

QXR Quarterly Activities Report for Period Ended 30 September 2022

31 October 2022

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

HIGHLIGHTS

- QXR reinforced its focus on battery minerals with the appointment of Steve Promnitz as Managing Director to Advance QXR's Lithium and Gold Assets
 - o Mr Promnitz recently resigned as Managing Director from Lake Resources NL, a lithium brine developer, as part of a CEO transition.
 - o He successfully secured lithium assets for Lake Resources, developed the untested Kachi project in Argentina with new technologies while growing company market value from \$1 million to \$2 billion at the time of departure.
- Sampling program completed across lithium hard rock projects of Turner River, Western Shaw and Split Rock.
 - o 259 samples are being analysed with results anticipated shortly
 - o At Turner River, 15km south of the Wodgina lithium project of Mineral Resources Limited, sampling focused on an interpreted intrusive where previous sampling reported lepidolite (4.9% Li₂O) and pegmatite dykes with anomalous lithium results.
 - o At Western Shaw, sampling focused on the greenstone contact targeted to the north by Riversgold and Minrex Resources.
- Completion of Phase 2 trenching program at Red Dog:
 - o 10 trenches (860m) across the Big Red and Red Dog anomalies (EPM17703) aimed to extend the strike of gold mineralisation across the prospects.
 - o A reverse circulation drilling campaign across the prospects is planned as a follow up, weather permitting.
- With cash of \$3.4m and liquid investments of ~\$0.34m at 30 September 2022, QX Resources is well capitalised and funded to advance exploration across its highly prospective portfolio.

Further information:

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OPERATIONS

Pilbara hard rock lithium projects - Western Australia

Hard-rock lithium projects are within the Pilbara region of Western Australia, covering 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.

Rock chip sampling at the Turner River Lithium project had returned grades of up to 4.90% Li₂O in samples of lepidolite. 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.

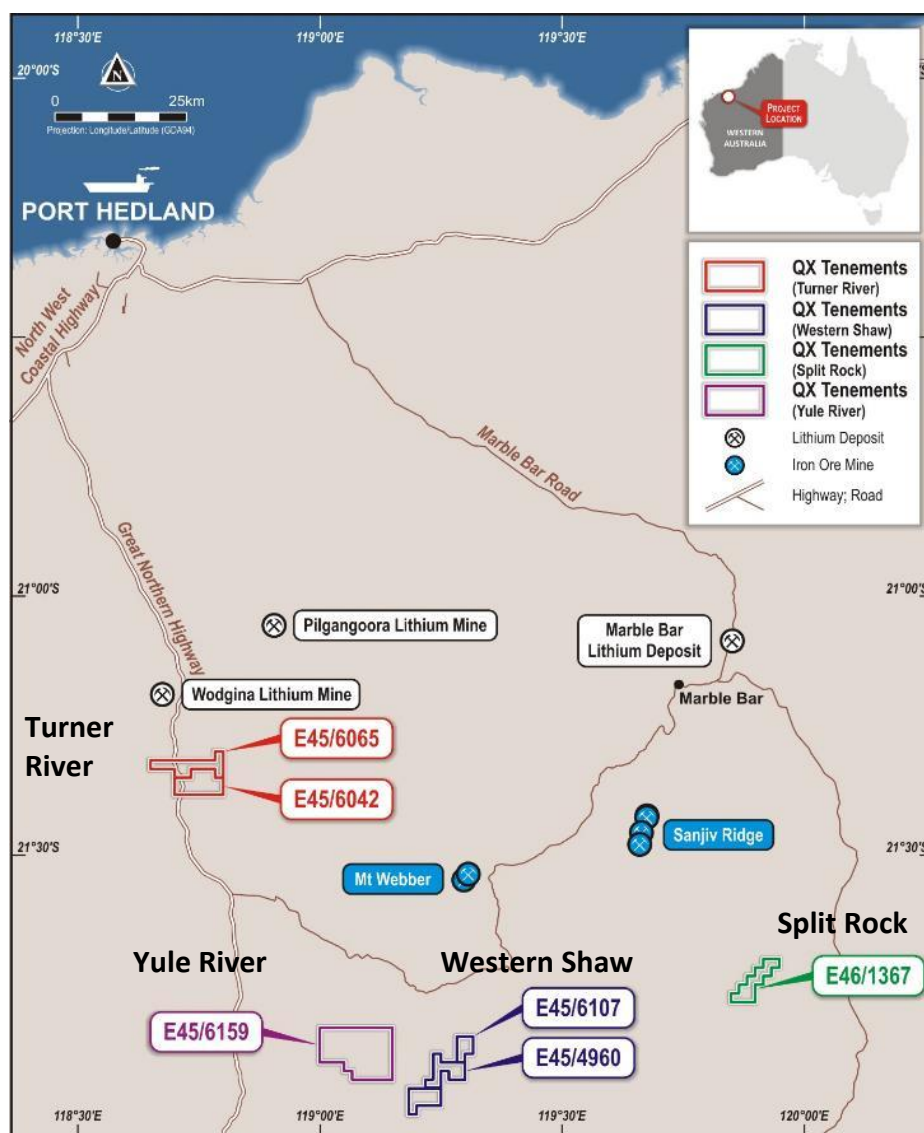


Figure 1: QX Resources lithium project locations and regional setting

Follow-up sampling program

A 2-week follow-up sampling program was completed at QXR's 100%-owned Turner River, Western Shaw and Split Rock Lithium projects with 259 rock chip samples sent for analysis.

Turner River (E45/6042 & E45/6065)

At Turner River, the sampling program followed-up numerous priority areas where previous programs have returned lithium anomalous results from rock-chip sampling and including confirmation of the presence of the lithium bearing mineral lepidolite (4.9% Li_2O).

The most significant lithium results in samples TR010, 011 and 012 (refer ASX announcement 30 June 2022; **Figure 2, 3**) 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, reporting high lithium content with analysis confirming the mica as lepidolite. The host rock 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 Li_2O . These rocks likely represent a carbonate rich intrusion into the largely exposed surrounding granite terrain. Satellite imagery (**Figure 2**) shows that the carbonate rock outcrop represented by the low hill may be part of a much larger geomorphic feature some 200m in diameter.

Anomalous lithium results support priority target areas, with results awaited from this highly prospective area.

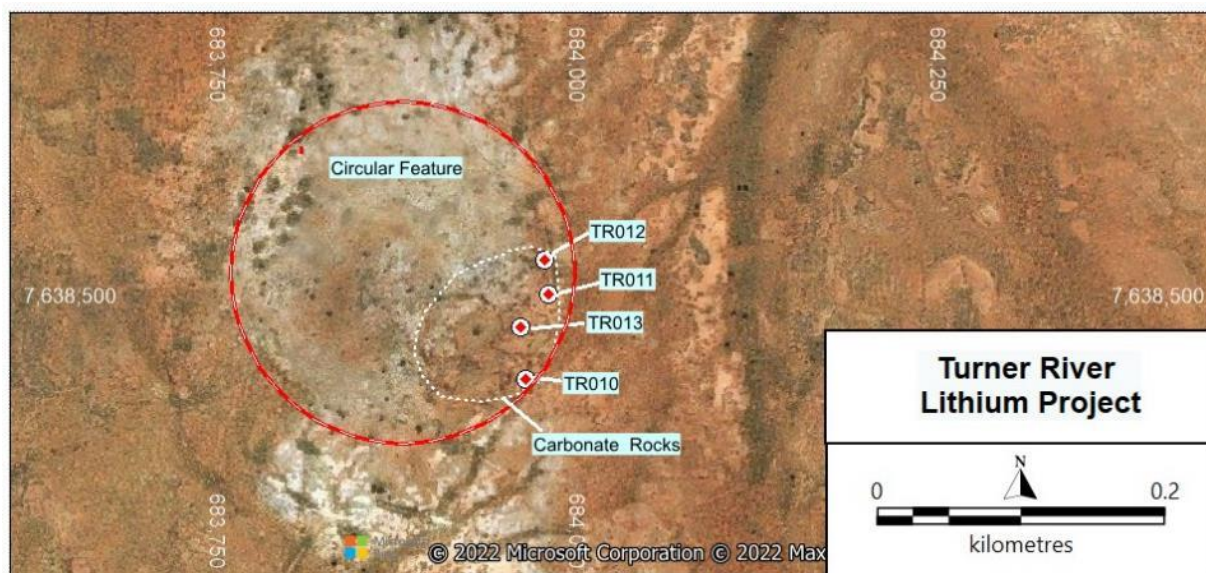


Figure 2: Circular feature at Turner River on satellite imagery

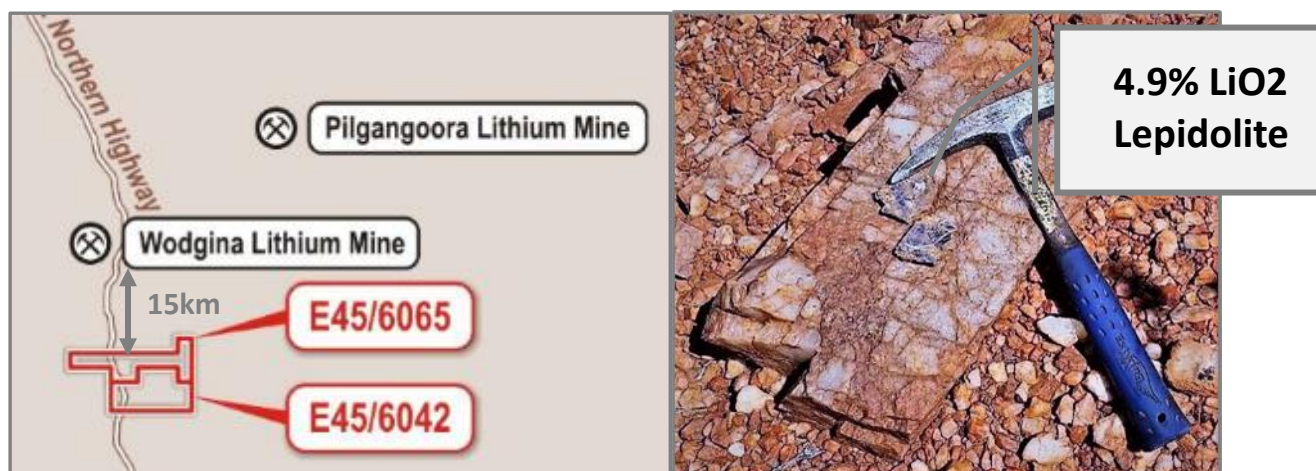


Figure 3 : Turner River location; Lepidolite in rock chip samples

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. The follow-up sampling program at Western Shaw was focused on sampling across the Kavir Granodiorite (44 samples collected), as well as the iron ore ridges in the east of the project (15 samples collected; **Figure 4**).

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 and the target of the sampling program (**Figures 4 & 5**).

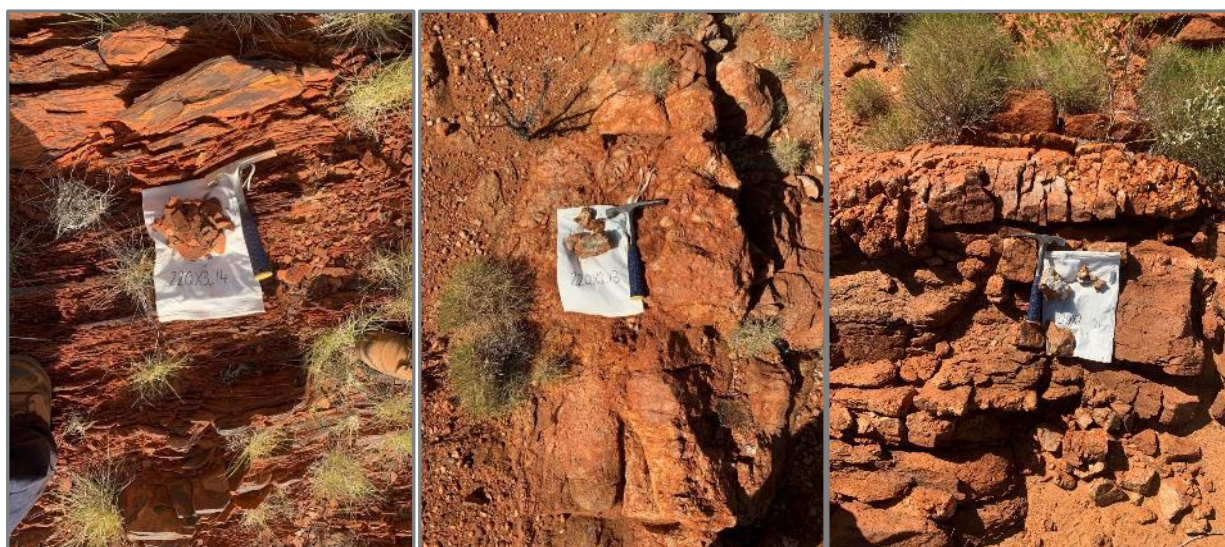


Figure 4. Granitic Pegmatite sample- Western Shaw (L); BIF sample- Western Shaw (C); Rock chip - Split Rock (R)

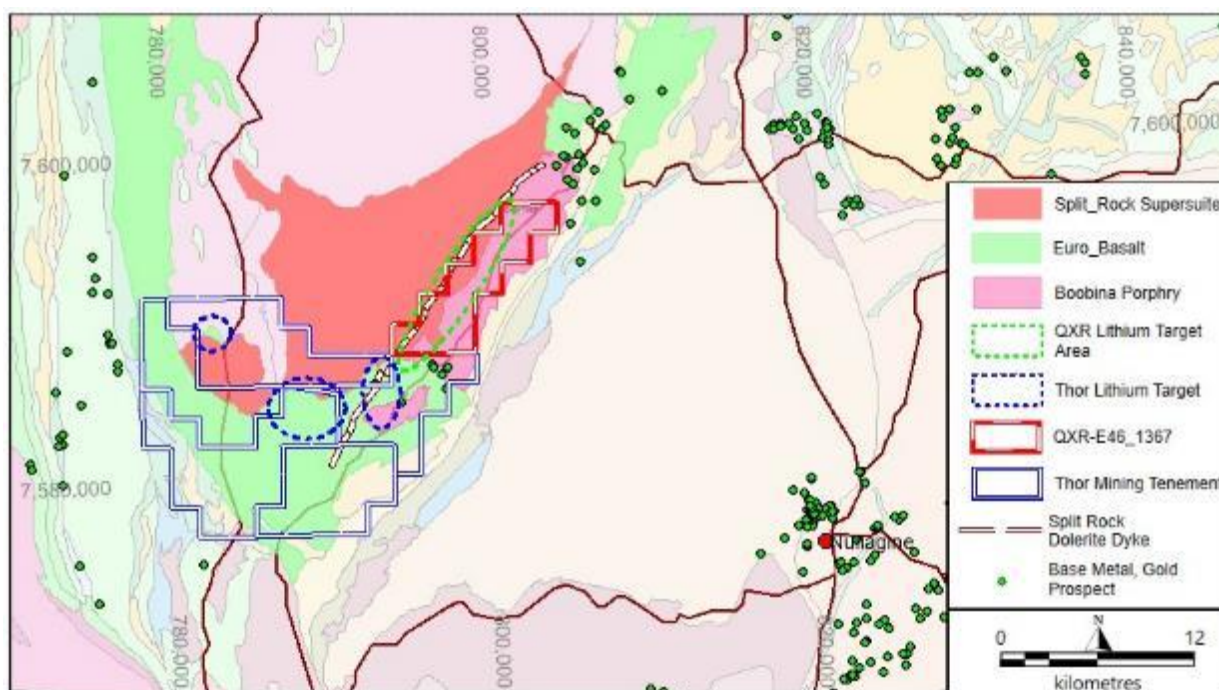


Figure 5: Split Rock E46/1367 tenement location and geology

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 (see **Figure 6**). No exploration was undertaken during the September quarter.

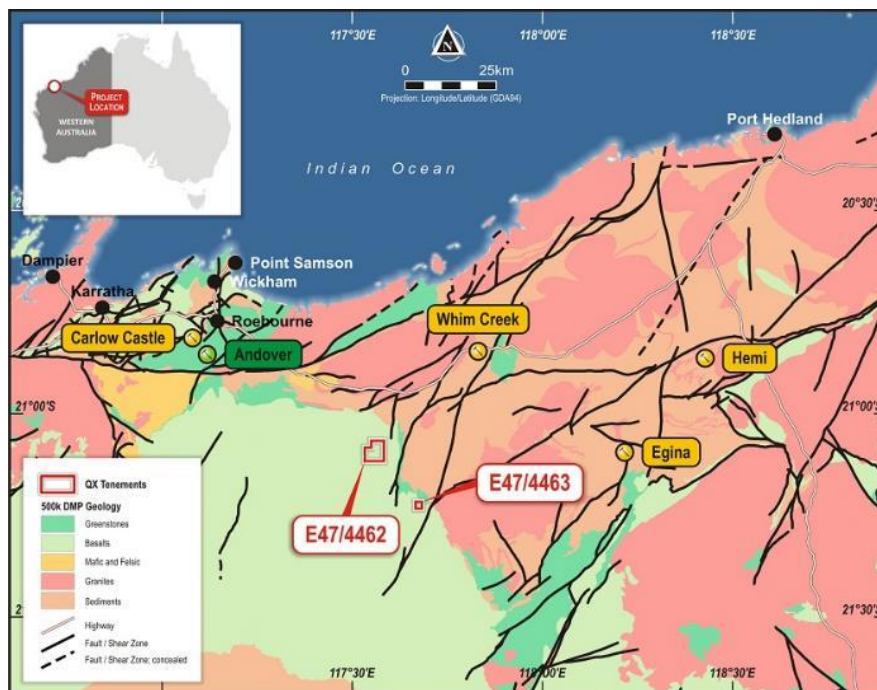


Figure 6: Pilbara precious and base metals tenement location and regional setting

Gold Projects – Queensland

Red Dog and Lucky Break Projects - Trenching program

A Phase two trenching program was completed at the Big Red gold prospect Queensland, after the previous program was halted due to inclement weather (ASX announcement 31 August 2022; **Figure 7**).

The program added ten additional trenches (for combined length of 860m) to the two previous programs. Trenches of up to 2m deep were excavated with the aim to extend the strike of gold mineralisation across the prospects. Based on the findings to date, an extensive reverse circulation drilling campaign is planned across the prospects as follow up.

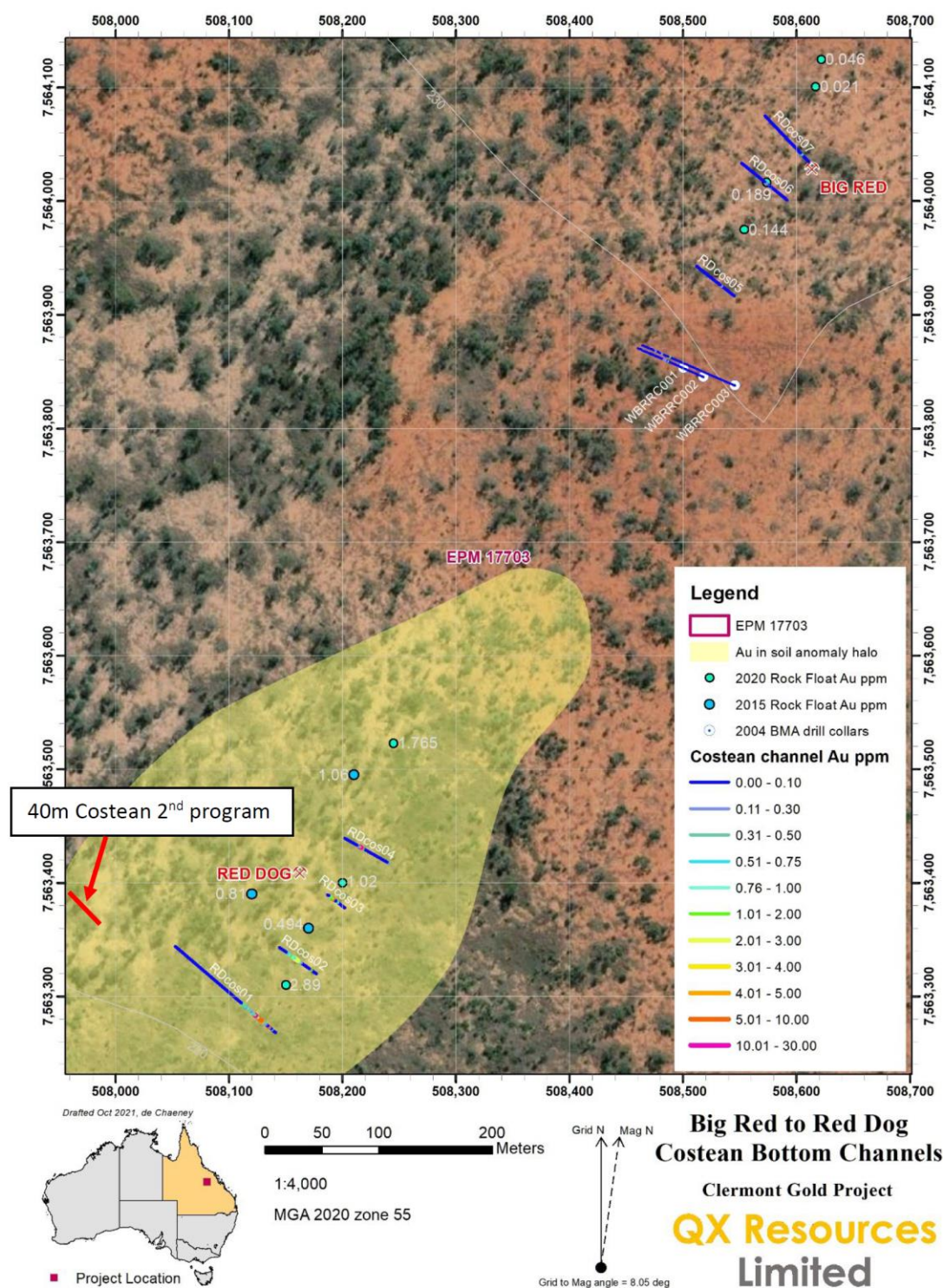


Figure 7: Location of the first 40m trench excavated as part of the phase two suspended program

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

QX Resources holds a gold project strategically located within the Drummond Basin that has >6.5moz gold endowment and a long history of ongoing mining (**Figure 8**). The Company currently 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 a Heads of Agreement (**HoA**) with Zamia Resources Pty Ltd, a wholly-owned subsidiary of Zamia Metals Limited (**Zamia**), announced on 1 July 2020. 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.

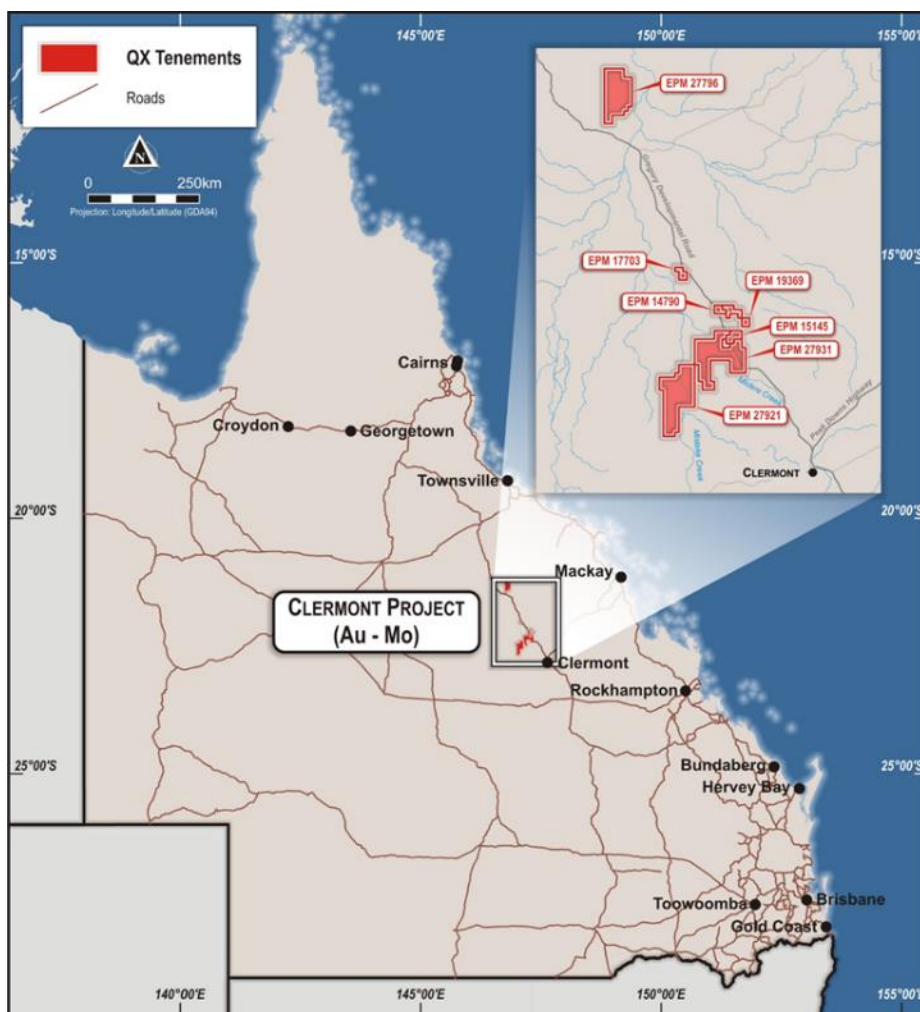


Figure 8: QXR Gold Project- Queensland- location map, Drummond Basin QLD

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, which includes the Lucky Break, Red Dog, Big Red, Belyando, Ibis and Anthony prospects (**Figure 9**). The two permits are considered highly prospective for gold, silver and base metals, including molybdenum, copper, lead, zinc and cadmium. The leases are held by QXR's wholly-owned subsidiary, Skyfall Resources Pty Ltd ('Skyfall'), announced on 6 April 2022.

QX Resources Limited

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.

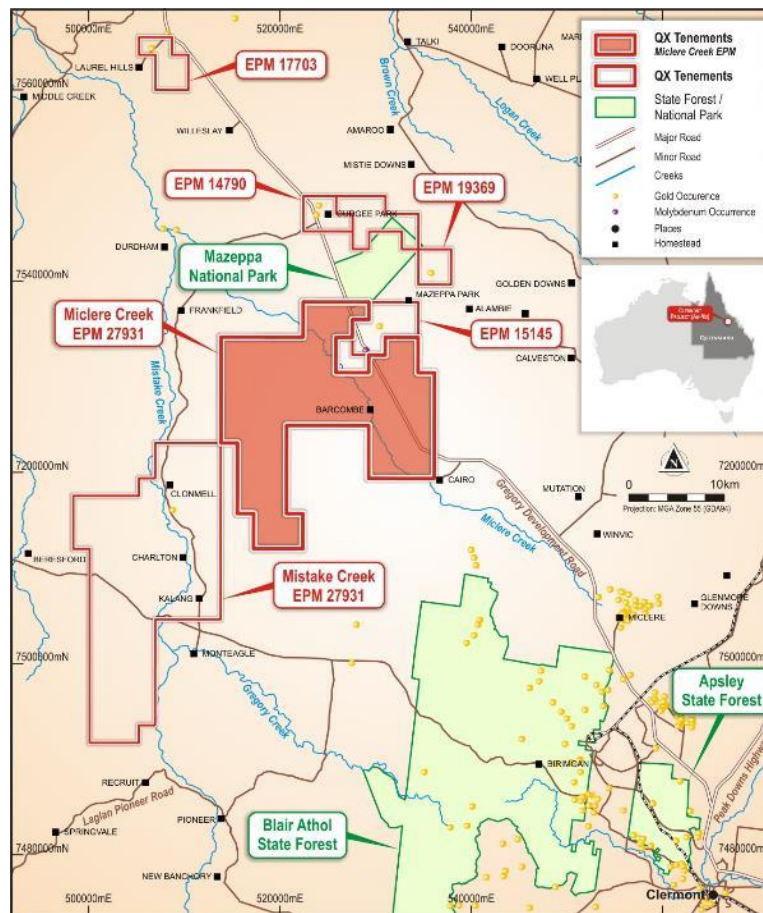


Figure 9: Gold Project Queensland - Miclere Creek and Mistake Creek area location

CORPORATE

Director appointment

On 28 September 2022, the Company announced the appointment of Steve Promnitz to the new role of Managing Director to facilitate the growth and development of the Company's lithium assets in Western Australia and its gold projects in Queensland.

Mr Promnitz recently resigned as Managing Director from Lake Resources NL, a lithium brine developer, as part of a CEO transition. He successfully secured the lithium assets for Lake Resources in 2016, and developed the previously untested Kachi lithium brine project in Argentina with new technologies to a stage where most project financing is indicatively in place for its development, while growing company market value from \$1 million to \$2 billion at time of departure.

Small shareholding facility

On 28 July 2022, the Company advised the closure of the Share Sale Facility for holders of small parcels of shares in the Company (Facility) on 22 July 2022. As at market close on 3 June 2022, there were 2,303,374 ordinary shares held by 503 shareholders that had a market value of less than A\$500. The final number of shares eligible to be sold under the Facility was 1,575,918 ordinary shares from 391 shareholders which represented approximately 17% of the total number of shareholders presently holding shares in the Company.

Cash position

The Company ended the September 2022 quarter with cash of \$3.4m and liquid investments of ~\$0.34m, 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 \$92,000 exploration expenditure incurred during the September 2022 quarter.

Note 6 of Appendix 5B

Payments to related parties of the entity and their associates: during the September 2022 quarter \$63,000 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-

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 September 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 September 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(39)	(39)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(142)	(142)
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	(181)	(181)

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	-	-
	(e) investments	(50)	(50)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	72	72
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities (Zamia Exploration Loan)	(53)	(53)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(31)	(31)

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	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,633	3,633
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(181)	(181)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(31)	(31)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,421	3,421

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	3,421	3,633
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)	3,421	3,633

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	63
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 <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)	(181)
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)	(181)
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,421
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	3,421
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	18.90
<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.

31 October 2022

Date:

Daniel Smith – Company Secretary

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.