
ASX: QXR

QXR Quarterly Activities Report for Period Ended 31 March 2023

28 April 2023

HIGHLIGHTS

- Follow-up RC drilling program completed at the Turner River hard rock lithium project, with a further 10 holes for 1130 metres. Final assay results of the RC program are awaited.
- Maiden drilling in December 2022 highlighted the presence of pegmatites and potential lithium rich micas, based on visual observations.
- Turner River is in a prime location in the Pilbara, 15km south of Mineral Resources' Wodgina lithium project.
- Strategic \$600K investment in unlisted Bayrock Resources Limited which owns 100% of two highly prospective projects in northern Sweden:
 - o The Lainejaur project (Ni-Cu-Co) hosts an historical underground nickel mine which produced ~100kt at 2.2% Ni in the prolific Skellefteå Mineral Belt. In 2018, Carnaby Resources Limited (ASX: CNB) estimated a Mineral Resource Estimate in compliance with the JORC Code standards of 460Kt @ 2.2% Ni, 0.7% Cu, 0.15% Co and 0.65g/t Au; and
 - o The Northern Nickel Line project (Ni-Cu-Co) is a 340km² project consists of five exploration permits over areas favourable for nickel-copper-cobalt in Northern Sweden.
- Diamond drilling commenced at the Lainejaur project. Bayrock funding will be bolstered by a planned pro-rata offer to its existing shareholders, which will be underwritten by QXR.
- Sold cash balance of \$2.65m plus investments of ~\$1m at 31 March 2023 after ~\$600k Bayrock Resources Limited commitment

COMMENTARY

Managing Director Steve Promnitz said: "QXR continues to make good progress. Demand for high quality battery minerals remains strong with new legislation in the USA and EU bolstering demand. This is our key reason for supporting battery minerals focussed Bayrock Resources Limited which is exceptionally, well positioned in Europe with nickel-cobalt-copper projects, in a jurisdiction that has a long mining history. We look forward to sharing more on Bayrock's progress.

With respect to QXR's exploration activities, we continued to experience drilling delays at the Turner River lithium project in the Pilbara and in receiving complete assays. We have only undertaken a small body of work here and a more comprehensive program across our broader portfolio is warranted. Weather conditions in Queensland have improved and we expect to be able to reschedule drilling at the highly prospective Red Dog gold project where we have encountered high grade gold mineralisation from previous trenching."

Executive Chairman Maurice Feilich added: "QXR has continued to expand its portfolio of assets in line with its strategy of having exposure to multiple commodities so we can capitalise accordingly. Bayrock is a good example of this and we have every confidence that we can unlock considerable value from this investment. Our asset base has lots of optionality and we anticipate a more active works program this year. We look forward to updating shareholders more regularly as the year unfolds."

OPERATIONS

Pilbara hard rock lithium projects - Western Australia

QXR holds four 100% owned hard-rock lithium projects, covering 355km², strategically centred around Western Australia’s prolific Pilbara province, hosting some of Australia’s largest lithium deposits (**Figure 1**). QXR projects are Turner River (E45/6042 & E45/6065), Western Shaw (E45/4960 & E45/6107), Split Rock (E46/1367) and Yule River (E45/6159).

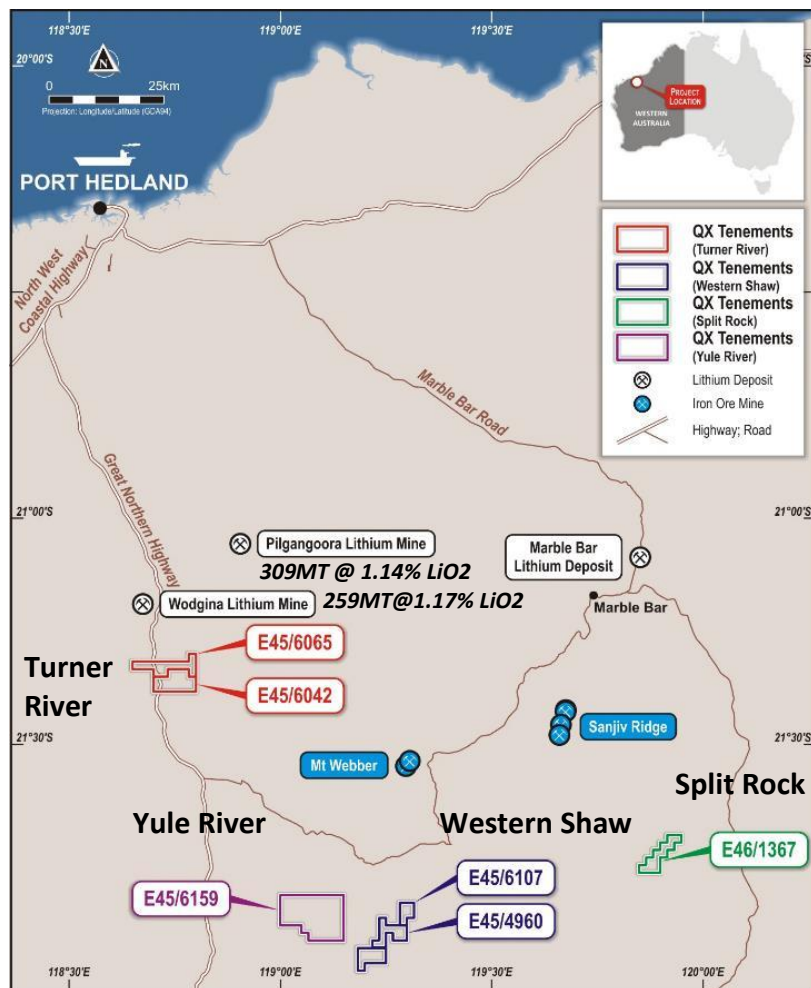


Figure 1: Location map of QXR’s Pilbara Lithium Projects

Turner River (E45/6042 & E45/6065)

Follow-up RC Drill Program

In December 2022, QXR undertook a maiden RC drilling program (12 holes, 1166m) which highlighted the presence of pegmatites and potential lithium rich micas, based on visual observations. The maiden program produced encouraging indications of significant areas of potential lithium bearing pegmatites observed in drill pads and drill chips at QXR’s 100%-owned Turner River hard rock lithium project (Carbonate Hill prospect). These indications extend beyond the area with previously reported high grade rock chip samples of 1.6% Li₂O, 1.1% Li₂O and 4.9% Li₂O (refer QXR ASX announcements 8 Nov, 10 Nov, 12 Dec and 30 June 2022).

Pegmatites and potential lithium rich micas were intersected in the maiden drilling, based on visual observations, which achieved the aim of the maiden drill program. Drilling targeted the potential for either lithium mica and spodumene bearing pegmatites, or a new style of large tonnage hard rock lithium deposit hosted near the top of a large granite body rich in lithium micas.

In February and March 2023, a follow-up RC program at Turner River was completed with 10 holes drilled for 1130 metres. The company is awaiting the complete assay results from the combined drill programs.

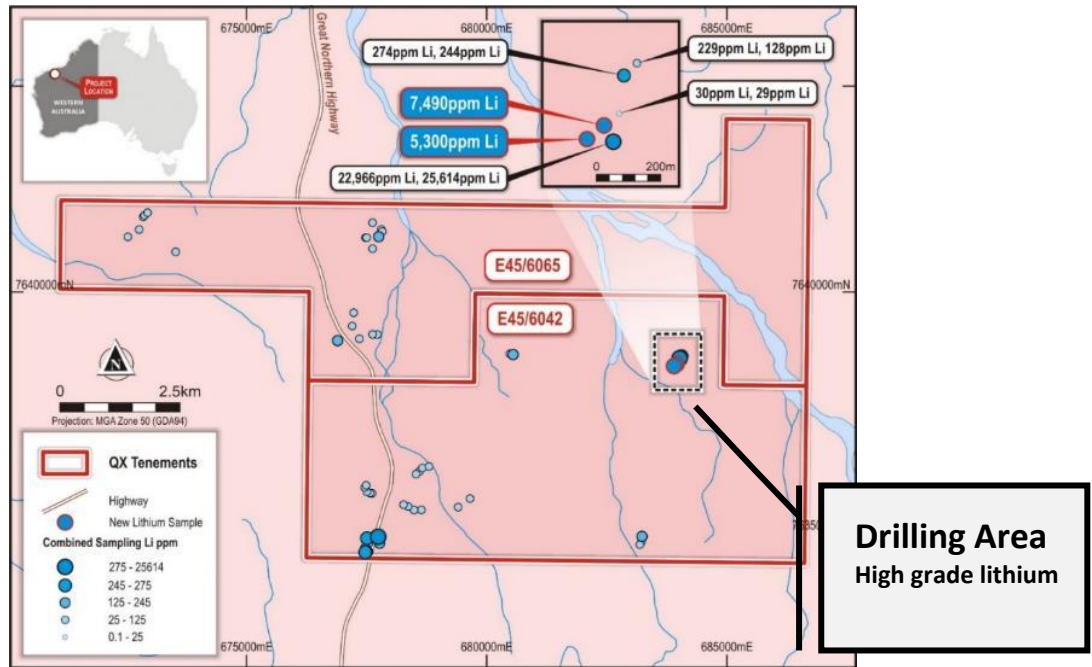


Figure 2: Location map of QXR's Turner River lithium project tenements, with lithium results in rock chip samples and RC drilling areas (black circles).

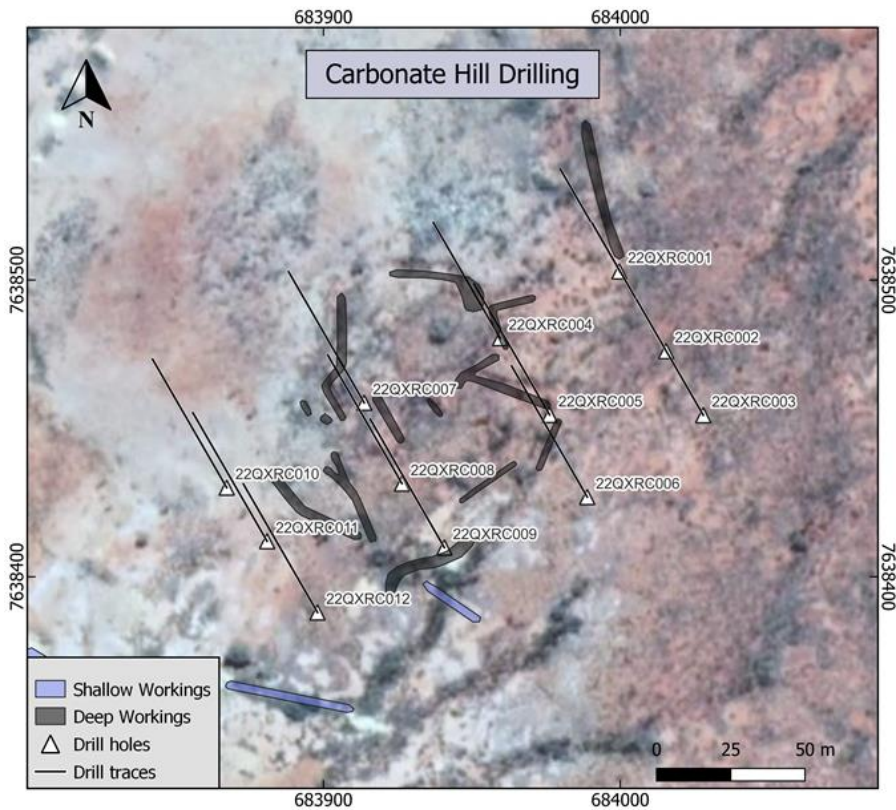


Figure 3: RC Drilling map 2022 at QXR's Turner River project - Carbonate Hill Prospect.

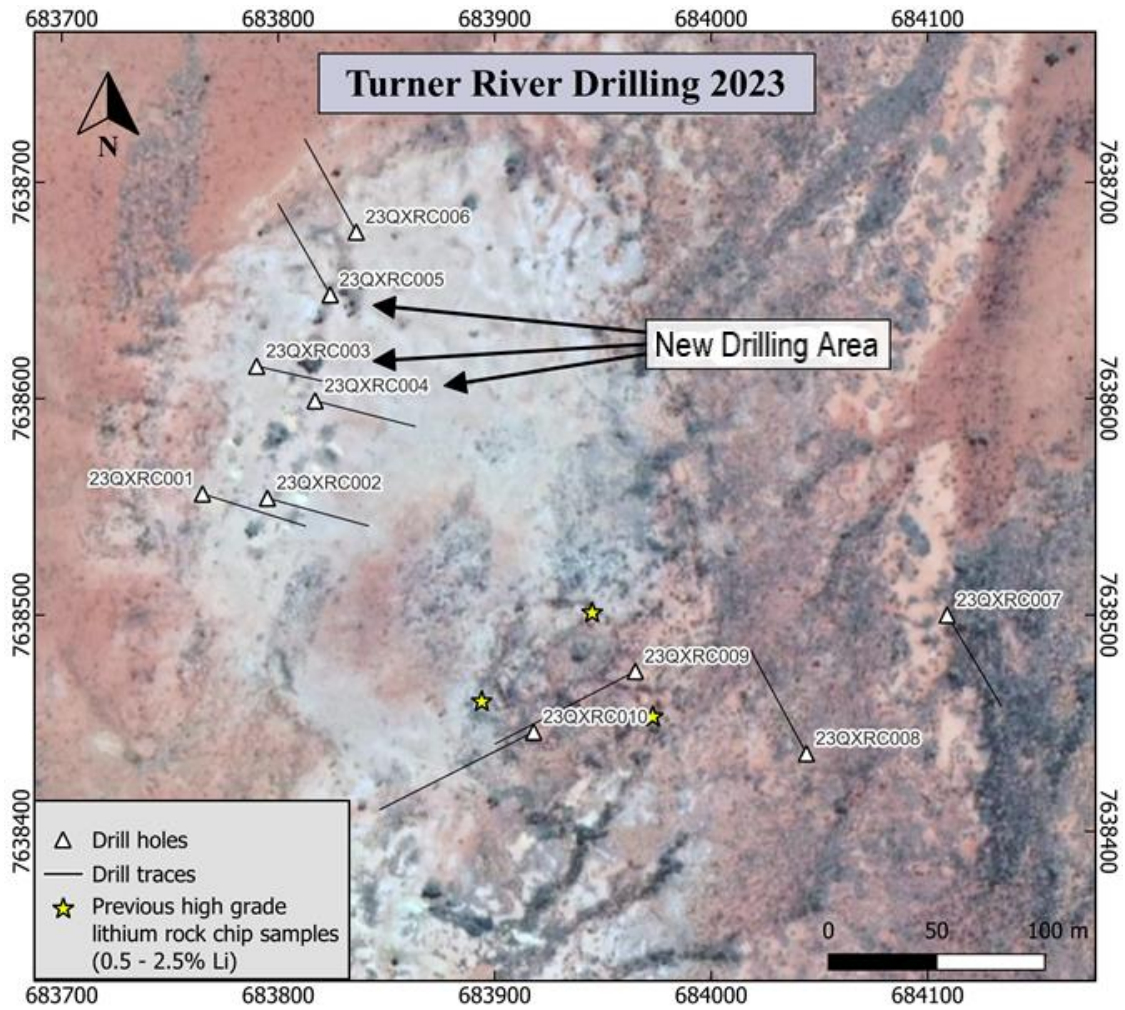


Figure 4: RC Drilling map 2023 at QXR’s Turner River project - Carbonate Hill Prospect.

Western Shaw (E45/4960 & E45/6107)

The Western Shaw project comprises a well-developed greenstone belt, with a chert horizon within a mafic/ultramafic sequence together with some felsic units. The belt is bounded on the east by multiple phases of granite. Follow-up sampling at Western Shaw focused on sampling across the Kavir Granodiorite, as well as the iron ore ridges in the east of the project. Ongoing database review was undertaken during the March quarter ahead of follow-up work programs.

Split Rock (E46/1367)

The Split Rock project covers 35km², located along the southeast margin of the Split-Rock Supersuite, considered regionally prospective for lithium bearing pegmatites. Ongoing database review was undertaken during the March quarter ahead of follow-up work programs.

Yule River (E45/6159)

During the March quarter the Company advised that the Yule River project (140km²) had been granted for an initial 5-year term. The Yule River project is an exploration stage package which lies wholly within the Yule Granitoid Complex, which has interpreted pegmatite occurrences. From initial due diligence, the Company understands the granite within the tenement has been intruded by the Split Rock Supersuite with which the Wodgina, Pilgangoora and Global Lithium deposits are associated.

Pilbara precious and base metals project

QX holds a 50% interest in two granted Exploration Licences (ELs) (E47/4462 and E47/4463) located in the Pilbara region of Western Australia which 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. No exploration was undertaken during the March quarter.

Gold Projects – Queensland

Gold Project -Queensland (70%)

QX Resources holds gold project areas strategically located within the Drummond Basin that has >6.5moz gold endowment and a long history of ongoing mining (**Figure 5**). The Company holds a 70% equity interest in four (4) exploration licenses in the Central Queensland goldfields covering ~115km² that includes two historical open pit gold mines, the Belyando and Lucky Break Mines as well as multiple unexplored targets. The projects are part of an Agreement with Zamia Resources Pty Ltd, a wholly-owned subsidiary of Zamia Metals Limited (**Zamia**), announced on 1 July 2020 and the Company reached 70% ownership of Zamia Resources, announced on 17 June 2021.

Red Dog, Disney and Lucky Break Projects

A previous trenching program was completed at the Big Red and Red Dog gold prospects with significant gold mineralisation reported. A reverse circulation drilling campaign is planned across the prospects. Due to bad weather, no ground exploration was undertaken at the projects during the March quarter.

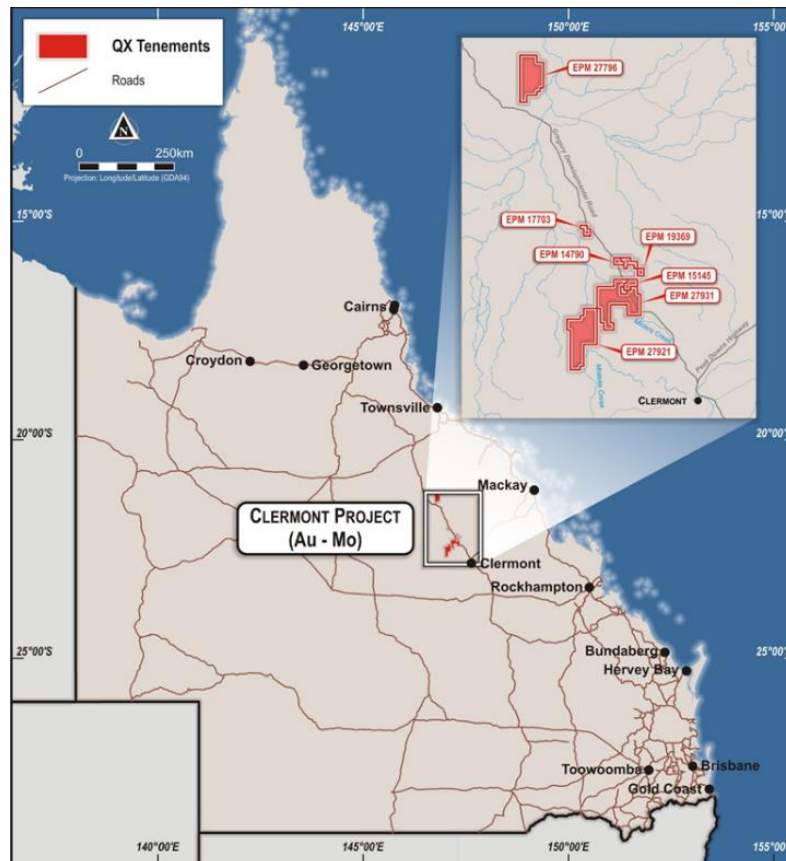


Figure 5: QXR Gold Project- Queensland- location map, Drummond Basin QLD

Other Gold Projects – Queensland - Drummond Basin projects (100%)

Two additional exploration permits (EPM 27931 and EPM 27921) provided a significant extension to existing tenements in the Clermont goldfields in Queensland. The two permits are considered highly prospective for gold, molybdenum, and copper. The leases are held by QXR's wholly-owned subsidiary, Skyfall Resources Pty Ltd ('Skyfall').

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. A geophysical target appears promising to replicate previous success at the Anthony molybdenum deposit.

No on ground exploration was undertaken at the projects during the March quarter.

Bayrock Resources Limited Investment

On 16 March 2023, the Company announced that it had entered into a framework agreement with Bayrock Resources Limited (**Bayrock**) to assist Bayrock with financing and development of its Projects, being the Lainejaur and Northern Nickel Line projects in northern Sweden (**Figure 7**) (ASX announcement 16 & 22 March 2023). The company is led by an experienced management team with a strong track record of exploration success as well as particular expertise the development of sulphide nickel-cobalt deposits.

The Lainejaur project (Ni-Cu-Co) is a 41km² license over a historical underground nickel mine which produced ~100kt at 2.2% Ni in the rich Skellefteå Mineral Belt. In 2018, Carnaby Resources Limited (ASX: CNB) estimated a Mineral Resource Estimate in compliance with the JORC Code standards of 460Kt @ 2.2% Ni, 0.7% Cu, 0.15% Co, 0.68g/t Pd, 0.2g/t Pt and 0.65g/t Au. The Northern Nickel Line project (Ni-Cu-Co) is a 340km² project consists of five exploration permits over areas favourable for nickel-copper-cobalt in Northern Sweden.

On 30 March 2023, the Company announced that diamond drilling had commenced at the Lainejaur project, with 54m drilled of a 300m deep hole (**Figure 6**). Previous results included over 9 metres at 2.1% Ni, 0.7% Cu, 0.17% Co, 0.5 g/t Au in this area of the Lainejaur project with high metal values ranging up to 3.89% Ni, 2.17% Cu, 0.75% Co, 2.05g/t Au and 0.42g/t Pd in previous drill core samples¹. Drilling is being undertaken by Artic Drilling, supported by Scott Geological and EMX Royalty Corp. Winter drilling (snow/ice) ensures a firm base for activities.

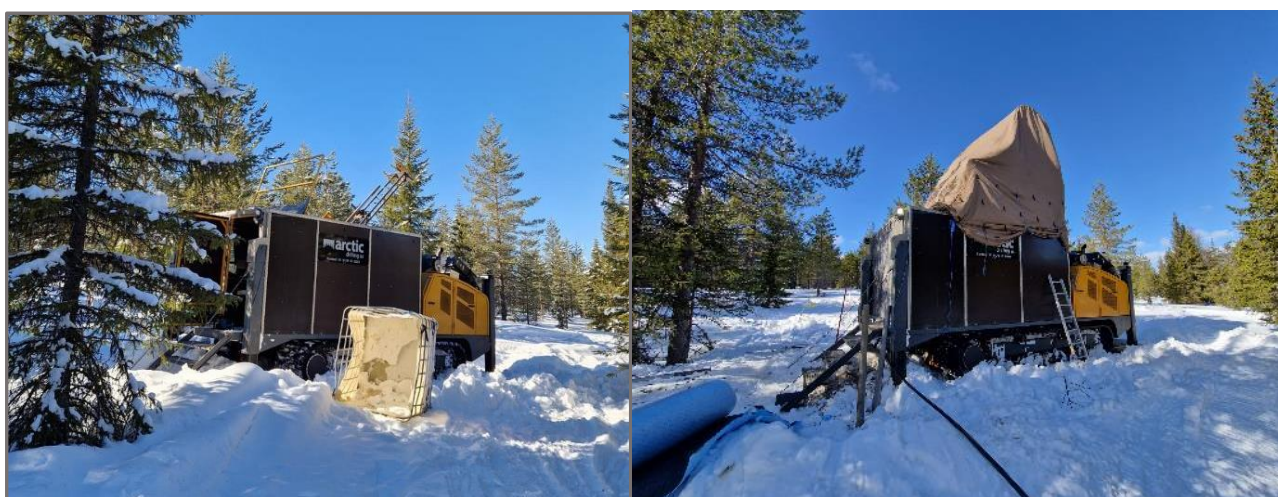


Figure 6: Drill rig setting up at the Lainejaur Ni-Cu-Co project

¹ Refer Berkut Minerals ASX Announcement 26 July 2017, "Berkut Secures Historical 1.3 lb Cobalt Resource in Sweden"

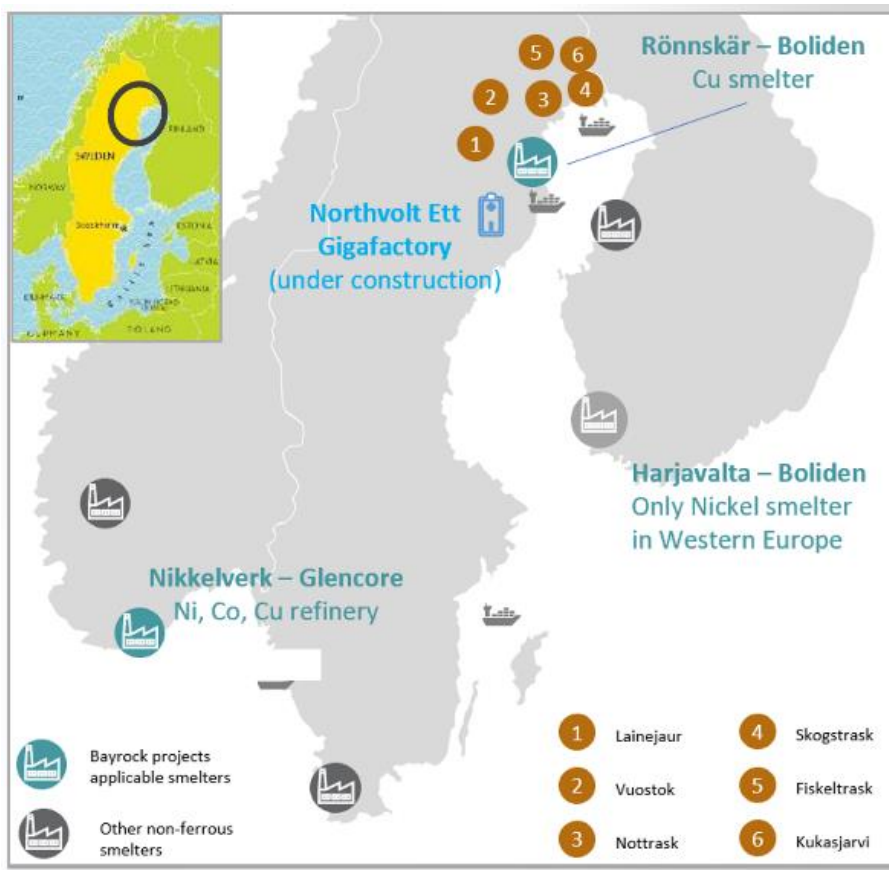


Figure 7: Map of the Bayrock battery mineral projects, including Lainejaur

CORPORATE

Bayrock Resources Limited

On 16 March 2023, the Company announced that it had entered into a framework agreement with Bayrock Resources Limited to assist Bayrock with financing and development of its Projects, being the Lainejaur and Northern Nickel Line projects in northern Sweden. Bayrock funding will be bolstered by a planned pro-rata offer to its existing shareholders, which will be underwritten by QXR (ASX announcement 16 & 22 March 2023).

Cash position

The Company ended the March 2023 quarter with cash of \$2.65 million and investments of ~\$1 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.

Summary of exploration Expenditure

In accordance with Listing Rule 5.3.1, the Company reports that there was \$265,000 exploration expenditure incurred during the March 2022 quarter.

Note 6 of Appendix 5B

Payments to related parties of the entity and their associates: during the March 2023 quarter \$62,000 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:

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Sam Jacobs, Six Degrees Investor Relations: 0423 755 909



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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 31 March 2023.

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")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(265)	(398)
(b) development	-	-
(c) production	-	-
(d) staff costs	(53)	(95)
(e) administration and corporate costs	(202)	(525)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
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	(520)	(1,018)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	(139)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	(95)
(f) other non-current assets	-	-

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 (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	111
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(219)	(669)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(219)	(792)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	837
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(3)	(7)
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	(3)	830
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,395	3,633
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(520)	(1,018)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(219)	(792)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3)	830

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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,653	2,653

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	2,653	2,653
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)	2,653	2,653

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	62
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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)	(520)
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)	(520)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,653
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,653
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.10
<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 April 2023

Authorised by: 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.