

NGE CAPITAL LIMITED SUMMARY

ASX ticker	NGE
Share price (31-Aug-20)	\$0.530
Shares outstanding	37,159,784
Market cap	\$19.7m
NTA per share before tax	\$0.689
NTA per share after tax	\$0.729
NTA before tax	\$25.6m
NTA after tax	\$27.1m

OVERVIEW

NGE Capital Limited is an internally managed Listed Investment Company which allows investors to gain exposure to a concentrated, high conviction, actively managed portfolio of financial assets. NGE primarily focuses on listed ASX and international equities, with the aim of generating strong risk-adjusted returns over the medium to long term.

INVESTMENT STRATEGY

NGE has a flexible investment mandate and invests according to a defined set of investment principles, summarised as follows:

- Only invest in a compelling opportunity, otherwise hold cash;
- Invest based on fundamental analysis;
- Target investments that can generate strong returns with an adequate margin of safety; and
- Aim to hold a concentrated portfolio of high conviction investments.

BOARD & MANAGEMENT

David Lamm	Executive Chairman & Chief Investment Officer
Adam Saunders	Executive Director & Portfolio Manager
Ilan Rimer	Non-Executive Director
Les Smith	Company Secretary & Chief Financial Officer

CONTACT DETAILS

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NET TANGIBLE ASSETS (NTA) PER SHARE

	31 Aug 2020	31 Jul 2020
NTA per share before tax	\$0.689	\$0.654
NTA per share after tax	\$0.729	\$0.694

NTA PER SHARE PERFORMANCE SUMMARY

1 month	Year-to-date	Last 12 months	Since inception ⁽¹⁾	
			(p.a.)	(cum.)
5.4%	-19.0%	-14.1%	8.4%	35.1%

Note: Returns are net of all expenses.

(1) From 30 November 2016, the date on which NGE became a LIC.

TOP HOLDINGS (% OF NTA)

Company	Ticker	%
Karoon Energy	ASX:KAR	32.6%
Yellow Cake plc	LSE:YCA	17.8%
Base Resources	ASX:BSE	8.1%
Uranium Participation	TSX:U	0.6%

PORTFOLIO COMPOSITION

	31 Aug 2020
Listed equities	60%
Net cash and other	40%
Total	100%

UNRECOGNISED TAX LOSSES

The Company has ~\$47 million of Australian unused and unrealised losses available as at 31 August 2020. In the aggregate these losses equate to a potential future tax benefit of ~\$12m or ~\$0.33 per share (of which only \$1.5m or \$0.04 per share is recognised in our after tax NTA). The Company has received tax advice that these losses are available to be offset against future tax liabilities so long as NGE continues to satisfy the continuity of ownership test as set out in Divisions 165 and 166 of the *Income Tax Assessment Act 1997* (Cth).

COMMENTARY

NGE's portfolio produced a return of 5.4% for the month of August.

In conjunction with the release of its FY20 results, **Base Resources Limited (ASX:BSE)** announced a maiden dividend of A\$0.035 per share, unfranked. The company has for the first time signalled that it intends to provide returns to shareholders through long-term share price appreciation and "appropriate cash distributions" paid with cash "not required to meet...near-term growth and development requirements, or to maintain requisite balance sheet strength in light of prevailing circumstances".

This shift is likely a reflection of several factors including the better-than-expected mining performance of South Dune at the company's Kwale operation, rutilite and ilmenite prices so far holding up well in the face of Covid-19, confidence in the ability to extend Kwale's mine life, and the 12+ month expected delay to planned FID for Stage 1 of the Toliara Project. It may also reflect bullishness on management's ability to sell a stake in Toliara once revised fiscal terms are agreed with the Madagascan government. If Base can extract a good price for a minority stake in Toliara, then it will negate the need for a large and potentially dilutive equity raise to fund its share of upfront capex and operational start-up funding (US\$238m of the US\$595m total). We would expect the share price to react positively in response.

This announcement was released to the market with the authorisation of:

David Lamm
Chief Investment Officer

Adam Saunders
Portfolio Manager