

ASX:SQX

27 April 2023

MARCH 2023 QUARTERLY ACTIVITIES REPORT

- **Company successfully listed on ASX following \$5.0m IPO**
- **Drilling started in early March (only ~2 weeks post-listing) and concluded on 25 April 2023 for a total of 2,366 metres of RC and diamond drilling**
- **Initial observations of drill core highlight gold/copper porphyry-style mineralisation; consistent with mineralisation of original exploration target**
- **On track to receive initial assay results in Q2 2023**
- **\$3.98m cash at 31 March 2023; \$4.37m market capitalisation at 26 April 2023**

SQX Resources Limited (**SQX** or **Company**) is pleased to release this Quarterly Activities Report for the quarter ending March 2023.

Initial Public Offer and ASX Listing

Trading of SQX shares on the ASX commenced at 11:30am AEDT on 20 February 2023. This followed the successful completion of SQX's \$5.0m Initial Public Offer.

Scrub Paddock Earthworks and Commencement of Drilling

Following the completion of earthworks, drilling commenced approximately two weeks after the Company's ASX listing, marking the commencement of the planned 6-hole RC and diamond drill program (Figure 1).

Scrub Paddock Drilling – Progress and Initial Observations

A total of 2,366m was drilled to completion of the drill program on 25 April 2023 (comprising ~1,151m RC drilling and 1,215m diamond drilling). Some RC and diamond drill samples have already been transported to ALS Global in Brisbane for the provision of assay results, with the remainder expected to be delivered in the coming days. Holes SP001, SP002, SP003 and SP004 have been completed as RC pre-collar / diamond drill tail holes while SP005 and SP006 have been completed as RC-only holes.

Initial observations of drill core identify mineralisation which is consistent with SQX's exploration target of a gold-copper porphyry system. Supporting this comment are what appear to be sheeted carbonate veins containing disseminated sulphides (arsenopyrite, pyrite, chalcopyrite and pyrrhotite) with pale yellow sericite and/or pink potassic alteration selvage occurring in host rocks of andesite volcanics, microdiorite and several types of feldspar porphyry dykes (Figure 2). This veining and alteration occurring in volcanic host rock is consistent with porphyry-style gold and/or copper-bearing mineralisation.

Arsenopyrite (with trace chalcopyrite) has been visually observed in carbonate veins in diamond drill core extracted from holes SP001, SP002 and SP003 (Figures 4,5,6,7 and 8). Historical drill assays at Scrub Paddock showed a correlation between the presence of arsenopyrite and elevated gold levels. Chalcopyrite, of which the chemical composition includes copper, has also been visually observed in diamond drill core extracted from boreholes SP001, SP002 and SP003 (Figures 4,6,7 and 8). SP004 was the last hole drilled and therefore observations of drill core are still being collated.

These initial observations all support the potential to discover a gold/copper porphyry system, which was SQX's exploration target. Assay results, once received, will provide an indication as to both the grade and the scale of potential mineralisation in each hole.

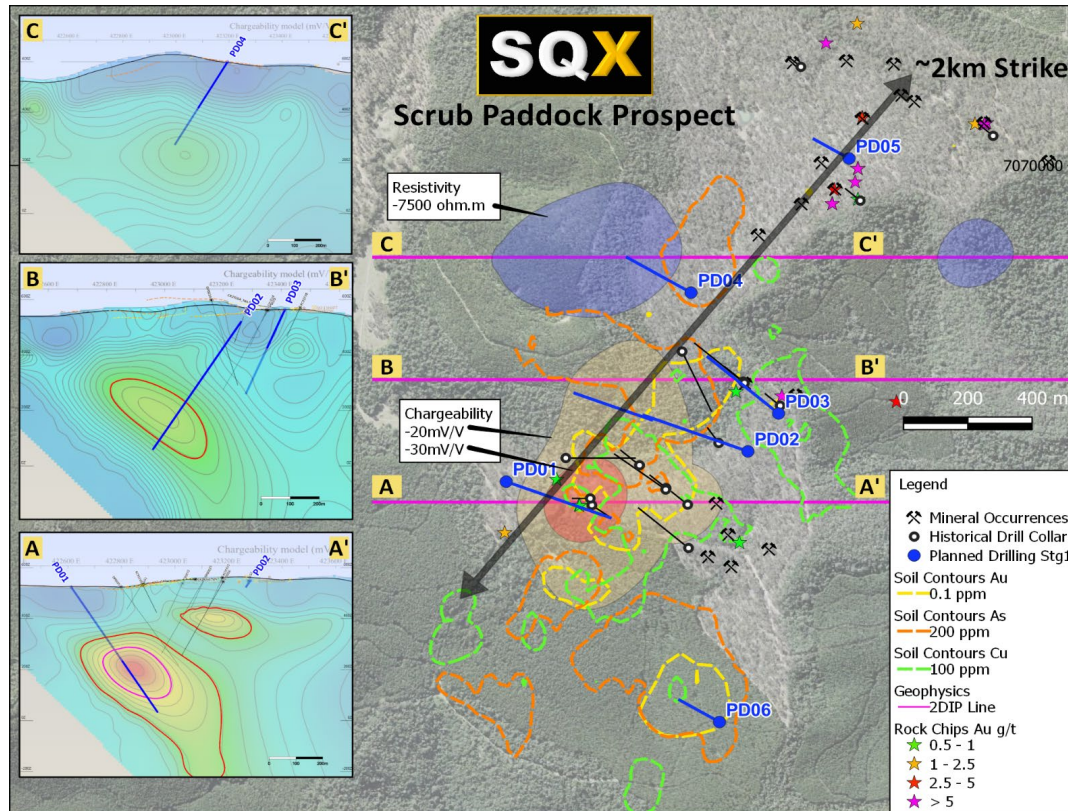


Figure 1: Scrub Paddock Prospect mineralisation and drill holes (holes PD01-PD06 renamed to SP001-SP006)

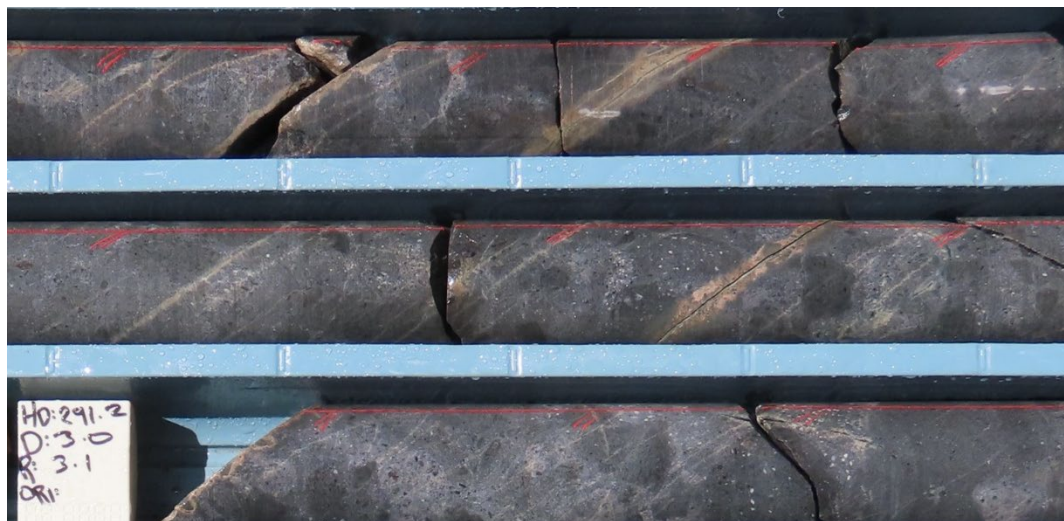


Figure 2: Sheeted carbonate-sericite-sulphide veins with sericite (beige) and potassic (pink) alteration selvage in volcanic conglomerate (SP002 @ 290m)

Drill Core – Initial Visual Interpretations



Figure 3: Disseminated sulphides (SP001 @ 270m)



Figure 4: Arsenopyrite – chalcopyrite vein (SP001 @ 558m)



Figure 5: Arsenopyrite – carbonate vein associated with sericite alteration (SP002 @ 244m)



Figure 6: Laminated carbonate vein with arsenopyrite and chalcopyrite (SP002 @ 317m)

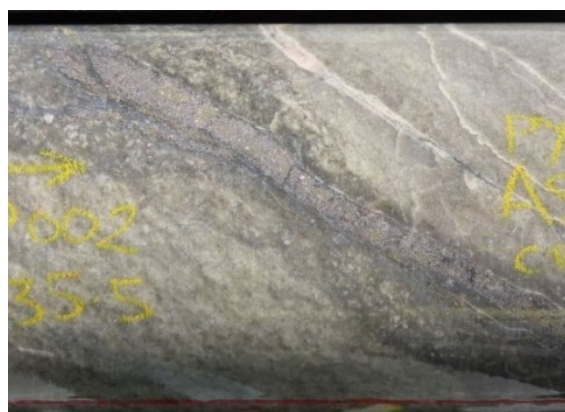


Figure 7: Arsenopyrite – chalcopyrite – pyrite carbonate vein associated with strong sericite alteration (SP002 @ 336m)

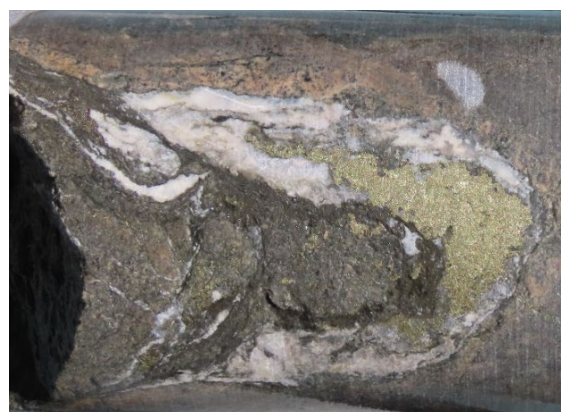


Figure 8: Arsenopyrite – chalcopyrite – pyrite carbonate vein with pink potassic alteration (SP003 @ 315m)

Updated Work Programme

Near term

- Scrub Paddock prospect
 - o Initial assay results expected during Q2 2023
 - o Majority of assay results expected late Q2 / early Q3 2023
- Ollenburgs prospect
 - o Soil geochemical sampling to better define potential drill targets expected to be undertaken in May

Longer term

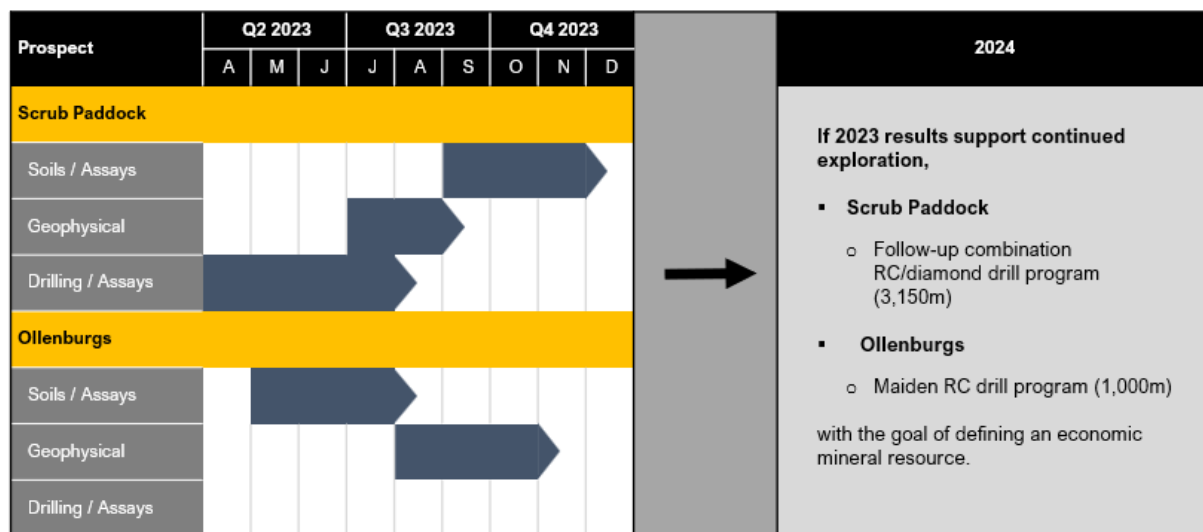


Figure 9: Indicative long-term work programme

Corporate

Business Development

During the quarter SQX considered several project opportunities. SQX will continue to identify and review projects which support its strategy of building a portfolio of exploration, development, and operating mining assets.

Cash Position

As at 31 March 2023, SQX held \$3.98m cash at bank.

Use of Funds

Pursuant to ASX Listing Rule 5.3.4 SQX provides a comparison of its actual expenditure since admission to the ASX on 16 February 2023 against the estimated expenditure for two years set out in SQX's Prospectus dated 30 November 2022 (SQX was previously named South-East Queensland Exploration Limited).

During the period, SQX spent \$148k on exploration activities at EPM 27257. SQX also spent \$134k on operating costs, including non-executive directors' fees and interest paid on seed loans advanced prior to IPO. SQX's accompanying Appendix 5B (Quarterly Cashflow Report) includes an amount in item 6.1 which constitutes non-executive directors' (A\$9k) fees paid during the quarter.

	Estimated Expenditure from Prospectus	Expenditure from ASX Admission (16 Feb 2023) to 31 March 2023
Exploration & Development		
Year 1		
Tenement Management/Land Access	94,000	15,908
Geochemical	153,000	0
Geophysical	148,000	0
Data review/targeting	3,000	0
Drilling	921,787	49,240
Evaluation and Support	161,000	82,623
Year 2		
Total Year 2 Exploration & Development	1,543,000	0
Corporate		
Administration costs	1,113,485	133,440
Working capital	167,827	0
Costs of the offer	394,901	436,565
Repayment of seed loans	300,000	300,000
Total	\$5,000,000	\$1,017,776

Figure 10: First two years estimated expenditure vs. actual expenditure from 16 February 2023 to 31 March 2023

Additional ASX Listing Rule Information

SQX provides the following additional information in accordance with ASX Listing Rule 5.3.3.

Mining tenements held at the end of the quarter and their location

- EPM 27257 (granted) in Queensland – 15 sub blocks – 100% interest
- EPM 28578 (under application) in Queensland – 44 sub blocks – 100% interest

Mining tenements acquired during the quarter and their location

- Not applicable

Mining tenements disposed of during the quarter and their location

- Not applicable

Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter

- Not applicable

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

- Not applicable

This announcement has been approved and authorised to be released to the ASX by the Board of Directors of SQX Resources Limited.

– ENDS –

For further information please contact:

SQX Resources Limited

Mark Purcell
Chief Executive Officer
E: info@sqxresources.com

Additional information is available at sqxresources.com.

About SQX Resources Limited (SQX)

SQX is a modern mineral exploration company dedicated to delivering shareholder value by building a portfolio of exploration, development, and operating assets. Its current focus is on gold and copper mineralisation at the Ollenburgs and Scrub Paddock prospects, located on EPM 27257 in the underexplored Esk Basin in southeast Queensland near major regional infrastructure and population centres. Both prospects feature known mineralisation and historical mine workings.

Scrub Paddock

Identified as a potential gold-copper porphyry, the Scrub Paddock Prospect features more than 20 historical mine workings with surface mineralisation extending across a ~2km strike length. Soil sampling and drilling have already confirmed gold and copper mineralisation; the extent of this mineralisation, both along the strike of the surface anomaly and at depth, is unknown. The Company is aiming to define an economic mineral resource.

Ollenburgs

Ollenburgs hosts potential for a copper-gold porphyry system and features several copper/gold/silver mine workings, an anomaly visible on aeromagnetic mapping, a surface soil and rock-chip geochemical anomaly across ~300x50m and no historical drilling. The Company intends to expand soil sampling, undertake IP surveying and, if justified, follow up with drilling.

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.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on and fairly represents information compiled by Mr Ian Kelso, who is an experienced geologist and a Member of The Australasian Institute of Mining and Metallurgy. Mr Kelso is a Consulting Geologist for the Company and 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 JORC 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore

Reserves.' Mr Kelso consents to their inclusion in the report of the matters based on this information in the form and context in which it appears.

Cautionary Note

SQX does caution that at this stage visual estimates of mineralisation types are provided as a guide only and are not considered a proxy or substitute for laboratory analyses.

Appendix 5B

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

Name of entity

SQX RESOURCES LIMITED

ACN

659 090 338

Quarter ended ("current quarter")

31 MARCH 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(79)	(79)
(e) administration and corporate costs	(43)	(43)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(12)	(12)
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	(132)	(132)

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(148)	(148)
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other	-	-
2.6 Net cash from / (used in) investing activities	(148)	(148)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	5,000	5,000
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(437)	(437)
3.5 Proceeds from borrowings	150	150
3.6 Repayment of borrowings	(450)	(450)
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	4,263	4,263

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1	1
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(132)	(132)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(148)	(148)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,263	4,263
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,984	3,984

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	1,484	-
5.2	Call deposits	2,500	-
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)	3,984	-

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	9
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(132)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(148)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(280)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,984
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,984
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	14.23
<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:	
Not applicable	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
Not applicable	

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

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:

Not applicable

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

Compliance statement

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

Date: 27 April 2023.....

Authorised by: The Board of Directors
(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.