

8 May 2023

Underwrites Rights Issue for Battery Minerals focused Bayrock Resources Limited

- **Bayrock Resources Limited (Bayrock), an Australian unlisted public company holds a portfolio of highly prospective battery minerals assets in Sweden, primarily in nickel, cobalt and copper**
- **Bayrock has lodged a rights entitlement issue prospectus with ASIC to raise A\$1.8 million (before costs) at \$0.03 per share, fully underwritten by QX Resources Limited (Rights Issue)**
- **The funds from the Rights Issue will be applied to:**
 - **exploration, including drilling, assays and technical consultants**
 - **payments to the vendors of the Bayrock projects**
 - **repayment of debt, including to QXR**
 - **expenses of the offer**
 - **general working capital**

QX Resources Limited (**ASX:QXR** or **the Company**), is please to provide an update on its strategic investment in Bayrock Resources Limited (**Bayrock**). As announced on 16 and 24 March 2023, the Company has provided secured loans of \$585,000 to Bayrock to help complete the acquisition of its portfolio of highly prospective, 100%-owned battery mineral projects, the Lainejaur and Northern Nickel Line projects in northern Sweden. The Projects are considered highly prospective for key battery metals, nickel, copper and cobalt, presenting as high grade quality "Class 1" nickel-copper-cobalt sulphide projects.

In order to recapitalise Bayrock's balance sheet, repay debt (including to QXR and project vendors) and fund ongoing activities at Lainejaur and the Northern Nickel Line (including high-impact drilling), QX Resources has converted \$255,000 of existing debt (principle, interest and fees) into Bayrock fully paid ordinary shares, representing ~16% of Bayrock, and fully underwritten Bayrock's \$1.8 million rights issue. Further details of the Underwriting Agreement are set out in the Annexure.

Following the Offer, QXR's loans to Bayrock will be repaid in full and Bayrock will not have any material debt.

QX Resources Chairman Maurice Feilich said: *"QXR's financial support for Bayrock has allowed the Company to make critical milestone payments to acquire its assets in Sweden and advance exploration activities. We are pleased with their progress so far, and the conversion of our loans into Bayrock shares reflects our strong confidence in the Company's future prospects. We are committed to unlocking value for all Bayrock shareholders and continuing to support their exploration and project development efforts in Sweden."*

About Bayrock Resources Limited

Bayrock Resources Limited is an exploration company which holds full ownership rights for a multi-asset development portfolio in Sweden. The Company's flagship is the Lainejaur project, an advanced-stage nickel-dominated battery metals asset. Through its fully-owned subsidiary, Bayrock also holds Exploration Permits at five additional sites that make up the Northern Nickel Line portfolio, and these are prospective for nickel-copper mineralisation as well as cobalt, gold and PGMs.

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. With a planned multi-stage drilling program, the Company looks forward to updating the market with consistent news flow.

Further information is available at: www.bayrockresources.com

QX Resources Limited

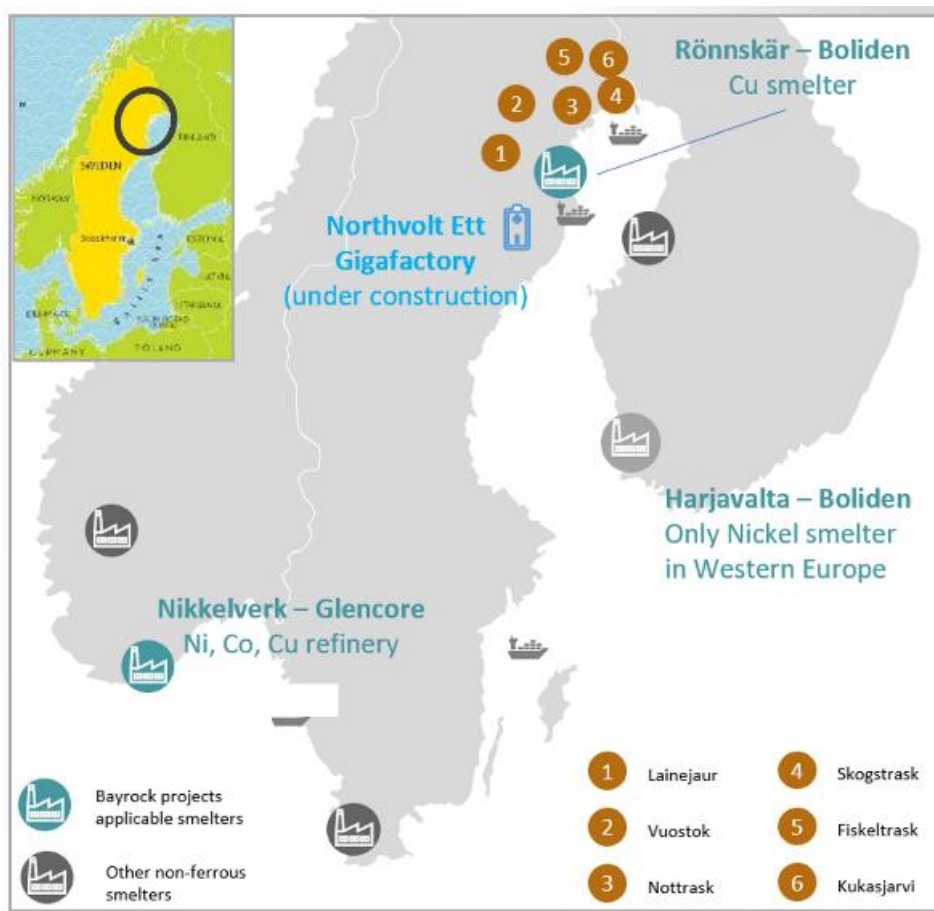


Figure 1: Map of the Bayrock battery mineral projects, including Lainejaur

Authorised by the Board of QX Resources Limited and Bayrock Resources Limited.

Further information:

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Annexure – Bayrock Underwriting Terms

QX Resources has agreed to fully underwrite the Offer in accordance with an underwriting agreement dated 5 May 2023 (**Underwriting Agreement**), the material terms of which are as follows:

- (a) The underwriting of the Offer is conditional upon the satisfaction or waiver by the Underwriter of the certain conditions ordinarily found in an agreement of this type, including that:
 - i. the Underwriter being satisfied with the due diligence investigations by the Company in relation to the Offer; and
 - ii. the Company's solicitors providing the Underwriter with a legal sign off letter in relation to the due diligence investigations.
- (b) The Underwriter can satisfy its obligation to subscribe for Shortfall Shares by either providing an acknowledgement of release and discharge of debt for the amount the QX Debt is set off against QX's underwriting obligation.
- (c) The Underwriting Agreement provides that Shortfall Shares will be allocated at the Underwriter's discretion.
- (d) The Company has (subject to certain limitations, including where the loss arises through the Underwriter performing its underwriting obligation) agreed to indemnify the Underwriter, its officers, employees, advisers and related bodies corporate, and the officers, employees and advisers of any of its related bodies corporate against losses suffered or incurred in connection with the Offer
- (e) The Company and the Underwriter have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer;
- (f) The Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
 - i. (Adverse change): an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time. Material Adverse Event means:
 - a. a material adverse effect on the outcome of the Offer or on the subsequent market for the underwritten Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in underwritten Shares); or
 - b. a material adverse effect on the assets, condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries either individually or taken as a whole;
 - ii. (Market Conditions): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, China, the United Kingdom, the United States of America or other international financial markets.
- (g) QX Resources will be paid an underwriting fee of 6% on the amount underwritten (i.e. \$108,000).
- (h) QX Resources has a right to, whilst it holds more than 20% of the Company's issued Shares, appoint a Director to the Company's Board.
- (i) QX Resource's consent (which may not be unreasonably withheld) is required for any variation in the proposed use of funds raised under the Offer of more than 10%.