

ASX ANNOUNCEMENT

Quarterly Activities Report for Period Ended 30 June 2021

27 July 2021

QX Resources Limited (ASX: QXR) (QX or the **Company**) is pleased to provide this Quarterly Activities Report for the period ended 30 June 2021.

HIGHLIGHTS

- **QX Resources reaches 70% ownership of Zamia Resources after spending \$500,000 on exploration and project development activities during the earn-in period. QX can earn an additional 20% ownership of Zamia Resources by spending an additional \$1m on exploration and project development activities within the next 12 months**
- **Completion of maiden 1,500 metre RC drill program to test the Lucky Break Mine anomaly and its structural trend as well as infill, depth extension and twin studies.**
- **22 RC holes drilled to test strike and depth extensions of mineralisation at Lucky Break. Results include:**
 - **2m @ 8.98 g/t Au, from 4m down hole in LB220 including 1m @ 11.55 g/t Au**
 - **9m @ 1.45 g/t Au, from 45m down hole in LB200 including 3m @ 2.02 g/t Au and 1m @ 2.26 g/t Au**
 - **5m @ 1.13 g/t Au, from 61m down hole in LB219 including 1m @ 3.21 g/t Au.**
 - **7m @ 0.82 g/t Au from 10m down hole in LB217, including 1m @ 2.16 g/t Au and from 55m down hole, 2m @ 2.51 g/t Au including 1m @ 4.04 g/t Au.**
- **Mineralised extension encountered 70m northeast from existing pit crest**
- **Shallow high grades in zones south of the Lucky Break pit coincide with historical high-grade drill intersections**
- **Successfully raised ~\$2 million (before costs) by way of share placement and SPP, and is well funded to to significantly scale up exploration activities and project development works at its projects in the Drummond Basin, Queensland**
- **First review by QX's technical team of the high-prospective Anthony Molybdenum project:**
 - **Anthony is an advanced-stage pure Mo deposit located in a Tier 1 jurisdiction and is yet to be fully exploited.**
 - **Hellman & Schofield Pty Ltd produced the Mineral Resource Estimate (MRE) in 2012 for the Anthony Mo deposit that was publicly reported under JORC 2004 on 15 March 2012 by Zamia Metals Limited¹.**
 - **The Inferred Resource for the primary (sulphide) zone stands at 112 million lb of contained Mo using a 400 ppm Mo cut-off grade².**
 - **At a cut-off grade of 600 ppm Mo, the Inferred Resource for the primary (sulphide) zone includes 20mt at 800 ppm Mo for 35m lb Mo³.**

¹ Refer ASX announcement made by Zamia Metals Limited (then ASX: ZAM) on 15 March 2012 titled "Anthony Molybdenum Resource Update"

² Refer ASX announcement made by Zamia Metals Limited (then ASX: ZAM) on 15 March 2012 titled "Anthony Molybdenum Resource Update"

³ Refer ASX announcement made by Zamia Metals Limited (then ASX: ZAM) on 15 March 2012 titled "Anthony Molybdenum Resource Update"

COPORATE

On 13 May 2021, the Company announced that it that it has received firm commitments from sophisticated and institutional investors to subscribe for a placement of 70,000,000 fully paid ordinary shares (**Shares**) at \$0.015 each to raise \$1.05 million before costs (**Placement**).

The Placement, which was oversubscribed, took place in conjunction with a Share Purchase Plan (**SPP**) which allowed existing Eligible Shareholders to subscribe for parcels of Shares valued at up to \$30,000 at the same issue price of \$0.015. The results of the SPP were announced on 8 June 2021, with the Company raising \$939,000 from shareholders.

The proceeds from the Placement and SPP, totalling ~\$2 million, will enable the Company to:

1. Fund further drilling at priority Luck Break Gold Mine and surrounds;
2. Undertake a maiden drill programs and other exploration activities at Red Dog, Ibis and historical Belyando open pit and extensions;
3. Review the historical Anthony Molybdenum Project and assess potential for ore beneficiation and Scoping Study; and
4. For general working capital requirements.

OPERATIONS

Queensland Gold Project

On 1 July the Company announced that it had entered into Heads of Agreement (**HoA**) with in Zamia Resources Pty Ltd (**Zamia Resources**), a wholly-owned subsidiary of Zamia Metals Limited (**Zamia**) which owns four (4) exploration licenses (Permits) in the Central Queensland goldfields covering ~115km² and housing two open pit historical gold mines, the Belyando and Lucky Break Mines as well as multiple unexplored targets. The project is strategically located within the Drummond Basin that has >6.5moz gold endowment and a long history of ongoing mining (See **figure 1**).

On 17 June 2021, the Company announced that the Company has now reached 70% ownership of Zamia Resources. QX originally assumed 50% ownership of Zamia Resources through the issue of 40,000,000 ordinary shares and the next 20% has been secured after spending \$500,000 on exploration and project development activities during the earn-in period. QX can move to 90% ownership of Zamia Resources by spending an additional \$1m on exploration and project development activities within the next 12 months. Given the positive results received to date and with more work planned in the near-term across the Zamia leases, QX is confident of achieving this.

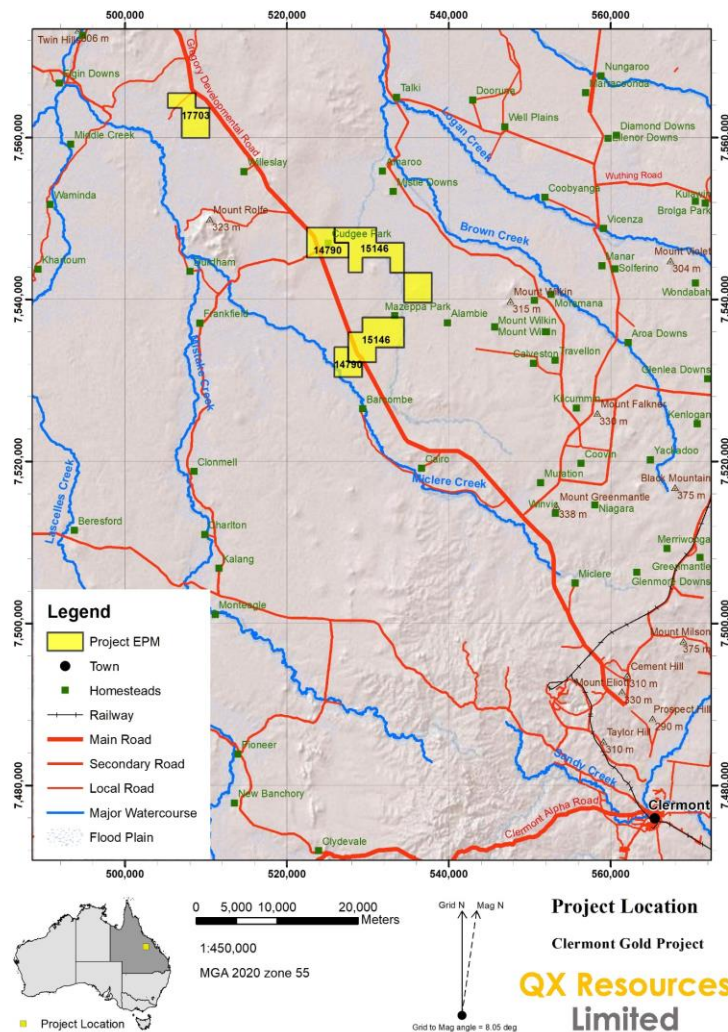


Figure 1: QX Project location map, Drummond Basin QLD

Maiden RC drilling program at Lucky Break

On 22 April 2021, the Company announced that it had commenced its maiden reverse circulation (RC) drilling program at the Lucky Break project (**Figure 2**). The program aimed to test the Lucky Break Mine anomaly and its structural trend as well as high priority infill, depth extension and twin studies. Lucky Break lies adjacent to the Gregory Highway on EPM 14790 (Mazeppa) in the Clermont Goldfield of central Queensland. The Mazeppa tenement (EPM 14790) within the Thompson Orogen is dominated by slates, phyllites and schists of the Anakie Metamorphics which unconformably bound the Drummond Basin sequence. The Lucky Break area is one of the few locally where the Anakie Metamorphics are exposed through Tertiary to Quaternary colluvium and flanking Drummond Basin Sequence sediments.

On 13 July 2021, the Company announced the results of the maiden RC drilling program, with 22 holes completed for a total of 1,512m (**Figure 2**). Lucky Break was mined by East-West Minerals NL from 1987 to 1988 for 90Kt at a head grade of 2.4 g/t Au in oxide only (15 to 20 vertical metres) for 283m of its 560m known strike length. Stage 1 drilling was targeted based on QX's wireframe modelling of gold mineralised lodes to investigate strike and depth extension, test mineralisation in areas where historic drilling had incomplete assaying, and probe for infill on mineralisation to support modelling.

Significant results from the maiden program include:

- 2m @ 8.98 g/t Au, from 4m down hole in LB220 including 1m @ 11.55 g/t Au
- 9m @ 1.45 g/t Au, from 45m down hole in LB200 including 3m @ 2.02 g/t Au and 1m @ 2.26 g/t Au
- 5m @ 1.13 g/t Au, from 61m down hole in LB219 including 1m @ 3.21 g/t Au.
- 7m @ 0.82 g/t Au from 10m down hole in LB217, including 1m @ 2.16 g/t Au and from 55m down hole, 2m @ 2.51 g/t Au including 1m @ 4.04 g/t Au.

The results have shown strong mineralisation extending along strike 70m northeast of the existing pit crest and shallow mineralisation at good grades to the south of the existing pit and in situ at shallow depth below the south pit, which appears mainly to have taken mineralised positive topographic features and extended for only around 2.5m vertical depth in areas drilled during this program.

Based on these very encouraging results which include excellent high-grade intercepts, follow up drilling is planned to more thoroughly assess the extensions to the mineralisation encountered along strike from the historical pit. QX already has permits to continue drilling at Lucky Break and plans to secure a rig shortly while it determines locations and the extent of the next phase of drilling.

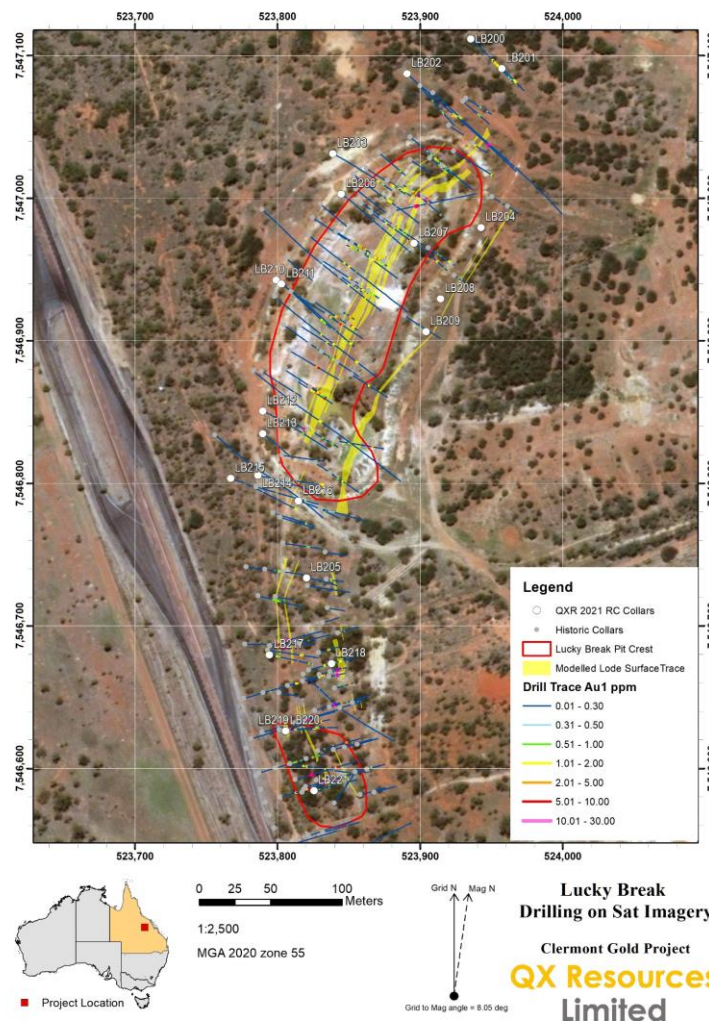


Figure 2: Lucky Break 2021 drilling and historic drilling against high resolution sat imagery

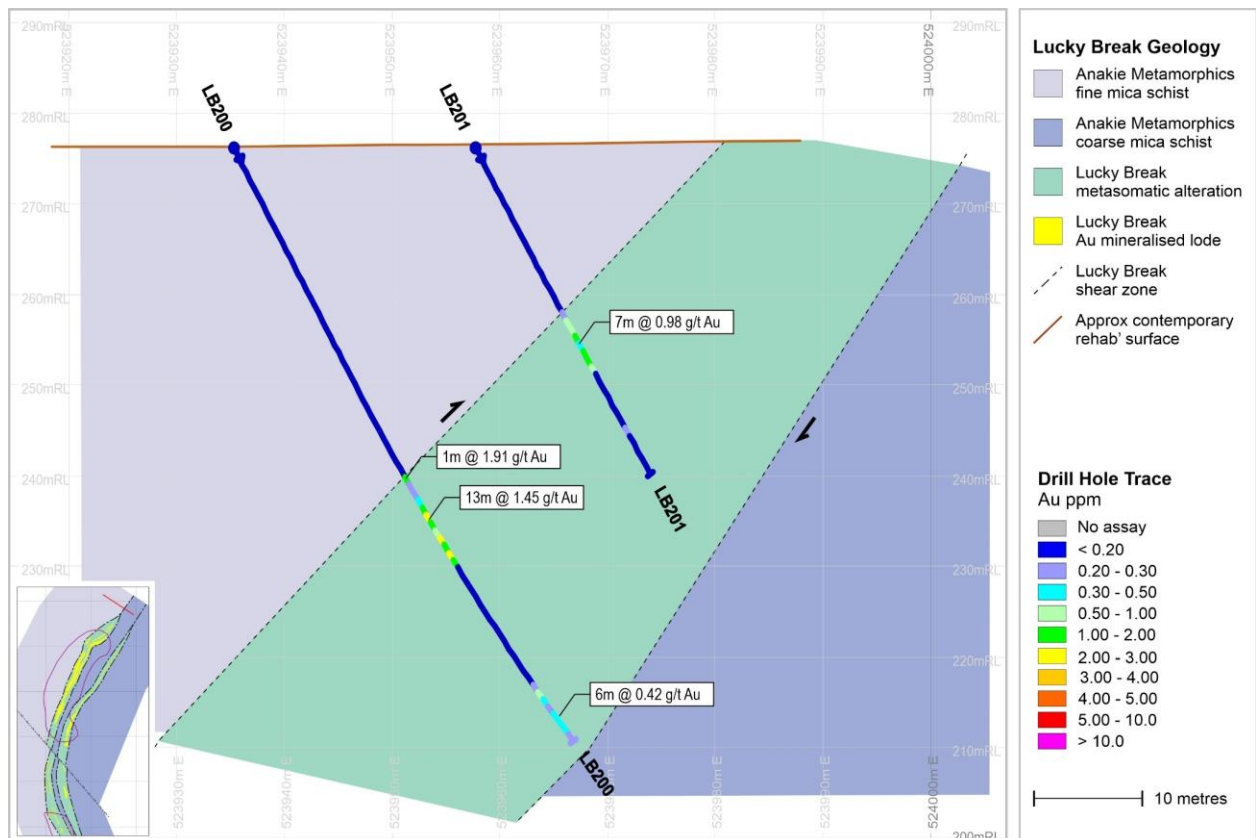


Figure 3: Lucky Break cross section 0, with LB200 and LB201 extending mineralisation 70m along strike to the northeast of the existing pit extent in unmined ground.

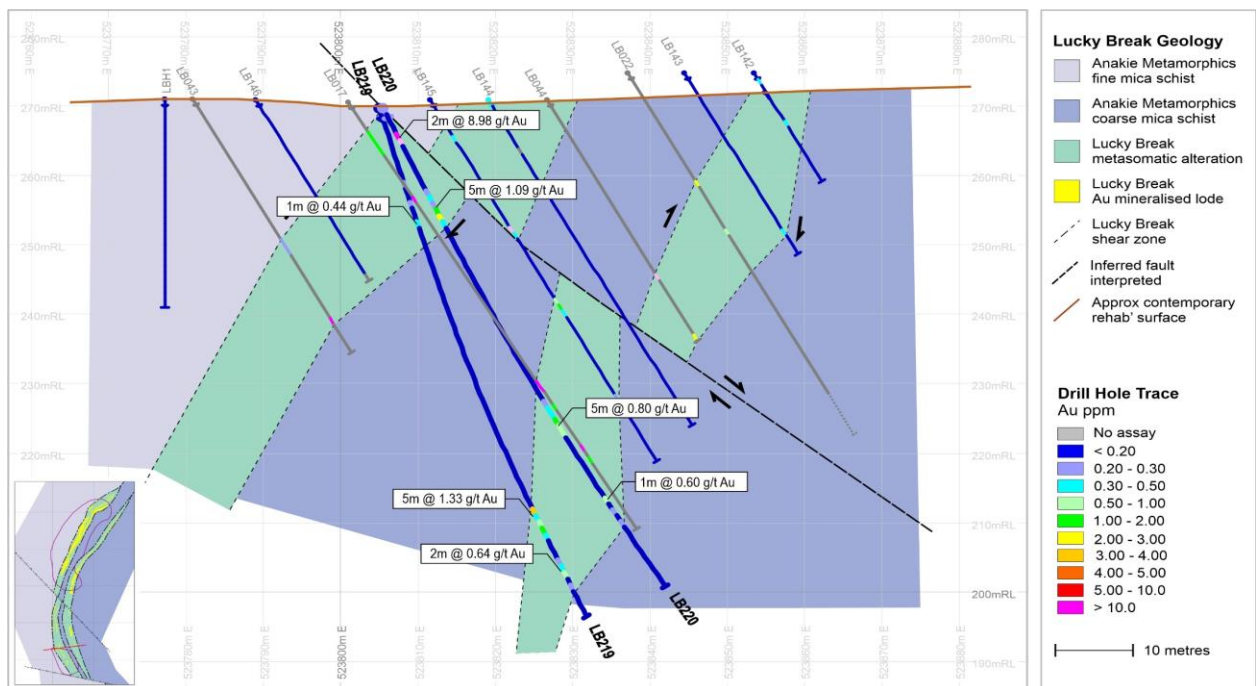


Figure 4. Lucky Break cross section 21. LB 20 and LB21 showing a shallow high grade intersection.

Anthony Molybdenum project

As announced post quarter-end, the Company has decided to progress its advanced stage Anthony Molybdenum (Mo) deposit ('Anthony') which sits within QX's 115km² of permits in Central Queensland. Hellman & Schofield Pty Ltd produced the Mineral Resource Estimate (MRE) in 2012 for the Anthony Mo deposit that was publicly reported under JORC 2004 on 15 March 2012 by Zamia Metals Limited. The Inferred Resource for the primary (sulphide) zone stands at 112 million lb. of contained Mo using a 400 ppm Mo cut-off grade and at a cut-off grade of 600 ppm Mo, the Inferred Resource for the primary (sulphide) zone includes 20mt at 800 ppm Mo for 35m lb Mo⁴

QX has commenced a comprehensive work program at Anthony which entails:

- desktop data processing of all historical drill results and other information, review of all the drill core which has been located and inspected by QX's team;
- updating the current MRE so it is compliant with the 2012 JORC code;
- further metallurgical review and test work; and
- further beneficiation review and test work.

Cut-off Grade	Sulphide Resource			Transition Resource (partial oxide)			Oxide Resource			Total Resource		
	Mo [ppm]	Mt	Contained Mo [Mlb]	Mt	Mo [ppm]	Contained Mo [Mlb]	Mt	Mo [ppm]	Contained Mo [Mlb]	Mt	Mo [ppm]	Contained Mo [Mlb]
600	20	800	36	1.3	730	2.1	3.1	660	4.5	25	780	42
400	91	560	112	5.2	540	6.2	17	510	20	114	550	137
200	250	390	215	13	400	11	53	370	43	318	390	269

Table 1: March 2012 Inferred Resource estimate for the sulphide, transition (partial oxide) and oxide zones of the deposit, prepared by H & S. JORC Code 2004

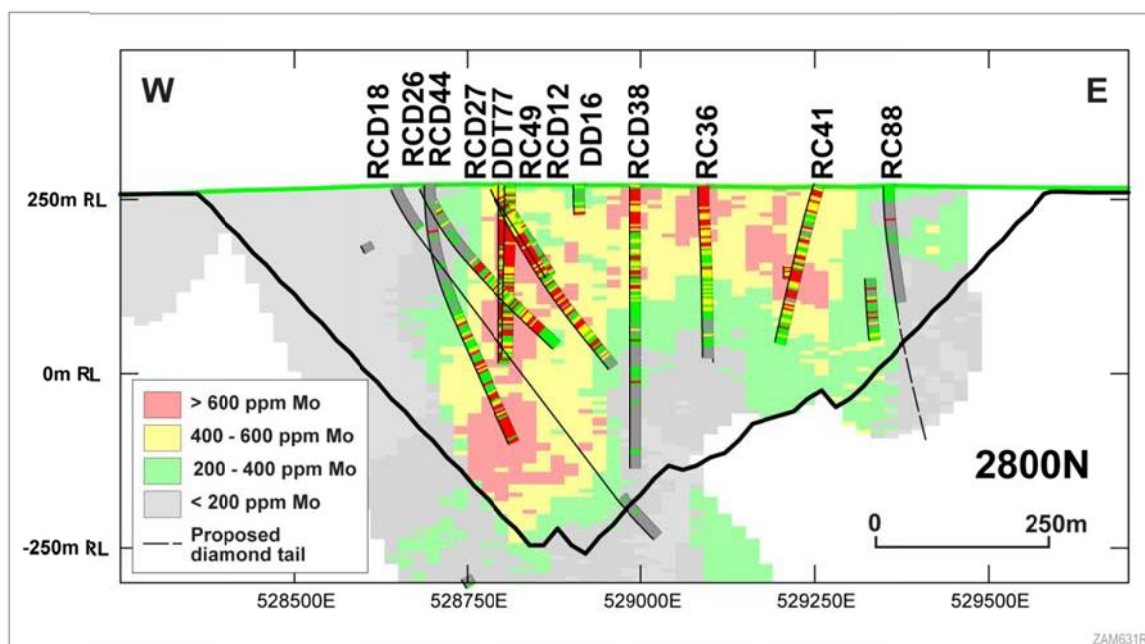


Figure 5: Anthony Molybdenum project - East-west drill section at 7 532 800N (Zamia Metals Limited, June 2011)

⁴ Refer ASX announcement made by Zamia Metals Limited (then ASX: ZAM) on 15 March 2012 titled "Anthony Molybdenum Resource Update"

Summary of exploration Expenditure

In accordance with Listing Rule 5.3.1, the Company reports that there was \$324,000 exploration expenditure incurred during the June quarter.

Cash position

The Company ended the quarter with a cash balance of ~\$1.7 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.

Note 6 of Appendix 5B

Payments to related parties of the entity and their associates: during the June quarter \$160,000 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, please contact:

Maurice Feilich, Executive Chairman: Ph: 0411 545 262

Ben Jarvis, Non-Executive Director: Ph: 0413 150 448

Web: www.qxresources.com.au

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.

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.

QX Resources Limited

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 30 June 2021.

Tenements	Acquired during the quarter	Disposed during the quarter	Held at end of quarter	Country
EPM 17703	-	-	70%, Option to earn 90%	Australia
EPM 15145	-	-	70%, Option to earn 90%	Australia
EPM 14790	-	-	70%, Option to earn 90%	Australia
EPM 19369	-	-	70%, Option to earn 90%	Australia
EPM 27791	100%	-	100%	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")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(9)	(141)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(169)	(434)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(1)
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	(178)	(576)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(4)	(39)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	(84)
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	(20)	23
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities (Zamia Exploration Loan)	(321)	(550)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(345)	(650)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,989	2,277
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	(129)	(177)
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	1,860	2,100

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	405	868
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(178)	(576)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(345)	(650)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,860	2,100

Appendix 5B

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,742	1,742

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	1,742	405
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)	1,742	405

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	135
6.2	Aggregate amount of payments to related parties and their associates included in item 2	25

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	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)	(178)
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)	(178)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,742
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,742
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	9.787
<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.

Date: 27 July 2021

Authorised by: 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.