

ASX ANNOUNCEMENT

Quarterly Activities Report for Period Ended 30 September 2021

28 October 2021

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

HIGHLIGHTS

- **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:**
 - 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
- **Completion of successful trenching program at the Disney tenement (EPM17703) incorporating the Big Red and Red Dog prospects**
 - QX completed seven trenches averaging 53m in length and 1 to 2m in depth at Big Red and Red Dog
 - The pending results from the trenching will then determine the design of a shallow RC drilling program
- **Acquisition of highly-prospective, Turner River lithium project, Pilbara region of Western Australia:**
 - Exploration Licence applications ELA45/6042 & ELA45/6065 covering 84km², located ~20km south of the Wodgina mine and ~30km southwest from Pilgangoora
 - Field visit in October identified several parallel shallow east dipping pegmatites
 - Samples despatched for lab analysis with results pending
- **Advanced stage Anthony Molybdenum project progressing on numerous fronts:**
 - Historic 2004 JORC compliant resource updated to JORC 2012
 - Indicated and Inferred Resources for the Oxide domain (using a 400ppm Mo cut-off) total 17.5Mt @ 520ppm Mo (contained Mo 9,100 tonnes / 20.1 million lbs)¹.
- **Company remains well-funded to undertake exploration across its highly prospective project portfolio, with cash of ~\$1.35 million and liquid investments of ~\$300k at 30 September**

OPERATIONS

Queensland Projects

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 1**).

¹ Refer ASX announcement dated 18 October 2021 titled "Upgrade of Mineral Resource for Advanced Stage Anthony Molybdenum Deposit"

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.

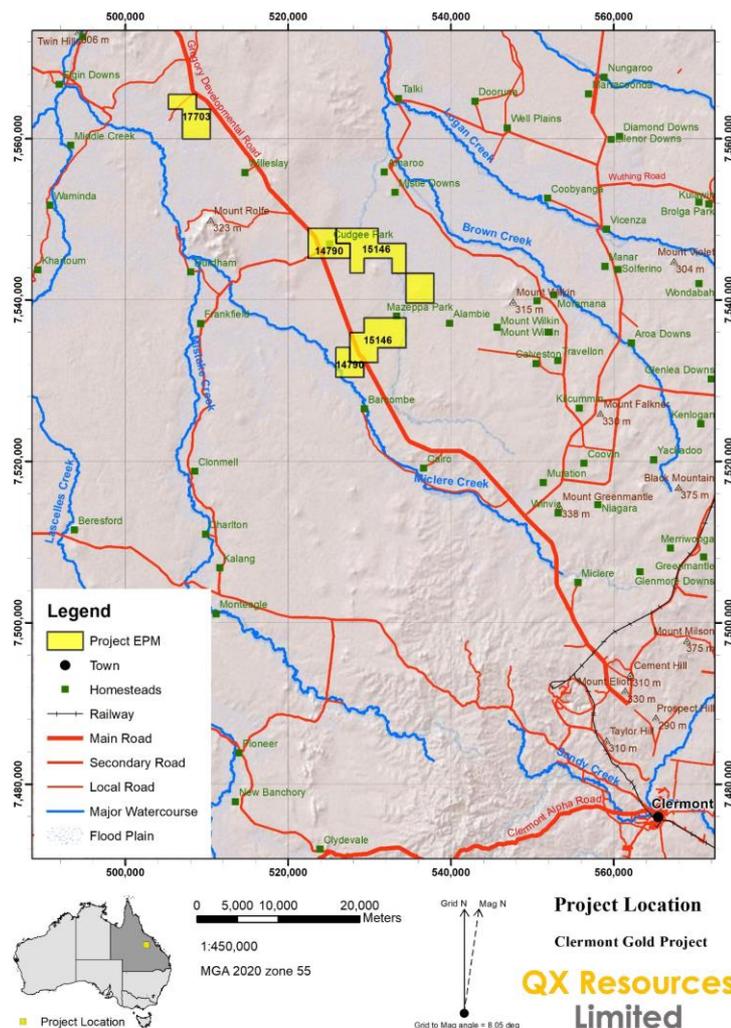


Figure 1: QX Project location map, Drummond Basin QLD

Maiden RC drilling program at Lucky Break

On 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.

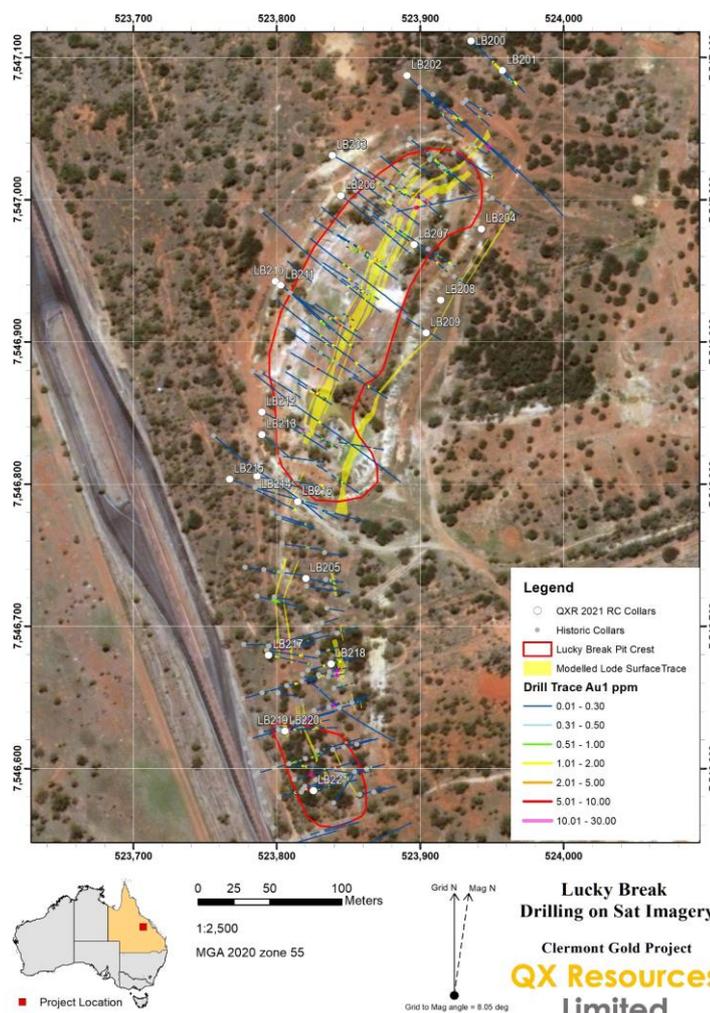


Figure 2: Lucky Break 2021 drilling and historic drilling against high resolution sat imagery

Trenching program, Red Dog and Lucky Break

On 29 September 2021, report the completion of the successful trenching program at the Disney tenement (EPM17703) incorporating the Big Red and Red Dog prospects located in the Clermont Goldfield of Central Queensland. As previously reported, infill soil and rock chip sampling of over 250 samples on the Big Red area showed a clear gold anomaly over a 675m mineralised trend southwest across the Red Dog anomaly.

QX completed seven trenches averaging 53m in length and 1 to 2m in depth at Big Red and Red Dog. The pending results from the trenching will then determine the design of a shallow RC drilling program. The work was completed in this month with all trenches filled and fully rehabilitated in line with the Landholder Agreements.

Further to these trenches, QX completed two trenches across a zone North of the Lucky Break pit and immediately above the location where QX intersected a Northern extension of the Lucky Break lode. Over 400 samples have been submitted to ALS Geochemistry in Townsville for assaying and QX will update shareholders when results are received, likely within six weeks.

Anthony Molybdenum project

The advanced stage Anthony Molybdenum (Mo) deposit ('Anthony') sits within QX's 115km² of permits in Central Queensland. During the September quarter, the Company announced that various workstreams were underway at Anthony, including: Stage 1 metallurgical test work and the conversion of the historic JORC 2004 resource to 2012 classification. Working with the Company's technical team is experienced metallurgist and mineral economic consultant Dr Colin Seaborn, appointed to evaluate metallurgical opportunities for the oxide component (surface to 70m depth) of the Anthony molybdenum deposit. Dr Seaborn has a deep understanding of the Anthony deposit having historically consulted to Zamia Limited (Zamia) and commissioning the initial test work on the Molybdenum oxide material.

Background on Phase 1 Anthony Test work program underway

Stage 1 test work encompasses the following and is expected to be completed later in 2021:

1. Gravity Beneficiation

QX will assess its options to upgrade the Anthony molybdenum deposit through simple and low-cost gravity techniques. Molybdenum is a heavier mineral than the rock in which it is hosted. The beneficiation and process design studies which will be undertaken by Core Resources Brisbane. The study is designed to confirm that capital and operating costs can be substantially reduced by decreasing the mass and increasing the molybdenum grade of the feed material to the processing plant by simple spiral and/or centrifugal gravity processes. Early test work reported previously by Zamia indicated positive gravity processing potential.

2. Leach extraction test work

Further leach test work of the oxide ore is also planned to be undertaken at Core Resources, with QX aiming to demonstrate that the project can produce saleable molybdenum products such as Sodium Molybdate and Ammonium Molybdate (both used in the chemical and agricultural sectors) from the oxide component of Anthony. This process, known as the Climax Process, was used successfully by the Climax Molybdenum Mine in Colorado, United States which was historically the world's largest Molybdenum mine.

Previous studies by CSIRO have shown that the Anthony oxide resource can be successfully leached with robust recoveries to produce ammonium molybdate, which can be used in the agricultural and chemical industries. As indicated on the International Molybdenum Association web site (see <https://www.imoa.info/molybdenum/molybdenum-processing.php>) the molybdates may also be converted to molybdenum oxides and molybdenum metal.

Following quarter end, the Company announced the results of an upgrade of the Mineral Resource Estimate (**MRE**) for the Anthony Molybdenum deposit. QX commissioned Geos Mining, Minerals Consultants, to update the MRE in

accordance with the principles and guidelines of the JORC Code 2012, with emphasis on the near-surface oxidized part of the deposit.

DOMAIN >>	OXIDE		
Classification	Cut-Off Grade (Mo ppm)	Tonnes (Mt)	Mo (ppm)
Indicated	400	17.3	521
Inferred	400	0.1	452
TOTAL	400	17.5	520

Table 1: Mineral Resources for the Anthony Oxide domain at 400ppm Mo cut-off

DOMAIN >>	TRANSITION		SULPHIDE (above 0mRL)		
Classification	Cut-Off Grade (Mo ppm)	Tonnes (Mt)	Mo (ppm)	Tonnes (Mt)	Mo (ppm)
Indicated	600	2.1	789	13.7	720
Inferred	600	-	-	0.3	694
TOTAL	600	2.1	789	14.0	718

Table 2: Mineral Resources for the Anthony Transition and Sulphide domains at 600ppm Mo cut-off

Western Australian Projects

Turner River lithium project

On 30 September 2021, the Company announced that it had entered into a binding option agreement (**Agreement**) with Redstone Metals Pty Ltd (**Redstone**) which gives the Company 30-days to undertake due diligence on the Turner River lithium project (ELA 45/6042) located in the Pilbara lithium province of Western Australia (**Project**). In the event that QX Resources chooses to exercise the option over the project, it will issue to Redstone (or its nominee) with 12 million fully paid shares in the Company in consideration for 100% of the Project.

Following quarter end, the Company announced that it had exercised its option under the Agreement to acquire ELA45/6042 from Redstone. Additionally, the Company and Redstone agreed to the facilitation by QX Resources of ELA 45/6065, which adjoins the Turner River lithium project to the north (**Figure 3**). In consideration for the acquisition of ELA 45/6065, the Company has agreed to pay Redstone with an additional \$6,000 cash payment and the reimbursement of costs. The inclusion of ELA 45/6065 increases the Company's tenement position at Turner River from 45km² to 84km².

In October 2021, QX's geological consultants undertook a site visit and initial sampling program at Turner River as part of a due diligence review. The tenement's terrain was inspected for ease of accessibility for ground-based exploration activities and for general geological observations including the presence of mineralisation. The Company is highly encouraged from the initial inspection following confirmation of numerous pegmatite dykes sitting within the tenement. Several parallel shallow east dipping (<200) pegmatites were observed within a 50m wide NE trending zone. The pegmatites identified are mostly <1m thick and comprised quartz, feldspar, and coarse-grained muscovite mica in varying relative abundances and could be traced over 300 metres. Several narrow cross-cutting pegmatites were also observed. Spatially associated with this zone are intermittent quartz reefs.

As reported, the region is host to several pegmatite hosted lithium deposits all related to large granite batholiths and with associated tin mineralisation. Of particular significance is the Wodgina pegmatite district which contains a number of prospective pegmatite groups, including the Wodgina Lithium Deposit.

At the Wodgina Lithium Mine located 20km north of the Turner River tenements, lithium in the form of Spodumene is recovered from NE trending shallow dipping medium-grained pegmatites hosting quartz, feldspar, spodumene, and muscovite mica. Although the absence or presence of spodumene within the pegmatite dykes at Turner River is not currently known, the otherwise similarities to the description of the Wodgina pegmatite dykes in terms of strike and composition is supportive of the potential prospectivity of Turner River area for lithium bearing pegmatite dykes.

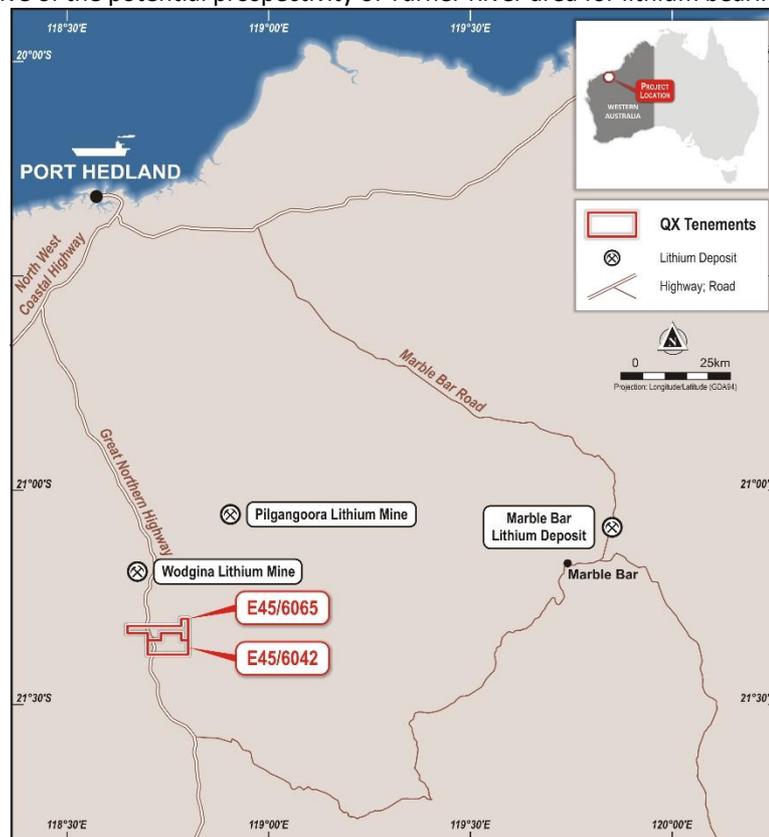


Figure 3: Turner River tenement location and regional setting

Pilbara precious and base metals project

On 9 September 2021, QX advised that its wholly-owned subsidiary, World Metals Pty Ltd, has secured a 50% interest in two Exploration Licences (ELs) located in the Pilbara region of Western Australia ('the Pilbara Projects'). The acquired 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 and in a region comprising significant mineral discoveries (**Figure 4**). QX will hold 50% of the ELs with the balance held by the introducer of the licenses, Pilbara Base Metals Pty Ltd.

Prospective tenements in a proven regional setting

Gold: The areas where the ELs are located are both considered prospective for orogenic style gold mineralisation hosted by basalts and related differentiated volcanic rocks that are known to occur in the area. This geological setting is also considered prospective for "Novo" style sediment hosted gold in the sediments and sandstones of the Hardey Formation.

Nickel: Of equal interest is the nickel and base metal potential of the area due to the many mafic intrusions that are evident both locally and regionally. Although some of these intrusions have been targeted for nickel in the past there has been no concerted program undertaken to locate nickel sulphides in these intrusions and particularly within the Cooya Pooya type Intrusion.

Planned exploration

QX's technical team which includes contracted geologists that have worked in this region of the Pilbara are now assessing the projects and a first pass ground reconnaissance exploration program including sampling is planned in the next month or so.

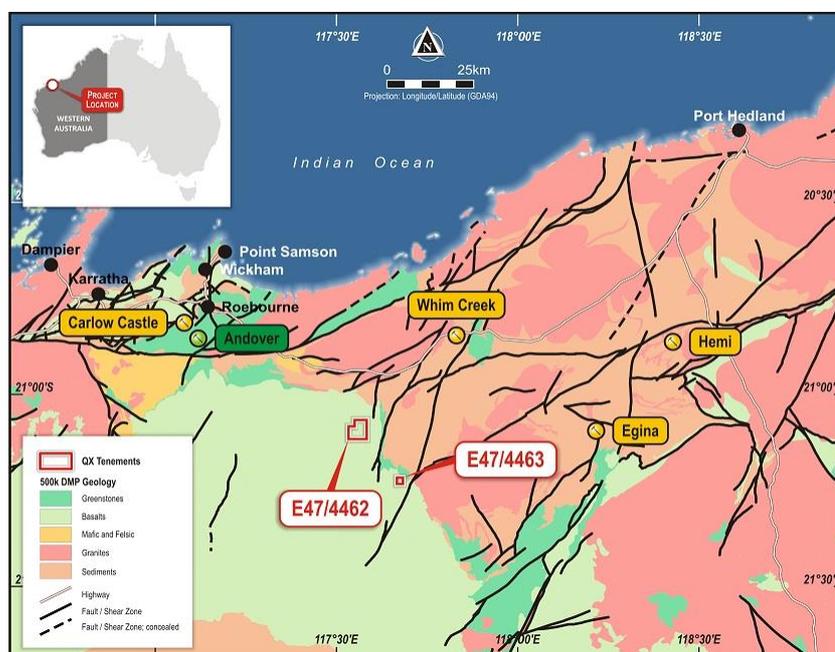


Figure 4: Pilbara precious and base metals tenement location and regional setting

Summary of exploration Expenditure

In accordance with Listing Rule 5.3.1, the Company reports that there was \$127,000 exploration expenditure incurred during the September quarter.

Cash position

The Company ended the quarter with cash of ~\$1.35 million and liquid investments of ~\$300k, 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 \$186,000 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 September 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
E47/4462	50%	-	50%	Australia
E47/4463	50%	-	50%	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 2021

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	(19)	(19)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(186)	(186)
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	(205)	(205)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(15)	(15)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	(83)	(83)
(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 (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	14	14
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities (Zamia Exploration Loan)	(108)	(108)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(192)	(192)

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	1,742	1,742
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(205)	(205)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(192)	(192)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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 (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	1,345	1,345

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	1,345	1,742
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)	1,345	1,742

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	31
6.2	Aggregate amount of payments to related parties and their associates included in item 2	33

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)	(205)
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)	(205)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,345
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,345
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	6.56
<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 October 2021

Authorised by: Board of directors of QX Resources Limited
(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.