

ASX ANNOUNCEMENT

Quarterly Activities Report for Period Ended 30 June 2022

28 July 2022

QX Resources Limited (ASX: QXR) (QX or the Company) is pleased to provide this Quarterly Activities Report for the period ended 30 June 2022.

HIGHLIGHTS

- **Rock Chip sampling at the Turner River Lithium project returned grades of up to 4.90% Li₂O:**
 - The high-grade rock chip result from Turner River was taken from a priority area, identified through the Company's detailed analysis of remote satellite imagery and geophysical datasets
 - Turner River sits ~15km south of Wodgina, Australia's second-largest lithium mine and one of the largest hard-rock lithium deposits in the world
 - Further assay results from sampling programs at Turner River, Western Shaw and Split Rock, are expected in coming weeks

- **Recommencement of Phase 2 trenching program at Red Dog:**
 - Program will include 8 to 10 trenches across the Big Red and Red Dog anomalies (EPM17703), up to 200m in length and down to 2m in depth
 - Previous trenching program returned high grade results, including:
 - 1m @ 11.25g/t Au within 11m @1.88g/t (from 22m to 31m along trench); and
 - 3m @ 2.0g/t Au within 8m @1.27g/t (from 3m to 11m) including 3m @ 2.02g/t and 1m @2.9 g/t

- **Small Scale Shareholding facility established**

- **With cash of \$3.6m and liquid investments of ~\$335k at 30 June 2022, QX Resources is well capitalised and fully-funded to advance exploration across its highly prospective project portfolio.**

OPERATIONS

Western Australian Projects

Pilbara lithium projects

The Company has a highly prospective portfolio of lithium projects within the Pilbara region of Western Australia, covering a combined area of 355km² (Figure 1). The portfolio consists of Turner River (E45/6042 & E45/6065), Western Shaw (E45/4960 & E45/6107), Split Rock (E46/1367) and Yule River (E45/6159). Despite their location, the Company's 100%-owned projects are largely underexplored for lithium.

On 30 June 2022, QX Resources advised that rock chip sampling at the Turner River Lithium project had returned grades of up to 4.90% Li₂O. The sample (TR010, Figure 2) was taken from a priority area, identified through the Company's detailed analysis of remote satellite imagery and geophysical datasets (Figure 3).

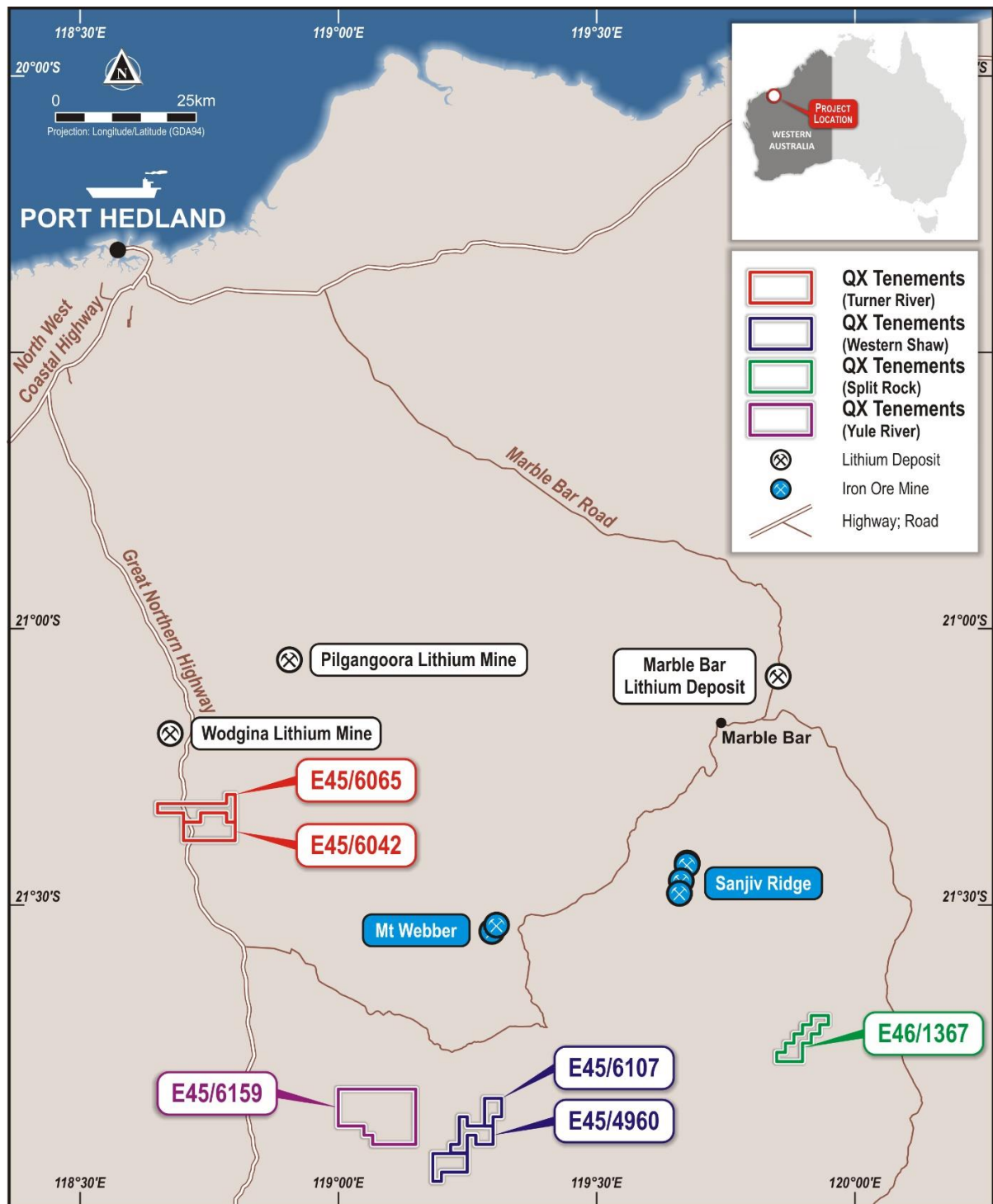


Figure 1: QX Resources lithium project locations and regional setting



Figure 2: Example of lithium-bearing Lepidolite clumps at Turner River

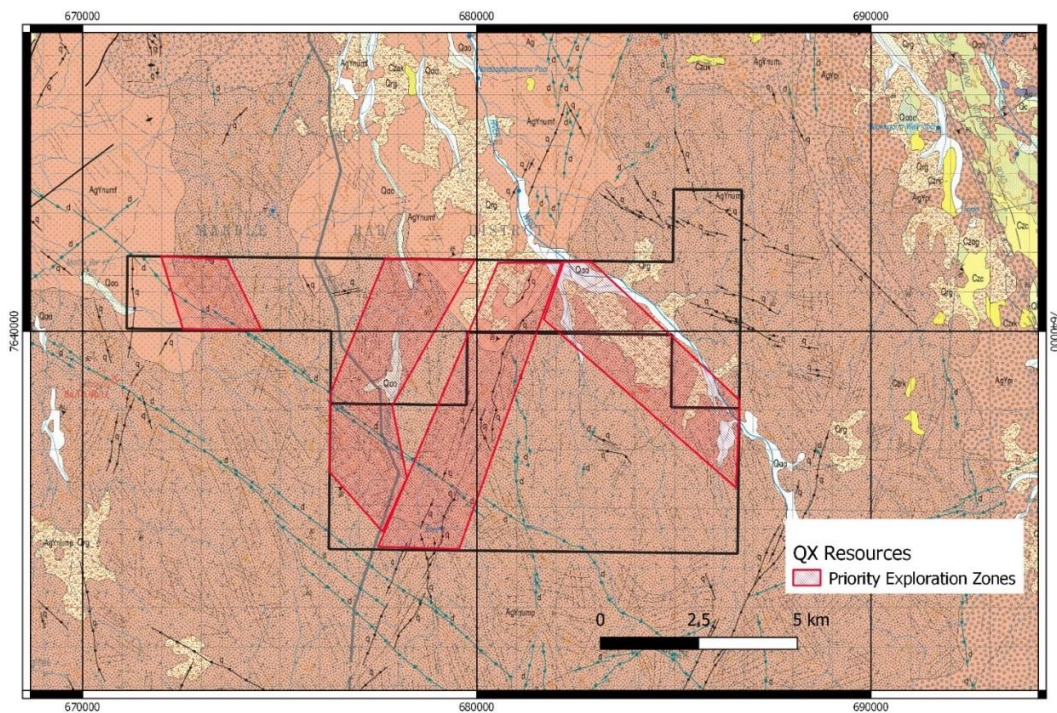


Figure 3: Turner River Priority Areas

Sample Results

Small samples (<1kg each) were collected from the weathered exposures across a number of pegmatite dykes. Minanalytical Laboratories in Perth undertook geochemical analysis of the samples for a suite of elements normally associated with pegmatite dykes. Significant element results are presented in the below table:

Sample ID	East	North	Description	Li₂O (PPM / %)
TR006	683222	7634938	pegmatite	108ppm
TR007	683215	7634872	pegmatite	30ppm
TR008	683216	7634826	pegmatite	41ppm
TR009	683177	7634762	pegmatite	34ppm
TR010	683973	7638453	Mica clump	4.90%
TR011	684044	7638688	Carbonate rock	493ppm
TR012	684005	7638651	Carbonate rock	590ppm
TR013	683991	7638537	Carbonate rock	62ppm
TR014	680540	7638719	pegmatite	60ppm
TR015	680472	7638729	pegmatite	24ppm
TR017	677529	7634766	pegmatite	69ppm
TR018	677465	7634679	pegmatite	45ppm
TR019	677463	7634613	pegmatite	297ppm
TR021	677761	7634797	pegmatite	144ppm

Table 1: Rock Chip Samples taken from the Turner River Lithium project

The most significant lithium responses reported to samples TR010, 011 and 012 which were taken from a reported tin prospect in the north-eastern part of tenement E45/6042. The site had evidence of shallow trenching and with micaceous clumps common on the waste piles.

The analysis of this mica revealed its high lithium content and confirmed it to be lepidolite. The source for the mica was not observable due to the trenches having collapsed.

The diggings were limited to the base and on the southeast part of a low hill. Where exposed this hill comprised deeply weathered and altered carbonate rich rocks, samples of which reported elevated Li₂O.

These rocks likely represent a carbonate rich intrusion with respect to the largely exposed surrounding granite terrain. However due to the limited suite of elements selected for analyses the nature of the rocks remain enigmatic.

The limited sampling in this area was reconnaissance in nature aimed at assessing the prospectivity for lithium bearing rocks. The samples will be rerun through the laboratory using a much broader suite of elements, and including the REE's, Ta and other elements of potential interest.

Pilbara precious and base metals project

QX holds a 50% interest in two granted Exploration Licences (ELs) located in the Pilbara region of Western Australia ('the Pilbara Projects').

The ELs (E47/4462 and E47/4463) 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 4** over-page). No exploration was undertaken during the June quarter.

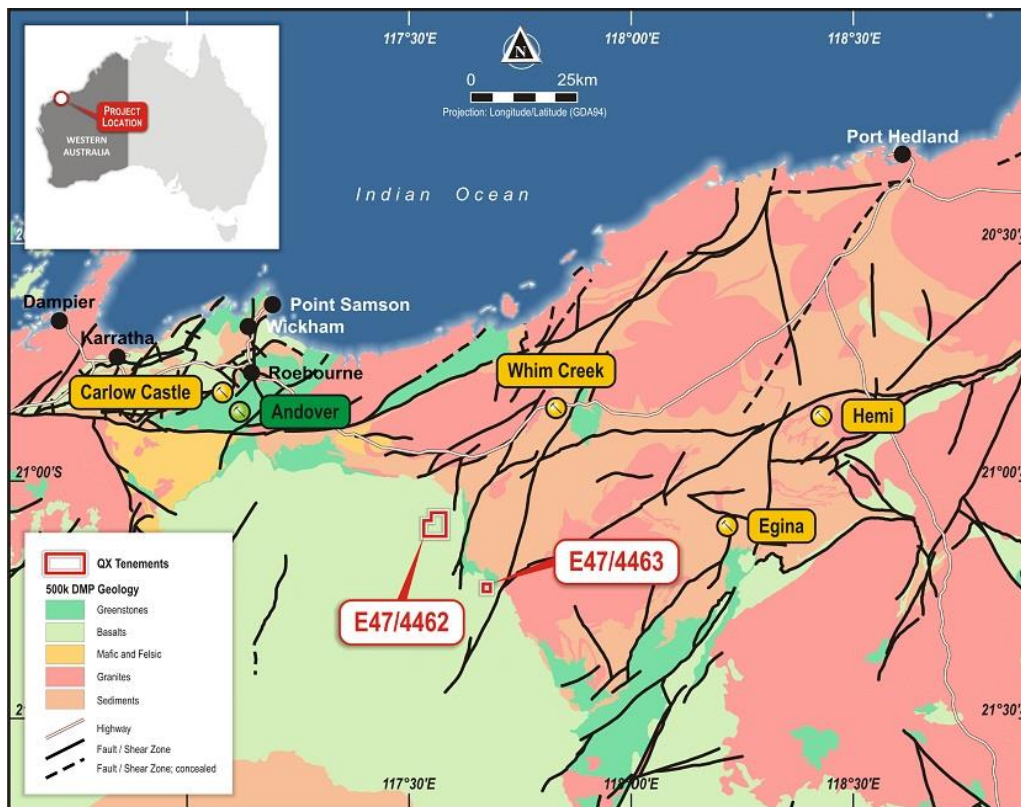


Figure 4: Pilbara precious and base metals tenement location and regional setting

Queensland Projects

Trenching program, Red Dog and Lucky Break

On 22 June 2022, the Company announced report that it has recommenced an expanded phase two trenching program at the Big Red gold prospect Queensland, after the previous program was halted due to inclement weather.

The recommencement marks an important step forward for the Company, following its decision to expand exploration after a successful maiden 370-metre trenching program which recorded multiple intersections of high-grade gold mineralisation (*refer ASX announcement: 11 November 2021*) including:

- **Trench 1 - 9m @ 5.9 g/t Au plus 1m @ 8.2 g/t Au with the mineralised zone 35m wide**
- **Trench 2- 3m @ 2.2 g/t Au within a mineralised zone over 1 g/t Au of 13m**
- **Trench 3 - 3m @ 2.6 g/t Au within a mineralised zone over 1.5 g/t Au of 5.5m**
- **Trench 4 - 2m @ 23 g/t Au within a mineralised zone over 7.1 g/t Au over 6.8 m**

The initial phase two program was only able to complete 40-60m of trenching before being forced to halt due to torrential rain. Despite that, QXR was still able to confirm that the initial phase two trench hosts similar lithology to the maiden trench program, including the presence of extensive quartz veining.

The recommencement of this program will include 8 to 10 trenches across the Big Red and Red Dog anomalies (EPM17703), up to 200m in length and down to 2m in depth (*refer Figure 5 over-page*) and is expected to commence in two weeks.

Prior to the program being abandoned, assay results reported included:

- **1m @ 11.25g/t Au within 11m @1.88g/t (from 22m to 31m along trench); and**
- **3m @ 2.0g/t Au within 8m @1.27g/t (from 3m to 11m) including 3m @ 2.02g/t and 1m @2.9 g/t.**

QX Resources Limited

The location of the first trench in the phase two program also indicates the potential for a parallel line of mineralisation at the Red Dog prospect (refer ASX Announcement: February 16 2022).

Upon completion of the phase two trenching program, QXR plans to commence a reverse circulation (RC) drill program on key targets, which is scheduled for the second half of 2022.

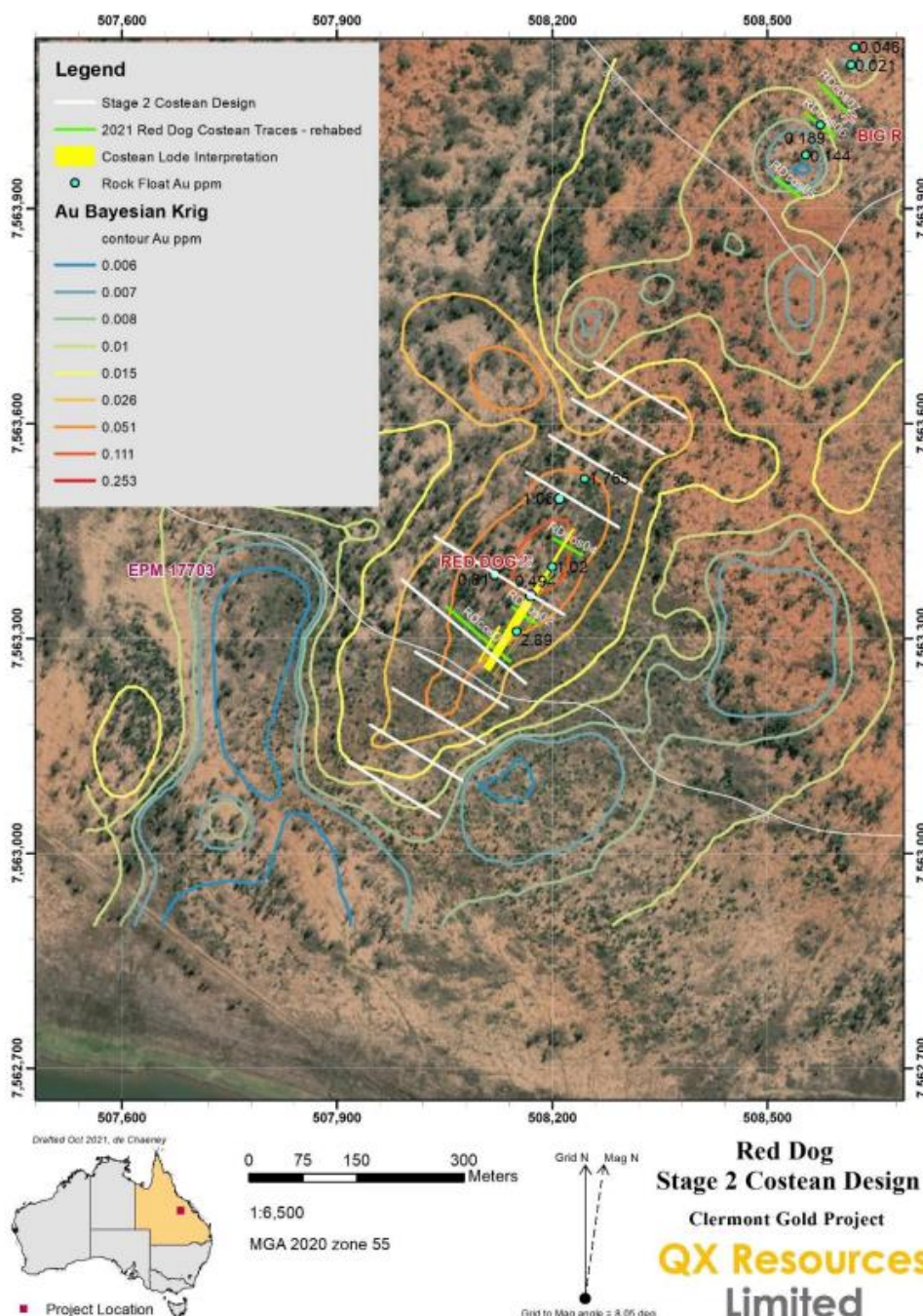


Figure 5: White lines showing the proposed trench lines for the phase two trenching program

QX Resources Limited

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

On 1 July 2020 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 6** over-page).

On 17 June 2021, the Company announced that it had 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% was 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.

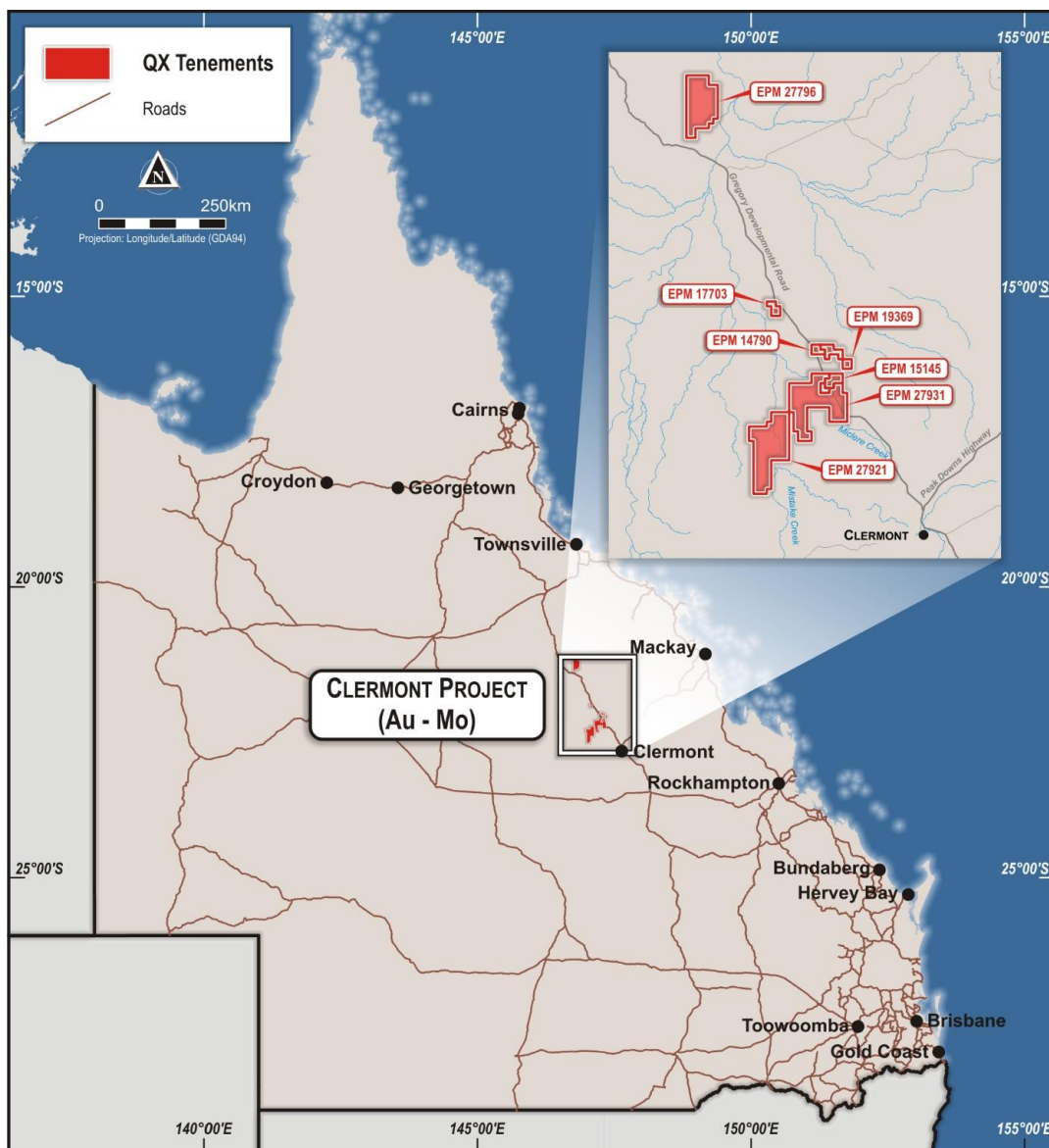


Figure 6: QX Project location map, Drummond Basin QLD

Drummond Basin projects (100%)

On 6 April 2022, the Company announced that its wholly-owned subsidiary, Skyfall Resources Pty Ltd ('Skyfall'), secured two highly prospective tenements for precious and base metals, located in the Clermont Goldfields of central Queensland's Drummond Basin.

The two exploration permits (EPM 27931 and EPM 27921) deliver a significant extension to QX's existing tenements in the region, which includes the Lucky Break, Red Dog, Big Red, Belyando, Ibis and Anthony prospects (**Figure 7**). The two permits are considered highly prospective for gold, silver and base metals, including molybdenum, copper, lead, zinc and cadmium.

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.

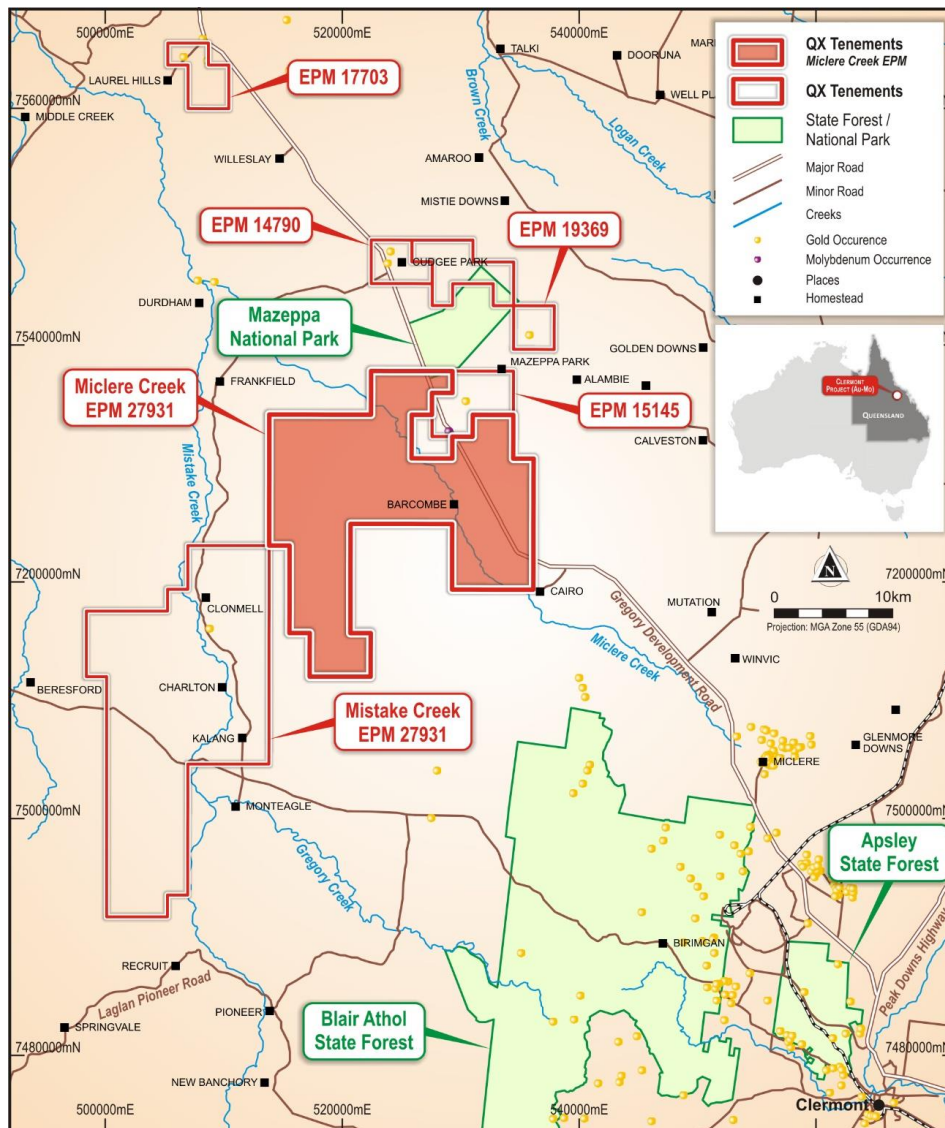


Figure 7: Miclere Creek and Mistake Creek area location

CORPORATE

Small Shareholding Sale Facility

On 9 June 2022, the Company announced that it had established a sale facility for shareholders with holdings valued at less than A\$500 (**Sale Facility**). The Sale Facility enables eligible shareholders to sell their QX Resources' shares without incurring any brokerage or handling costs. This initiative will substantially reduce administration costs incurred by QX Resources.

Option Conversion

On 6 May 2022, the Company announced the issue of 12,500,000 ordinary shares following the exercise of unlisted options at \$0.02 per share, raising \$250,000.

Issue of Shares

On 21 April 2022, the Company announced the issue of 16,000,000 ordinary shares at a deemed issue price of \$0.04 per share to the vendors (or their nominees) of the Yule River lithium project.

Cash position

The Company ended the June 2022 quarter with cash of \$3.6m and liquid investments of ~\$335k, 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 \$83,000 exploration expenditure incurred during the June 2022 quarter.

Note 6 of Appendix 5B

Payments to related parties of the entity and their associates: during the June 2022 quarter \$52,000 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.

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 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")

30 June 2022

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	(70)	(244)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(124)	(727)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(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	(195)	(972)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(62)	(222)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	(92)	(358)
(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	65	111
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities (Zamia Exploration Loan)	(13)	(286)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(102)	(755)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,850
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	188	801
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(8)	(33)
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	180	3,618

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,750	1,742
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(195)	(972)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(102)	(755)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	180	3,618

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	3,633	3,633

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	3,633	3,750
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)	3,633	3,750

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	52
6.2	Aggregate amount of payments to related parties and their associates included in item 2	5

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. 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)	(195)
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)	(195)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,633
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,633
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	18.63
<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: 28 July 2022

The board of directors

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.