount of the Group's financial assets represents the maximum credit risk exposure, as represented below:

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

f) Credit Risk (Continued)

Financial assets	2023 $	2022 $
Cash and cash equivalents	8,754,588	2
Other receivables	38,906	-
Total financial assets	**8,793,494**	2

The Group does not have any customers and accordingly does not have any significant exposure to credit losses. Other receivables comprise primarily GST refunds and interest receivable. At 30 June 2023 none of the Group's receivables are past due (2022: none). No impairment losses on receivables have been recognised. With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from historical default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

g) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash outflows of an exposure will fluctuate because of changes in foreign currency exchange rates.

The Group's exposure to the risk of changes in foreign exchange rate relates primarily to assets and liabilities that are denominated in currencies other than the functional currency of the group entity.

The Company's functional currency is Australian dollars. The financial statements are presented in Australian dollars which is the Group's presentation currency.

The Group also has transactional currency exposures relating to transactions denominated in currencies other than the functional currency of the entity.

It is the Group's policy not to enter into any hedging or derivative transactions to manage foreign currency risk.

At the reporting date, the Group's exposure to financial instruments denominated in currencies other than the functional currency of the group entity:

Assets and liabilities denominated in currencies other than the functional currency of the group entity	2023 A$ Equivalent	2022 A$ Equivalent
Financial assets		
Cash and cash equivalents	102,261	-
Financial liabilities		
Trade and other payables	(3,779)	-
Net exposure	98,482	-

Foreign exchange rate sensitivity

At the reporting date, had the US$ appreciated or depreciated against the $A, as illustrated in the table below, profit or loss and equity would have been affected by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	+10% A$	-10% A$	+10% A$	-10% A$
2023				
Group	9,848	(9,848)	9,848	(9,848)
2022				
Group	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023
(Continued)

20. COMMITMENTS

As a condition of retaining the current rights to tenure to exploration tenements, the Group is required to pay an annual rental charge and meet minimum expenditure requirements for each tenement. These obligations are not provided for in the financial statements and are at the sole discretion of the Group:

	2023 $	2022 $
Commitments for exploration expenditure:		
Not longer than 1 year	**89,296**	44,648
Longer than 1 year and shorter than 5 years	**230,681**	137,664
Total commitments	**319,977**	182,312

21. PARENT ENTITY DISCLOSURE

	2023 $	2022 $
(a) Financial Position		
Assets		
Current assets	**8,690,418**	-
Non-current assets	**6,666,263**	-
Total assets	**15,356,681**	-
Liabilities		
Current liabilities	**315,361**	(694,504)
Non-current liabilities	**34,850**	-
Total liabilities	**350,211**	-
Equity		
Contributed equity	**17,834,386**	2
Reserves	**1,360,236**	-
Accumulated losses	**(4,188,153)**	(694,506)
Total Equity	**15,006,469**	(694,504)
(b) Financial Performance		
Loss for the period	**(3,493,649)**	(595,098)
Total comprehensive income	**(3,493,649)**	(595,098)

The Parent entity has no commitments for expenditure nor any contingent assets or liabilities at balance date.

22. CONTINGENT ASSETS AND LIABILITIES

As at the date of this report, no material contingent assets or liabilities had been identified as at 30 June 2023 (2022: nil).

23. AUDITORS' REMUNERATION

	2023 $	2022 $
Amounts received or due and receivable by William Buck for:		
▪ an audit or review of the financial report of the Group	**25,000**	3,000
▪ other services in relation to the Group[1]	**3,450**	-
	28,450	3,000

Note:
[1] Non-audit services provided by our auditors William Buck and related entities for the financial year ended 30 June 2023 included providing an Investigating Accountants Report for the Prospectus.

24. EVENTS SUBSEQUENT TO REPORTING DATE

As at the date of this report, other than previously stated, there are no other matters or circumstances which have arisen since 30 June 2023 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2023, of the Group;
- the results of those operations, in financial years subsequent to 30 June 2023, of the Group; or
- the state of affairs, in financial years subsequent to 30 June 2023, of the Group.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of NGX Limited:

1. In the opinion of the directors:

   (a) the attached financial statements, notes and the additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:

      (i) section 296 (compliance with accounting standards and Corporations Regulations 2001); and

      (ii) section 297 (gives a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Group); and

   (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

2. The attached financial statements and notes thereto are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements.

3. The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023.

On behalf of the Board

MATTHEW SYME
Executive Director

20 September 2023

NGX Limited
Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of NGX Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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DEMERGER, INITIAL PUBLIC OFFERING AND ACCOUNTING TREATMENT OF ASSOCIATED COSTS	
Area of focus **Refer also to notes 10, 12(c) and 15**	**How our audit addressed it**
As an effect of the Tenement Sale and Demerger Deed entered on the 10 February 2023, NGX Limited demerged from Sovereign Metals Limited on 24 March 2023 via an in-specie distribution of the Group's shares to Sovereign Metals Limited in consideration of the transfer of the mining tenements. The financial impact included the issue of 42,805,918 demerger shares (Priority Offer) and recognition of exploration and evaluation assets of $6,561,073, the repayment of a loan from Sovereign Metals Limited of $644,666 and a loan forgiveness of $777,841, pursuant to the Demerger Deed. The Group also completed an initial public offering comprising of the Priority Offer (mentioned above) and the General Offer, which closed on 3 May 2023 raising $9,561,184, before issue costs, and was admitted to the office list of the Australian Securities Exchange (ASX) on 14 June 2023. As a result of these transactions, 90,611,840 shares were issued, and $479,771 of transaction costs were incurred, of which $287,984 were recorded against share capital. The demerger, initial public offering and accounting treatment of the associated costs is a key audit matter as these are significant transactions and determining the accounting treatment of the transactions and amounts recognised is complex.	Our procedures included: — Understanding the terms of the Tenement Sale and Demerger Deed. — Determining the appropriateness of the accounting treatment of the transactions, including accounting for the transfer of assets from Sovereign Metals Limited, and the forgiveness of the debt. — On a sample basis, verifying underlying transaction costs and assessing the classification between equity and expenses. — Assessing the adequacy of the Group's disclosures made in the financial report for the year ended 30 June 2023 in respect of the demerger and asset acquisition.

CARRYING VALUE OF EXPLORATION COST	
Area of focus **Refer also to notes 1(j) and 6**	**How our audit addressed it**
The Group has capitalised the acquisition costs of tenements for which licences have been granted comprising the Graphite Projects located in the south-east of Africa, Malawi. The carrying value of $6,561,073, represents a significant asset of the Group. This is a key audit matter due to the fact that significant judgement is applied in determining whether the capitalised exploration costs continue to meet the recognition criteria of AASB 6 *Exploration for and Evaluation of Mineral Resources*.	Our procedures focussed on evaluating management's assessment of whether the exploration assets meet the recognition criteria of AASB 6, including: — Obtaining evidence that the Group has valid rights to explore the areas represented by the capitalised exploration costs. — Enquiring of management and reviewing the cashflow forecast to verify that substantive expenditure on further exploration for and evaluation of the mineral resources in the Group's areas of interest was planned.

	— Enquiring with management, reviewing ASX announcements made and reviewing minutes of director meetings to verify that the Group had not decided to discontinue activities in any of its areas of interest. — Performing a review of management's assessment of the criteria for the capitalisation of exploration expenditure and evaluation as to whether there are any indicators of impairment of the capitalised costs.
SHARE BASED PAYMENTS	
Area of focus **Refer also to notes 1(q), 10 and 14**	**How our audit addressed it**
The Group has entered into share-based payment arrangements during the year. The options were issued to advance the interests of the Group by incentivising its Directors, key management personnel and consultants to align their interests with that of the Group. Participation in the plan was at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. This was a key audit matter because the arrangements required significant judgements and estimations by management, including the following: — The evaluation of the grant date of each arrangement, and the evaluation of the fair value of the underlying share price of the Company as at the grant date. — The evaluation of key inputs into the Black Scholes option pricing model, including the significant judgment of the forecast volatility of the share option over its exercise period. — The results of these share-based payment arrangements materially affect the disclosures.	Our procedures included: — Evaluating the grant dates based on the terms and conditions of the share-based payment arrangements. — Assessing the vesting conditions of the share-based payments. — Evaluating the fair values of the share-based payments arrangements by understanding and documenting the assumptions used. — For the specific application of the Black Scholes model, we assessed the suitability of the model used to value the share-based payments. We tested the inputs used in the model to market information and the terms and conditions of the payments and recalculated the fair values.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is

William Buck
ACCOUNTANTS & ADVISORS

materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of NGX Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director
Dated this 20th day of September 2023

CORPORATE GOVERNANCE STATEMENT

NGX Limited **("NGX"** or **"Company")** believes corporate governance is important for the Company in conducting its business activities.

The Board of the Company has adopted a suite of charters and key corporate governance documents which articulate the policies and procedures followed by the Company.

These documents are available in the Corporate Governance section of the Company's website, www.ngxlimited.com. These documents are reviewed annually to address any changes in governance practices and the law.

The Company's Corporate Governance Statement 2023, which explains how NGX complies with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th Edition' in relation to the year ended 30 June 2023, is available in the Corporate Governance section of the Company's website, www.ngxlimited.com and will be lodged with ASX together with an Appendix 4G at the same time that this Annual Report is lodged with ASX.

In addition to the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th Edition' the Board has taken into account a number of important factors in determining its corporate governance policies and procedures, including the:

- relatively simple operations of the Company, which currently only undertakes mineral exploration and development activities;
- cost verses benefit of additional corporate governance requirements or processes;
- size of the Board;
- Board's experience in the resources sector;
- organisational reporting structure and number of reporting functions, operational divisions and employees;
- relatively simple financial affairs with limited complexity and quantum;
- relatively small market capitalisation and economic value of the entity; and
- direct shareholder feedback.

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 31 August 2023.

1. TWENTY LARGEST HOLDERS OF ORDINARY SHARES

The names of the twenty largest holders of listed securities are listed below:

Name	No. of Ordinary Shares Held	% of Issued Shares
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	25,901,398	28.59%
BNP PARIBAS NOMS PTY LTD <DRP>	12,116,858	13.37%
CITICORP NOMINEES PTY LIMITED	6,490,950	7.16%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	6,133,977	6.77%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,459,708	4.92%
ARREDO PTY LTD	4,000,000	4.41%
MR JULIAN RODNEY STEPHENS <ONE WAY A/C>	2,846,820	3.14%
JACKHAMISH PTY LTD	1,431,818	1.58%
CPO SUPERANNUATION FUND PTY LTD <C & P O'CONNOR S/F A/C>	1,291,500	1.43%
PATRAS CAPITAL PTE LTD	1,000,000	1.10%
CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C>	934,758	1.03%
BOUCHI PTY LTD	691,258	0.76%
MOTA-ENGIL MINERALS & MINING INVESTMENTS BV	545,454	0.60%
SUSETTA HOLDINGS PTY LTD	524,692	0.58%
MR JOHN DESMOND MARTIN	500,030	0.55%
MR HANNES HUSTER	500,000	0.55%
MR SAMUEL CORDIN	500,000	0.55%
HOPETOUN CONSULTING PTY LTD	500,000	0.55%
NAUTICAL HOLDINGS WA PTY LTD <ABANDON SHIP S/F A/C>	441,475	0.49%
6466 INVESTMENTS PTY LTD	420,366	0.46%
Total Top 20	**71,231,062**	**78.59%**
Others	19,380,778	21.41%
Total Ordinary Shares on Issue	**90,611,840**	**100%**

2. DISTRIBUTION OF ORDINARY SHARES

Analysis of numbers of holders by size of holding:

Distribution	Number of Shareholders	Number of Shares
1 – 1,000	1,018	382,647
1,001 – 5,000	456	1,089,560
5,001 – 10,000	146	1,123,219
10,001 – 100,000	291	8,709,789
More than 100,000	60	79,306,625
Totals	**1,971**	**90,611,840**

There were 1,364 holders of less than a marketable parcel of ordinary shares.

3. VOTING RIGHTS

See Note 9 of the Notes to the Financial Statements.

4. SUBSTANTIAL SHAREHOLDERS

No substantial Shareholder notices were received.

5. RESTRICTED SECURITIES

1,250,000 options exercisable at $0.30 expiring on 13 June 2026 were classified restricted and in escrow for a period of 24 months from the date of quotation of the Company's securities to the Australian Securities Exchange, being 16 June 2025.

6. ON-MARKET BUY BACK

There is currently no on-market buyback program for any of NGX Limited's listed securities.

7. UNQUOTED SECURITIES

The names of the security holders holding 20% or more of an unlisted class of security at 31 August 2023, other than those securities issued or acquired under an employee incentive scheme, are listed below:

Holder	$0.30 Options Expiring 13-Jun-26	$0.40 Options Expiring 13-Jun-27	$0.40 Options Expiring 13-Jun-26
Mr Matthew Syme	750,000	750,000	-
Taycol Nominees Pty Ltd	-	-	1,000,000
Other	750,000	750,000	-
Total in Class	**1,500,000**	**1,500,000**	**1,000,000**
Total holders	*4*	*4*	*1*

8. MINERAL RESOURCES STATEMENT

Governance

The Company engages external consultants and Competent Persons (as determined pursuant to the JORC Code 2012) to prepare and estimate the Mineral Resources and Ore Reserves. Management and the Board review these estimates and underlying assumptions for reasonableness and accuracy. The results of the Mineral Resources and Ore Reserves estimates are then reported in accordance with the requirements of the JORC Code 2012 and other applicable rules (including ASX Listing Rules). Where material changes occur during the year to the project, including the project's size, title, exploration results or other technical information, previous reserve and resource estimates and market disclosures are reviewed for completeness.

The Company reviews its Mineral Resources and Ore Resources as at 30 June each year. Where a material change has occurred in the assumptions or data used in previously reported Mineral Resources and Ore Reserves, then where possible a revised Mineral Resources and Ore Reserves estimate will be prepared as part of the annual review process. However, there are circumstances where this may not be possible (e.g. an ongoing drilling programme), in which case a revised Mineral Resources and Ore Reserves estimate will be prepared and reported as soon as practicable.

8. MINERAL RESOURCES STATEMENT (Continued)

Mineral Resources - Graphite

NGX's Mineral Resources (inclusive of Ore Reserves) relating to graphite as at 30 June 2023 are grouped by deposit, all of which are located in Malawi. The Mineral Resources (inclusive of Ore Reserves) relate to the Natural Graphite Projects which were transferred to the Group pursuant to the Demerger Deed, effective 24 March 2023. The resources are reported in accordance with the 2012 Edition of the JORC Code as follows:

Deposit Name	Resource Category	2023 Tonnes (Mt)	2023 Grade (% TGC)	2023 Contained Graphite (MT)
Malingunde	*Measured*	*4.8*	*8.5*	*0.41*
	Indicated	*32.3*	*7.2*	*2.32*
	Inferred	*27.9*	*7.0*	*1.95*
	Total	***65.0***	***7.2***	***4.68***
Duwi Main	Indicated	35.2	7.2	2.52
	Inferred	34.3	7.3	2.49
	Total	***69.5***	***7.2***	***5.01***
Duwi Bend	*Inferred*	***7.8***	***7.2***	***0.56***
Nyama	*Inferred*	***8.6***	***6.5***	***0.56***
Duwi Project	*Indicated*	***35.2***	***7.2***	***2.52***
	Inferred	***50.7***	***7.1***	***3.61***
	Total	***85.9***	***7.1***	***6.13***
TOTAL	***Measured***	***4.8***	***8.5***	***0.41***
	Indicated	**67.5**	**7.2**	**4.84**
	Inferred	**78.6**	**7.1**	**5.56**
	Total	**150.9**	**7.2**	**10.81**

Note: Malingunde mineral resource is reported at a 4% total graphitic carbon ('TGC') lower cut-off grade whilst Duwi is reported at a 5% TGC lower cut-off.

As a result of the annual review of the NGX's Mineral Resources relating to graphite, there has been no change to the Mineral Resources reported.

Ore Reserves - Graphite

NGX's Ore Reserves relating to graphite as at 30 June 2023 are grouped by deposit, all of which are located in Malawi. The Ore Reserves relate to the Natural Graphite Projects which were transferred to the Group pursuant to the Demerger Deed, effective 24 March 2023. The reserves are reported in accordance with the 2012 Edition of the JORC Code as follows:

Deposit Name	Reserve Category	2023 Tonnes (Mt)	2023 Grade (% TGC)	2023 Contained Graphite (MT)
Malingunde Project	***Proved***	*3.1*	*9.5*	*0.30*
	Probable	*6.4*	*9.5*	*0.60*
	Total	**9.5**	**9.5**	**0.90**

Note: Malingunde mineral reserve is reported at a 6.75% total graphitic carbon ('TGC') lower cut-off grade for saprolite and between 9.5% and 11.0% for saprock.

ASX ADDITIONAL INFORMATION
(Continued)

Competent Person Statement

The information in this Mineral Resources and Ore Reserves Statement that relates to Mineral Resources (Graphite – Malingunde, Duwi, Nyama) is based on, and fairly represents, information compiled 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'. Mr Williams consents to the inclusion in the report of the matters based on his informationin thew form and contecxt in which it appears.

The information in this Mineral Resources and Ore Reserves Statement that relates to Ore Reserves (Graphite – Malingunde Natural Graphite Project) is based on, and fairly represents, information compiled by Mr Ryan Locke, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Locke is employed by Orelogy Group Pty Ltd, an independent consulting company. Mr Locke 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'. Mr Locke consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

9. EXPLORATION INTERESTS

Project	Licence Number	Percentage Interest	Status
Nanzeka Natural Graphite Project	RL0012/21	100%	Granted
Duwi Natural Graphite Project	RL0032/22	100%	Granted
Malingunde Natural Graphite 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 Natural Graphite Project which covers 5.7km^2. 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 Natural Graphite 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).

10. CASH USE

The Company has used its cash and assets in a form readily convertible to cash that it had at time of admission to the Australian Securities Exchange (14 June 2023) through to the date of this report in a way that is consistent with its business objectives.

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