

SQX RESOURCES LIMITED
(Formerly South-East Queensland Exploration Limited)

ACN: 659 090 338

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

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Cautionary Statements

Forward-looking statements

This document may contain certain forward-looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement.

The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled. SQX Resources Limited undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements).

The information in this document does not take into account the objectives, financial situation or particular needs of any person or organisation. Nothing contained in this document constitutes investment, legal, tax or other advice.

Previous Disclosure – 2012 JORC Code

The information in this release that relates to Exploration Results, Exploration Targets and Exploration Data for SQX's Projects was extracted from the following ASX Announcement:

- ASX Announcement titled "Prospectus" dated 16 February 2023

A copy of such announcements is available to view on the SQX Resources Limited website www.sqxresources.com. The reports were issued in accordance with the 2012 Edition of the JORC 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 original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Corporate Information

Directors

Bryan Granzien, Non-Executive Chair
Tim Cooper, Non-Executive Director
Brent Van Staden, Non-Executive Director

Chief Executive Officer

Mark Purcell

Company Secretary

Craig McPherson

Head Office and Registered Office

SQX Resources Limited
Level 1, 371 Queen St
Brisbane QLD 4000

Auditors

PKF Brisbane Audit
Level 6, 10 Eagle Street
Brisbane QLD 4000

Share Registry

Link Market Services
Level 21
10 Eagle Street
Brisbane QLD 4000
Australia

Stock Exchange Listing

Australian Securities Exchange – ASX: SQX

Directors' Report

The Directors of SQX Resources Limited (the **Company**) present their Interim Financial Report, for the half-year ended 31 December 2022.

The Company was incorporated on 2 May 2022.

DIRECTORS

The names of the Directors who held office of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated are:

Bryan Granzien (appointed 30 November 2022)
Tim Cooper (appointed 2 May 2022)
Brent Van Staden (appointed 30 November 2022)
Gregory Kern (appointed 2 May 2022; resigned 10 November 2022)
Simon Cohn (appointed 2 May 2022; resigned 6 December 2022)
Russell Daly (appointed: 2 May 2022; resigned 10 November 2022)

CHIEF EXECUTIVE OFFICER

Mark Purcell

COMPANY SECRETARY

Craig McPherson

PRINCIPAL ACTIVITIES

The principal activity of the Company is the exploration for gold and copper mineralisation in Queensland, Australia.

REVIEW OF OPERATIONS

During the half year the Company progressed towards an initial public offering on the Australian Securities Exchange (ASX). The Company commenced trading of its shares on the ASX on 20 February 2022 following the successful completion of its \$5.0m Initial Public Offer (IPO).

Funds raised will be used primarily for exploration activities on the Company's Prospects. The Company has commenced its planned 2,500m RC and diamond drill program at its Scrub Paddock Prospect, situated within EPM 27257 which is located northeast of Nanango, Queensland close to infrastructure and a major highway.

EVENTS SUBSEQUENT TO BALANCE DATE

Acquisition of Ollenburgs Pty Ltd

The Company entered into an agreement on 8 August 2022 for the acquisition of 100% of the shares in Ollenburgs Pty Ltd (OB) for \$1 in cash, holder of EPM 27257 which hosts the Scrub Paddock and Ollenburgs Prospects.

Completion of acquisition was subject to and conditional upon satisfaction of the following conditions:

1. The Company receiving conditional approval of the ASX to be admitted to the Official List of the ASX, subject only to any conditions which ASX may reasonably require, and which are

Directors' Report

- satisfactory to the Company (on the basis that the Company believes the conditions are capable of satisfaction); and,
2. The Company being satisfied with its respective due diligence investigations in respect of OB and the Assets it held.

Subsequent to the end of the reporting period, the Company satisfied the above conditions and completed the acquisition of Ollenburgs Pty Ltd.

Issue of Options and Performance Rights

Subsequent to the end of the reporting period, the Company issued the following unquoted securities:

1. 2,000,000 options to the Chair and CEO exercisable at \$0.00 and expiring 10 February 2025 (being 2 years from the date of issue). The 2,000,000 Chair and CEO Options granted have been valued at \$400,000 using the Black Scholes option pricing model;
2. 1,350,000 options to Directors and management exercisable at \$0.30 and expiring 10 February 2025 (being 2 years from the date of issue). The Director Options have been independently valued at \$111,375 using the Black Scholes option pricing model;
3. 3,335,478 options to the lead manager exercisable at \$0.30 and expiring 10 February 2026 (being 3 years from the date of issue). The Lead Manager Options have been valued at \$350,225 using the Black Scholes option pricing model;
4. 1,124,997 performance rights to the Directors and CEO and expiring 10 February 2028 (being 5 years from the date of issue). The Performance Securities have been independently valued at \$199,792 using the Black Scholes option pricing model; and
5. 3,125,000 options to existing shareholders exercisable at \$0.30 and expiring 16 February 2026 (being 3 years from the date of admission of the Company to the Official List of ASX).

ASX Listing and Capital Raising

Subsequent to the end of the reporting period, the Company raised \$5,000,000 (before costs) pursuant to the offer under its prospectus dated 30 November 2022 through the issue of 25,000,000 shares at an issue price of \$0.20 per share and 12,500,000 free attaching unquoted options exercisable at \$0.30 per option expiring 10 February 2026 (being 3 years from the date of issue).

The Company's prospectus provided for cash costs associated with the ASX Listing of approximately \$696,000, with such costs paid from the \$5,000,000 raised pursuant to the offer. In addition, the Company repaid seed funding and accrued interest as set out below of \$461,626 from proceeds received pursuant to the offer.

The Company was admitted to the Official List of the ASX 16 February 2023 and commenced quotation on 20 February 2023.

Seed Loan Drawdown

Subsequent to the end of the reporting period, the Company drew down an additional \$150,000 in Seed Loan funding from related party, Mining Projects Accelerator Pty Ltd.

Directors' Report

Loan Repayment

Subsequent to the end of the reporting period, the Company repaid from the proceeds of the Offer the following Seed Loan funds and accrued interest.

Related Parties

	Principal \$	Interest \$
Mining Projects Accelerator Pty Ltd	285,000	5,375
	285,000	5,375

Other Parties

	Principal \$	Interest \$
Seed Funding Providers	165,000	6,251
	165,000	6,251

There are no other matters or circumstances that have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the Company in future financial periods.

FINANCIAL REVIEW

At the end of the reporting period the Company had \$1,833 (30 June 2022: \$226,000) in cash and at call deposits. The Company had net assets of negative \$270,712 (30 June 2022: \$1,000).

The loss after tax for the half-year ended 31 December 2022 was \$271,712.

No dividends have been paid, and the directors do not recommend the payment of a dividend for the half-year ended 31 December 2022.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration is included on page 7 of the interim financial report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporation Act 2001.

Signed on behalf of the Directors.



Bryan Granzien
Non-executive Chair
Dated this 15 March 2023

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



PKF BRISBANE AUDIT



LIAM MURPHY
PARTNER

15 MARCH 2023
BRISBANE

Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2022

	Note	For the half year ended 31-Dec-22 \$
Other income		
Administration expenses		(95,987)
Legal fees		(111,119)
Employee benefits expense		(64,606)
Loss before tax		(271,712)
Income tax benefit/(expense)		-
Net loss for the period from operations		(271,712)
Other comprehensive income		-
Total comprehensive loss for the period		(271,712)
Basic loss per share (cents)		(4.35)
Diluted loss per share (cents)		(4.35)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 31 December 2022

	Note	31-Dec-22 \$	30-Jun-22 \$
ASSETS			
Current Assets			
Cash and cash equivalents	2	1,833	226,000
Trade and other receivables	3	13,362	-
Prepaid share issue costs		227,352	
Total Current Assets		242,547	226,000
Total Assets		242,547	226,000
LIABILITIES			
Current Liabilities			
Trade and other payables	4	195,680	-
Employee entitlements		9,489	-
Loans payable	5	308,090	225,000
Total Current Liabilities		513,259	225,000
Total Liabilities		513,259	225,000
Net Assets		(270,712)	1,000
EQUITY			
Contributed equity	6	1,000	1,000
Accumulated losses		(271,712)	-
Total Equity		(270,712)	1,000

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Half-Year Ended 31 December 2022

	Contributed Equity	Accumulated Losses	Total Equity
	\$	\$	\$
Balance at 1 July 2022	1,000	-	1,000
Loss for the half-year	-	(271,712)	(271,712)
Other comprehensive income	-	-	-
Total comprehensive loss for the half-year	-	(271,712)	(271,712)
Equity issues	-	-	-
Equity issue expenses	-	-	-
Balance at 31 December 2022	1,000	(271,712)	(270,712)

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Half-Year Ended 31 December 2022

	Note	For the half-year ended 31-Dec-22 \$
Cash flows from operating activities		
Payments to suppliers and employees		(299,167)
Net cash used in operating activities		(299,167)
Cash flows from investing activities		
Loan proceeds received		75,000
Net cash used in investing activities		75,000
Cash flows from financing activities		
Net cash provided from financing activities		-
Net increase/(decrease) in cash held		(224,167)
Cash and cash equivalents at beginning of the period		226,000
Cash and cash equivalents at end of the period	2	1,833

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The financial statements are for the Company consisting of SQX Resources Limited. SQX Resources Limited is a listed public company (unlisted public company at 31 December 2022), incorporated and domiciled in Australia. The financial statements have been prepared on an accruals basis and are based on historical cost, modified by the measurement at fair value of selected non-current assets, financial assets and liabilities. The financial report was authorised for issue on 15 March 2023 by the directors of the Company.

This interim financial report does not include all notes of the type normally included in the Annual Financial Report. Accordingly, this report is to be read in conjunction with the Financial Report of SQX Resources Limited (the "Company") as at 30 June 2022.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New and Amended Standards and Interpretations for Future Periods

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are necessary for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

For the half-year ended 31 December 2022 the Company generated a consolidated loss of \$271,712 and incurred operating cash outflows of \$299,167 and investing cash inflows of \$75,000. The Company has \$1,833 in cash and cash reserves.

Subsequent to the end of the reporting period, the Company completed an initial public offering on the Australian Securities Exchange and raised \$5,000,000 (before costs of the offer).

The Company incurred costs associated with the ASX Listing subsequent to the end of the reporting period of approximately \$315,000, being such costs in addition to those reflected in trade and other payables at balance date.

The Company's ability to continue to adopt the going concern assumption will depend upon the Company being able to manage its liquidity requirement and by taking some or all of the following actions:

1. raising additional capital;
2. successful exploration and subsequent exploitation of the Company's tenements; and
3. reducing its working capital expenditure.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

After taking into account the current financial position of the Company, the directors have a reasonable expectation that the Company will have adequate resources to fund its future operational requirements and for these reasons they continue to adopt the going concern basis in preparing the financial report.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.

NOTE 2: CASH AND CASH EQUIVALENTS

	31-Dec-22	30-Jun-22
	\$	\$
Cash at bank	1,833	226,000
	1,833	226,000

NOTE 3: TRADE AND OTHER RECEIVABLES

	31-Dec-22	30-Jun-22
	\$	\$
Current:		
GST Receivable	13,362	-
	13,362	-

NOTE 4: TRADE AND OTHER PAYABLES

	31-Dec-22	30-Jun-22
	\$	\$
Current:		
Trade payables and accrued expenses	155,333	-
Other payables	40,347	-
	195,680	-

Notes to the Financial Statements

NOTE 5: LOANS PAYABLE

At balance date a total of \$308,090 was outstanding to related and unrelated parties (30 June 2022: \$225,000) which included accrued interest of \$8,090 (30 June 2022: nil).

Amounts outstanding represent seed funding from the establishment of the entity until the initial public offering (IPO) on the ASX in February 2023. Funds from the IPO were used to repay amounts outstanding at the date of the IPO. Interest accrued at a rate of 5% per annum.

Related Party

	31-Dec-22	30-Jun-22
	\$	\$
Mining Projects Accelerator Pty Ltd	138,059	85,000
	138,059	85,000

Other

	31-Dec-22	30-Jun-22
	\$	\$
Seed Funding Providers	170,031	140,000
	170,031	140,000

NOTE 6: CONTRIBUTED EQUITY

Ordinary shares

	31-Dec-22		30-Jun-22	
	No. of Shares	\$	No. of Shares	\$
Balance at beginning of period	1,000,000	1,000	-	-
Shares issue during the period			1,000,000	1,000
Share Split (6.25 for every 1)	5,250,000	-	-	-
Balance at end of period	6,250,000	1,000	1,000,000	1,000

Ordinary shareholders are entitled to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amount paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll. Ordinary shares have no par value.

Notes to the Financial Statements

NOTE 7: EVENTS AFTER THE END OF THE REPORTING PERIOD

Acquisition of Ollenburgs Pty Ltd

The Company entered into an agreement on 8 August 2022 for the acquisition of 100% of the shares in Ollenburgs Pty Ltd (OB) for \$1 in cash, holder of EPM 27257 which hosts the Scrub Paddock and Ollenburgs Prospects.

Completion of acquisition was subject to and conditional upon satisfaction of the following conditions:

1. The Company receiving conditional approval of the ASX to be admitted to the Official List of the ASX, subject only to any conditions which ASX may reasonably require, and which are satisfactory to the Company (on the basis that the Company believes the conditions are capable of satisfaction); and,
2. The Company being satisfied with its respective due diligence investigations in respect of OB and the Assets it held.

Subsequent to the end of the reporting period, the Company satisfied the above conditions and completed the acquisition of Ollenburgs Pty Ltd.

Issue of Options and Performance Rights

Subsequent to the end of the reporting period, the Company issued the following unquoted securities:

1. 2,000,000 options to the Chair and CEO exercisable at \$0.00 and expiring 10 February 2025 (being 2 years from the date of issue). The 2,000,000 Chair and CEO Options granted have been valued at \$400,000 using the Black Scholes option pricing model;
2. 1,350,000 options to Directors and management exercisable at \$0.30 and expiring 10 February 2025 (being 2 years from the date of issue). The Director Options have been independently valued at \$111,375 using the Black Scholes option pricing model;
3. 3,335,478 options to the lead manager exercisable at \$0.30 and expiring 10 February 2026 (being 3 years from the date of issue). The Lead Manager Options have been valued at \$350,225 using the Black Scholes option pricing model;
4. 1,124,997 performance rights to the Directors and CEO and expiring 10 February 2028 (being 5 years from the date of issue). The Performance Securities have been independently valued at \$199,792 using the Black Scholes option pricing model; and
5. 3,125,000 options to existing shareholders exercisable at \$0.30 and expiring 16 February 2026 (being 3 years from the date of admission of the Company to the Official List of ASX).

ASX Listing and Capital Raising

Subsequent to the end of the reporting period, the Company raised \$5,000,000 (before costs) pursuant to the offer under its prospectus dated 30 November 2022 through the issue of 25,000,000 shares at an issue price of \$0.20 per share and 12,500,000 free attaching unquoted options exercisable at \$0.30 per option expiring 10 February 2026 (being 3 years from the date of issue).

The Company's prospectus provided for cash costs associated with the ASX Listing of approximately \$696,000, with such costs paid from the \$5,000,000 raised pursuant to the offer. In addition, the Company repaid seed funding and accrued interest as set out below of \$461,626 from proceeds received pursuant to the offer.

The Company was admitted to the Official List of the ASX 16 February 2023 and commenced quotation on 20 February 2023.

Notes to the Financial Statements

NOTE 7: EVENTS AFTER THE END OF THE REPORTING PERIOD (Cont.)

Seed Loan Drawdown

Subsequent to the end of the reporting period, the Company drew down an additional \$150,000 in Seed Loan funding from related party, Mining Projects Accelerator Pty Ltd.

Loan Repayment

Subsequent to the end of the reporting period, the Company repaid from the proceeds of the Offer the following Seed Loan funds and accrued interest which accrued at a rate of 5% per annum.

Related Parties

	Principal \$	Interest \$
Mining Projects Accelerator Pty Ltd	285,000	5,375
	285,000	5,375

Other Parties

	Principal \$	Interest \$
Seed Funding Providers	165,000	6,251
	165,000	6,251

There are no other matters or circumstances that have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the Company in future financial periods.

Directors' Declaration

The Directors of the Company declare that:

The financial statements and notes are in accordance with the Corporations Act 2001 and:

- (a) comply with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Company's financial position as at 31 December 2022 and of the performance for the period ended 31 December 2022.

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Bryan Granzien
Non-executive Chair
Dated this 15 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SQX RESOURCES LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of SQX Resources Limited ("the company"), which comprises the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the entity, comprising the company at the half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of SQX Resources Limited is not in accordance with the *Corporations Act 2001* including:-

- (a) giving a true and fair view of the company's financial position as at 31 December 2022, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Independence

In conducting our review, we have complied with the auditor independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

Responsibility of the Directors for the 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 the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

PKF Brisbane Audit ABN 33 873 151 348

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Brisbane | Rockhampton www.pkf.com.au

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PKF Brisbane Pty Ltd. is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

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 company's financial position as at 31 December 2022 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.



PKF BRISBANE AUDIT



LIAM MURPHY
PARTNER

15 MARCH 2023
BRISBANE