

For personal use only

**NGX LIMITED**

**INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED**

**31 DECEMBER 2023**

ABN: 35 649 545 068

## 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 AND PRINCIPAL OFFICE:** Level 9, 28 The Esplanade, Perth WA 6000  
Tel: +61 8 9322 6322  
Fax: +61 8 9322 6558

**AUDITOR:** William Buck Audit (WA) Pty Ltd

**SOLICITORS:** Thomson Geer

**BANKERS:** National Australia Bank  
Standard Bank

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

**SHARE REGISTER:** Automic Registry Services  
Level 5, 191 St Georges Terrace  
Perth WA 6000  
AUSTRALIA  
Tel: 1300 288 664

<b>CONTENTS</b>	<b>Page</b>
Directors' Report	1
Auditor's Independence Declaration	7
Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Financial Statements	12
Directors' Declaration	15
Independent Auditor's Review Report	16

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 half year ended 31 December 2023.

**OPERATING AND FINANCIAL REVIEW**

**Operations**

NGX has a 100% interest in five compelling natural flake graphite projects in Malawi (together, “The Natural Graphite Projects”). The Natural Graphite Projects, range from early-stage exploration (Nanzeka) through to advanced feasibility study stage (Malingunde) comprising exploration licences, retention licences and exploration licence applications.

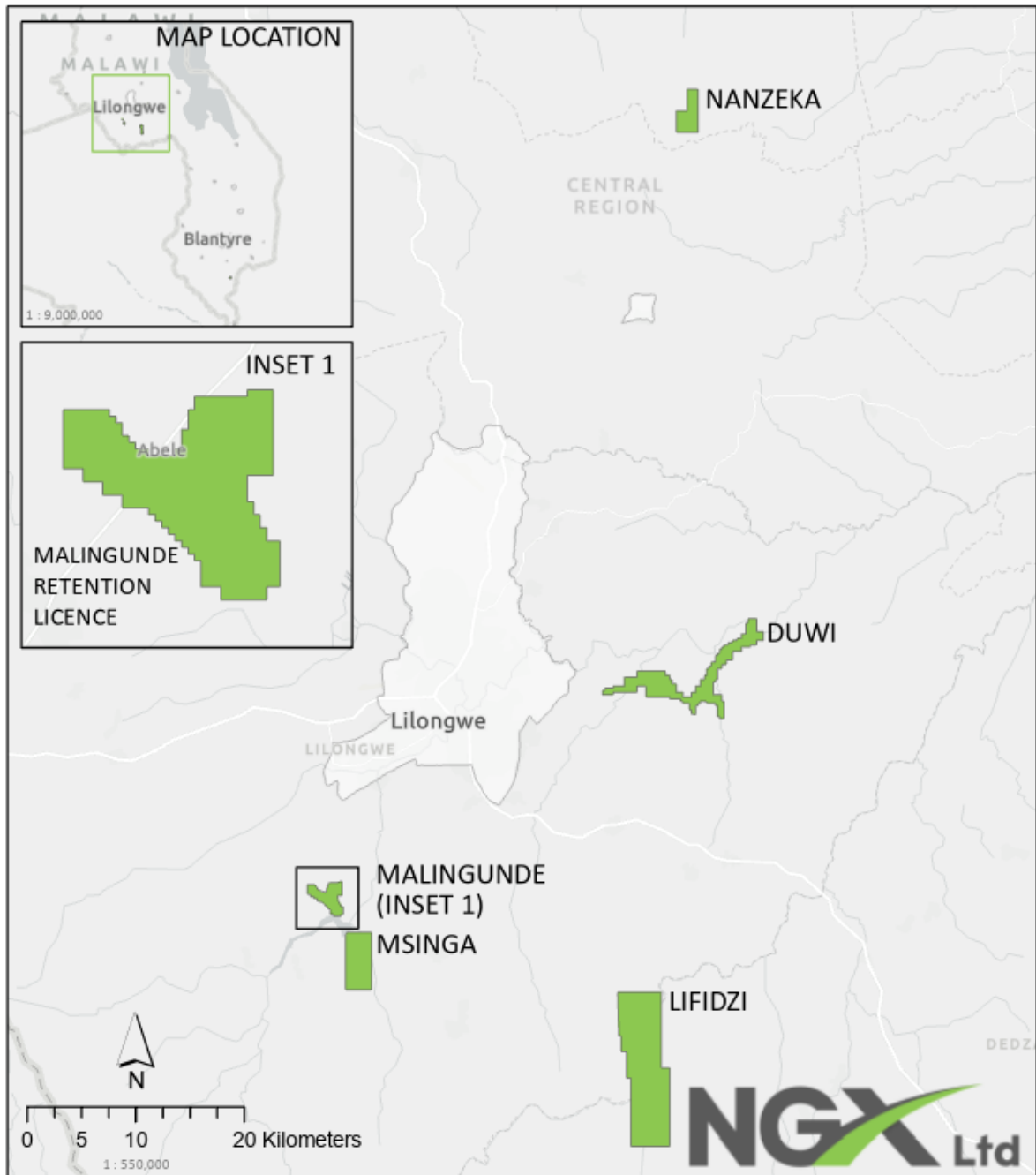


Figure 1: Tenement Location Map of the Company’s Natural Graphite Projects in Malawi.

For personal use only

**DIRECTORS' REPORT**  
(Continued)

**OPERATING AND FINANCIAL REVIEW (continued)**

**Operations (continued)**

**Summary and Highlights During and Subsequent to Period End**

**Completion of Licencing and Renewals**

- Subsequent to the end of the half-year, NGX was issued a Retention Licence for Malingunde.
- Additional Exploration Licence Applications for Lifidzi (APL0499) and Msinga (APL0500) are recommended for approval by the Mineral Resource Committee (“MRC”), each subject to environmental clearance.

**Metallurgical Testwork for Battery Grade Concentrates**

- Metallurgical testwork performed on weathered ore samples from Duwi, targeted on producing a high-grade concentrate suitable for anode material production for lithium-ion batteries and to develop a common plant design for Duwi and Malingunde.

**Exploration**

- Exploration activities were undertaken across the Company’s portfolio of Natural Graphite Projects, including hand auger drilling and sampling at Duwi and reconnaissance survey and other field activities at Nanzeka.

**Community Engagement**

- NGX ensured strong community and stakeholder engagement with various community meetings held at Duwi and Nanzeka, with community leaders and relevant local authorities in attendance.



*Figure 2: Looking East towards the Duwi Natural Graphite Project Site.*

**The Malingunde Natural Graphite Project**

On 19 January 2024 NGX was issued the Malingunde Natural Graphite Project (“**Malingunde**”) Retention Licence<sup>1</sup> (“**RL**”) (RL0033/24), covering 5.7km<sup>2</sup>. Malingunde is located in the Central Region of the Lilongwe District of Malawi, approximately 20km southwest of Malawi’s capital, Lilongwe.

NGX received the RL in accordance with the sale of the Natural Graphite Projects from Sovereign Metals Limited (“**Sovereign**”), pursuant to a Demerger Deed entered into on 10 February 2023.<sup>2</sup>

<sup>1</sup> Refer to NGX ASX announcement titled “NGX Issued Licence for Malingunde Natural Graphite Project” dated 24 January 2024 for details.

<sup>2</sup> Refer to the NGX Replacement Prospectus (ASX 14 June 2023) for details.

For personal use only

**DIRECTORS' REPORT**  
(Continued)

**OPERATING AND FINANCIAL REVIEW (continued)**

**Operations (continued)**

**The Malingunde Natural Graphite Project (continued)**

Malingunde represents a high quality potential future mining operation producing premium quality natural graphite products. The preliminary feasibility study (“PFS”) completed in 2018 and updated in NGX’s replacement prospectus in April 2023 (as part of the NGX listing process) demonstrates low operating and capital costs providing excellent margins. The compelling economic estimates can be attributed to the deposit being hosted entirely by soft saprolite material, its high grade at 9.5% Total Graphitic Content (“TGC”) and the excellent infrastructure availability.

Based on the PFS, Malingunde would comprise a planned open cut mining and a beneficiation processing plant operation, treating run of mine ore to produce on average 52,000 tonnes per year of graphite concentrate at a purity of 97% TGC. The graphite concentrate will then be bagged and trucked to the railhead at Kanengo, from where it will be packed into shipping containers for direct rail to the port of Nacala for export.

Soft-saprolite hosted graphite deposits are sought after as they have distinct operating and capital cost advantages over hard-rock deposits. Currently, operating saprolite-hosted flake graphite mines are located in Madagascar; however, these are mostly small and low grade (typically 4-6% TGC).

**Table 1: Malingunde Natural Graphite Project PFS - Key Project Metrics**

<b>ECONOMIC</b>		
Development Capital	\$USm	50.1
Indirect & contingency	\$USm	20.3
<b>Total Capital</b>	<b>\$USm</b>	<b>70.4</b>
Sustaining Capital	\$USm	31.6
Mine Gate Operating	\$US/t conc.	319
Transport & Logistics	\$US/t conc.	77
<b>Total Operating Costs (Average LoM)</b>	<b>\$US/t conc.</b>	<b>396</b>
<b>PHYSICAL</b>		
Average annual plant throughput	tpa	600,000
Average annual concentrate production	tpa	52,000
LoM average feed grade	% TGC	9.5%
Mine life	Years	16
<b>FINANCIAL</b>		
NPV 10% (post-tax)	\$USm	119
IRR (post-tax)	%	31%
EBITDA (average LoM)	\$USm	40

For full details of the Pre-Feasibility Study see the NGX Prospectus dated 12 April 2023. LoM = Life of Mine. NPV= Net Present Value. IRR= Internal Rate of Return. EBITDA= Earnings Before Interest, Taxation, Depreciation and Amortization.

The Malingunde saprolite-hosted graphite deposit is the result of millions of years of tropical weathering of primary graphitic gneisses. Most of the silicate minerals other than quartz have been altered to clay, resulting in a soft, friable saprolite horizon averaging about 25m vertical thickness from surface. Graphite is also unreactive in this weathering environment, with the large graphite flakes preserved in the clay dominant matrix. Malingunde is the world’s largest saprolite hosted deposit (see table 2 below).

**Table 2: Mineral Resource Estimate (4.0% TGC cut-off)**

	<b>Tonnes (Mt)</b>	<b>Grade (%C)</b>	<b>Contained Graphite (Mt)</b>
Measured	4.8	8.5%	0.4
Indicated	32.3	7.2%	2.3
Inferred	20.6	7.3%	1.5
<b>Total</b>	<b>57.7</b>	<b>7.4%</b>	<b>4.2</b>

For personal use only

**DIRECTORS' REPORT**  
(Continued)

**OPERATING AND FINANCIAL REVIEW (continued)**

**Operations (continued)**

**The Malingunde Natural Graphite Project (continued)**

Malingunde offers a technically and economically robust, lower risk pathway to production of premium quality, coarse flake graphite concentrates. The significant cost savings, compared to hard-rock peers, are realised by the soft, free dig nature of the mineralisation and low strip ratios, with no requirement for primary crushing or grinding in the processing plant.

There is significant opportunity to increase the mine life beyond 16 years by processing lower grade material from the large resource base, or by discovering additional high-grade resources within reasonable trucking distance to the proposed processing plant.

NGX will immediately proceed to review the PFS to investigate whether the Project can be optimised by focusing on supplying graphite concentrates to the feedstock market for lithium-ion battery anodes. This may give rise to changes of scale, development timing and processing to supply graphite concentrates more appropriate to that market.

Demand for lithium-ion batteries for electric vehicles and energy storage has grown substantially since the original PFS and high-quality natural graphite feedstock is forecast to be in strong demand as this sector continues to grow strongly.

In parallel with the ongoing PFS and downstream processing work, NGX will commence a comprehensive program of community and stakeholder engagement, continuing the social and environmental consent process.

**The Duwi Natural Graphite Project**

The Duwi Natural Graphite Project ("**Duwi**") is an advanced exploration project located approximately 15km east of Lilongwe.

Duwi includes a substantial flake graphite resource of over 6Mt of contained graphite, including approximately 41% of Indicated Resources. However, the majority of prior Duwi testwork and studies have focused on the underlying fresh rock resources rather than the overlying weathered resources of 0.47Mt of contained graphite.

NGX continues to investigate the potential to enhance Duwi by prioritizing the weathered (saprolitic) component of Duwi resources and also the potential for downstream processing of Duwi concentrates as feedstock for lithium-ion batteries. The Duwi weathered resources have the potential to simplify processing and provide a common circuit between Duwi and Malingunde.

**The Nanzeka Natural Graphite Project**

The Nanzeka Natural Graphite Project (RL0012/21) is located approximately 60km north of Lilongwe.

The current understanding of the geology at Nanzeka 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.

During the period, NGX conducted geological mapping, hand auger drilling, and shallow pitting of target areas to identify potential new graphite mineralisation in saprolite zones at Nanzeka. Soil samples collected from hand auger drilling and shallow pits were prepared for export and overseas shipping to laboratories.

NGX conducted community meetings during the period with local leaders, and relevant authorities at Duwi and Nanzeka. The meetings established gave NGX an opportunity to outline its credentials and indicative workplan for the forthcoming year. The District Commissioners for Lilongwe and relevant communities were all contacted and welcomed NGX into their districts.

OPERATING AND FINANCIAL REVIEW (continued)

Operations (continued)

The Nanzeka Natural Graphite Project (continued)

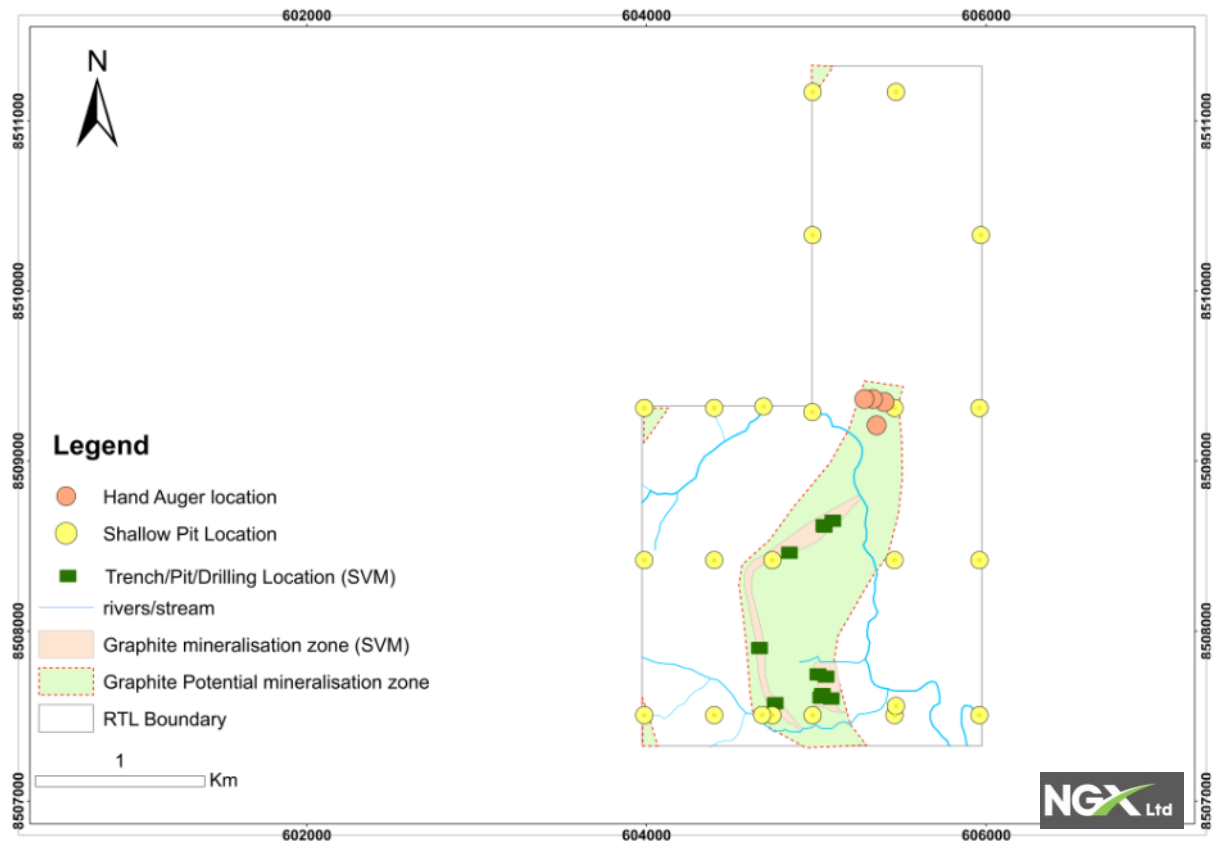


Figure 3: Map of Nanzeka RL area, displaying locations of previous and current work

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.

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

Exploration Licence Applications

NGX holds two exploration licence applications; Lifidzi (APL0499) and Msinga (APL0500). During the period, conditional approval was recommended by the Minerals Resources Committee (“MRC”) for the exploration licence applications, subject to environmental clearance. Both projects are in close proximity to the Malingunde and Duwi Projects and were the subject of previous graphite exploration performed by Sovereign.

**Results of Operations**

The net loss of the Consolidated Entity for the half year ended 31 December 2023 was \$1,197,184 (31 December 2022: \$239,019).

For personal use only



## DIRECTORS' REPORT (Continued)

### Financial Position

As at 31 December 2023, the Group had cash reserves of \$7,077,137 (30 June 2023: \$8,754,588) and no debt, placing the Company in a strong financial position to conduct its current activities and to pursue new business development opportunities. At 31 December 2023, the Group had net assets of \$13,700,229 (30 June 2023: \$15,006,469).

### SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 19 January 2024 NGX was issued the Malingunde Retention Licence (RL0033/24).

As at the date of this report, other than previously stated, there are no other matters or circumstances which have arisen since 31 December 2023 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2023, of the Group;
- the results of those operations, in financial years subsequent to 31 December 2023, of the Group; or
- the state of affairs, in financial years subsequent to 31 December 2023, of the Group.

### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half year ended 31 December 2023 has been received and can be found on page 7 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

13 March 2024

### Forward Looking Statements

*This report may include forward-looking statements. 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 report, to reflect the circumstances or events after the date of this report.*

### Competent Person's Statement

*The information in this report that relates to the Mineral Resources is extracted from an announcement dated 31 January 2024 entitled 'December 2023 Quarterly Report' which is available to view at [www.ngxlimited.com/](http://www.ngxlimited.com/) and is based on and fairly represents information compiled or reviewed by Mr David Williams, who is a Member of The Australian Institute of Geoscientists (RPGeo) (#4176). Mr Williams is employed by ERM, an independent consulting company. NGX confirms that a) it is not aware of any new information or data that materially affects the information included in the original announcement; b) all material assumptions included in the original announcement continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this announcement have not been materially changed from the original announcement.*

*The information in this report that relates to Production Targets, Ore Reserves, Processing, Infrastructure and Capital Operating Costs, Metallurgy is extracted from the Company's Prospectus lodged with ASIC on 12 April 2023 and on the ASX announcement platform on 16 June 2023. This Prospectus is available to view on [www.ngxlimited.com](http://www.ngxlimited.com). NGX confirms that: a) it is not aware of any new information or data that materially affects the information included in the original announcement; b) all material assumptions and technical parameters underpinning the Production Target, and related forecast financial information derived from the Production Target included in the original announcement continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this announcement have not been materially modified from the Prospectus.*



## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

### To the directors of NGX Limited

As lead auditor for the review of NGX Limited and its controlled entities for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

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

CM

Conley Manifis  
Director

Dated this 13<sup>th</sup> day of March 2024

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**  
FOR THE HALF YEAR ENDED 31 DECEMBER 2023



	Half Year Ended 31 December 2023	Half Year Ended 31 December 2022
	\$	\$
Interest income	178,154	-
Corporate and administrative expenses	(318,459)	(136,883)
Exploration and evaluation expenses	(801,146)	(102,136)
Business development expenses	(255,733)	-
<b>Loss before income tax</b>	<b>(1,197,184)</b>	<b>(239,019)</b>
Income tax expense	-	-
<b>Loss after income tax</b>	<b>(1,197,184)</b>	<b>(239,019)</b>
<b>Other comprehensive income for the half year, net of tax</b>		
<i>Items that may be classified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(109,056)	2,034
<b>Other comprehensive income, net of income tax</b>	<b>(109,056)</b>	<b>2,034</b>
<b>Total comprehensive loss attributable to members of NGX Limited</b>	<b>(1,306,240)</b>	<b>(236,985)</b>
Basic and diluted loss per share attributable to the ordinary equity holders of the company (\$ per share)	<b>(0.013)</b>	<b>(119,510)</b>

The accompanying notes form part of these financial statements.

For personal use only

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2023



		31 December 2023	30 June 2023
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	2	7,077,137	8,754,588
Other receivables		111,521	38,906
<b>Total Current Assets</b>		<b>7,188,658</b>	<b>8,793,494</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		158,341	2,114
Exploration and evaluation assets	3	6,561,073	6,561,073
<b>Total Non-Current Assets</b>		<b>6,719,414</b>	<b>6,563,187</b>
<b>TOTAL ASSETS</b>		<b>13,908,072</b>	<b>15,356,681</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		207,843	315,362
Borrowings		-	34,850
<b>Total Current Liabilities</b>		<b>207,843</b>	<b>350,212</b>
<b>TOTAL LIABILITIES</b>		<b>207,843</b>	<b>350,212</b>
<b>NET ASSETS</b>		<b>13,700,229</b>	<b>15,006,469</b>
<b>EQUITY</b>			
Contributed equity	4	17,834,386	17,834,386
Reserves	5	1,251,180	1,360,236
Accumulated losses		(5,385,337)	(4,188,153)
<b>TOTAL EQUITY</b>		<b>13,700,229</b>	<b>15,006,469</b>

The accompanying notes form part of these financial statements.

For personal use only

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE HALF YEAR ENDED 31 DECEMBER 2023



	Contributed Equity	Share- Based Payment Reserve	Foreign Currency Translation Reserve	Other Equity Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$	\$
<b>2023</b>						
<b>Balance at 1 July 2023</b>	<b>17,834,386</b>	<b>444,102</b>	<b>2,271</b>	<b>913,863</b>	<b>(4,188,153)</b>	<b>15,006,469</b>
Net loss for the half year	-	-	-	-	(1,197,184)	(1,197,184)
Exchange differences arising on translation of foreign operations	-	-	(109,056)	-	-	(109,056)
<b>Total Comprehensive Loss</b>	<b>-</b>	<b>-</b>	<b>(109,056)</b>	<b>-</b>	<b>(1,197,184)</b>	<b>(1,306,240)</b>
Share based-payment expense	-	-	-	-	-	-
<b>Balance at 31 December 2023</b>	<b>17,834,386</b>	<b>444,102</b>	<b>(106,785)</b>	<b>913,863</b>	<b>(5,385,337)</b>	<b>13,700,229</b>
<b>2022</b>						
<b>Balance at 1 July 2022</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(694,506)</b>	<b>(694,504)</b>
Net loss for the half year	-	-	-	-	(239,019)	(239,019)
Exchange differences arising on translation of foreign operations	-	-	2,034	-	-	2,034
<b>Total Comprehensive Income/(Loss)</b>	<b>-</b>	<b>-</b>	<b>2,034</b>	<b>-</b>	<b>(239,019)</b>	<b>(236,985)</b>
Equity contribution	-	-	-	136,022	-	136,022
<b>Balance at 31 December 2022</b>	<b>2</b>	<b>-</b>	<b>2,034</b>	<b>136,022</b>	<b>(933,525)</b>	<b>(795,467)</b>

The accompanying notes form part of these financial statements.

For personal use only

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE HALF YEAR ENDED 31 DECEMBER 2023



		Half Year Ended 31 December 2023	Half Year Ended 31 December 2022
	Note	\$	\$
<b>Operating Activities</b>			
Interest received from third parties		132,507	-
Payments to employees and suppliers		(1,626,584)	(12,433)
<b>Net cash flows used in operating activities</b>		<b>(1,494,077)</b>	<b>(12,433)</b>
<b>Investing Activities</b>			
Payments for property, plant and equipment		(148,524)	-
Cash acquired on acquisition		-	144,194
<b>Net cash flows (used in)/from investing activities</b>		<b>(148,524)</b>	<b>144,194</b>
<b>Financing Activities</b>			
Repayment of borrowings following demerger		(34,850)	-
<b>Net cash flows used in financing activities</b>		<b>(34,850)</b>	<b>-</b>
Net (decrease)/increase in cash and cash equivalents		(1,677,451)	131,761
Net foreign exchange differences		-	405
Cash and cash equivalents at the beginning of the half year		8,754,588	2
<b>Cash and cash equivalents at the end of the half year</b>	2	<b>7,077,137</b>	<b>132,168</b>

The accompanying notes form part of these financial statements.

For personal use only

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**



**1. MATERIAL ACCOUNTING POLICY INFORMATION**

NGX is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded. The Group's principal activities are mineral exploration and development. The consolidated financial report of the Group for the half year ended 31 December 2023 was authorised for issue in accordance with a resolution of the Directors on 11 March 2024.

**(a) Basis of Preparation**

This general purpose financial report for the interim half year reporting period ended 31 December 2023 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Act 2001*. This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by NGX Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The financial report has also been prepared on a historical cost basis. The financial report is presented in Australian dollars.

The consolidated financial statements have been prepared on the going concern basis, which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

**(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 31 December 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
<i>AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	1 January 2024	1 July 2024
<i>AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants</i>	1 January 2024	1 July 2024
<i>AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2025	1 July 2025
<i>AASB 2021-7(a-c) Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i>	1 January 2025	1 July 2025

**2. CASH AND CASH EQUIVALENTS**

	31 December 2023	30 June 2023
	\$	\$
Cash at bank and on hand	2,557,137	8,754,588
Short term deposits <sup>1</sup>	4,520,000	-
<b>Total cash at bank and on hand</b>	<b>7,077,137</b>	<b>8,754,588</b>

**Note:**

<sup>1</sup> Short term deposits are made for varying periods generally between one and three months depending on the cash requirements of the Group and earn interest at market term deposit rates. If short term deposits have an original maturity greater than three months, principal amounts can be redeemed in full with no significant interest penalty to the Group. Short term deposits are held with various financial institutions that are rated the equivalent of investment grade and above. As these instruments have maturity dates of less than twelve months, the Group has assessed the credit risk on these financial assets using lifetime expected credit losses. In this regard, the Group has concluded that the probability of default on the term deposits is relatively low. Accordingly, no impairment allowance has been recognized for expected credit losses on the term deposits.

For personal use only



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE HALF YEAR ENDED 31 DECEMBER 2023  
(Continued)

**3. EXPLORATION AND EVALUATION ASSETS**

	31 December 2023	30 June 2023
	\$	\$
<b>(a) Exploration and evaluation assets by area of interest</b>		
The Graphite Projects - In-Specie Distribution <sup>1</sup>	6,561,073	8,561,184
Expense recognised for projects in application <sup>2</sup>	-	(2,000,111)
<b>Total exploration and evaluation assets</b>	<b>6,561,073</b>	<b>6,561,073</b>
<b>(b) Reconciliation of carrying amount:</b>		
Carrying amount at 1 July	6,561,073	-
Acquisition of exploration and evaluation assets during the period	-	6,561,073
<b>Balance at the end of the period<sup>3</sup></b>	<b>6,561,073</b>	<b>6,561,073</b>

**Notes:**

- <sup>1</sup> 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.
- <sup>2</sup> 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.
- <sup>3</sup> 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.

**4. CONTRIBUTED EQUITY**

	31 December 2023	30 June 2023
	\$	\$
<b>Issued Capital</b>		
90,611,840 Ordinary Shares (30 June 2023: 90,611,840)	17,834,386	17,834,386

**5. RESERVES**

	31 December 2023	30 June 2023
Note	\$	\$
Share-based payments reserve	444,102	444,102
Other equity reserve	913,863	913,863
Foreign currency translation reserve	(106,785)	2,271
<b>Total reserves</b>	<b>1,251,180</b>	<b>1,360,236</b>

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.

**6. 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 Consolidated Entity has one operating segment, which is mineral exploration in Malawi.

For personal use only

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE HALF YEAR ENDED 31 DECEMBER 2023  
(Continued)



**7. 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:

	31 December 2023	30 June 2023
	\$	\$
<b>Commitments for exploration expenditure:</b>		
Not longer than 1 year	89,296	89,296
Longer than 1 year and shorter than 5 years	193,474	230,681
<b>Total commitments</b>	<b>282,770</b>	<b>319,977</b>

**8. CONTINGENCIES**

The Group did not have any contingent assets or liabilities at 31 December 2023 (30 June 2023: none).

**9. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES**

No dividend has been paid or provided for during the half year (31 December 2022: nil).

**10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

Due to their short-term nature, the carrying amounts of current receivables and current payables is assumed to approximate their fair value.

**11. EVENTS SUBSEQUENT TO REPORTING DATE**

On 19 January 2024 NGX was issued the Malingunde Retention Licence (RL0033/24).

As at the date of this report, other than outlined above, there are no other matters or circumstances which have arisen since 31 December 2023 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2023, of the Group;
- the results of those operations, in financial years subsequent to 31 December 2023, of the Group; or
- the state of affairs, in financial years subsequent to 31 December 2023, of the Group.

For personal use only

**DIRECTORS' DECLARATION**

In accordance with a resolution of the Directors of NGX Limited, I state that:

In the opinion of the directors:

- (a) the attached financial statements and notes are in accordance with the Corporations Act 2001, including:
  - (i) section 304 (compliance with accounting standards and Corporations Regulations 2001); and
  - (ii) section 305 (true and fair view); 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.

The Directors have been given a declaration required by section 303(5) of the Corporations Act 2001 for the financial year ended 31 December 2023.

On behalf of the Board



**MATTHEW SYME**  
**Executive Director**

13 March 2024

## Independent auditor's review report to the members of NGX Limited

### Report on the half-year financial report



#### Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of NGX Limited (the Company), and the entities it controlled at the half-year's end or from time to time during the half year (the Consolidated Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Consolidated Group's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2023,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including a summary of material accounting policy information and other explanatory information, and
- the directors' declaration.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

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

CM

**Conley Manifis**  
**Director**

Dated this 13<sup>th</sup> day of March 2024