

ASX : QXR

QXR Quarterly Activities Report for Period Ended 31 December 2022

30 January 2023

HIGHLIGHTS

- Maiden RC drilling program at Turner River hard rock lithium project, with 12 holes for 1166 metres, in a prime location in the Pilbara, 15km south of Mineral Resources' Wodgina lithium project.
 - o Pegmatites and potential lithium rich micas have been intersected in drilling, based on visual observations
 - o Indications of significant areas of pegmatites observed in drill pads and drill chips, extending beyond the sampled area of high-grade lithium rock chip results
 - o Assay results from the first phase of the program expected in mid-February
- The continuation of the RC drill program for a further 10 holes is about to recommence at Turner River, targeting nearby extensions of potential mineralisation
- Assay results from further rock chip sampling at Turner River 1.6% & 1.1% Li₂O extended the area under cover of the previously reported lepidolite (4.9% Li₂O) (Carbonate Hill)
- A healthy cash balance of \$3.4m plus liquid investments of ~\$0.31m at 31 December 2022 after options were exercised which raised \$837,500

COMMENTARY

Managing Director Steve Promnitz said: *"The December quarter was an active one for QXR with the highlight being the commencement of drilling at our Pilbara lithium prospects. We have been able to fast-track drilling here by securing experienced and capable geological skills and a quality drilling contractor. We are awaiting first assays and are confident of the prospectivity of our broader project area where follow up drilling at Turner River, planned as soon as the weather permits, reflects this confidence."*

"It has also been encouraging to see the gold price continue to strengthen in the quarter and we remain committed to ramping up exploration here when the weather permits. Our priority is to finalise trenching at the Disney-Red Dog prospect where we have reported excellent grades, and very quickly commence drilling here."

Executive Chairman Maurice Feilich added: *"In line with our multi-commodity growth strategy, the Board continues to assess a range of investments and assets that we believe will deliver value for shareholders. We are encouraged by the year ahead and QXR is well-capitalised with a strong shareholder base, a low cash burn and access to capital for funding our growth. We look forward to reporting on progress in the March quarter and beyond with a number of opportunities unfolding."*

OPERATIONS

Pilbara hard rock lithium projects - Western Australia

Hard-rock lithium projects are strategically centred around Western Australia's prolific Pilbara province, with four projects covering 355km² in proximity to some of Australia's largest lithium deposits (**Figure 7**) consisting of Turner River (E45/6042 & E45/6065), Western Shaw (E45/4960 & E45/6107), Split Rock (E46/1367) and Yule River (E45/6159). Despite their prime location, the Company's 100%-owned projects are largely underexplored for lithium.

Turner River (E45/6042 & E45/6065)

Rock Chip Sampling

Rock chip sampling at the Turner River Lithium project had returned grades of up to 4.90% Li₂O in samples of lepidolite, (**Figure 1**). Assay results from additional rock chip sampling returned 1.6% & 1.1% Li₂O extending the area under cover of the previously reported lepidolite at the Carbonate Hill prospect at Turner River in the north-eastern part of tenement E45/6042 (refer ASX announcement 30 Jun 2022, 8 Nov 2022).

Previous shallow trenching appears to have been seeking tin occurrences on a low hill, which may represent a carbonate rich intrusion into the exposed granite terrain. Coincident elevated tin and rare earth results (strong Li-Cs-Rb-Sn response) are from interpreted pegmatites. Initial drilling targeted the centre of this area.

Pegmatites have been observed in other areas at Turner River which will be drilled in future drilling campaigns.

Maiden RC Drill Program

A maiden 1,500 metre RC drilling programme commenced in December 2022 at QXR's 100%-owned Turner River hard rock lithium project, located 15 km to south-east of Mineral Resources' Wodgina lithium mine located within the Pilbara lithium province (refer ASX announcement 12 Dec 2022).

Twelve (12) holes have been completed (1166m) over an area of 400m x 300m in four drill "fences". Pegmatites and potential lithium rich micas have been intersected, based on visual observations (refer ASX announcement 15 Dec 2022). Assay results from this first phase program are expected in mid-February 2023.

Drilling targeted the potential for either lithium mica and spodumene bearing pegmatites, or a new style of large tonnage hard rock lithium deposit hosted near the top of a large granite body rich in lithium micas (lepidolite) (**Figure 2**). Both target styles of lithium mineralisation are interpreted to extend under thin regolith cover at the Carbonate Hill prospect within the Turner River Project exploration licences (E45/6042, E45/6065). Similar types of lithium deposits have been located in WA and other countries, but are yet to be defined as major lithium projects in Australia.

The continuation of the RC drill program for a further 10 holes is about to recommence at Turner River, targeting nearby extensions of potential mineralisation



Figure 1: Location map of QXR's Turner River project mineral exploration licences relative to large Pilbara lithium mines, and photo of weathered lepidolite in rock samples from the drilling area shown in Figure 1.

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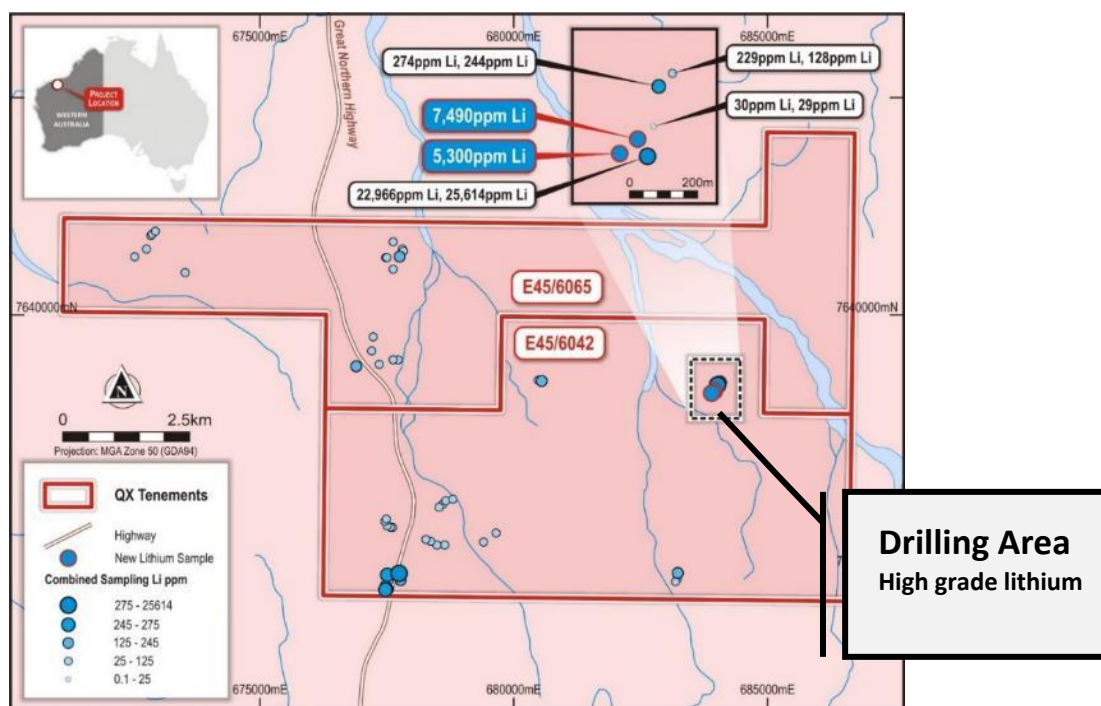


Figure 2: Location map of QXR's Turner River lithium project tenements, with lithium results in rock chip samples and RC drilling areas (black circles).

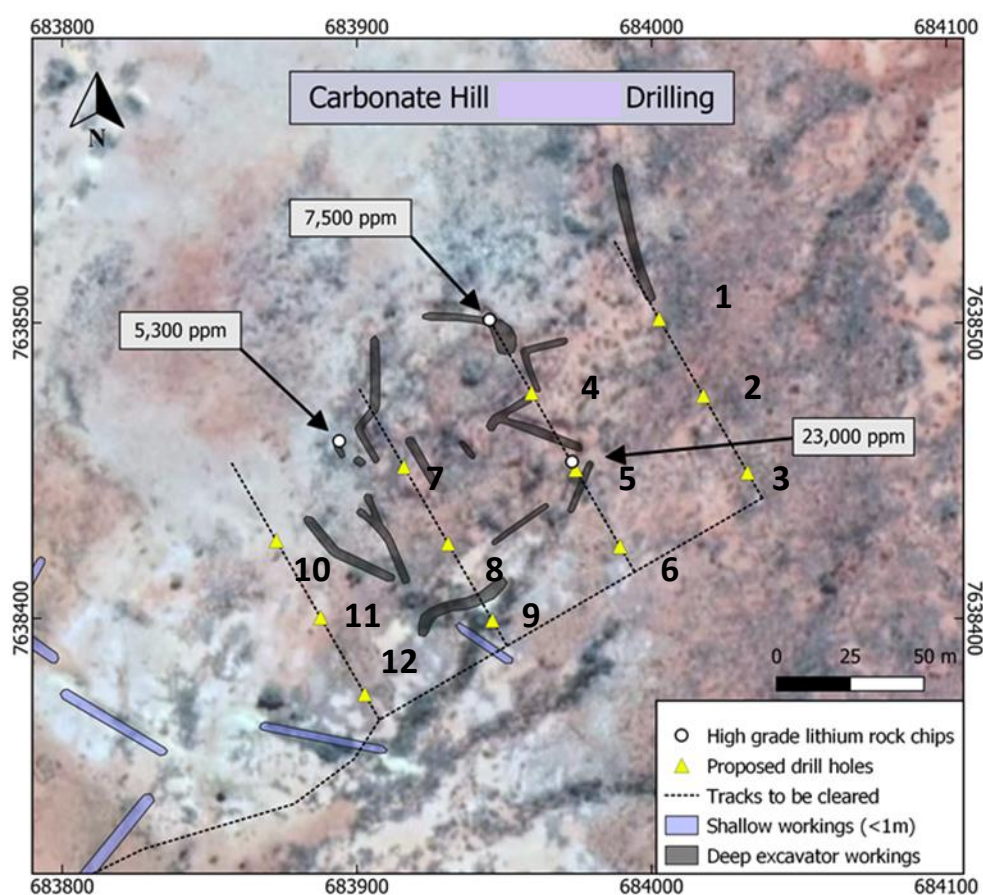


Figure 3: RC Drilling map at QXR's Turner River project - Carbonate Hill Prospect.



Figure 4: RC drilling rig at QXR's Turner River lithium project - Carbonate Hill area.

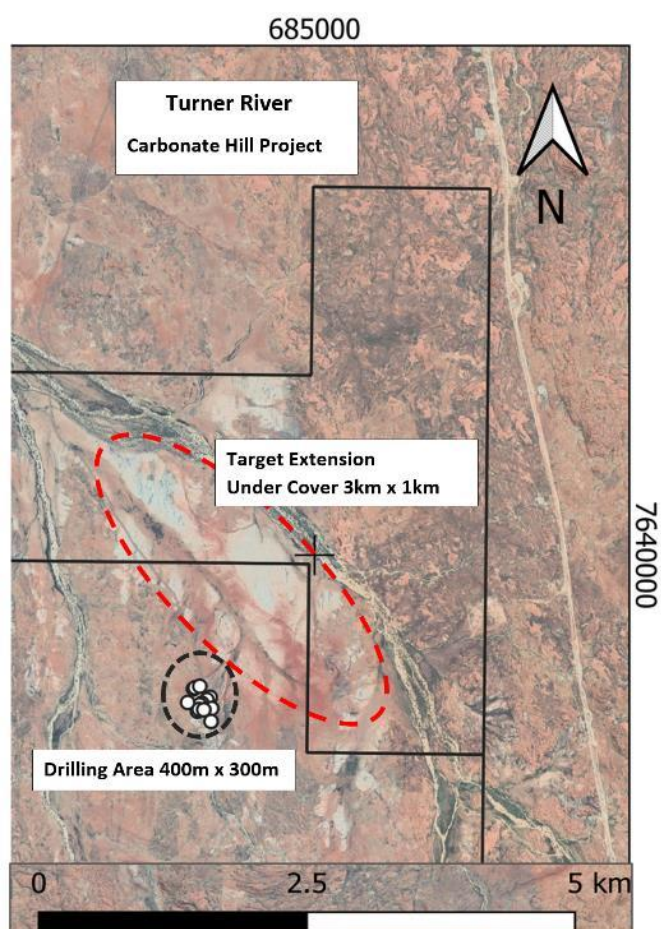


Figure 5: Turner River project Carbonate Hill Prospect showing the RC drilling area (black circle), with high grade lithium results in rock chip samples, and interpreted target extension under cover (red oval), over satellite image.

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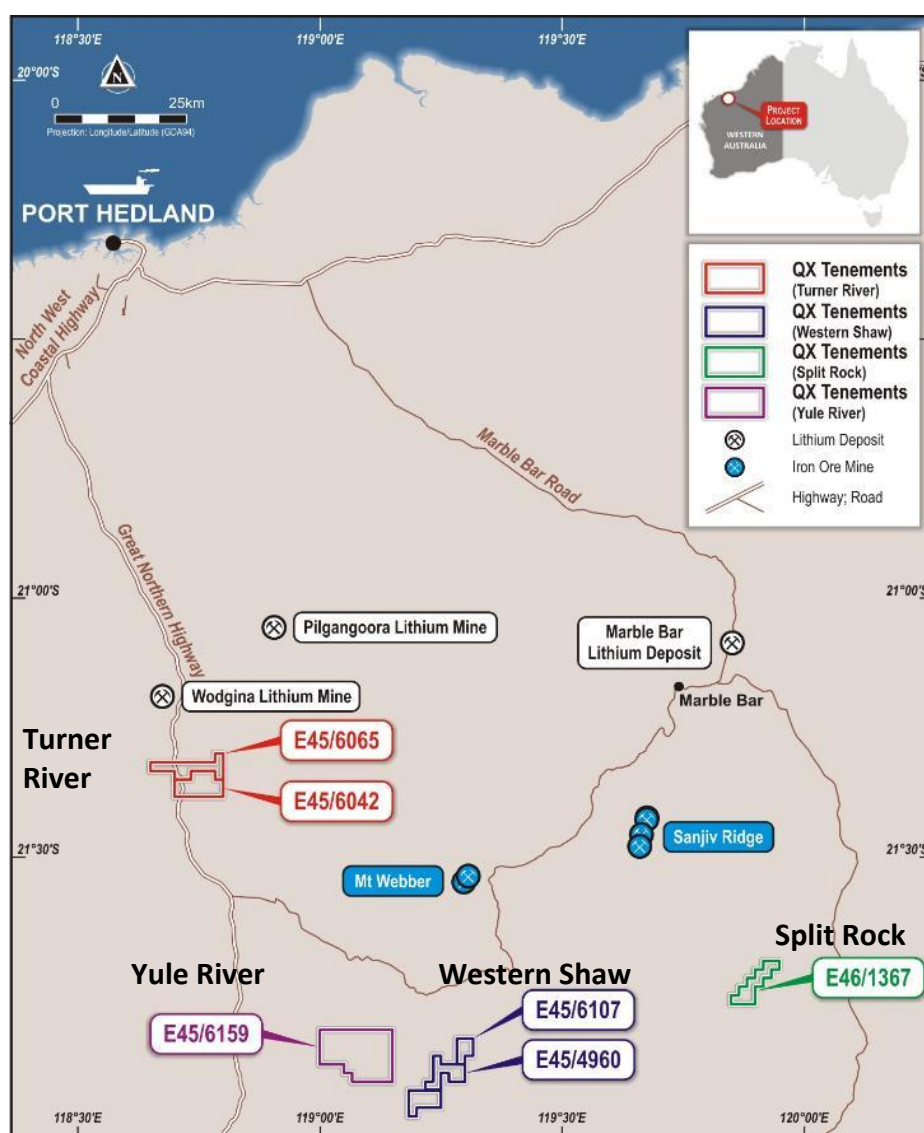


Figure 6: QX Resources hard rock lithium project locations and regional setting in the Pilbara region, WA

Western Shaw (E45/4960 & E45/6107)

The Western Shaw project comprises a well-developed greenstone belt, with a chert horizon within a mafic/ultramafic sequence together with some felsic units. The belt is bounded on the east by multiple phases of granite. Follow-up sampling at Western Shaw focused on sampling across the Kavir Granodiorite, as well as the iron ore ridges in the east of the project. Further work is planned for the March quarter.

Split Rock (E46/1367)

The Split Rock project covers 35km², located along the southeast margin of the Split-Rock Supersuite, considered regionally prospective for lithium bearing pegmatites (**Figure 7**).

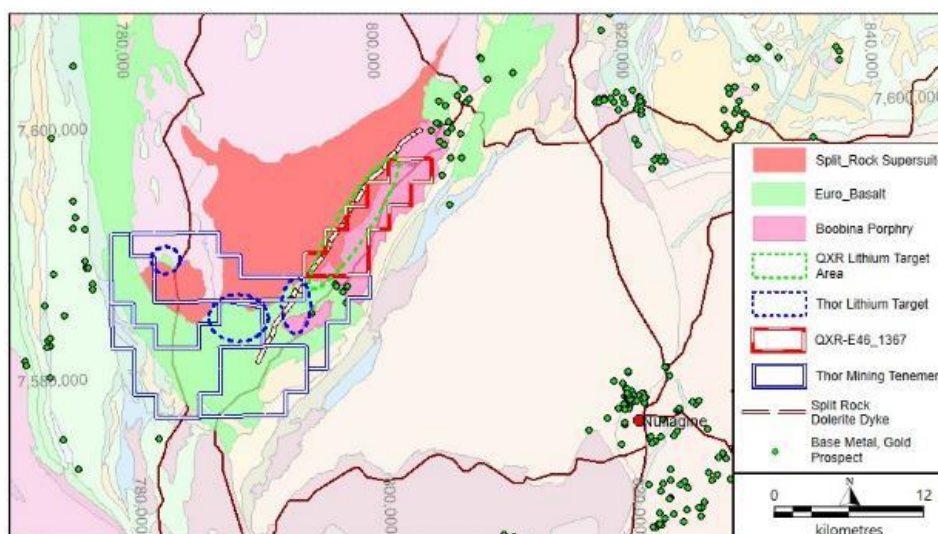


Figure 7: Split Rock E46/1367 tenement location and geology

Pilbara precious and base metals project

QX holds a 50% interest in two granted Exploration Licences (ELs) (E47/4462 and E47/4463) located in the Pilbara region of Western Australia which are considered prospective for gold and base metals, including nickel, and are located ~75km southeast of the regional centre of Karratha, in a region comprising significant mineral discoveries (see **Figure 8**). No exploration was undertaken during the December quarter.

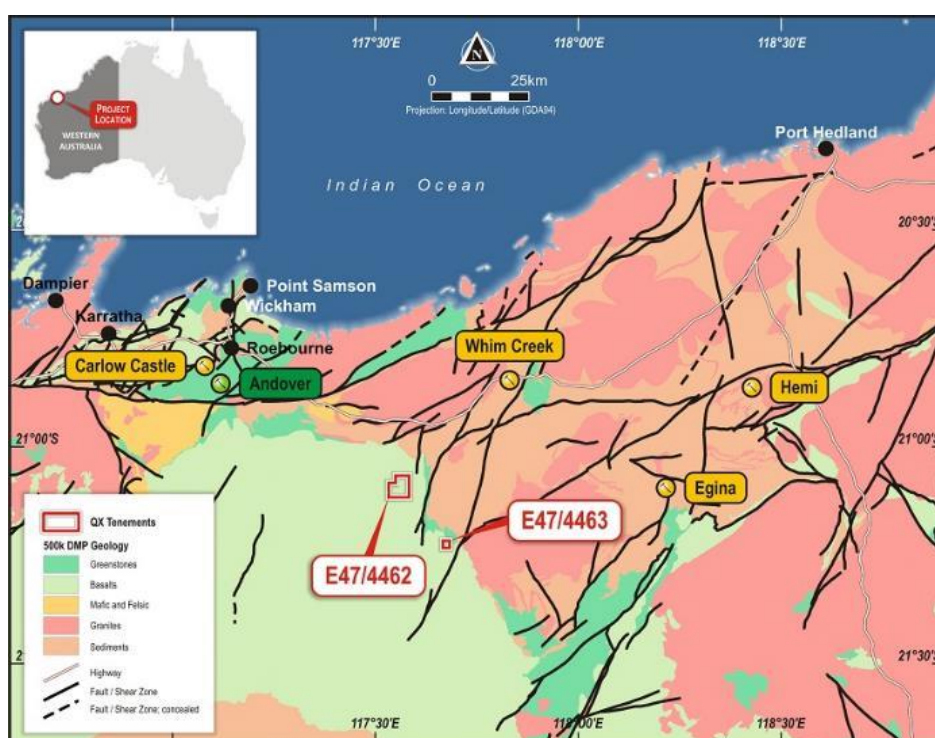


Figure 8: Pilbara precious and base metals tenement location and regional setting

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Gold Projects – Queensland

Gold Project -Queensland (70%, option to move to 90%)

QX Resources holds two gold project areas strategically located within the Drummond Basin that has >6.5moz gold endowment and a long history of ongoing mining (**Figure 9**). The Company currently holds a 70% equity interest in four (4) exploration licenses in the Central Queensland goldfields covering ~115km² that includes two historical open pit gold mines, the Belyando and Lucky Break Mines as well as multiple unexplored targets. The projects are part of a Heads of Agreement with Zamia Resources Pty Ltd, a wholly-owned subsidiary of Zamia Metals Limited (**Zamia**), announced on 1 July 2020 and the Company reached 70% ownership of Zamia Resources, announced on 17 June 2021. QX can move to 90% ownership of Zamia Resources by spending a further \$1m on exploration and project development activities.

Red Dog, Disney and Lucky Break Projects

A previous trenching program was completed at the Big Red and Red Dog gold prospects with significant gold mineralisation reported. A reverse circulation drilling campaign is planned across the prospects. Due to bad weather, no ground exploration was undertaken at the projects during the December quarter.

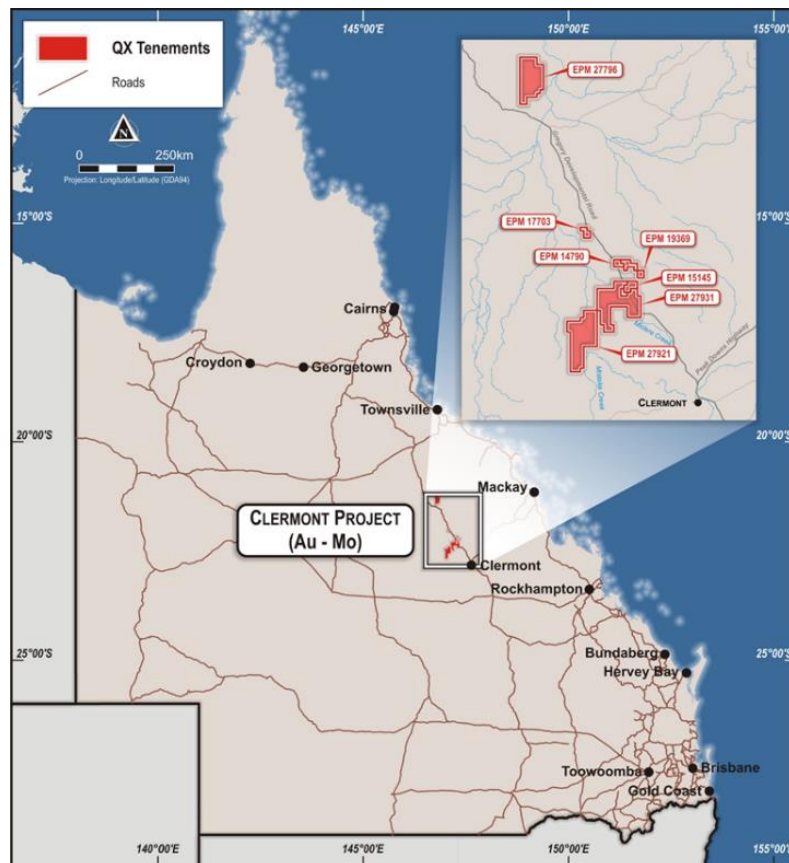


Figure 9: QXR Gold Project- Queensland- location map, Drummond Basin QLD

Other Gold Projects – Queensland - Drummond Basin projects (100%)

Two additional exploration permits (EPM 27931 and EPM 27921) provided a significant extension to existing tenements in the Clermont goldfields in Queensland, which includes the Lucky Break, Red Dog, Big Red, Belyando, Ibis and Anthony prospects (**Figure 10**). The two permits are considered highly prospective for gold, silver and base metals, including molybdenum, copper, lead, zinc and cadmium. The leases are held by QXR's wholly-owned subsidiary, Skyfall Resources Pty Ltd ('Skyfall'), announced on 6 April 2022.

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The Miclere Creek tenement is located approximately 60km north-west of Clermont and covers an area of 313km². Despite the sufficient lithological and geophysical indicators which represents a favourable structure and environment for mineralisation, the Miclere Creek permit area has seen limited historical exploration.

Covering an area of 313km², Mistake Creek is located 68km north-west of Clermont and is accessible via the Clermont Laglan Road. Similar to Miclere Creek, the permit area has seen limited historic exploration, with the latest work being undertaken by Zamia Resources from 2009-2010.

Due to bad weather, no on ground exploration was undertaken at the projects during the December quarter.

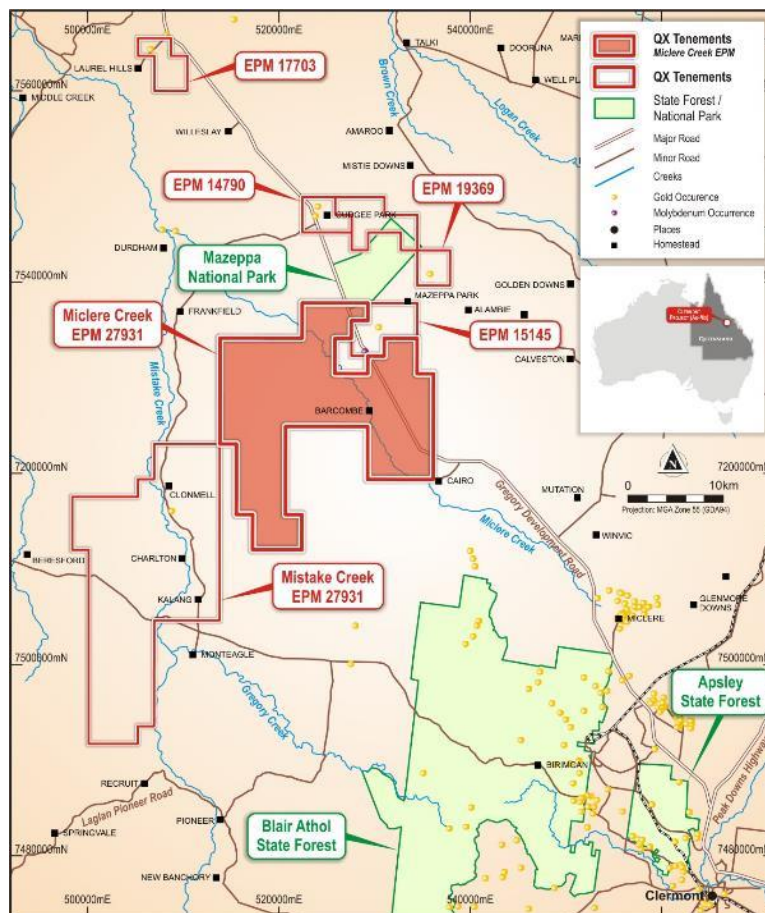


Figure 10: Gold Project Queensland - Miclere Creek and Mistake Creek area location

CORPORATE

Annual General Meeting

On 30 November 2022 the Company held its Annual General Meeting (**AGM**). All resolutions were passed by way of a Poll.

Option Exercises

On 5 October 2022, the Company announced that it had raised \$537,500 through the exercise of 17,500,000 options at \$0.025 per share and 5,000,000 options at \$0.02 per share.

On 30 December 2022, the Company announced that it had raised \$300,000 through the exercise of 15,000,000 options at \$0.02 per share.

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Issue of Options

Following Shareholder approval received at the Company's AGM, 30 million incentive options were issued to new Managing Director, Stephen Promnitz.

Cash position

The Company ended the December 2022 quarter with cash of \$3.4 million and liquid investments of ~\$0.31 million, and confirms that it is sufficiently funded for the coming two quarters which includes expenditure commitments for planned exploration activities in Central Queensland. QX continues to be diligent in managing corporate and administrative costs.

Summary of exploration Expenditure

In accordance with Listing Rule 5.3.1, the Company reports that there was \$233,000 exploration expenditure incurred during the December 2022 quarter.

Note 6 of Appendix 5B

Payments to related parties of the entity and their associates: during the December 2022 quarter \$70,000 was paid to directors and associates for director, consulting and company secretarial fees.

This announcement was approved for release by Dan Smith, on behalf of the Board.

-ENDS-

Further information:

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Sam Jacobs, Six Degrees Investor Relations: 0423 755 909



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Forward Looking Statements

This report contains forecasts, projections and forward-looking information. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions it can give no assurance that these will be achieved. Expectations and estimates and projections and information provided by the Company are not a guarantee of future performance and involve unknown risks and uncertainties, many of which are out of QX's control.

Actual results and developments will almost certainly differ materially from those expressed or implied. QX has not audited or investigated the accuracy or completeness of the information, statements and opinions contained in this announcement. To the maximum extent permitted by applicable laws, QX makes no representation and can give no assurance, guarantee or warranty, express or implied, as to, and takes no responsibility and assumes no liability for the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omission from, any information, statement or opinion contained in this report and without prejudice, to the generality of the foregoing, the achievement or accuracy of any forecasts, projections or other forward looking information contained or referred to in this report.

Investors should make and rely upon their own enquiries before deciding to acquire or deal in the Company's securities.

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Competent Person Statement

The information in this report that relates to the Anthony and the Lucky Break projects is based on information compiled by Mr. Roger Jackson, a Director and Shareholder of the Company, who is a 25+ year Fellow of the Australasian Institute of Mining and Metallurgy (MAusIMM) and a Member of Australian Institute of Company Directors. Mr. Jackson has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which 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. Jackson consents to the inclusion of the data contained in relevant resource reports used for this announcement as well as the matters, form and context in which the relevant data appears.

In accordance with Listing Rule 5.3.3 QX Resources Limited (ASX Code: QXR) advises the details of the tenements held by the Company or its subsidiaries as at 31 December 2022.

Tenements	Acquired during the quarter	Disposed during the quarter	Held at end of quarter	Country / State
EPM 17703	-	-	70%, Option to earn 90%	Queensland
EPM 15145	-	-	70%, Option to earn 90%	Queensland
EPM 14790	-	-	70%, Option to earn 90%	Queensland
EPM 19369	-	-	70%, Option to earn 90%	Queensland
EPM 27791	-	-	100%	Queensland
EPM 27921	-	-	100%	Queensland
EPM 27931	-	-	100%	Queensland
E 45/6042	-	-	100%	Western Australia
E 45/6065	-	-	100%	Western Australia
E 45/6159	-	-	100%	Western Australia
E 45/1367	-	-	100%	Western Australia
E 45/6107	-	-	100%	Western Australia
E 80/5417	-	-	50%	Western Australia
E 47/4462	-	-	50%	Western Australia
E 47/4463	-	-	50%	Western Australia

Appendix 5B

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

Name of entity

QX RESOURCES LTD

ABN

55 147 106 974

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(94)	(133)
(b) development	-	-
(c) production	-	-
(d) staff costs	(42)	(42)
(e) administration and corporate costs	(181)	(323)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(317)	(498)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(139)	(139)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	(45)	(95)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	39	111
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(397)	(450)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(542)	(573)

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	837	837
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(4)	(4)
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	833	833

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,421	3,633
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(317)	(498)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(542)	(573)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	833	833

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,395	3,395

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,395	3,395
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)	3,395	3,395

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	70
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.

Amounts at item 6.1 are in relation to director fees included in item 1.2.

Amounts at item 6.2 are in relation to consulting fees paid to directors included in item 2.3 as part of the loan to Zamia Resources to meet the company's expenditure commitment on Zamia's projects.

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

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(317)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(317)
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,395
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	3,395
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	10.71
<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?	
Answer: N/A.		
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?	
Answer: N/A		
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?	
Answer: N/A		
<i>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.</i>		

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.

30 January 2023

Date:

The Board of Directors of QX Resources Limited

Authorised by:
(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.