

ASX:SQX

24 July 2023

JUNE 2023 QUARTERLY ACTIVITIES REPORT

- **Scrub Paddock: drilling completed in April, assay results showed broad gold-bearing mineralisation including 553m @ 0.10g/t Au from 27m, review of results underway to optimise next steps**
- **Ollenburgs: soil sampling assay results showed multiple anomalous Cu zones and other certain metals which support exploration target of Cu/Au porphyry mineralisation, soil sampling and upcoming geophysical studies to optimise drill hole locations for first Ollenburgs drill program**
- **\$2.97m cash @ 30 Jun 2023; \$3.59m market capitalisation @ 21 Jul 2023**

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

SQX Chief Executive Officer, Mr Mark Purcell, commented on the results:

“SQX has continued to deliver on its plan in the second quarter of 2023, with Scrub Paddock drilling finishing in April and assay results now having been released to the market. We expect the total cost of this drill program to be under budget. Assay results are currently being analysed to optimise the path forward at Scrub Paddock.

At Ollenburgs, we completed our soil sampling program which identified multiple anomalous copper zones. A geophysics provider has been engaged to undertake induced polarisation (IP) surveying across the Ollenburgs Prospect area. Both soil sampling and geophysics will be relied upon to optimise drill hole locations for the first-ever drill program at Ollenburgs.

Finally, SQX has and is continuing to identify and assess business development opportunities which support our strategy of building a portfolio of exploration, development and operating assets.”

Scrub Paddock

SQX completed drilling in its maiden 6 hole drill program at the Scrub Paddock Prospect on 25 April 2023, after commencing drilling only ~2 weeks after listing in February. Initial observations of drill core identified mineralisation consistent with porphyry-style gold and/or copper-bearing mineralisation.

Assay results subsequently identified broad lower-grade gold intercepts across multiple holes, including 553m @ 0.10g/t Au from 27m (SP002), 152m @ 0.12g/t Au from 93m (SP001) and 32m @ 0.23g/t Au from 210m (SP006).

SQX is continuing to assess and interpret the full Scrub Paddock assay result dataset. Drilling results will be integrated with historical soil geochemistry, geophysics and drilling results to better understand the potential for economic mineralisation at Scrub Paddock and, if justified, to design potential drill targets for a second SQX Scrub Paddock drill program.

Ollenburgs

Assay results were collected as part of a program of surface geochemical sampling in May at the Ollenburgs Prospect. These results confirmed multiple anomalous (>50ppm) copper zones, including the area surrounding a historical rock chip sample of 19.6g/t Au and 6.56% Cu. These results will be used in conjunction with upcoming geophysical studies to optimise drill hole locations for the first-ever Ollenburgs drill program.

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 30 June 2023, SQX held \$2.97m 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 set out in SQX's Prospectus dated 30 November 2022 (SQX was previously named South-East Queensland Exploration Limited).

During the period, SQX spent \$854k on exploration activities at EPM 27257. SQX also spent \$168k on operating costs, including non-executive directors' fees. SQX's accompanying Appendix 5B (Quarterly Cashflow Report) includes an amount in item 6.1 which constitutes non-executive directors' (A\$30k) fees paid during the quarter.

	Estimated Expenditure from Prospectus	Expenditure from ASX Admission (16 Feb 2023) to 30 June 2023
Exploration & Development		
Year 1		
Tenement Management/Land Access	94,000	34,790
Geochemical	153,000	32,231
Geophysical	148,000	0
Data review/targeting	3,000	0
Drilling	921,787	819,104
Evaluation and Support	161,000	115,884
Year 2		
Total Year 2 Exploration & Development	1,543,000	0
Corporate		
Administration costs	1,113,485	302,257
Working capital	167,827	0
Costs of the offer	394,901	456,028
Repayment of seed loans	300,000	300,000
Total	\$5,000,000	\$2,060,294

Figure 1: Estimated expenditure vs. actual – 16 February 2023 to 30 June 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% owned*
- *EPM 28578 (under application) in Queensland – 44 sub blocks – 100% owned*

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

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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 Ollenburs 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 on recently completed soil sampling by undertaking IP surveying and, if justified, follow up with the first-ever drill program at the prospect.

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
- ASX Announcement titled "Initial Assay Results Confirm Broad Gold Mineralisation" dated 3 July 2023
- ASX Announcement titled "Soil Sampling Identifies Multiple Anomalous Copper Zones" dated 7 July 2023
- ASX Announcement titled "Extended Scrub Paddock Intercept of 553m @ 0.10 g/t Au" dated 19 July 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. All material assumptions and technical parameters underpinning estimates in the relevant market announcement continue to apply and have not materially changed.

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.

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")

30 JUNE 2023

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	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(91)	(170)
	(e) administration and corporate costs	(77)	(120)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	23	25
1.5	Interest and other costs of finance paid	-	(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	(145)	(277)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(854)	(1,002)
	(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	(854)	(1,002)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	(19)	(456)
3.5	Proceeds from borrowings	-	150
3.6	Repayment of borrowings	-	(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	(19)	4,244

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	3,984	1
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(145)	(277)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(854)	(1,002)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(19)	4,244
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,966	2,966

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	15	1,484
5.2	Call deposits	2,951	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)	2,966	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	30
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 <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)	(145)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(854)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(999)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,966
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,966
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.97
<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: 24 July 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.