

SEPTEMBER 2023 QUARTERLY REPORT

NGX Limited (ASX: NGX) (“NGX” or “Company”) is pleased to present its Quarterly Report for the quarter ending 30 September 2023. The Company’s focus is on its portfolio of outstanding natural graphite exploration and development projects in Northern Malawi.

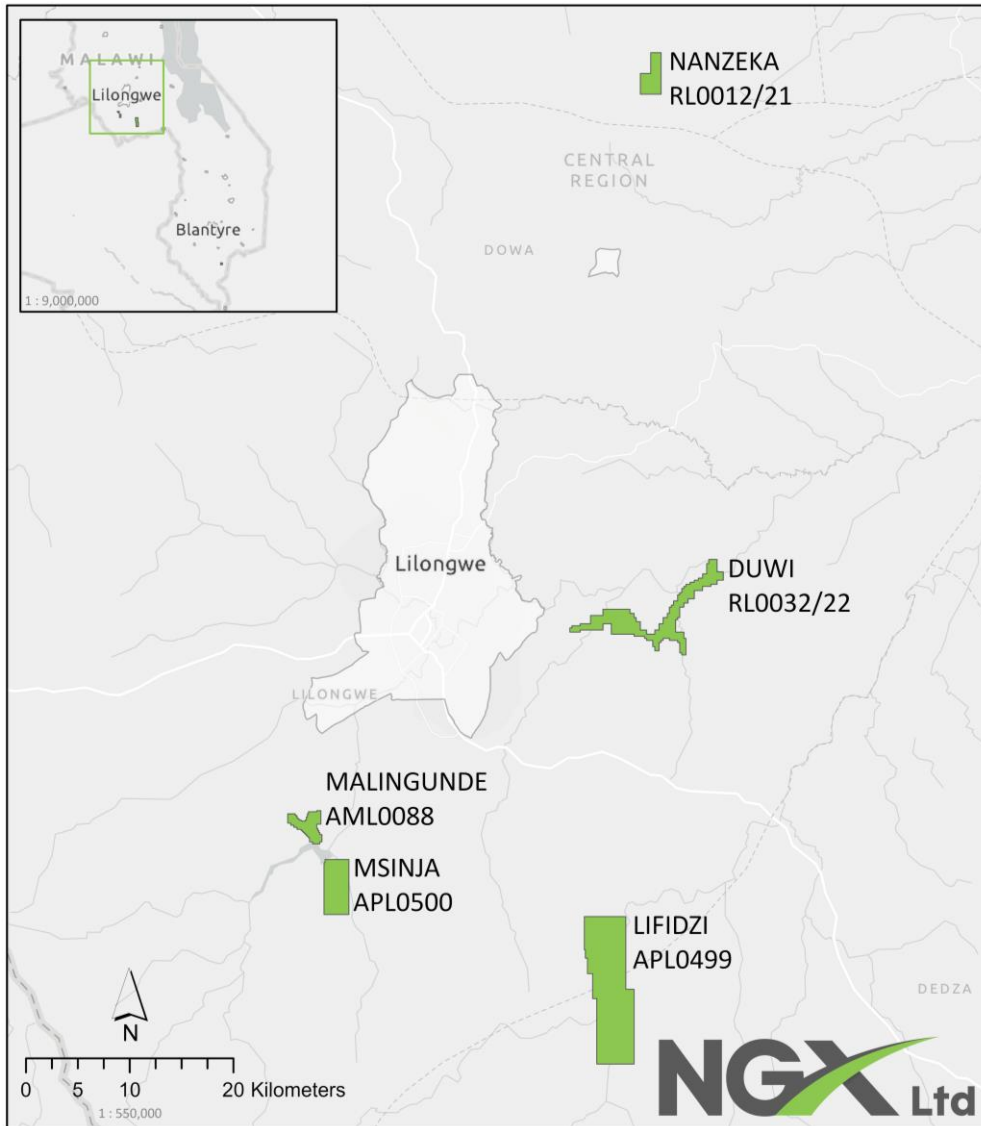


Figure 1: Tenement Location Map of the Company’s Natural Graphite Projects in Malawi.

The Duwi Natural Graphite Project

The Duwi Natural Graphite Project (“Duwi”) is an advanced exploration project located approximately 15km east of Malawi’s capital, Lilongwe.

During the quarter, the Duwi exploration database and 2014 Mineral Resource Estimate were transferred to NGX and an initial geological review was undertaken. The review highlighted potential to enhance the Project by prioritizing the weathered (saprolitic) component of Duwi resources and also to investigate the potential for downstream processing of Duwi concentrates as feedstock for lithium-ion batteries.

The Duwi Natural Graphite Project (Continued)

Duwi has total Mineral Resources of 85.9Mt at 7.14% TGC, containing 6.1Mt of graphite as follows:

Table 1: Duwi Total Mineral Resources (5% COG – 2014 Mineral Resource Estimate)

Category	Classification	Tonnes (Mt)*	TGC (%)	Graphite (Mt)
Saprolitic	Indicated	4.2	7.0	0.30
Fresh	Indicated	31.0	7.2	2.22
Sub-total	Indicated	35.2	7.2	2.52
Saprolitic	Inferred	2.3	7.6	0.18
Fresh	Inferred	48.4	7.1	3.43
Sub-total	Inferred	50.7	7.1	3.61
Saprolitic	Indicated + Inferred	6.5	7.2	0.47
Fresh	Indicated + Inferred	79.4	7.1	5.66
Total	Indicated + Inferred	85.9	7.1	6.13

Within the broader resource, Duwi contains 6.5Mt of saprolitic ore, with almost 300kt of contained graphite in the indicated category and another 176kt of inferred resources.

Weathered graphite resources have several potential advantages relative to unweathered resources, including:

- Mineable by free-dig rather than drill and blast prior to excavation;
- Simplified, lower energy intensity, front-end circuit, typically eliminating multi-stage crushing required for harder, fresh ore;
- Lower Sulphur (“S”) content due to weathering:
 - reduced risks of Acid Mine Drainage (“AMD”) from mine waste rock and process plant tailings, with problematic (potential acid forming) sulphides, such as pyrite and pyrrhotite, geologically weathered to more benign sulphates; and
 - lower sulphur levels in concentrate, which supports meeting anode materials specifications.

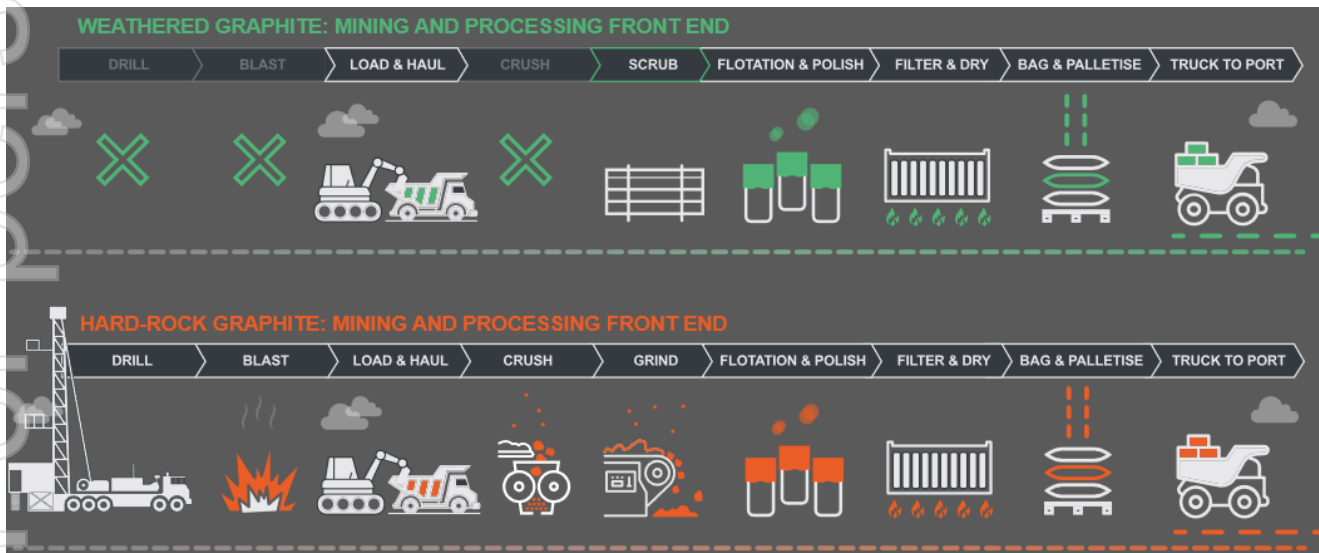


Figure 2: Weathered resources front end advantage

The Duwi Project comprises five deposits including Duwi Main, Duwi Bend, and Nyama. Indicated, weathered resources are located within the Duwi Main shoots, whilst the inferred, weathered resources are in the Duwi Bend and the western extent of Duwi Main (Figure 4).

The Duwi Natural Graphite Project (Continued)

The surface weathered resources overlay the Duwi fresh rock resources, which form the majority of Duwi resources (Figure 3).

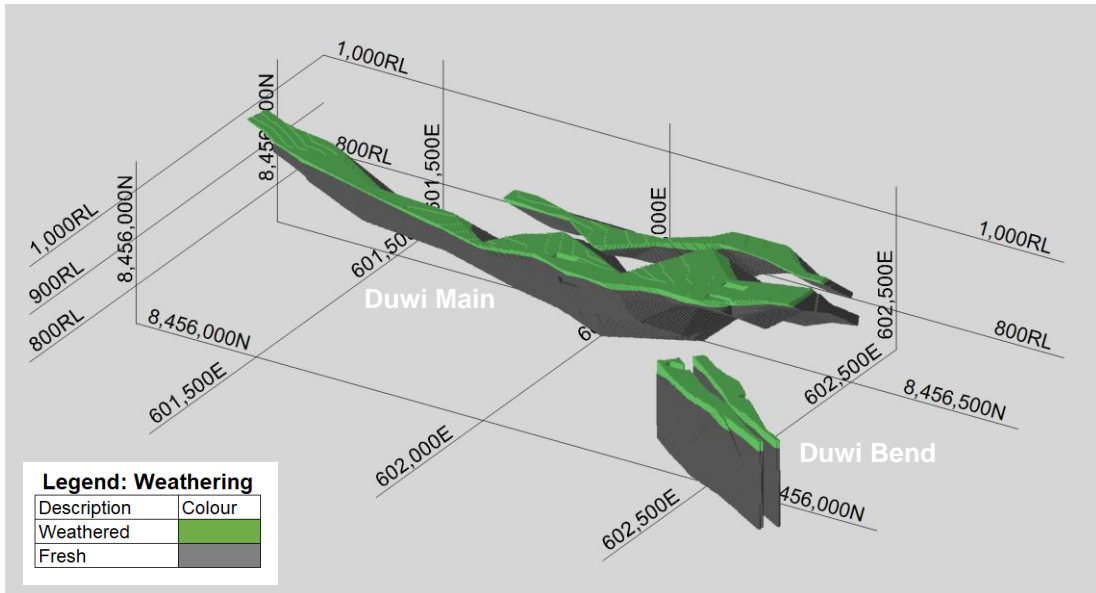


Figure 3: Saprolitic/Weathered Resources and underlying Fresh Resources (indicated and inferred)

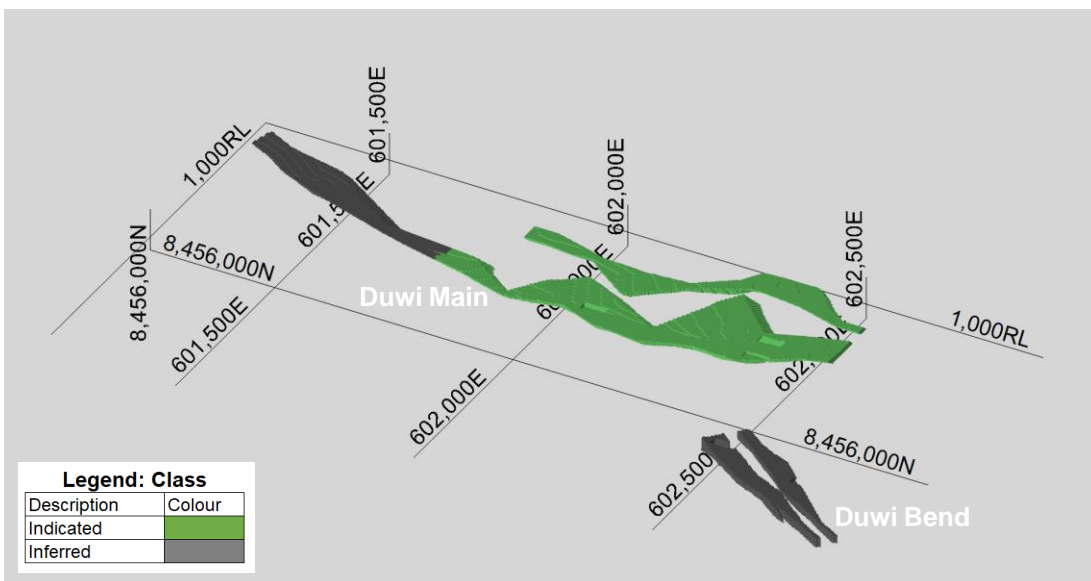


Figure 4: Indicated and Inferred Weathered Mineral Resources at Duwi Main and Duwi Bend

The existing weathered resources at Duwi, represent just one component of NGX’s potential weathered graphite resources.

In preparation for an improved Scoping Study on Duwi, a testwork program has been developed to enhance the Project by:

- a) optimising the front-end circuit for weathered ore processing; and
- b) simplifying and optimising the flotation circuit to maximise the concentrate grade for downstream applications, specifically for lithium-ion battery anode materials supply.

The Duwi Natural Graphite Project (Continued)

There is potential for NGX to discover additional weathered ore resources within the unexplored parts of the Duwi project area.

The Malingunde Natural Graphite Project (“**Malingunde**”) (subject to grant and transfer to NGX) also contains an additional 3.3Mt of natural graphite (at a 4% COG) in weathered resources, based on the 2018 Malingunde Mineral Resource Estimate. The 2018 Malingunde Pre-Feasibility Study was based on these weathered resources.

To fast-track the new Duwi testwork program, a field visit was undertaken in September by the Company’s senior processing consultant and core from three existing Duwi metallurgical drillholes was reviewed and samples selected for metallurgical testwork in Australia. The 466kg of weathered zone samples selected focused on the upper, weathered zones of the Duwi deposit (refer Figure 5).



Figure 5: Core trays for metallurgical drillholes, MGD0013, MGD0014, MGD0015.¹

The testwork program is intended to support the design of modular, small footprint plant(s) that may be applied across NGX’s Natural Graphite Projects hosting weathered graphite.

The program will evaluate the rock strength and breakage characteristics of the Duwi weathered ore types (saprolite, saprock and transitional material) to support the design of a fit-for-purpose, front-end circuit which minimises energy consumption and capital costs.

Prior testwork on Duwi was focused predominately on the fresh rock ore and on preserving flake size to maximise the basket price of concentrate sales. In contrast, the current program will maximise concentrate grades as part of an integrated ore-to-anode materials solution. This will support achieving the tight specifications of natural graphite based active anode materials for lithium-ion batteries.

Given the substantial fresh resources at Duwi, NGX is also developing a testwork program for more detailed metallurgical evaluation of the underlying fresh ore at Duwi, focusing on the potential to minimise sulphur in concentrate and options for sulphur management in the tailings.

¹ Refer to NGX ASX Announcement titled “Replacement Prospectus” dated 14 June 2023.

The Nanzeka Natural Graphite Project

Historical drilling and trenching results at the Nanzeka Natural Graphite Project (“Nanzeka”) highlights its potential to host high grade and extensive graphite mineralisation close to surface (Figure 6).

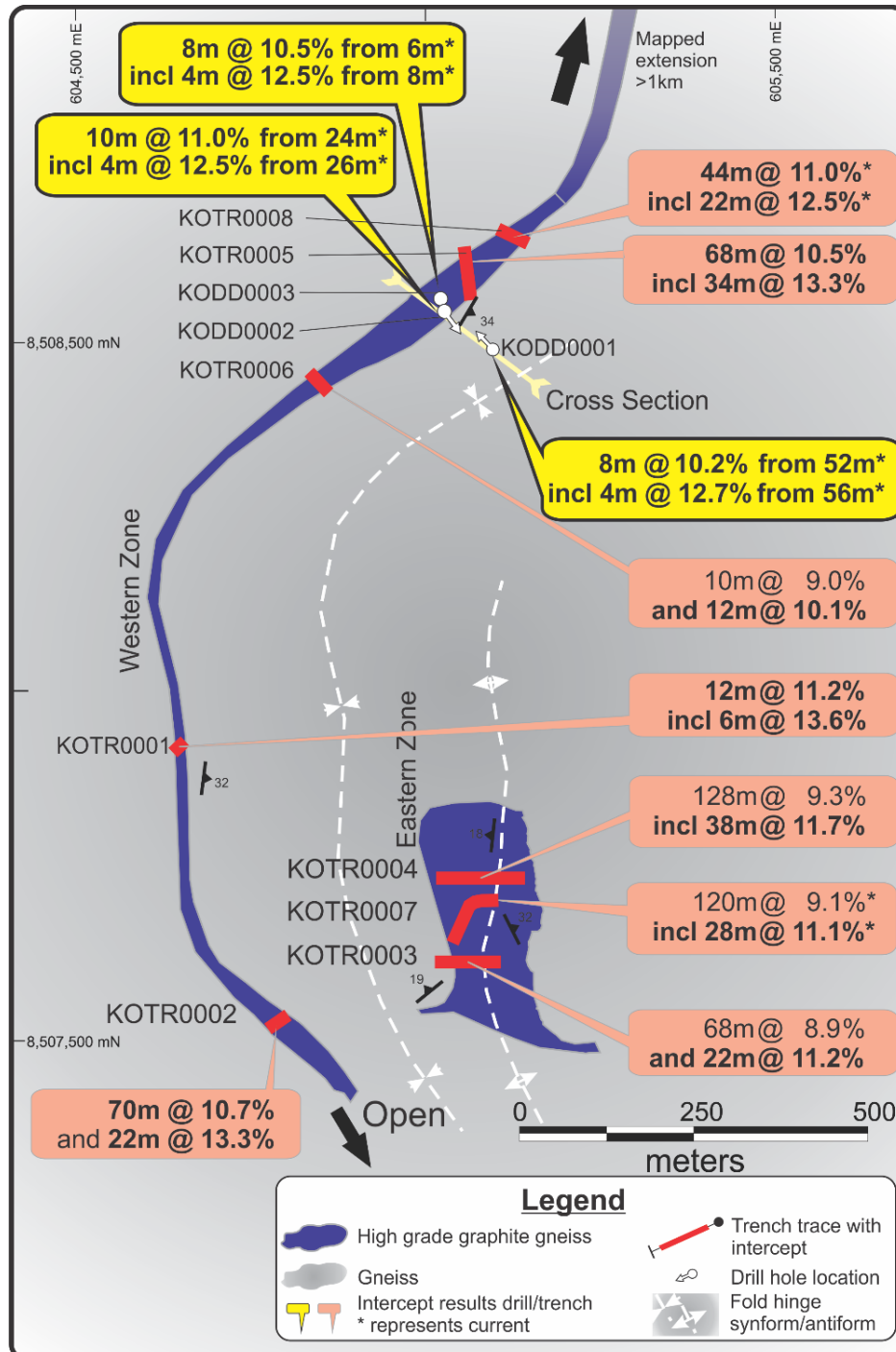


Figure 6: Historical Nanzeka trench and drilling results, by Sovereign.²

During the quarter, NGX completed initial compilation and review of Nanzeka’s historical exploration database. The Company also undertook a reconnaissance visit to Nanzeka, including commencing a site access and logistics review.

² Refer to NGX ASX Announcement titled “Replacement Prospectus” dated 14 June 2023.

The Malingunde Natural Graphite Project

Malingunde comprises a Mining Licence Application lodged by Sovereign Metals Limited (“Sovereign”), to replace Sovereign’s Exploration Licence over the same area. In the event the Mining Licence is issued, it will be transferred to NGX pursuant to the Demerger Deed entered into on 10 February 2023 (refer to the NGX Prospectus for further details).

Sovereign is undertaking an Environmental and Social Impact Assessment (“ESIA”) for the Malingunde Mining Licence Application. As part of the ESIA process, Sovereign continued its stakeholder engagement program in the quarter, in conjunction with the NGX and the relevant government agencies.

During the quarter, NGX transported approximately 50t of Malingunde ore samples to the Company warehouse in Lilongwe. The ore sample was excavated in 2018 by Sovereign, using a large diameter auger (Figure 7).



Figure 7: 2018 Auger drilling at Malingunde.³

The substantial Malingunde resource, together with concentrate generated by previous pilot work at SGS Lakefield (Canada) provides an opportunity to fast-track further testwork, subject to the grant and transfer of the Malingunde Mining Licence to NGX. This further testwork may include optimising the concentrate quality for battery anode material production.

³ Refer to Sovereign ASX Announcement titled “PFS Delivers Lowest Operating Cost Flake Graphite Project” dated 7 November 2018.

Downstream Processing

A 2019 pilot plant program undertaken by Sovereign at SGS Lakefield (Canada) generated approximately 4t of high-grade graphite concentrate from Malingunde weathered ore as part of preparatory work for a Definitive Feasibility Study. Access to this significant volume of graphite concentrate now allows NGX to fast-track downstream processing activities and test alternatives for shaping, purification, and coating to produce active anode materials for lithium-ion batteries.

The smaller, initial volume of concentrates to be generated from the current Duwi weathered ore testwork will also be used to investigate the potential for downstream processing.

During the quarter, concentrate samples were despatched to a number of expert graphite laboratories and potential equipment suppliers to commence initial testwork programs, to evaluate and optimise the key steps in producing active anode materials from natural flake graphite. These steps include:

- micronizing and shaping of the flake graphite into spherical ('potato' shaped) particles;
- purifying the spherical graphite to achieve overall battery specifications (minimum of 99.95%) as well as specifications for critical impurity elements; and
- coating of the purified spherical graphite with pitch to reduce the specific surface area and improve performance as an anode material.

NGX also initiated evaluation of potential sites for future downstream processing facilities for supply into European and US battery anode markets.

Lifidzi and Msinja Applications Submitted

During the quarter, NGX applied for two further exploration permits; Lifidzi (52.8km²) and Msinja (12.8km²) (refer Figure 1), based upon previous exploration by Sovereign.

Corporate

NGX was admitted to the Official List of ASX on 14 June 2023, quotation commencing 16 June 2023.

The Company has rapidly established an independent presence in Malawi to manage its outstanding portfolio of natural graphite projects, including leasing office and sample storage facilities and engaging several local and expatriate staff.

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

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

Financial Position

NGX is in a strong financial position with cash at bank of approximately \$7.8 million and no debt as at 30 September 2023.

For further information, please contact:

Matt Syme

Executive Director

Tel: +61 8 9322 6322

Appendix 1: Disclosures in accordance with ASX Listing Rule 5.3

Mining exploration tenements

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

Project	Licence Number	Percentage Interest	Status
Nanzeka Project	RL0012/21	100%	Granted
Duwi Project	RL0032/22	100%	Granted
Malingunde Project	AML0088	100% ¹	Mining licence application (Transfer to NGX pending) ²
Mabuwa Project	APL 0329	100%	Exploration licence application
Msinja Project	APL 0500	100%	Exploration licence application
Lifidzi Project	APL 0499	100%	Exploration licence application

Notes:

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

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

Use of Funds Statement

The Company was admitted to the official list of the ASX on 14 June 2023 with official quotation occurring on 16 June 2023 and as such, the Quarterly Report for the period ended 30 September 2023 is covered by the "Use of Funds Statement" included in the Company's Prospectus.

The analysis below reflects 3.5 months from the date of official quotation (prospectus numbers have been apportioned for the corresponding period, with the exception of: *Expenses of the Offers* which 100% apportionment was allocated and *Working capital facility* as this was paid in full).

Allocation of Funds	Actual \$A'000	Prospectus \$A'000	Variance \$A'000
Exploration expenditure on granted tenements	463	685	(222)
Expenditure on other projects	50	156	(106)
Business development activities	155	80	75
General and administration costs	224	186	38
Repayment of working capital facility	484	484	-
Working capital	218	151	67
Expenses of the Offers	320	448	(128)
Total Funds Allocated	1,914	2,190	(276)

Appendix 1: Disclosures in accordance with ASX Listing Rule 5.3 (Continued)

Summary of Mining Exploration Activities Expenditure

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

Mining exploration activity	A\$000
Geological Consultants	2
Community Relations	15
Sample Analysis	7
Malawi Operations - Site Office, Personnel, Field Supplies, Equipment, Vehicles, Travel and Other	489
Total	513

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

Related party payments

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

Related party and associates	A\$000
Administrative fees ¹	198
Director fees	78
Repayment of loan from Sovereign ²	34
Total	310

Notes:

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

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

Forward Looking Statements

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

Competent Person Statement

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

The information in this Report that relates to Ore Reserves (Graphite – Malingunde Natural Graphite Project) is extracted from the Company's Prospectus lodged with ASIC on 12 April 2023. This Prospectus is available to view on www.ngxlimited.com. The information in the Prospectus 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.

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

Appendix 5B

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

Name of entity

NGX Limited

ABN

35 649 545 068

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter A\$000	Year to date (3 months) A\$000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(513)	(513)
(b) development	-	-
(c) production	-	-
(d) staff costs	(39)	(39)
(e) administration and corporate costs	(113)	(113)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	47	47
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (Business development)	(79)	(79)
1.9 Net cash from / (used in) operating activities	(697)	(697)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment:	(200)	(200)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-

Consolidated statement of cash flows	Current quarter A\$000	Year to date (3 months) A\$000
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (Repayment of loan)	(34)	(34)
2.6 Net cash from / (used in) investing activities	(234)	(234)
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(11)	(11)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(11)	(11)
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	8,759	8,759
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(697)	(697)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(234)	(234)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(11)	(11)
4.5 Effect of movement in exchange rates on cash held	1	1
4.6 Cash and cash equivalents at end of period	7,818	7,818

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Mining exploration entity and oil and gas exploration entity quarterly report

5. Reconciliation of cash and cash equivalents	Current quarter A\$000	Previous quarter A\$000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	7,818	8,759
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,818	8,759

6. Payments to related parties of the entity and their associates	Current quarter A\$000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	(310)
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

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

7. Financing facilities	Total facility amount at quarter end A\$000	Amount drawn at quarter end A\$000
<i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify):	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

During the quarter, the Company repaid approximately \$34,000 of the remaining balance on the loan provided by Sovereign Metals Limited, the previous parent company of NGX, pursuant to the Demerger Deed.

8. Estimated cash available for future operating activities	A\$000
8.1 Net cash from / (used in) operating activities (item 1.9)	(697)
8.2 (Payments for exploration & evaluation classified as investment activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(697)
8.4 Cash and cash equivalents at quarter end (item 4.6)	7,818
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	7,818
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	11
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Compliance statement

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

Date: 31 October 2023

Authorised by: Company Secretary

(Name of body or officer authorising release – see note 4)

Notes

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