QX Resources Limited

AND CONTROLLED ENTITIES
ABN 55 147 106 974

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2022

Contents

Chairman's Letter	1
Corporate Information	3
Director's Report	4
Auditor's Independence Declaration	32
Independent Auditor's Report	33
Consolidated Statement of Profit or Loss and Other Comprehensive Income	36
Consolidated Statement of Financial Position	37
Consolidated Statement of Cash Flows	38
Consolidated Statement of Changes in Equity	39
Notes to the Consolidated Financial Statements	40
Directors' Declaration	66
ASX Additional Information	67

Chairman's Letter

Dear Fellow Shareholders

It's my pleasure to present the 2022 Annual Report QX Resources Limited – a year in which the Company made major progress in the development of its multi-asset project suite.

For the QXR board, the core strategy in FY22 was to build the Company's position as a diversified minerals exploration company, with a portfolio of highly prospective assets located in well-established mining jurisdictions across Queensland and Western Australia. In pursuit of those objectives, the management team successfully delivered on a number of strategic acquisition opportunities, complemented by strong operational execution. QX Resources is now positioned for a particularly exciting year ahead as it expands exploration activities in FY23.

Strategic M&A initiatives were highlighted by a focus on the lithium sector, where QXR built a portfolio of highly prospective assets in Pilbara lithium province, WA. Acquisitions during the period included Turner River, which is prospective for lithium and located 20km from Wodgina, Australia's second-largest lithium mine. QXR also acquired the Western Shaw project (also located in the Pilbara) which is prospective for lithium as well as iron ore, gold and nickel mineralisation.

Rounding out its FY22 M&A activity, the Company further expanded its Pilbara lithium portfolio through the acquisition of the Yule River and Split Rock lithium projects. Heading into FY23, QXR's package of granted tenements (and those under application) in the Pilbara region now covers 355km^2.

Pleasingly, the Company's lithium exploration strategy attracted the backing of sophisticated investors during the period, via the successful execution in February of a $2.85m share placement to Suzhou TA&A Ultra Clean Technology Co Ltd (Suzhou TA&A). Listed on the Shenzhen Stock Exchange, Suzhou TA&A is a major shareholder in China's largest EV battery manufacturer Contemporary Amperex Technology (CATL). Along with validation of QXR's lithium strategy, the capital raise also provides QXR with the balance sheet strength to unlock the value of its asset portfolio.

Alongside its lithium strategy in WA, QXR also expanded its portfolio of precious and base metal assets in Queensland. Through its fully owned subsidiary, Skyfall Resources, the Company was awarded an Exploration Licence from Queensland regulators for the 232km^2 Llanarth tenement, which remains underexplored and highly prospective for gold and silver mineralisation. In April 2022, Skyfall also obtained exploration permits' for two additional tenements in the Clermont Goldfields, which are considered highly prospective for gold and silver as well as base metals, including molybdenum, copper, lead, zinc and cadmium.

With the receipt of its additional exploration permits, QXR's broader Queensland project portfolio now covers a land area of 976km^2, providing the company with strategic base metals exposure alongside precious metals in the Drummond Basin – one of Australia's leading gold mining jurisdictions.

Along with its new exploration permits, QXR also successfully advanced a number of core project development activities in Queensland, despite the challenges caused by unique weather conditions across Australia's eastern seaboard during the second half of the financial year. Through an earn-in agreement with Zamia Resources Pty Ltd, QXR is developing two Central Queensland gold projects – Lucky Break and Belyando – both strategically located within the Drummond Basin, a region that has >6.5moz gold endowment.

Zamia Resources' mineral assets comprise four Exploration Permits for Minerals (EPMs), including the Disney Tenement which contains the Big Red prospect. During the period, QXR completed a maiden 370-metre trenching program which recorded multiple intersections of high-grade gold mineralisation at Big Red, before the program was halted due to inclement weather.

Pleasingly, the Company was able to recommence its Phase 2 trenching program just prior to year-end which it successfully completed in August 2022. Samples have now been bagged and sent to ALS Laboratories in Brisbane, and the Company looks forward to providing further drilling updates once results have been returned.

Chairman's Letter (continued)

Also highlighting the group's operational achievements during the year was a successful high-grade rock-chip sampling program at Turner River in Q4, which returned grades of up to 4.90% Li_2O. The sample was taken from a priority area identified through detailed analysis of remote satellite imagery and geophysical datasets, and bodes well for further assay results which are pending from both Turner River as well as Western Shaw and Split Rock.

With the groundwork carried out across its project suite in FY22, QXR has established an exciting asset base with a range of flexible development options heading into FY23. Ultimately, that's what QXR's strategy is all about -- building a portfolio of unique early-stage projects that give the company plenty of optionality to unlock value with respect to different commodities.

The staff and management team have pursued that strategy in a methodical fashion, utilising an approach that conserves capital for the right uses and maintains a low cost-base. With the establishment of a mini 'resources house' and a broad portfolio of assets, we thank our investors for their ongoing support and look forward to providing plenty more exciting updates in the year ahead.

Yours Sincerely

Maurice Feilich
Executive Chairman

Corporate Information

This financial report includes the consolidated financial statements of QX Resources Limited and controlled entities (the Group). The functional presentation currency of the Group is Australian dollars.

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Director's Report.

Directors

Mr Maurice Feilich (Executive Chairman)
Mr Benjamin Jarvis (Non-Executive Director)
Mr Daniel Smith (Non-Executive Director)
Mr Roger Jackson (Non-Executive Director)

Company Secretary
Mr Daniel Smith

Registered Office
Level 2, 34 Colin Street
West Perth WA 6005

Principal Place of Business
Level 2, 34 Colin Street
West Perth WA 6005

Share Registry
Computershare Investor Services
Level 11, 172 St Georges Tce
Perth WA 6000

Auditors
RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

Stock Exchange
Australian Securities Exchange
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000
ASX Code: QXR

Website
www.qxresources.com.au

Solicitors
Steinepreis Paganin
Level 4
The Read Buildings
16 Milligan Street
Perth WA 6000

Competent Persons Statement
The information in this report that relates to Exploration Results and Exploration Targets 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 (FAusIMM) 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.

Directors' Report

The directors present the following report on QX Resources Limited ("the Company", or "QXR") and the controlled entities ("the Group") for the year ended 30 June 2022.

Directors

The names of the directors in office during the year and until the date of this report are as follows. All directors were in office for the entire period unless otherwise stated:

Mr Maurice Feilich (Executive Chairman)
Mr Benjamin Jarvis (Non-Executive Director)
Mr Daniel Smith (Non-Executive Director)
Mr Roger Jackson (Non-Executive Director)

Principal Activities

The principal activities of the Group for the year ended 30 June 2022 were resource mineral exploration in Queensland and Western Australia.

Overview

<u>Projects</u>

Queensland Gold Project (70%, earning up to 90%)
On 1 July 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**).

On 16 October 2020 the Company announced that it had executed an earn-in agreement with Zamia (**Earn-in Agreement**) which replaced the previously executed HoA. Under the Earn-in Agreement, QXR will assume 50% ownership of Zamia Resources through the issue of 40,000,000 ordinary shares subject to a 12-month voluntary escrow from the date of issue, expected to be early next week, and will move to 70% ownership by spending $500,000 on the project within six months commencing 1 October 2020. First exploration activities kicked off last week so QXR is already earning into this next 20%. The Company can then secure up to 90% of Zamia Resources by spending a further $1m on exploration and project development works.

On 17 June 2021, the Company announced that the Company has now reached 70% ownership of Zamia Resources. QXR 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 by 31 March 2023. Given the positive results received to date and with more work planned in the near-term across the Zamia leases, QXR is confident of achieving this.

Directors' Report (continued)

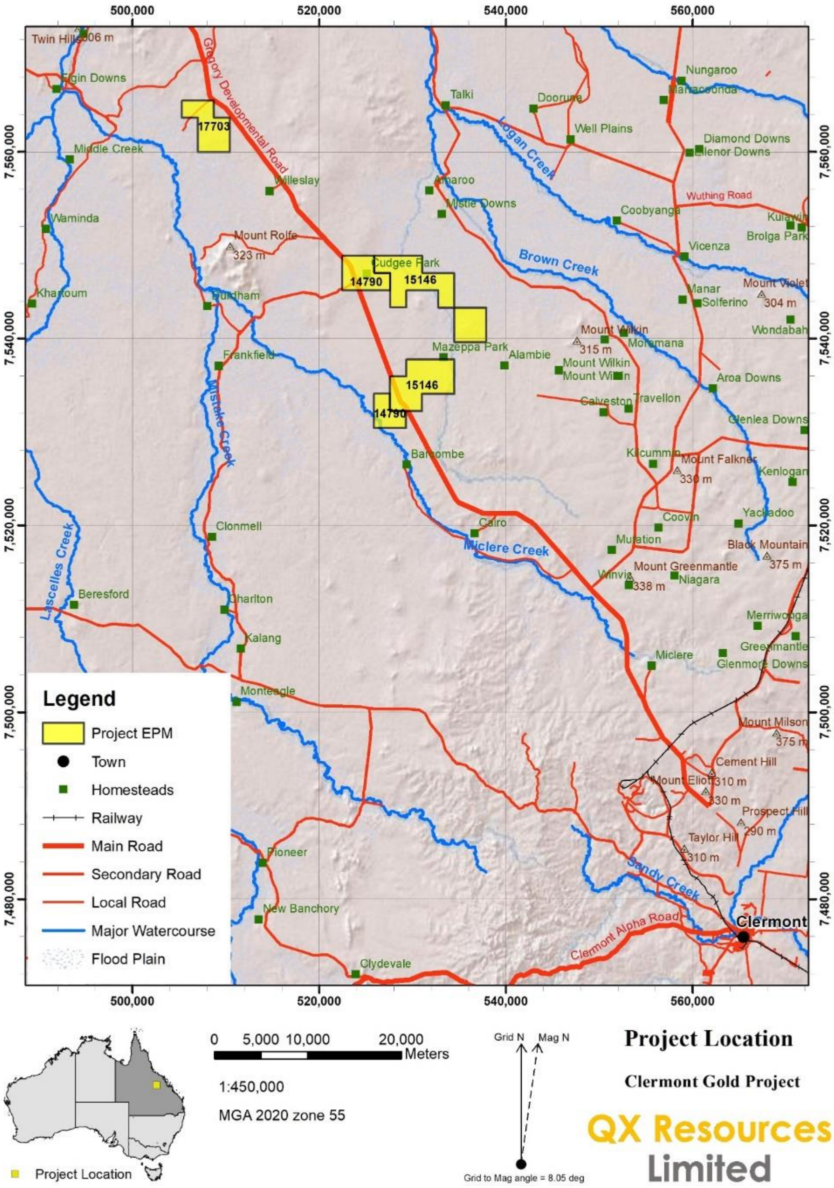


Figure 1: QX Project location map, Drummond Basin QLD

Red Dog Prospect

On 10 November 2020, the Company announced that it had identified a 675m long gold in soil anomaly at the Disney tenement (EPM 17703) (See **Figure 2**).

The soil survey targeted areas of infill and extension of the Zamia Resources soils results from sampling undertaken in 2013, 2014 and 2015. Zamia sampled 1mm screened B horizon soils to a 100m by 200m grid. This was infilled by QX to 100m by 50m. Samples were assayed by ALS by 30g fire assay with ICP AES finish having a 0.001 ppm detection limit.

The gold anomalism cut-off grade was determined by the statistically robust two absolute median deviations method which yielded a cut-off grade of 0.021 ppm Au. A log empirical transform was applied to assay data to generate an automated exponential variogram for empirical Bayesian Kriging on a 5.6m cell, a maximum search distance of 100m oriented 40°Ngrid and a 10 sample minimum 15 maximum search neighbourhood, using ArcMap 10.8 geostatistical tools.

Directors' Report (continued)

Analysis of the results shows a clear and localised zone of gold anomalism, christened Red Dog, 675m long strike by 255m cross strike, supported by coincident arsenic, antimony and silver anomalies, located 440m southwest along strike from the known Big Red mineralised zone identified by BMA Gold Ltd, and 1670m southeast of the known Apache mineralisation.

Rock grab samples from soil float within the core of the Red Dog anomaly, taken during the soil programme, yielded grades up to 2.89 ppm Au; further supporting the anomaly.

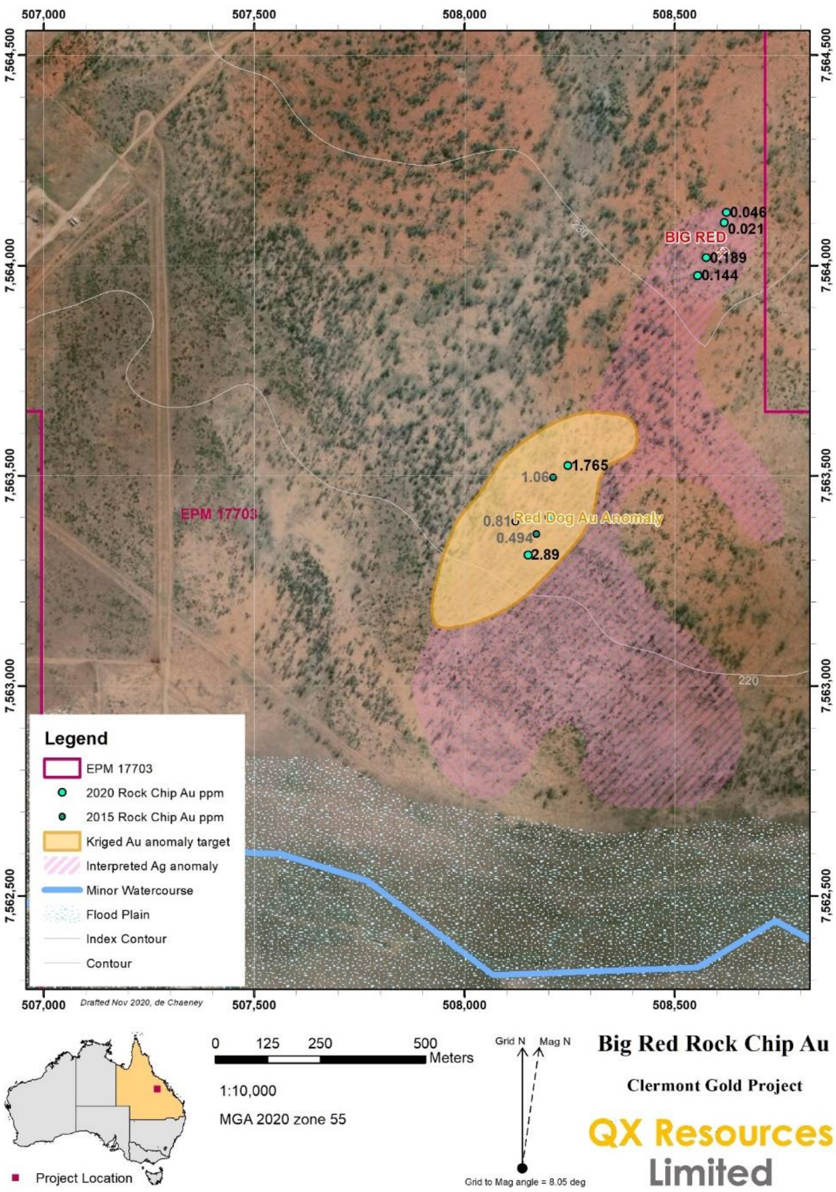


Figure 2: Rock float assays overlain on Red Dog gold and silver anomalies.

Directors' Report (continued)

Red Dog and Big Red Trenching 2022 trenching program

Following on from the successful soils and rock chip sampling program at Red Dog and Big Red, QX Resources undertook two trenching programs across Big Red and Red Dog anomalies, both of which sit on EPM17703.

The first program was undertaken in September 2021 and the second program in February 2022. The second phase trenching followed the Company's decision to expand the Big Red and Red Dog program after intersecting multiple high-grade gold mineralisation from its maiden 370-metre trenching program.

Due to unseasonable adverse weather conditions, the phase two program was suspended until the end of the wet season after only completing an initial 40m of trenching.

PHASE 1 TRENCHING HIGHLIGHTS

Base of Trench (Hard rock)

- **Trench 1 - 9m @ 5.9 g/t Au plus 1m @ 8.2 with the mineralised zone 35m wide**
- **Trench 2- 3m @ 2.2 g/t Au with a mineralised zone over 1 g/t of 13m**
- **Trench 3 - 3m @ 2.6 g/t Au with a mineralised zone over 1.5 g/t of 5.5m**
- **Trench 4 - 2m @ 23 g/t Au with a mineralised zone over 7.1 g/t over 6.8 m**
- **Interpreted strike length over Big Red as of today is 232m**
- **The mineralisation is open to the South West and to the North East**
- **The mineralisation is open at depth**
- **The mineralisation may also further extend to the west**

Sub Surface (loose pebbles - lag)

- **Trench 1 - 80m @1.23 g/t Au**
- **Trench 2 - 28m @ 1.76 g/t Au**
- **Trench 3 - 9m @ 3.06 g/t Au**
- **Trench 4 – 32m @ 1.70 g/t Au**

*Refer to 26 October 2021 QXR ASX Announcement

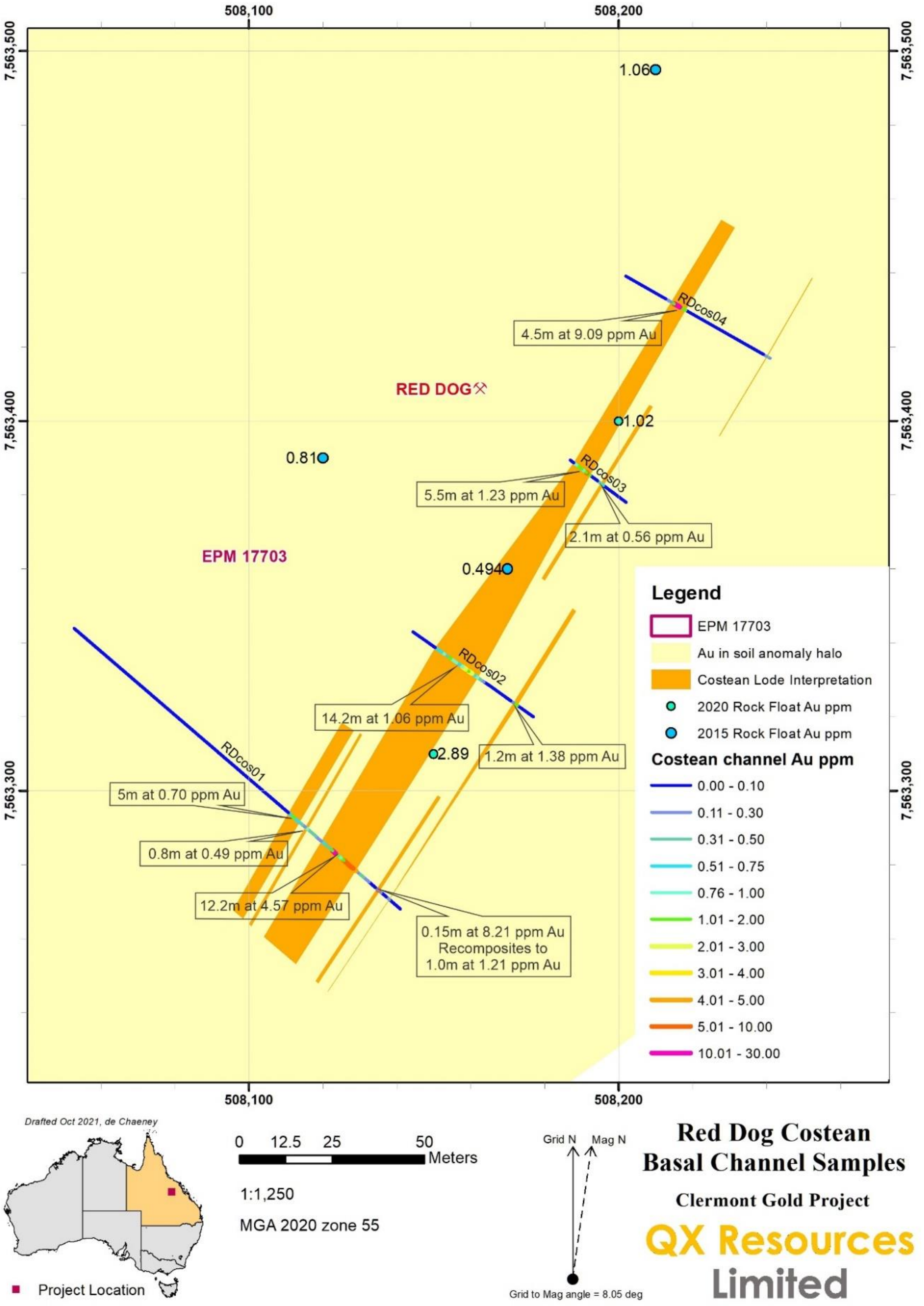
PHASE 2 SUSPENDED TRENCHING HIGHLIGHTS

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

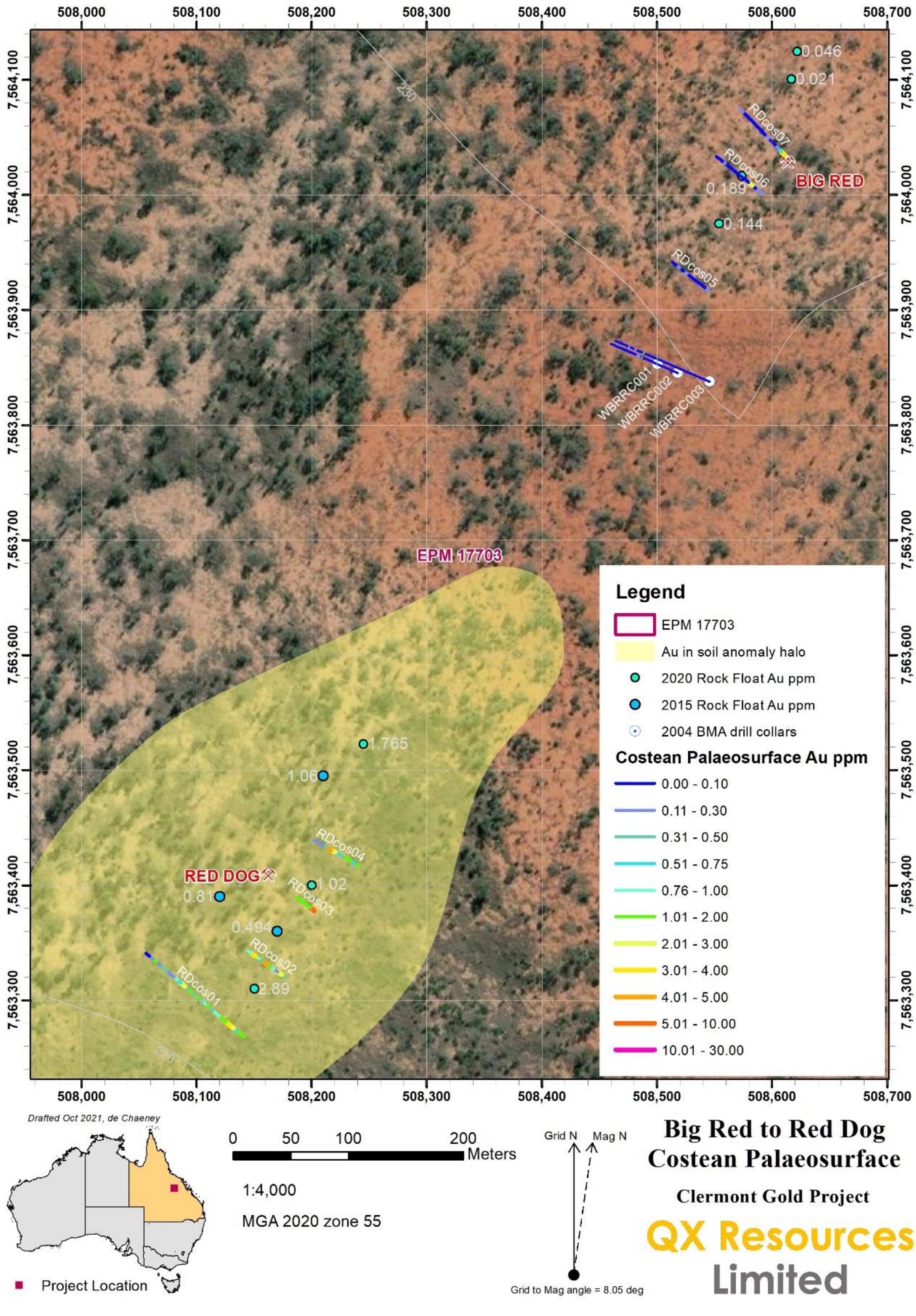
*Refer to February 2022 QXR ASX Announcement

A further trenching program has been undertaken subsequent to the February suspended program. The recommenced program will add up to 9 additional trenches to the two previous programs. Based on the findings to date the geological team have decided to plan and commence an extensive reverse circulation drilling campaign across the prospects as a follow up program.

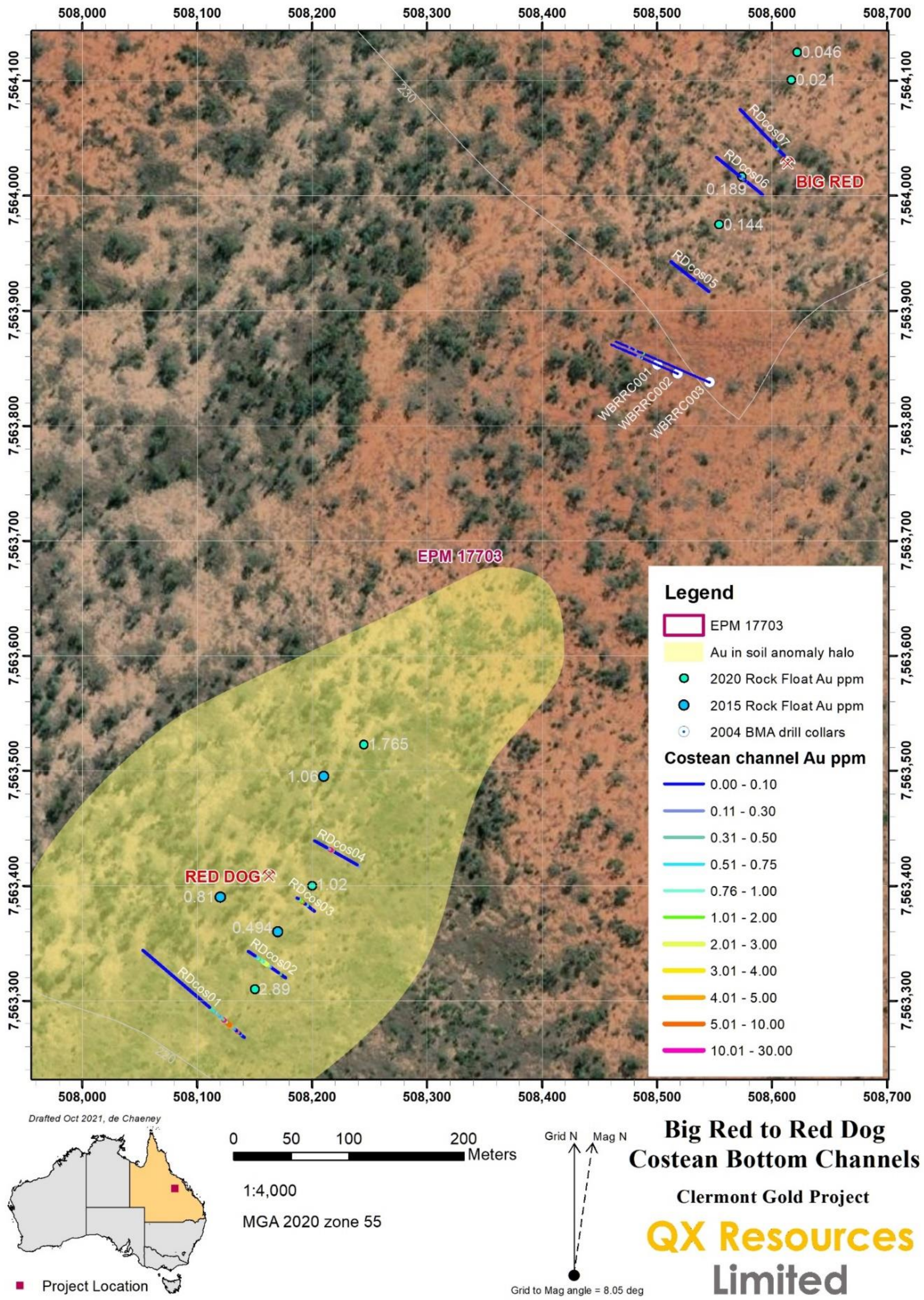
Directors' Report (continued)



Directors' Report (continued)



Directors' Report (continued)



Directors' Report (continued)

Ibis Prospect

On 13 December 2020, the Company announced the results from a soil survey undertaken at the Ibis Prospect (EPM 15145). The soil sampling program infilled previous sampling work undertaken by Zamia Resources in 2007 and 2015. Zamia sampled 1mm screened B horizon soils to a 50m by 100m grid around the Anthony molybdenum, and a 200m by 200m grid across the flat between Anthony and the Belyando gold deposit. This was infilled at the Ibis gold prospect by QX to 50m by 50m (see **Figure 3**). Samples were assayed by ALS using 30g fire assay with an ICP AES finish having a 0.001 ppm detection limit.

The gold anomalism threshold grade was determined by the statistically robust two absolute median deviations method which yielded a cut-off grade of 0.005 ppm Au.

QXR believes that together these data show that Ibis has a distinct gold anomaly deriving from an underlying source mineralisation which is genetically and structurally related to the Belyando gold deposit, and that Ibis is a good prospect for further exploration. Though exploration is in early stages, the data so far are suggestive of either a breccia pipe or stockworks low sulphidation epithermal gold system.

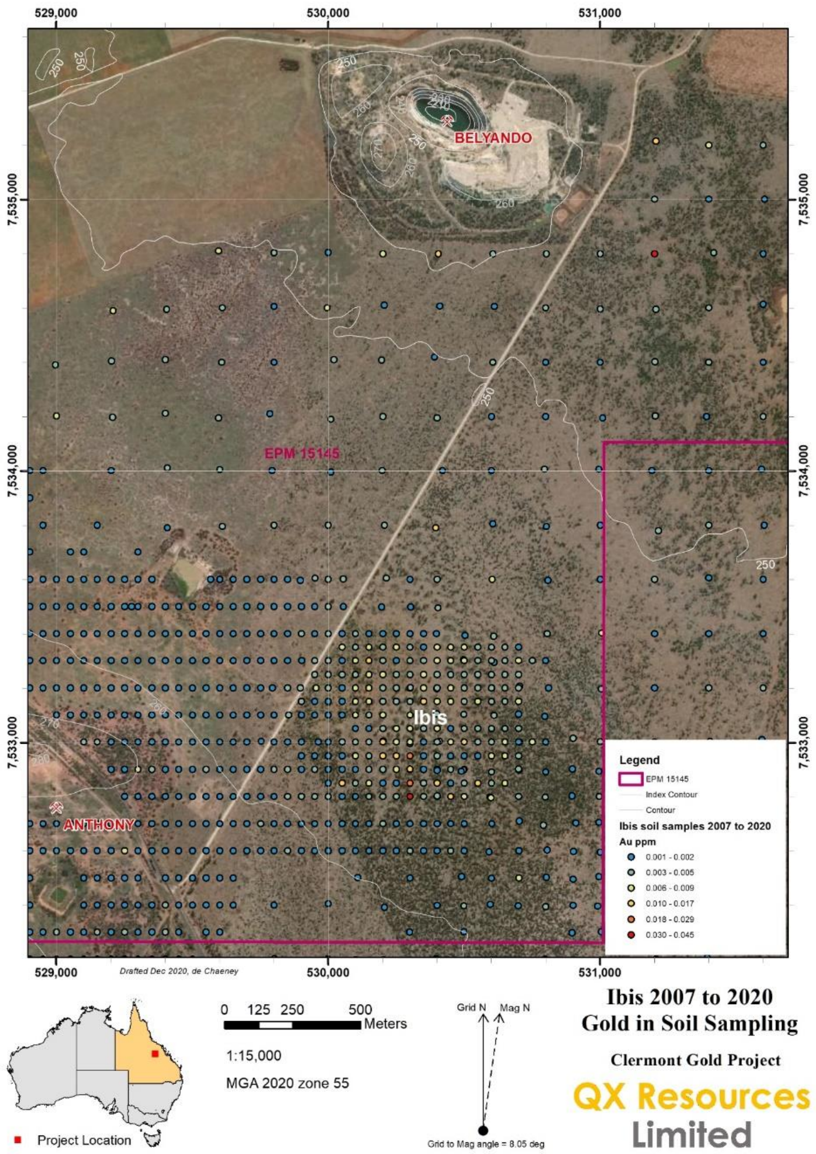


Figure 3: Zamia 2007, 2015, and QX 2020 soil sampling overlain on 30cm resolution satellite imagery.

Directors' Report (continued)

Lucky Break Gold Mine

On 22 April 2021, the Company announced that it had commenced its maiden reverse circulation (RC) drilling program at the Lucky Break project (See **Figure 4**). The program aimed to test the Lucky Break Mine anomaly and its structural trend as well as high priority infill, depth extension and twin studies. Lucky Break lies adjacent to the Gregory Highway on EPM 14790 (Mazeppa) in the Clermont Goldfield of central Queensland. The Mazeppa tenement (EPM 14790) within the Thompson Orogen is dominated by slates, phyllites and schists of the Anakie Metamorphics which unconformably bound the Drummond Basin sequence. The Lucky Break area is one of the few locally where the Anakie Metamorphics are exposed through Tertiary to Quaternary colluvium and flanking Drummond Basin Sequence sediments.

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 (See **Figure 4**). 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 QXR'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 bellow 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.

Based on these very encouraging results which include excellent high-grade intercepts, follow up drilling is planned to more thoroughly assess the extensions to the mineralisation encountered along strike from the historical pit. QXR already has permits to continue drilling at Lucky Break and plans to secure a rig shortly while it determines locations and the extent of the next phase of drilling.

Directors' Report (continued)

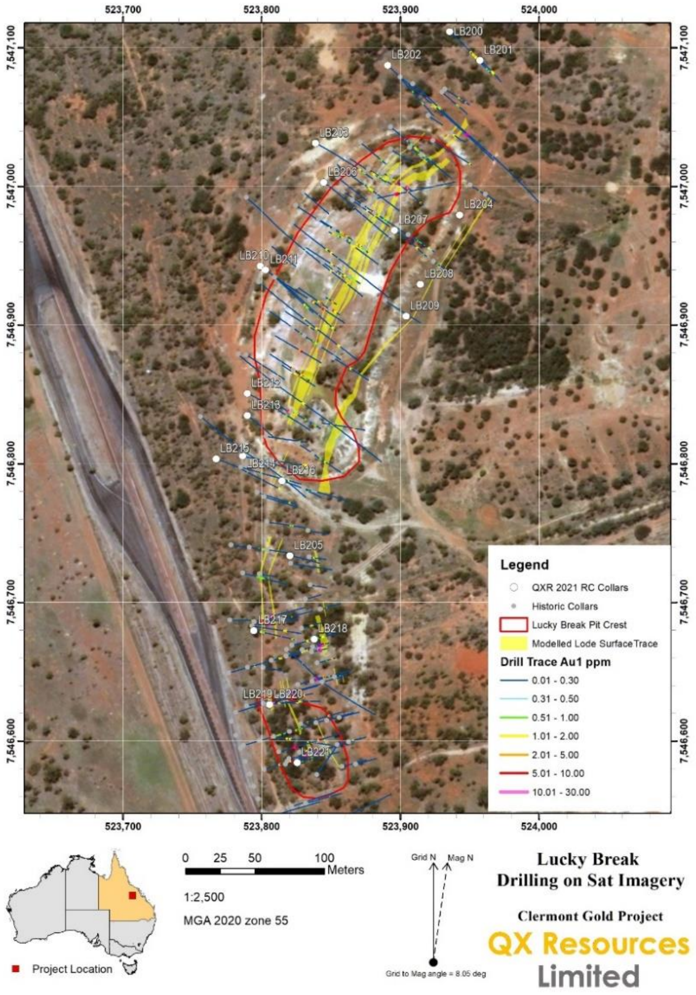
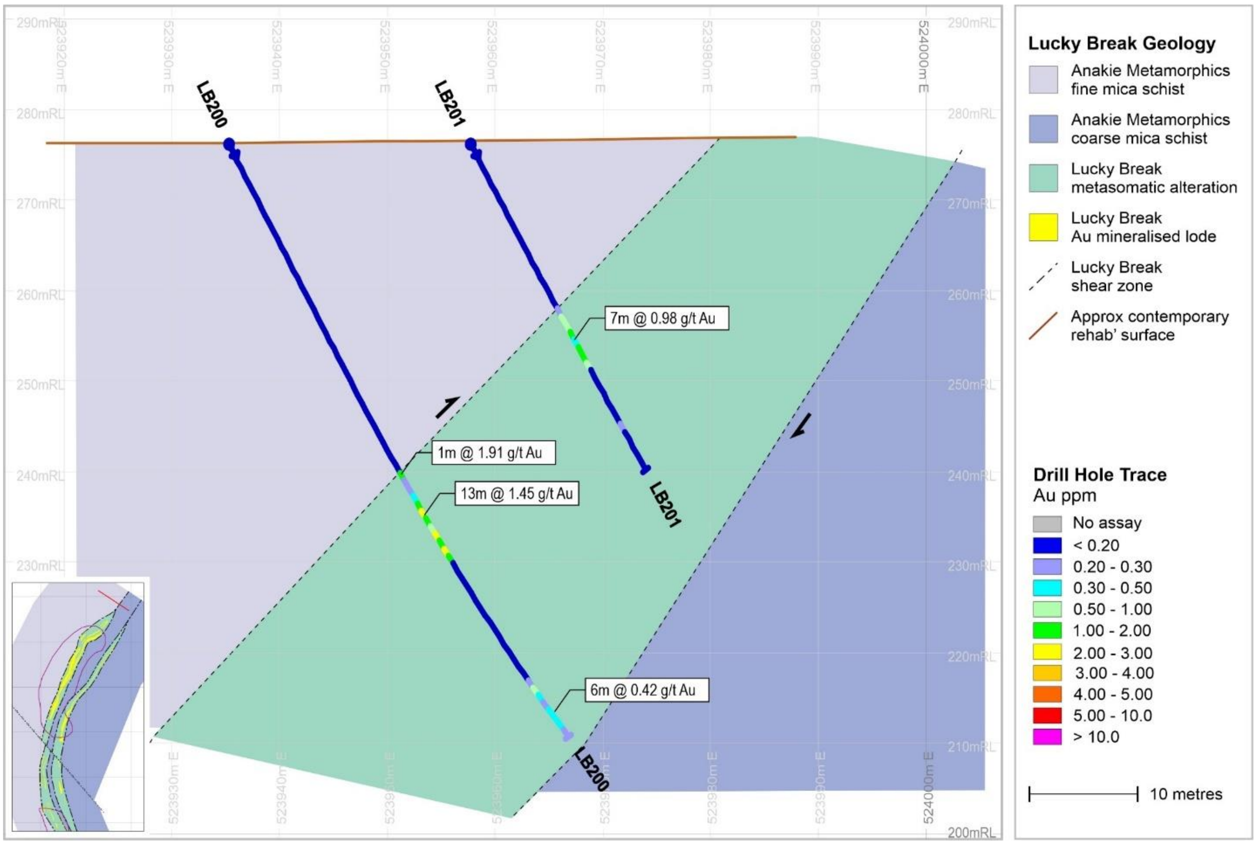


Figure 4: Lucky Break 2021 drilling and historic drilling against high resolution sat imagery



Directors' Report (continued)

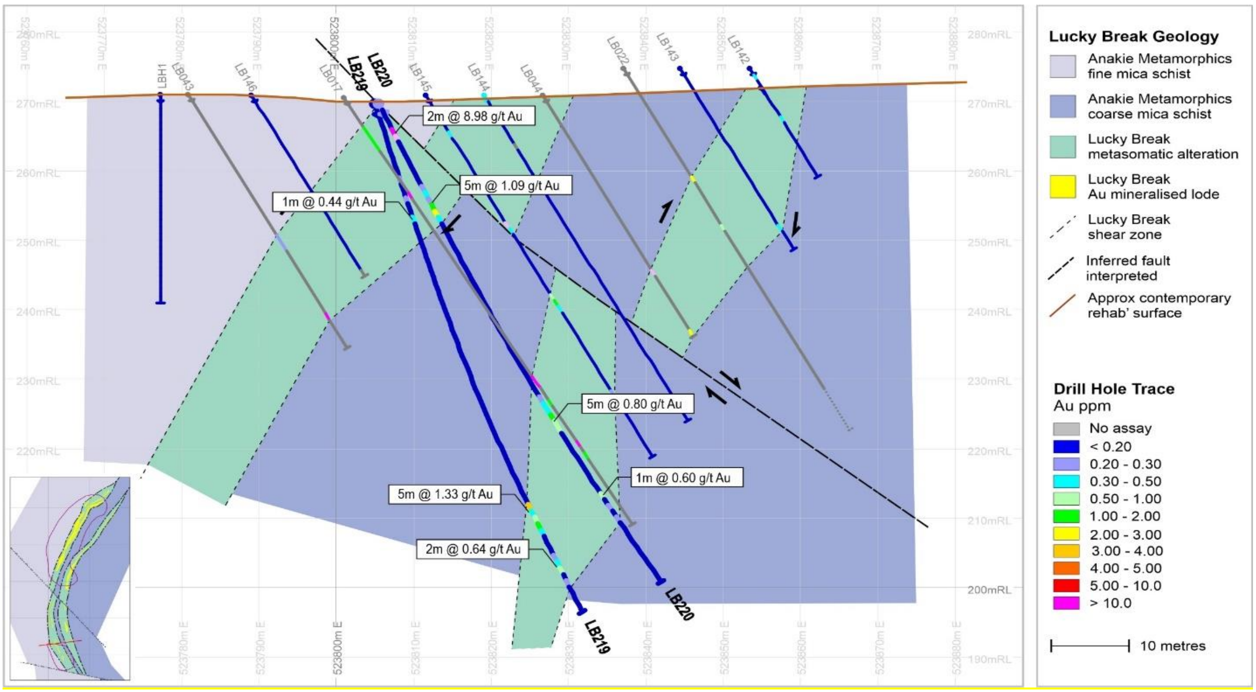


Figure 5: Lucky Break cross section 0, with LB200 and LB201 extending mineralisation 70m along strike to the northeast of the existing pit extent in unmined ground.

Anthony Molybdenum project

As announced post quarter-end, the Company has decided to progress its advanced stage Anthony Molybdenum (Mo) deposit ('Anthony') which sits within QXR's 115km^2 of permits in Central Queensland. Hellman & Schofield Pty Ltd produced the Mineral Resource Estimate (MRE) in 2012 for the Anthony Mo deposit that was publicly reported under JORC 2004 on 15 March 2012 by Zamia Metals Limited. The Inferred Resource for the primary (sulphide) zone stands at 112 million lb. of contained Mo using a 400 ppm Mo cut-off grade and at a cut-off grade of 600 ppm Mo, the Inferred Resource for the primary (sulphide) zone includes 20mt at 800 ppm Mo for 35m lb Mo[1]

QXR has commenced a comprehensive work program at Anthony which entails:

- desktop data processing of all historical drill results and other information, review of all the drill core which has been located and inspected by QXR's team;
- updating the current MRE so it is compliant with the 2012 JORC code;
- further metallurgical review and test work; and
- further beneficiation review and test work.

Cut-off Grade	Sulphide Resource			Transition Resource (partial oxide)			Oxide Resource			Total Resource		
Mo [ppm]	Mt	Mo [ppm]	Contained Mo [Mlb]	Mt	Mo [ppm]	Contained Mo [Mlb]	Mt	Mo [ppm]	Contained Mo [Mlb]	Mt	Mo [ppm]	Contained Mo [Mlb]
600	20	800	36	1.3	730	2.1	3.1	660	4.5	25	780	42
400	91	560	112	5.2	540	6.2	17	510	20	114	550	137
200	250	390	215	13	400	11	53	370	43	318	390	269

Table 1: March 2012 Inferred Resource estimate for the sulphide, transition (partial oxide) and oxide zones of the deposit, prepared by H & S. JORC Code 2004

[1] Refer ASX announcement made by Zamia Metals Limited (then ASX: ZAM) on 15 March 2012 titled "Anthony Molybdenum Resource Update"

Directors' Report (continued)

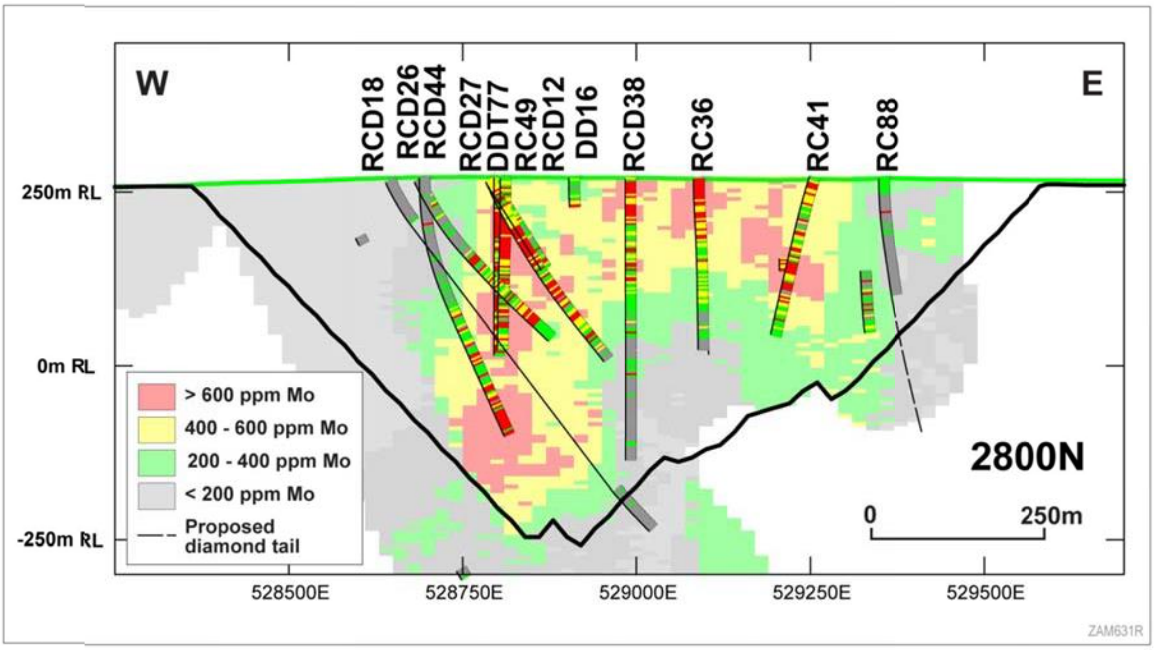


Figure 6: Anthony Molybdenum project - East-west drill section at 7 532 800N (Zamia Metals Limited, June 2011)

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**).

On 22 October 2021, 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 7**). In consideration for the acquisition of ELA 45/6065, the Company paid Redstone 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 45km^2 to 84km^2.

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.

Directors' Report (continued)

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.

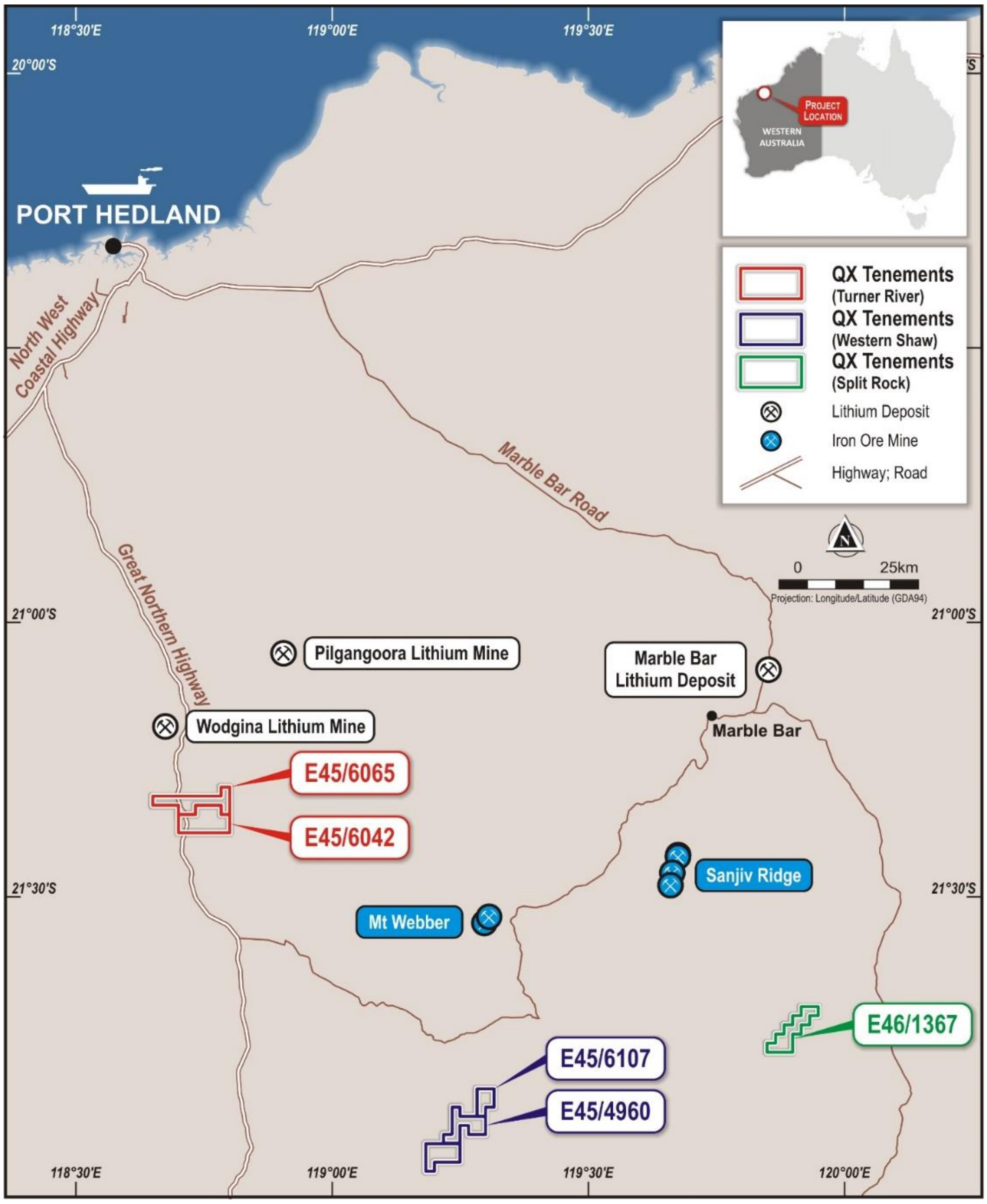


Figure 7: QX Resources lithium project locations and regional setting

Western Shaw Lithium project

On 17 November 2021, the Company announced that it has entered into a binding option agreement with Redstone to acquire the highly prospective Western Shaw lithium project (E45/4960), which is also prospective for iron ore, gold and nickel mineralisation. The Company exercised the option over Western Shaw on 17 January 2022, paying Redstone $50,000 cash consideration. The issue of 40,000,000 shares in consideration for 100% of the project is subject to shareholder approval at a general meeting to be held 25 February, 2022.

Directors' Report (continued)

The 81km^2 project is located in the established Pilbara lithium province, Western Australia 220km south east of Port Hedland with access via the Great Northern Highway **(Figure 8)**. The Agreement is further evidence of QXR aggressively building its portfolio of exploration tenements in the Pilbara region which are prospective for lithium and other minerals. Western Shaw is larger and more advanced than the recently announced Turner River prospects given it is already a granted exploration licence with historical exploration results. The main attraction of Western Shaw is a large area in the centre exhibiting all the right geological attributes to host lithium-cesium-tantalum ("**LCT**") pegmatites.

Lithium Potential

Covering part of an Archaean granite-greenstone terrain in the Pilbara Block, Western Shaw is located in a region which has seen previous exploration work uncover numerous LCT pegmatites. It lies at the southern end of the Western Shaw Greenstone Belt which is adjoined to the east by the Shaw Batholith and to the west by the Yule Batholith. It consists of mafic volcanic rocks interlayered with subordinate ultramafic rocks, chert/quartzite and iron formation (Warrawoona Group and Gorge Creek Group).

Other tenements in the Tambourah area adjoining and adjacent to E 45/4960 have recorded pegmatites and Tambourah Metals recently reported on exploration to identify the lithium potential of pegmatites within their areas at Tambourah.

Iron Ore Potential

Western Shaw is also located in a proven iron ore province with significant historical exploration work undertaken. The Fortescue Metals and Roy Hill railway infrastructure is located less than 10km southwest of the project and BHP railway infrastructure is 25km southwest of the tenement. The project contains a 11km strike of banded iron formation (**Figure 8**).

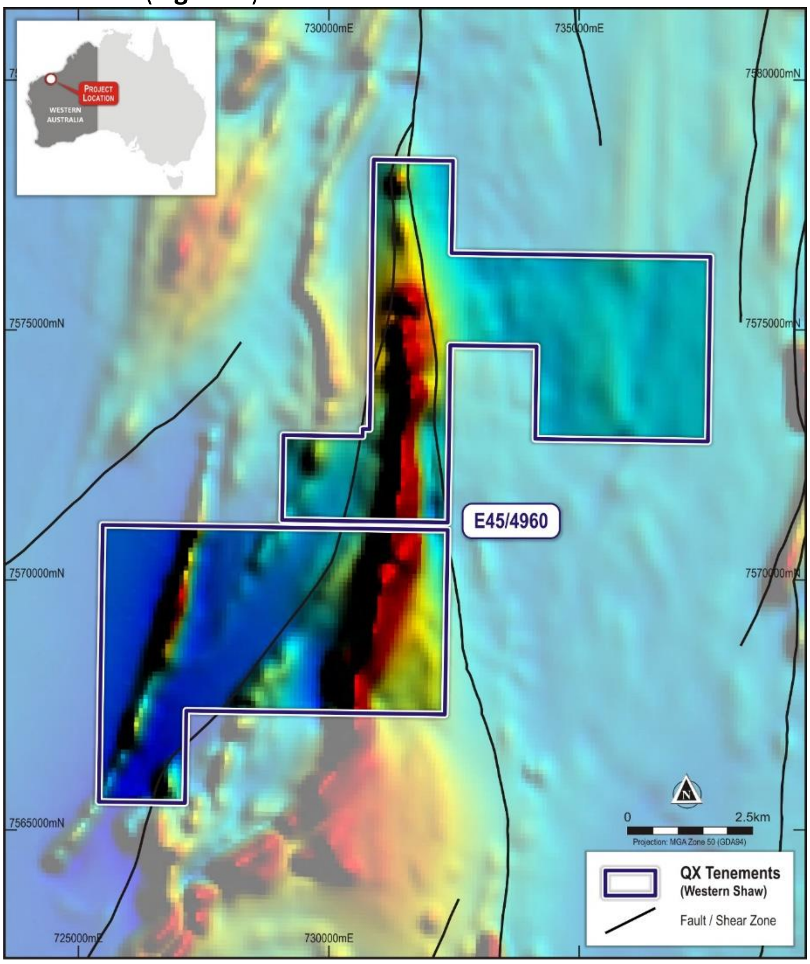


Figure 8: Western Shaw project over regional magnetics, highlighting the north-south striking banded iron formation

Directors' Report (continued)

Split Rock Lithium project

Following period end, on 10 February 2022 the Company announced that it had expanded its exploration portfolio in the Pilbara lithium province of Western Australia. The two projects (E46/1367 and E45/6107) complement and strengthen the Company's existing portfolio of quality lithium-focused projects, adding a further 51km^2 of tenure. The Split Rock Lithium project covers an area of 35km^2 and is approximately 200km southeast of Port Hedland and 180km north of Newman (**Figure 9**). It is located along the southeast margin of the Split-Rock Supersuite, which is considered regionally prospective for lithium bearing pegmatites. Strategically located close to existing infrastructure, the project is only 60km from Nulagine with easy access via established road networks.

The Split Rock project is bordered to the south (refer **Figure 9**) by Thor Mining Plc's (ASX: THR) Ragged Range project, which is focussed on the Mondana Monzogranite which forms part of the Split-Rock Supersuite. On 27 January 2022 THR reported a number of targets prospective for lithium within their tenement area, having reported elevated levels of tin, beryllium and tantalum, which are pathfinder elements commonly found in association with lithium bearing pegmatites.

The Split Rock project has a 10km strike length of the Mondana Monzogranite which is a continuation of the same batholith margin targeted by THR for lithium bearing pegmatites. The exposure to the margins of the Split-Rock Supersuite enhances the potential prospectivity of the tenement to host significant lithium bearing pegmatites. Of additional significance is the potential of Split Rock to also be prospective for base metals including copper, lead, zinc, silver and gold. The prospectivity is due to the numerous base metals prospects which occur along the northern and south margins of the tenement.

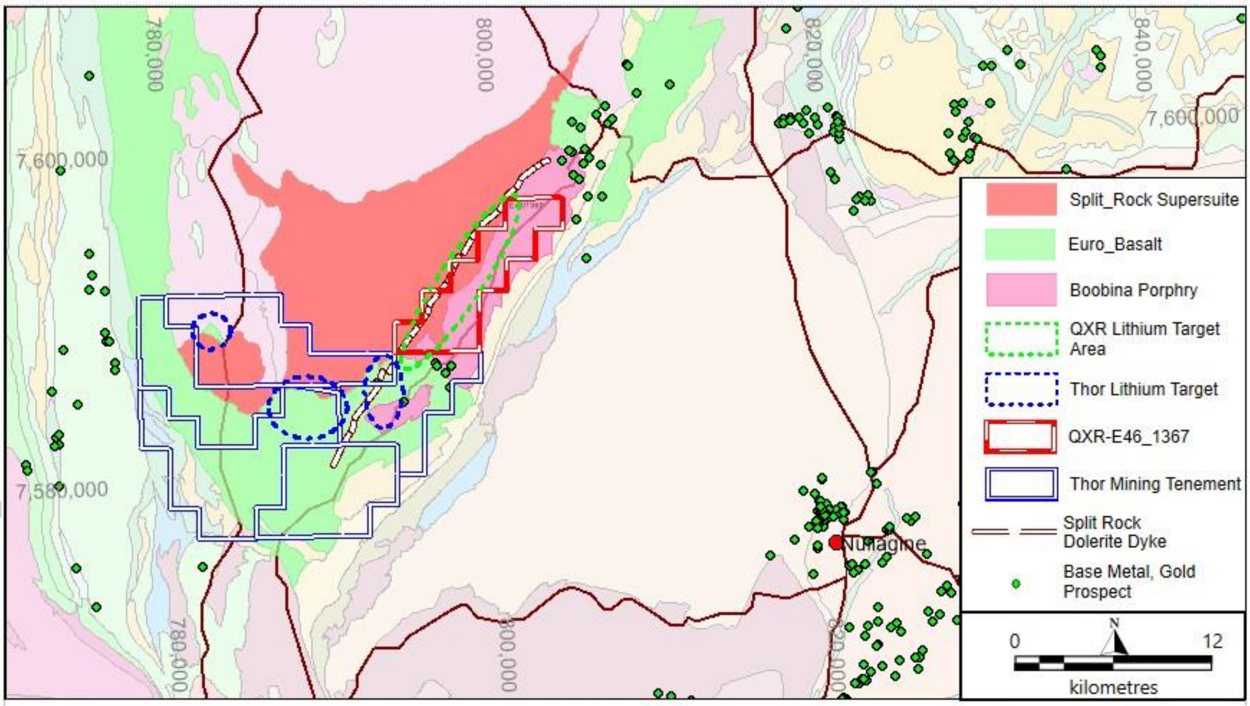


Figure 9: Split Rock tenement location and geology

Directors' Report (continued)

Pilbara gold projects

On 9 September 2021, the Company announced 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 (see **Figure 7**).

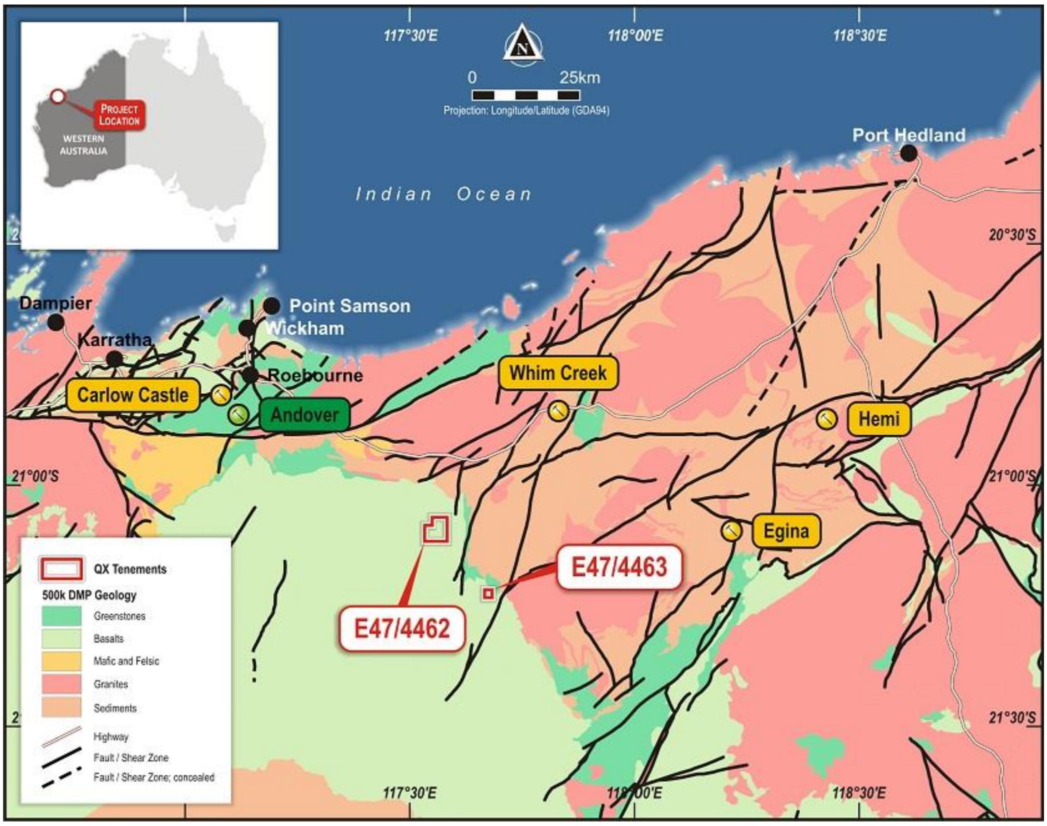


Figure 7: Tenement location and regional setting

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 (see **Figure 6**). QXR will hold 50% of the ELs with the balance held by the introducer of the licenses, Pilbara Base Metals Pty Ltd.

<u>Prospective tenements in a proven regional setting</u>

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.

<u>Planned exploration</u>

QXR'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.

Directors' Report (continued)

Corporate

Capital Raising / Option Conversions

On 16 February 2022, the Company issued 27,500,000 shares following the exercise of unlisted options at $0.02 per share, raising $550,000.

On 10 March 2022, the Company issued 75,000,000 ordinary shares at an issue price of $0.038 per share to Suzhou TA&A Ultra Clean Technology Co., Ltd, raising $2.85 million.

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

Options

On 11 March 2022, the Company advised of the proposed issue of 15,000,000 incentive options to an adviser of the Company, exercisable at $0.062 each within 2 years from the date of issue, in relation to the provision of ongoing marketing services to the Company.

Issue of Securities

On 22 October 2021, the Company issued 12,000,000 ordinary shares at a deemed issue price of $0.012 per share to the vendors (or their nominees) of Turner River.

On 16 February 2022, the Company issued 10,000,000 ordinary shares at a deemed issue price of $0.018 per share to the vendors (or their nominees) of the Split Rock lithium project and E45/6107.

Following shareholder approval receive 25 February 2022, on 28 February the Company issued 40,000,000 shares at a deemed issue price of $0.015 per share to the vendors (or their nominees) of the Western Shaw Lithium project.

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.

Small Scale Shareholding 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. On 28 July 2022 the Company confirmed the closure of the Share Sale Facility for holders of small parcels of shares in the Company 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 represents approximately 17% of the total number of shareholders presently holding shares in the Company.

Directors' Report (continued)

Shareholder Meetings

On 25 February 2022, all resolutions put to shareholders at the Company's General Meeting were passed by way of a poll.

Following the Company's Annual General Meeting ("AGM") held on 26 November 2021, the Company announced that all resolutions put to shareholders had been passed on a show of hands. The resolutions the subject of the AGM included, amongst other things, the ratification of previous share placements and option issues and the election of directors.

Operating Results

The consolidated statement of profit or loss and other comprehensive income shows a net loss for the year ended 30 June 2022 to members of $4,514,832 (2021: net loss of $1,449,461).

Dividends

No dividend has been paid or recommended by the directors during the year ended 30 June 2022.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Group during the year ended 30 June 2022 other than as stated in the above overview.

Matters subsequent to the end of the financial year

On 7 July 2022, the Company advised that E45/6065, which forms part of the Turner River Lithium project, had been granted for an initial 5-year term.

On 28 July 2022, the Company announced the closure of the Small Scale Share Sale Facility (**Facility**). The final number of shares eligible to be sold under the Facility was 1,575,918 ordinary shares from 391 shareholders which represents approximately 17% of the total number of shareholders holding shares in the Company.

On 31 August 2022, the Company provided an update on the phase two trenching program at the Big Red and Red Dog prospects (EPM17703). The program added ten additional trenches (for combined length of 860m) to the two previous programs.

On 15 September 2022, the Company announced that a detailed sampling program had been undertaken at the Company's lithium projects in Western Australia.

Other than discussed above, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the result of those operations, or the Group's state of affairs in future financial years.

Likely Developments and Expected Results

The Group is focused on both advancing and rationalising existing project opportunities and assessing projects that enhance the Group's existing suite of projects.

Financial Position

At 30 June 2022, the Group had net assets of $4,718,558 (2021: $3,337,615) and cash reserves of $3,637,449 (2021: $1,741,725).

Directors' Report (continued)

Environmental Regulation

The Group operates within the resources sector and conducts its business activities with respect for the environment, while continuing to meet the expectations of the shareholders, employees and suppliers. The Group is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities in the relevant jurisdiction. The directors are not aware of any environmental law that is not being complied with.

The directors are mindful of the regulatory regime in relation to the impact of the organisational activities on the environment. There have been no known breaches by the Group during the year ended 30 June 2022.

Information on Directors

Mr Maurice Feilich	-	Executive Chairman
Qualifications	-	B Comm
Experience	-	Maurice has been involved in investment markets for 30 years, commencing his career as an institutional derivative broker at Mcintosh Securities (later Merrill Lynch) in 1998. He joined Tricom Equities in 2000 as head of Equities, and in 2010 became a founding partner of Sanlam Private Wealth. Mr Feilich has a track record of success and solid networks in the small resources sector and he has provided capital markets and funding support to QX Resources Ltd since the Company's re-listing in November 2016.
Interest in Shares and Options	-	37,065,874 Ordinary Shares 20,000,000 Incentive Options
Current directorships	-	Nil
Former directorships held in past three years	-	Nil

Mr Benjamin Jarvis	-	Non-Executive Director
Qualifications	-	B Arts.
Experience	-	Mr Jarvis has extensive experience in the small resources sector as both a public company director and strategic advisor. Since 2011, he has been a non-executive director of South American focused gold and silver mining company, Austral Gold Limited (ASX:AGD) which is dual-listed on the Australian Securities Exchange (ASX: AGD) and the Toronto Venture Exchange (TSX-V: AGLD). Mr Jarvis is the Managing Director and co-founder of Six Degrees Investor Relations, an Australian advisory firm he formed in 2006 that provides investor relations services to a broad range of companies listed on the Australian Securities Exchange. Mr. Jarvis was educated at the University of Adelaide.
Interest in Shares and Options	-	18,682,502 Ordinary Shares 10,000,000 Incentive Options
Current directorships	-	Austral Gold Limited (ASX:AGD)
Former directorships held in past three years	-	Nil

Directors' Report (continued)

Information on Directors (continued)

Mr Daniel Smith	-	Non-Executive Director and Company Secretary
Qualifications	-	BA, FCD (CGP), RG146.
Experience	-	Mr Smith is a chartered governance professional with over 14 years' primary and secondary capital markets expertise, and has advised on a number of IPOs, RTOs and capital raisings on the ASX and NSX. Dan's focus is on commercial due diligence, transaction structuring, and investor and stakeholder engagement. He is currently a director and/or company secretary of numerous companies on ASX, AIM and NSX.
Interest in Shares and Options	-	2,500,000 Incentive Options
Current directorships	-	Europa Metals Ltd (AIM: EUZ), Lachlan Star Limited (ASX:LSA), Artemis Resources Ltd (ASX: ARV), White Cliff Minerals Ltd (ASX:WCN), Alien Metals Ltd (AIM: UFO), Nelson Resources Limited (ASX:NES).
Former directorships held in past three years	-	Nil

Mr Roger Jackson	-	Non-Executive Director
Qualifications	-	B.Sc. (Geology, Geophysics) Grad Dip Fin Man, Dip Ed, FAIMM, AICD, MAIG, FGS
Experience	-	Mr Jackson been actively involved in the Mining industry for 26 years as a Mine Operator, in Mine Services and in Mineral Exploration. He has been a founding director of a number of private and public mining and mine service companies. Mr Jackson has maintained a Geological and Mining Consulting business for the past 11 years whilst holding several executive roles. He has strong knowledge of gold exploration and mining. He also has a sound knowledge of base metal mining and exploration. He has developed several mining and ore processing operations in Australia and abroad. He has had significant experience in marketing gold and base metal concentrate across the globe.
Interest in Shares and Options	-	1,600,000 Ordinary Shares
Current directorships	-	Pan Asia Metals Ltd (ASX:PAM, Ark Mines Ltd (ASX:AHK), Vertex Minerals Ltd (ASX:VTX)
Former directorships held in past three years	-	NQ Minerals Plc

Directors' Report (continued)

Directors Meetings

The number of directors' meetings held and the number of meetings attended by each of the directors of the Group for the time the director held office during the year were as follows:

	Number of Meetings Eligible to Attend	Number of Meetings Attended
Director		
Mr Maurice Feilich	2	2
Mr Benjamin Jarvis	2	2
Mr Daniel Smith	2	2
Mr Roger Jackson	2	2

Shares under Option

Unissued ordinary shares of QX Resources Limited under option at the date of this report are as follows:

Type	Expiry Date	Issue Price of Shares	Number Under Option
Unlisted	5 October 2022	$0.025	17,500,000
Unlisted	5 October 2023	$0.035	17,500,000
Unlisted	30 December 2022	$0.020	20,000,000
Unlisted	11 March 2024	$0.062	15,000,000

Insurance of Officers

The Company has indemnified the directors and executive of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Directors' Report (continued)

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 has been included as part of the financial report.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

Remuneration Report (Audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration.
B Details of remuneration.
C Service agreements.
D Share-based compensation.
E Additional disclosures relating to key management personnel

A <u>Principles used to determine the nature and amount of remuneration</u>

The Board has elected not to establish a remuneration committee based on the size of the organisation and has instead agreed to meet as deemed necessary and allocate the appropriate time at its board meetings.

The following items are considered and discussed as deemed necessary at the board meetings:

- make specific recommendations to the Board on remuneration of directors and senior officers;
- recommend the terms and conditions of employment for the executive director;
- undertake a review of the executive director's performance, at least annually, including setting with the executive director goals for the coming year and reviewing progress in achieving those goals;
- consider and report to the Board on the recommendations of the executive director on the remuneration of all direct reports; and
- develop and facilitate a process for Board and director evaluation.

<u>Non-Executive Directors</u>

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board.

<u>Directors' fees</u>

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $300,000 per annum.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

A Principles used to determine the nature and amount of remuneration (continued)

Additional fees

A director may also be paid fees or other amounts as the directors determine if a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Retirement allowances for directors

Superannuation contributions required under the Australian Superannuation Guarantee Legislation continue to be made and are deducted from the directors' overall fee entitlements.

Executive pay

The executive pay and reward framework has two components:

- Base pay and benefits, including superannuation; and
- Long-term incentives through participation in the Employee Share Option Plan.

The combination of these comprises the executive's total remuneration. The Group intends to revisit its long-term equity-linked performance incentives for executives as deemed necessary by the Board.

Base pay

The employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed every 12 months and may increase every 12 months.

Benefits

No benefits other than noted above are paid to directors or management except as incurred in normal operations of the business.

Long term incentives

Options are issued at the Board's discretion. Other than options disclosed in section D of the remuneration report, there have been no options issued to employees as at the date of this financial report.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

B Details of remuneration

Details of the remuneration of the directors and the key management personnel of the Group are found below:

Key management personnel and other executives of the Group

	Short-term benefits			Post-employment benefits		Share-based payments		Total
30 June 2022	**Cash salary & Fees**	**Consulting fee**	**Non-monetary Benefits**	**Super-annuation Pensions**	**Retirement Benefits**	**Equity-Settled shares**	**Equity-Settled options**	
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Executive Directors								
Maurice Feilich	93,360	-	-	-	-	-	-	93,360
Total Executive Directors	**93,360**	**-**	**-**	**-**	**-**	**-**	**-**	**93,360**
Non-Executive Directors								
Benjamin Jarvis [2]	24,000	-	-	-	-	-	-	24,000
Roger Jackson [3]	24,000	-	-	-	-	-		24,000
Daniel Smith	28,000	-	-	-	-	-	-	28,000
Total Non-Executive Directors	**76,000**	**-**	**-**	**-**	**-**	**-**	**-**	**76,000**
Other Key Management Personnel								
Daniel Smith [1]	28,000	-	-	-	-	-	-	28,000
	28,000	**-**	**-**	**-**	**-**	**-**	**-**	**28,000**
Total key management personnel compensation (Company)	**197,360**	**-**	**-**	**-**	**-**	**-**	**-**	**197,360**

No proportion of director and key management remuneration is linked to performance.

[1] Mr D Smith, a Non-Executive Director, also provides company secretarial services to the Group.
[2] Mr B Jarvis, a Non-Executive Director, is also a director and shareholder of Six Degrees Group Holdings Pty Ltd. Six Degrees was also entitled to an additional $26,000 in relation to Public Relations services performed during the year ended 30 June 2022.
[3] Mr R Jackson, a Non-Executive Director, is also a director and shareholder of Everyday Hire Pty Ltd (Everyday). Everyday was also entitled to an additional $74,400 in relation to Geographical Consulting services performed during the year ended 30 June 2022.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

30 June 2021	Short-term benefits			Post-employment benefits		Share-based payments		Total
	Cash salary & Fees	Consulting fee	Non-monetary Benefits	Super-annuation Pensions	Retirement Benefits	Equity-Settled shares	Equity-Settled options	
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Executive Directors								
Maurice Feilich	73,370	-	-	-	-	6,670	114,000	194,040
Total Executive Directors	**73,370**	**-**	**-**	**-**	**-**	**6,670**	**114,000**	**194,040**
Non-Executive Directors								
Benjamin Jarvis [2]	22,000	-	-	-	-	2,000	57,000	81,000
Roger Jackson [3]	18,000	-	-	-	-	-		18,000
Daniel Smith	24,000	-	-	-	-	-	28,500	52,500
Total Non-Executive Directors	**64,000**	**-**	**-**	**-**	**-**	**2,000**	**85,500**	**151,500**
Other Key Management Personnel								
Daniel Smith [1]	24,000	-	-	-	-	-	-	24,000
	24,000	**-**	**-**	**-**	**-**	**-**	**-**	**24,000**
Total key management personnel compensation (Company)	**161,370**	**-**	**-**	**-**	**-**	**8,670**	**199,500**	**369,540**

No proportion of director and key management remuneration is linked to performance.

[1] Mr D Smith, a Non-Executive Director, also provides company secretarial services to the Group.
[2] Mr B Jarvis, a Non-Executive Director, is also a director and shareholder of Six Degrees Group Holdings Pty Ltd. Six Degrees was also entitled to an additional $24,000 in relation to Public Relations services performed during the year ended 30 June 2021.
[3] Mr R Jackson was appointed Non-Executive Director on 10 September 2020. Mr R Jackson also is a director and shareholder of Everyday Hire Pty Ltd (Everyday). Everyday was also entitled to an additional $58,600 in relation to Geographical Consulting services performed during the year ended 30 June 2021.

C Service agreements

No formal service agreements have been entered into by non-executive directors upon appointment to the board during the year ended 30 June 2022. Effective 1 March 2020 as the result of board resolution, all non-executive directors are entitled to $2,000 per month and no termination benefits. Effective 1 March 2022, Daniel Smith has returned to the entitlement of $3,000 per month and no termination benefits as the result of board resolution which was effective 1 July 2018.

D Share-based compensation

There were no shares or options issued to key management personnel as part of the compensation during the year ended 30 June 2022.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

E Additional disclosures relating to key management personnel

Key management personnel options

The numbers of options over ordinary shares in the Company held during the year by each director of QX Resources Limited and other key management personnel of the Group, including their personally related parties are set out below.

2022 Name	Balance at the start of the year	Granted	Exercised	Expired, forfeited and other changes	Balance at the end of the year
Directors					
Executive Directors					
Maurice Feilich	20,000,000	-	-	-	20,000,000
Total Executive Directors	20,000,000	-	-	-	20,000,000
Non-Executive Directors					
Benjamin Jarvis	10,000,000	-	-	-	10,000,000
Roger Jackson	-	-	-	-	-
Daniel Smith	5,000,000	-	-	(2,500,000)	2,500,000
Total Non-Executive Directors	15,000,000	-	-	(2,500,000)	12,500,000
Total	35,000,000	-	-	(2,500,000)	32,5000,000

Key management personnel shareholdings

The numbers of shares in the Company held during the year by each director of QX Resources Limited and other key management personnel of the Group, including their personally related parties are set out below.

2022 Name	Balance at the start of the year	Received during the year	Other changes	Balance at the end of the year
Directors				
Executive Directors				
Maurice Feilich	37,065,874	-	-	37,065,874
Total Executive Directors	37,065,874	-	-	37,065,874
Non-Executive Directors				
Benjamin Jarvis	18,682,502	-	-	18,682,502
Roger Jackson	1,600,000	-	-	1,600,000
Daniel Smith	-	-	-	-
Total Non-Executive Directors	20,282,502	-	-	20,282,502
Total	57,348,376	-	-	57,348,376

Directors' Report (continued)

Remuneration Report (Audited) (continued)

Voting and comments made at the company's 2021 Annual General Meeting (AGM)

At the 2021 AGM, held on 26 November 2021, 100% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Group did not receive any specific feedback at the AGM regarding its remuneration practices.

Additional information

The loss of the Group for the five years to 30 June 2022 are summarised below, along with other factors that are considered to affect total shareholder return (TSR):

	2022 $	2021 $	2020 $	2019 $	2018 $
Closing share price – 30 June	0.029	0.016	0.015	0.008	0.021
Loss for the year attributable to owners of QX Resources Ltd	(4,514,832)	(1,449,461)	(487,855)	(755,395)	(280,078)
Basic EPS (cents)	(0.62)	(0.28)	(0.13)	(0.20)	(0.15)

Other transactions and balances with key management personnel

Below are transactions and balances with director-related entities for the year ended 30 June 2022.

Related Party	Type of Service	2022 $
Expenses		
Minerva Corporate Pty Ltd [1]	Company secretarial services	**28,000**
Six Degrees Group Holdings Pty Ltd [2]	Public relation services	**26,000**
Every Day Hire Pty Ltd [3]	Geological consulting services	**74,400**
Total Expenses		**128,400**
Liabilities		
Maurice Feilich	Director fees included in trade payables	**13,330**
Minerva Corporate Pty Ltd [1]	Director fees and company secretary services included in trade payables	**12,000**
Six Degrees Group Holdings Pty Ltd [2]	Director fees and public relation services included in trade payables and accruals	**8,000**
Every Day Hire Pty Ltd [3]	Director fees and consulting services included in trade payables	**4,000**
Total Liabilities		**37,330**

[1] Daniel Smith is a Director and shareholder of Minerva Corporate Pty Ltd, a company which provides company secretary and non-executive director services to the Group.
[2] Benjamin Jarvis is a Director and shareholder of Six Degrees Holdings Pty Ltd, a company which provides public relation and non-executive director services to the Group.
[3] Roger Jackson is a Director and shareholder of Every Day Hire Pty Ltd, a company which provides geological consulting and non-executive director services to the Group. The consulting services expense identified above only relates to the period in which Mr Jackson was a director of the Group.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

Other transactions and balances with key management personnel (continued)

These transactions have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

[End of Remuneration Report]

This report is made in accordance with a resolution of directors pursuant to s298(2)(a) of the Corporations Act 2001.

Maurice Feilich
Executive Chairman

Perth, Western Australia, 21 September 2022

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of QX Resources Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

JAMES KOMNINOS
Partner

Perth, WA
Dated: 21 September 2022

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
QX RESOURCES LIMITED

Opinion

We have audited the financial report of QX Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RSM

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Investment in Associate using the Equity Method Refer to Note 18 in the financial statements	
The Group owns a 70% stake in Zamia Resources Pty Ltd (Zamia) with a carrying value of $904,989. The underlying assets held by Zamia, which support the value of the investment, are the exploration tenements, which, as at the date of this report, have not achieved commercialisation. Under AASB 6 *Exploration for and Evaluation and Mineral Resources*, the Group is required to test the exploration assets for impairment. This is considered a key audit matter due to the significance of the account balance and management judgment involved in assessing the carrying value of the investment.	Our audit procedures in relation to the carrying value of the investment included: • Assessing that the accounting treatment of the 70% stake in Zamia is appropriate as at 30 June 2022; • Obtaining evidence that the Zamia has valid rights to explore in the specific areas of interest; • Enquiring with management and reviewing the basis on which they have determined that the exploration and evaluation of mineral resources has not yet reached the stage where it can be concluded that no commercially viable quantities of mineral resources exist; • Enquiring with management and reviewing budgets and plans to determine that Zamia will incur substantive expenditure on further exploration for and evaluation of mineral resources in the specific areas of interest; • Assessing whether management has received sufficient data to conclude that the exploration and evaluation assets are unlikely to be recovered in full from successful development or by sale; and • Reviewing the disclosures in the financial report to ensure compliance with Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of QX Resources Limited, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 21 September 2022

JAMES KOMNINOS
Partner

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Revenue from continuing operations			
Other income	2	**39,060**	109,366
		39,060	109,366
Expenses			
Acquisition related costs		**-**	(207,188)
Finance costs		**(2,553)**	(1,920)
Employee and director benefits expense	3	**(169,360)**	(170,040)
Evaluation and Exploration costs written off	11	**(2,010,855)**	(122,138)
ASX and share registry fees		**(92,204)**	(49,205)
Consultants and travel		**(182,834)**	(5,000)
Impairment expense	9	**(755,951)**	-
Loss on debt/equity swap		**-**	(343,800)
Other expenses		**(272,025)**	(209,635)
Share-based payments expense	17	**(715,500)**	(199,500)
Share of losses of associates accounted for using the equity method	18	**(231,881)**	(250,401)
Fair value loss on investments	9	**(120,729)**	-
Loss before income tax expense		**(4,514,832)**	(1,449,461)
Income tax expense	4	**-**	-
Loss after income tax expense for the year		**(4,514,832)**	(1,449,461)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		**-**	-
Other comprehensive income for the year, net of income tax		**-**	-
Total comprehensive loss for the year		**(4,514,832)**	(1,449,461)
Loss attributable to:			
Owners of the Company		**(4,514,832)**	(1,449,461)
Non-controlling Interests		**-**	-
		(4,514,832)	(1,449,461)
Total comprehensive loss attributable to:			
Owners of the Company		**(4,514,832)**	(1,449,461)
Non-controlling Interests		**-**	-
		(4,514,832)	(1,449,461)
Basic and diluted loss per share (cents)	5	**(0.62)**	(0.28)

The above statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 30 June 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	**3,637,449**	1,741,725
Trade and other receivables	8	**16,235**	20,989
Investments	9	**334,764**	170,588
Total Current Assets		**3,988,448**	1,933,302
Non-Current Assets			
Investments	9	**-**	755,951
Investments accounted for using the equity method	18	**904,989**	833,140
Total Non-Current Assets		**904,989**	1,589,091
TOTAL ASSETS		**4,893,437**	3,522,393
LIABILITIES			
Current Liabilities			
Trade and other payables	12	**174,879**	184,778
Total Current Liabilities		**174,879**	184,778
TOTAL LIABILITIES		**174,879**	184,778
NET ASSETS		**4,718,558**	3,337,615
EQUITY			
Issued capital	13	**48,086,346**	42,866,071
Reserves	14	**999,125**	323,625
Accumulated losses	16	**(44,366,913)**	(39,852,081)
TOTAL EQUITY		**4,718,558**	3,337,615

The above statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the year ended 30 June 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Cash flows from operating activities			
Payments to suppliers and employees		**(690,834)**	(440,314)
Interest paid		**(2,181)**	(1,740)
Net cash flows used in operating activities	24	**(693,015)**	(442,054)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		**(432,079)**	(115,868)
Payments for acquisition of associates		**(349,589)**	(606,392)
Payments for investments	9	**(357,478)**	(104,200)
Proceeds from sale of investments	9	**111,610**	42,978
Net cash flows used in investing activities		**(1,027,536)**	(783,482)
Cash flows from financing activities			
Proceeds from issue of shares		**3,650,000**	2,277,005
Share issue costs		**(33,725)**	(177,639)
Net cash flows from financing activities		**3,616,275**	2,099,366
Net increase in cash and cash equivalents		**1,895,724**	873,830
Cash and cash equivalents at beginning of year		**1,741,725**	867,895
Effect of foreign currency translation		**-**	-
Cash and cash equivalents at end of year	7	**3,637,449**	1,741,725

The above statement of cash flows is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2022

	Issued Capital $	Accumulated Losses $	Reserves $	Total $
Balance at 1 July 2021	**42,866,071**	**(39,852,081)**	**323,625**	**3,337,615**
Loss for the year	**-**	**(4,514,832)**	**-**	**(4,514,832)**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive loss	**-**	**(4,514,832)**	**-**	**(4,514,832)**
Transactions with owner, directly recorded in equity:				
Issue of shares (Note 13)	**5,214,000**	**-**	**-**	**5,214,000**
Share-based payments (Note 17)	**-**	**-**	**715,500**	**715,500**
Share issue costs (Note 13)	**(33,725)**	**-**	**-**	**(33,725)**
Total transactions with owners	**5,180,275**	**-**	**715,500**	**5,895,775**
Options exercised (Note 14)	**40,000**	**-**	**(40,000)**	**-**
Balance at 30 June 2022	**48,086,346**	**(44,366,913)**	**999,125**	**4,718,558**
Balance at 1 July 2020	**38,943,152**	**(38,533,300)**	**666,743**	**1,076,595**
Loss for the year	**-**	**(1,449,461)**	**-**	**(1,449,461)**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive loss	**-**	**(1,449,461)**	**-**	**(1,449,461)**
Transactions with owner, directly recorded in equity:				
Issue of shares (Note 13)	**4,100,557**	**-**	**(483,833)**	**3,616,724**
Share-based payments (Note 17)	**-**	**-**	**271,395**	**271,395**
Share issue costs (Note 13)	**(177,638)**	**-**	**-**	**(177,638)**
Total transactions with owners	**3,922,919**	**-**	**(212,438)**	**3,710,481**
Transfer of reserve to accumulated losses (Note 14)	**-**	**130,680**	**(130,680)**	**-**
Balance at 30 June 2021	**42,866,071**	**(39,852,081)**	**323,625**	**3,337,615**

The statement of changes in equity is to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Summary of significant accounting policies

These consolidated financial statements and notes represent those of QX Resources Limited and controlled entities ("Group").

QX Resources Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

The financial report was authorised for issue on 21 September 2022 by the directors of the Company.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). QX Resources Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2022 and the results of all subsidiaries for the year then ended. Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (Continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of the Company.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

(c) Foreign Currencies

The functional and presentation currency of the Group is Australian dollars.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

(d) Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(e) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

(f) Employee Benefits

(i) *Short-term employee benefits*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) *Other long-term employee benefits*
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Share-based payments*
Equity-settled share-based compensation benefits are provided to employees of the Company at the directors discretion.

The fair value of options granted is recognised as an option benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. If options are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement option is substituted for the cancelled option, the cancelled and new option is treated as if they were a modification.

The fair value at grant date is independently determined using an appropriate valuation model that considers the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The fair value of the options granted is adjusted to reflect market vesting conditions but excludes the impact of any non-market vesting conditions.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(f) Employee Benefits (continued)

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the Company revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period considers the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

(iv) *Defined contribution superannuation expense*
Contributions to defined contribution superannuation plans are expensed in the period which they are incurred.

(g) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result, of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

(i) Revenue recognition

Interest
Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. All revenue is stated net of the amount of goods and services tax (GST).

Other revenue
Other income is recognised when it is received or when the right to receive payments is established.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidate statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(k) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(l) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognized in profit or loss.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(l) Investments and other financial assets (continued)

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs, and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(n) Impairment of Non-Financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(o) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Earnings per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in its normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in its normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

(r) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Investment in Associate through Equity Method

Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(t) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectation of future events, management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Exploration and evaluation expenditure
The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(e). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the capitalised amount will be written off to the statement of comprehensive income.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial, market value or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(u) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Notes to the Financial Statements

2. Other Income

	Consolidated 2022 $	Consolidated 2021 $
Other Income		
Fair value gain on investment	**-**	99,388
Gain on disposal of listed investments	**39,037**	9,978
Interest received	**23**	-
	39,060	109,366

3. Employee and Director Benefits Expense

Employee and director benefits expense for the year includes the following items:

	Consolidated 2022 $	Consolidated 2021 $
Short term benefits	**169,360**	170,040

4. Income Tax

	Consolidated 2022 $	Consolidated 2021 $
Loss before income tax	**(4,514,832)**	(1,449,461)
Tax benefit, prima facie, at the Australian tax rate of 25% (2021: 26%)	**(1,128,708)**	(376,860)
Add / (less):		
Non-assessable income	**-**	(25,841)
Non-deductible expenses	**817,495**	47,717
Effect of difference in tax rate for foreign subsidiary	**-**	-
	(311,213)	(354,984)
Deferred tax assets not brought to account	**311,213**	354,984
Income tax expense	**-**	-

At 30 June 2022, the Group has unused tax losses of $41,995,303 (2021: $40,750,209). The potential tax benefit at the Australian tax rate of 25% (2021: 26%) not recognised for unused tax losses is $10,498,826 (2021: $10,595,054). The unused tax losses are comprised of operating losses totalling $10,727,870 and capital losses totalling $31,267,433.

The benefit for tax losses will only be obtained if:

(i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) the Group continues to comply with the conditions for deductibility imposed by the relevant tax legislation; and

(iii) there are no changes in tax legislation which will adversely affect the Group in realising the benefit from the deductions for the losses.

Notes to the Financial Statements

5. Earnings per Share

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the loss and share data used in the basic earnings per share computations:

	Consolidated 2022 $	Consolidated 2021 $
Loss after income tax	**(4,514,832)**	(1,449,461)
	No.	**No.**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**730,023,965**	515,872,815
	Cents	**Cents**
Basic and diluted loss per share	**(0.62)**	(0.28)

6. Dividends Paid or Proposed

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

7. Cash and Cash Equivalents

	Consolidated 2022 $	Consolidated 2021 $
Current		
Cash at bank and in hand	**3,637,449**	1,741,725

8. Trade and Other Receivables

	Consolidated 2022 $	Consolidated 2021 $
Current		
Other receivables	**16,235**	20,989

Expected credit loss
The Group has not recognized any expected credit loss allowance as at 30 June 2022 (2021: nil).

Notes to the Financial Statements

9. Investments

	Consolidated 2022 $	Consolidated 2021 $
Current		
Shares in listed companies at fair value	**334,764**	170,588
Movement		
Balance at beginning of period	**170,588**	-
Additions	**357,478**	104,200
Disposals	**(111,610)**	(42,978)
Gain on disposals	**39,037**	9,978
Revaluation (decrements)/increments	**(120,729)**	99,388
Balance at end of period	**334,764**	170,588
Non- Current		
Investment – Next-Battery Ltd	**755,951**	755,951
Less: Impairment of investment	**(755,951)**	-
	-	**755,951**

During the year ended 30 June 2022, the Group made the decision to impair the investment in Next-Battery Ltd due to the uncertainty surrounding world events.

10. Fair Value Measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated – 30 June 2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Shares in listed companies at fair value through profit or loss	**334,764**	**-**	**-**	**334,764**
Total Assets	**334,764**	**-**	**-**	**334,764**

Consolidated – 30 June 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Shares in listed companies at fair value through profit or loss	170,588	-	-	170,588
Investment in Next-Battery Ltd at fair value through profit or loss	-	-	755,951	755,951
Total Assets	170,588	-	755,951	926,539

Notes to the Financial Statements

10. Fair Value Measurement (continued)

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-tern nature.

Valuation techniques for fair value measurements categorised within level 2 and level 3.
There has been no movement in level 2 and level 3 assets and liabilities during the year ended 30 June 2022.

11. Exploration and Evaluation Expenditure

	Consolidated 2022 $	Consolidated 2021 $
Non – Current		
Exploration and evaluation expenditure – at cost	-	-
Movement		
Balance at beginning of period	-	-
Exploration costs incurred	**2,010,855**	122,138
Exploration costs written off	**(2,010,855)**	(122,138)
Balance at end of period	**-**	-

The carrying value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

12. Trade and Other Payables

	Consolidated 2022 $	Consolidated 2021 $
Current		
Trade payables	**102,579**	88,243
Other payables	**72,300**	96,535
	174,879	184,778

Trade and other payables are non-interest bearing and are normally settled within 30-60 days.

Notes to the Financial Statements

13. Issued Capital

	Consolidated 2022 $	Consolidated 2021 $
(a) **Issued and paid-up capital**		
Ordinary shares - fully paid	**48,086,346**	42,886,071

Movement in ordinary shares on issue:

	Date	No. of Shares	Issue Price	$
1 July 2020		386,510,456		38,943,152
Placement shares	3 July 2020	56,000,000	$0.01200	672,000
Conversion of options	3 July 2020	91,917	$0.02000	1,838
Placement shares	23 October 2020	4,000,000	$0.01200	48,000
Settlement of outstanding creditors	23 October 2020	47,159,949	$0.01925[1]	909,719
Shares issued to Zamia Metals	23 October 2020	40,000,000	$0.01200	480,000
Placement shares	20 May 2021	69,999,999	$0.01500	1,050,000
Share purchase plan	10 June 2021	62,600,000	$0.01500	939,000
Share issue costs				(177,638)
30 June 2021		**666,362,321**		**42,866,071**
Shares issued pursuant to Option Agreement	22 October 2021	12,000,000	$0.01200	144,000
Shares issued for acquisition tenement	18 February 2022	9,000,000	$0.01800	162,000
Shares issued for acquisition tenement	18 February 2022	1,000,000	$0.01800	18,000
Conversion of options	18 February 2022	27,500,000	$0.02000	577,500
Shares issued for acquisition tenement	28 February 2022	40,000,000	$0.01500	600,000
Placement shares	10 March 2022	75,000,000	$0.03800	2,850,000
Share purchase plan	14 April 2022	16,000,000	$0.04000	640,000
Conversion of options	6 May 2022	12,500,000	$0.02000	262,500
Share issue costs				(33,725)
30 June 2022		**859,362,321**		**48,086,346**

[1] On 30 September 2020, shareholders approved the issue of 29,159,949 shares to Directors in lieu of cash settlement of previously accrued director and consulting fees of $349,919. The total fair value of the shares issued of $495,719 was determined by the share price on the grant date of $0.017. A loss of $145,800 has been recognised in the statement of profit or loss and other comprehensive income in connection with the debt for equity swap

On 23 October 2020, the Board granted the issue of 18,000,000 shares to consultants in lieu of cash settlement of previously accrued creditor balances of $216,000. The total fair value of the shares issued of $414,000 was determined by the share price on the grant date of $0.023. A loss of $198,000 has been recognised in the statement of profit or loss and other comprehensive income in connection with the debt for equity swap.

<u>Capital risk management</u>

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Notes to the Financial Statements

13. Issued Capital (continued)

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Management effectively manages the Group's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The capital of the Group for the years ended 30 June 2021 and 30 June 2020 are as follows:

	Note	Consolidated 2022 $	Consolidated 2021 $
Total borrowings (including payables)	12	174,879	184,778
Less cash and cash equivalents	7	(3,637,449)	(1,741,725)
Net debt		(3,462,570)	(1,556,947)
Total equity		4,718,558	3,357,615
Total capital		1,255,988	1,800,668

14. Reserves

	Consolidated 2022 $	Consolidated 2021 $
Reserves		
Option reserve	**935,000**	259,500
Shares to be issued reserve	**64,125**	64,125
	999,125	323,625

Movement during the year	**Option reserve**	**Shares to be issued reserve**
Balance at 1 July 2020	118,785	64,125
Options issued	271,395	-
Options expired	(130,680)	-
Balance at 30 June 2021	**259,500**	**64,125**
Options issued	**715,500**	**-**
Options exercised	**(40,000)**	**-**
Balance at 30 June 2022	**935,000**	**64,125**

Options reserve

The option reserve recognises options issued by the Company. The balance of the options reserve transferred to accumulated losses during the year ended 30 June 2022 were related to previously unexercised and expired options.

Notes to the Financial Statements

14. Reserves (continued)

Summary of share options:

	Expiry Date	Exercise Price	Balance at start of year	Granted during the year	Exercised during the year	Forfeited/ (expired) during the year	Balance at end of the year	Vested & exercisable at end of the year
			Number	Number	Number	Number	Number	Number
2022								
Unlisted option	5 Oct 22	$0.025	**17,500,000**	-	-	-	**17,500,000**	**17,500,000**
Unlisted option	5 Oct 23	$0.035	**17,500,000**	-	-	-	**17,500,000**	**17,500,000**
Unlisted option	30 Dec 22	$0.020	**60,000,000**	-	**(40,000,000)**	-	**20,000,000**	**20,000,000**
Unlisted option	11 Mar 24	$0.020	-	**15,000,000**	-	-	**15,000,000**	**15,000,000**
			95,000,000	**15,000,000**	**(40,000,000)**	-	**70,000,000**	**70,000,000**
2021								
Unlisted option	31 Oct 20	$0.020	7,000,000	-	-	(7,000,000)	-	-
Unlisted option	5 Oct 22	$0.025	-	17,500,000	-	-	17,500,000	17,500,000
Unlisted option	5 Oct 23	$0.035	-	17,500,000	-	-	17,500,000	17,500,000
Unlisted option	30 Dec 22	$0.020	-	60,000,000	-	-	60,000,000	60,000,000
			7,000,000	95,000,000	-	(7,000,000)	95,000,000	95,000,000

Further information regarding valuation of the above options is provided at note 17.

15. Financial Instruments

Financial Risk Management

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. The Group manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group does not speculate in the trading of derivative instruments. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

The Group's activities expose it to a variety of financial risks including market risk, foreign currency risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments.

Notes to the Financial Statements

15. Financial Instruments (continued)

Risk Exposures and Responses

Interest rate risk

The Group's exposure to risks of changes in market interest rates relates primarily to its cash balances. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the Group has no variable rate interest bearing borrowings, its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At reporting date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	Consolidated 2022 $	Consolidated 2021 $
Financial Assets		
Cash and cash equivalents	**3,637,449**	1,741,725
Net exposure	**3,637,449**	1,741,725

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity relating to financial assets of the Group would have been affected as follows:

Judgements of reasonably possible movements:	Consolidated 2022 $	Consolidated 2021 $
Post tax profit – higher / (lower)		
+ 0.5%	**18,167**	8,709
- 0.5%	**(18,167)**	(8,709)
Equity – higher / (lower)		
+ 0.5%	**18,167**	8,709
- 0.5%	**(18,167)**	(8,709)

Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

– monitoring undrawn credit facilities;
– obtaining funding from a variety of sources; and
– managing credit risk related to financial assets;

Notes to the Financial Statements

15. Financial Instruments (continued)

The following table details the expected maturity of the Group's financial assets and liabilities based on the earliest date of maturity or payment respectively. The amounts are stated on an undiscounted basis and include interest.

Consolidated 2022		**Fixed Interest rate maturing in**					
Financial Instrument	**Floating interest rate**	**1 year or less**	**Over 1 to 5 years**	**More than 5 years**	**Non-interest Bearing**	**Total**	**Weighted average effective interest rate**
	$	**$**	**$**	**$**	**$**	**$**	
Financial Assets							
Interest bearing							
Cash and cash equivalents	**3,637,449**	-	-	-	-	**3,637,449**	-
Non-interest bearing							
Receivables – other	-	-	-	-	**16,235**	**16,235**	-
Total financial assets	**3,637,449**	-	-	-	**16,235**	**3,653,684**	
Financial Liabilities							
Non-interest bearing							
Trade payables and accruals	-	-	-	-	**174,879**	**174,879**	-
Total financial liabilities	-	-	-	-	**174,879**	**174,879**	

Consolidated 2021		**Fixed Interest rate maturing in**					
Financial Instrument	**Floating interest rate**	**1 year or less**	**Over 1 to 5 years**	**More than 5 years**	**Non-interest Bearing**	**Total**	**Weighted average effective interest rate**
	$	**$**	**$**	**$**	**$**	**$**	
Financial Assets							
Interest bearing							
Cash and cash equivalents	1,741,725	-	-	-	-	1,741,725	-
Non-interest bearing							
Receivables – other	-	-	-	-	20,989	20,989	-
Total financial assets	1,741,725	-	-	-	20,989	1,762,714	
Financial Liabilities							
Non-interest bearing							
Trade payables and accruals	-	-	-	-	184,778	184,778	-
Total financial liabilities	-	-	-	-	184,778	184,778	

Notes to the Financial Statements

15. Financial Instruments (continued)

Price Risk

The Group was not exposed to commodity price risk during the years ended 30 June 2022 and 30 June 2021.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise deposits with banks and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to those assets.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Group's policy to secure its trade and other receivables. The Group is not exposed to a significant level of credit risk to any one customer as its trade debtors comprise several different customers.

Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

The Group's cash deposits are held with a major Australian banking institution. There are no significant concentrations of credit risk within the Group.

Foreign currency risks

The Group was not exposed to foreign currency risk during the years ended 30 June 2022 and 30 June 2021.

Fair Values

Fair value estimation

The carrying value of financial assets and liabilities as presented in the statement of financial position are the same as their fair value. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

16. Accumulated Losses

	Consolidated 2022 $	**Consolidated 2021 $**
Accumulated losses at the beginning of the financial year	**(39,852,081)**	(38,533,300)
Loss for the year	**(4,514,832)**	(1,449,461)
Transfer of reserve to accumulated losses	**-**	130,680
Accumulated losses at the end of the financial year	**(44,366,913)**	(39,852,081)

Notes to the Financial Statements

17. Share-Based Payments

During the year ended 30 June 2022, the Group had the following share-based payments:

For the options granted during the year ended 30 June 2022, the inputs used to determine the fair value at the grant date were as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	10-day VWAP share price barrier	Number of options	Value per option	Fair value at grant date
5/04/2022	11/03/2024	$0.0820	$0.062	100.00%	0.00%	0.16%	$0.082	15,000,000	$0.00484	$715,500
								15,000,000		$715,500

On 5 April 2022, the Board granted the issue of 15,000,000 unlisted options to a consultant, exercisable at $0.062 per option, exercisable within 2 years of issue. The options were issued on 5 April 2022. The transactional value of these options was $715,500 based on the Black Scholes valuation model. The options vested immediately and the entire expense has been recognised in the current period in the statement of profit or loss and other comprehensive income.

The Group had no other share-based payments during the year ended 30 June 2022.

	Consolidated 2022 $	**Consolidated 2021 $**
Recognised as public relations expense during the year	**-**	11,895
Recognised as share-based payments expense during the year	**715,500**	199,500
Total value of share-based payments expensed during the year	**715,500**	211,395
Fair value yet to vest	**-**	-
Total fair value of share-based payments granted during the year	**715,500**	211,395
Total value of share-based payments expensed during the year	**715,500**	211,395
Issue of 60,000,000 options at $0.001 per option	**-**	60,000
Exercise of options during the year	**(40,000)**	-
Transfer of reserve to accumulated losses on expiry of options	**-**	(130,680)
Total movement in the share-based payment reserve	**675,500**	140,715
Capitalised as acquisition costs during the year	**-**	480,000
Recognised as a reduction in trade and other payables during the year	**-**	565,919
Total movement in net assets as a result of share-based payments	**-**	1,045,919
Recognised as loss on debt/equity swap	**-**	343,800
Total fair value of shares issued as share-based payments during the year	**-**	1,389,719

Notes to the Financial Statements

18. Investments accounted for using the equity method

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

		Ownership Interest	
Name	**Principal Place of Business / Country of Incorporation**	**2022**	**2021**
Zamia Resources Pty Ltd	Australia	**70%**	70%

Summaried financial information		
	2022	2021
	$	$
Summaries statement of financial position		
Current assets	**1,474**	27,184
Non-current assets	**7,887**	500
Total assets	**9,361**	27,684
Current liabilities	**(935)**	-
Non-current liabilities	**(830,694)**	(518,793)
Total liabilities	**(831,629)**	(518,793)
Net assets	**(822,268)**	(491,109)
Summaries statement of profit or loss and other comprehensive income		
Revenue	**-**	-
Expenses	**(331,259)**	(499,986)
Loss before income tax	**(331,259)**	(499,986)
Income tax expense	**-**	-
Loss after income tax	**(331,259)**	(499,986)
Other comprehensive income	**-**	-
Total comprehensive loss	**(331,259)**	(499,986)
Reconciliation of the Group's carrying amount		
Opening carrying amount	**833,140**	-
Acquisition costs		980,100
Contributions to increase investment in Zamia Resources Pty Ltd	**303,730**	103,441
Share of loss after income tax	**(231,881)**	(250,401)
Closing carrying amount	**904,989**	833,140

As announced on 16 October 2020, the Group executed an earn-in agreement with Zamia Resources Pty Ltd ("Zamia Resources"), a wholly owned subsidiary of Zamia Metals Ltd ("Zamia"), to assume an initial 50% interest in Zamia Resources Pty Ltd through an upfront cash payment of $75,000 and the issue of 40,000,000 ordinary QXR shares to Zamia. Under the agreement the Group met an expenditure commitment of $425,000 on Zamia Resources projects within six months of the agreement to move to a 70% interest. The Group can now move to a 90% interest in Zamia Resources by contributing an additional $1m on exploration and project development by 31 March 2023.

At 30 June 2022, the 70% interest in Zamia Resources does not constitute control in accordance to *AASB 10 Consolidated Financial Statement*s due to the equal representation of the Directors from QX Resources and Zamia Resources. Therefore, QX Resources is not able to satisfy the 75% special majority votes required for decision making per the shareholders' agreement.

Notes to the Financial Statements

19. Commitments and Contingent Liabilities

(a) Commitments

	Consolidated 2022 $	Consolidated 2021 $
Exploration & evaluation expenditure commitments		
Committed at the reporting date but not recognised as liabilities		
Zamia Resources Pty Ltd expenditure commitment – within 1 year	**592,829**	954,922

As detailed in note 18, the Group can elect to contribute an additional expenditure commitment of $1million by 31 March 2023 to move to a 90% interest in Zamia Resources. As at 30 June 2022 the Group has provided $407,171 towards the above expenditure commitment.

Other than the above there has been no change in commitments since the last annual reporting date.

20. Related Party Disclosure

(a) Key management personnel

Disclosures related to key management personnel are set out in note 25 to the financial statements and the remuneration report included in the directors' report.

(b) Transactions and balances with related parties

Below are transactions and balances with director-related entities for the 2022 financial year:

Related Party	Type of Service	2022 $
Expenses		
Minerva Corporate Pty Ltd [1]	Company secretarial services	**28,000**
Six Degrees Group Holdings Pty Ltd [2]	Public relation services	**26,000**
Every Day Hire Pty Ltd [3]	Geological consulting services	**74,400**
Total Expenses		**128,400**
Liabilities		
Maurice Feilich	Director fees included in trade payables	**13,330**
Minerva Corporate Pty Ltd [1]	Director fees and company secretary services included in trade payables	**12,000**
Six Degrees Group Holdings Pty Ltd [2]	Director fees and public relation services included in trade payables and accruals	**8,000**
Every Day Hire Pty Ltd [3]	Director fees and consulting services included in trade payables	**4,000**
Total Liabilities		**37,330**

[1] Daniel Smith is a director and shareholder of Minerva Corporate Pty Ltd, a company which provides company secretary and non-executive director services to the Group.

[2] Benjamin Jarvis is a director and shareholder of Six Degrees Holdings Pty Ltd, a company which provides public relation and non-executive director services to the Group.

[3] Roger Jackson is a director and shareholder of Every Day Hire Pty Ltd, a company which provides geological consulting and non-executive director services to the Group. The consulting services expense identified above only relates to the period in which Mr Jackson was a director of the Group.

Notes to the Financial Statements

20. Related Party Disclosure (cont'd)

Below are transactions and balances with director-related entities for the 2021 financial year:

Related Party	Type of Service	2021 $
Expenses		
Minerva Corporate Pty Ltd [1]	Company secretarial services	**24,000**
Six Degrees Group Holdings Pty Ltd [2]	Public relation services	**24,000**
Every Day Hire Pty Ltd [3]	Geological consulting services	**58,600**
Sanlam Private Wealth Pty Ltd [4]	Capital raising fees	**104,000**
Maurice Feilich	Share based payments expense – director options	**114,000**
Benjamin Jarvis	Share based payments expense – director options	**57,000**
Daniel Smith	Share based payments expense – director options	**28,500**
Total Expenses		**410,100**
Liabilities		
Minerva Corporate Pty Ltd [1]	Director fees and company secretary services included in trade payables	**8,000**
Six Degrees Group Holdings Pty Ltd [2]	Director fees and public relation services included in trade payables and accruals	**4,000**
Every Day Hire Pty Ltd [3]	Director fees and consulting services included in trade payables	**22,400**
Total Liabilities		**34,400**

[1] Daniel Smith is a director and shareholder of Minerva Corporate Pty Ltd, a company which provides company secretary and non-executive director services to the Group.

[2] Benjamin Jarvis is a director and shareholder of Six Degrees Holdings Pty Ltd, a company which provides public relation and non-executive director services to the Group.

[3] Roger Jackson is a director and shareholder of Every Day Hire Pty Ltd, a company which provides geological consulting and non-executive director services to the Group. The consulting services expense identified above only relates to the period in which Mr Jackson was a director of the Group.

[4] Maurice Feilich is a director and shareholder of Sanlam Private Wealth Pty Ltd, a company which provides capital raising services to the Group.

These transactions have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Notes to the Financial Statements

21. Events after the Reporting Date

On 7 July 2022, the Company advised that E45/6065, which forms part of the Turner River Lithium project, had been granted for an initial 5-year term.

On 28 July 2022, the Company announced the closure of the Small Scale Share Sale Facility (**Facility**). The final number of shares eligible to be sold under the Facility was 1,575,918 ordinary shares from 391 shareholders which represents approximately 17% of the total number of shareholders holding shares in the Company.

On 31 August 2022, the Company provided an update on the phase two trenching program at the Big Red and Red Dog prospects (EPM17703). The program added ten additional trenches (for combined length of 860m) to the two previous programs.

On 15 September 2022, the Company announced that a detailed sampling program had been undertaken at the Company's lithium projects in Western Australia.

Other than reported above, the Group has no further events after the reporting date to report.

22. Auditors' Remuneration

	Consolidated 2022 $	Consolidated 2021 $
Audit and review of financial reports:		
- RSM Australia Partners	**33,000**	32,500

23. Operating Segment

The Group identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing the performance and determining the allocation of resources. The information presented in the financial report is the same information that is viewed by the Directors.

The Group is currently operating in one business segment being the mining sector and one geographic segment being Australia.

Notes to the Financial Statements

24. Cash Flow Information

Reconciliation of Cash Flow from Operations

	Consolidated 2022 $	Consolidated 2021 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax for the year	**(4,514,832)**	(1,449,461)
Depreciation and amortisation	**-**	-
Share of loss of associates	**231,881**	250,401
Revaluation loss/(gain)	**120,729**	(99,388)
Loss on debt for equity swap	**-**	338,300
Foreign exchange loss	**-**	-
Exploration costs written off	**1,996,079**	115,868
Acquisition related costs paid in cash	**-**	52,188
Acquisition related costs paid in shares	**-**	155,000
Director fees paid in shares	**-**	294,750
Accounting fees paid in shares	**-**	60,000
Public relations fees share-based payments	**-**	83,564
Consultants share-based payments	**715,500**	
Directors share-based payments	**-**	199,500
Gain on disposal of investments	**(39,037)**	(9,978)
Impairment of investments	**755,951**	-
Movements in assets and liabilities:		
- Trade and other receivables	**7,139**	(14,582)
- Trade and other payables	**33,575**	(418,216)
- Provisions	**-**	-
Net cash used in operating activities	**(693,015)**	(442,054)

Non-Cash Investing Activities

Year ended 30 June 2022

On 22 October 2021, the Company issues 12,000,000 ordinary shares at a deemed issue price of $0.012 per share to the vendors (or their nominees) of Turner River.

On 16 February 2022, the Company issued 10,000,000 ordinary shares at a deemed issue price of $0.018 per share to the vendors (or their nominees) of the Split Rock lithium project and E45/6107.

Following shareholder approval receive 25 February 2022, on 28 February the Company issued 40,000,000 shares at a deemed issue price of $0.15 per share to the vendors (or their nominees) of the Western Shaw Lithium project.

On 14 April 2022, the Company issued 16,000,000 shares at a deemed issue price of $0.040 per share to the vendors (or their nominees) of the Yule River lithium project.

Notes to the Financial Statements

24. Cash Flow Information (cont'd)

Year ended 30 June 2021
On 30 September 2020, shareholders approved the issue of 40,000,000 shares to Zamia Metals Ltd at an issue price of $0.012 per share and a total transactional value of $480,000 part consideration to acquire an initial interest of 50% of the issued capital of Zamia Resources Pty Ltd as per Note 18 to the financial statements.

Non-Cash Financing Activities

Year ended 30 June 2022
There were no non-cash financing activities during the year ended 30 June 2022.

Year ended 30 June 2021
On 30 September 2020, 29,159,949 shares were issued to directors in lieu of cash settlement of previously accrued director and consulting fees of $349,919 as per note 17 to the financial statements.

On 23 October 2020, 18,000,000 shares where issued to consultants in lieu of cash settlement of previously accrued creditor balances of $216,000 as per note 17 to the financial statements.

25. Directors and Key Management Disclosures

Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2022 $	Consolidated 2021 $
Short-term benefits	**197,360**	170,040

Directors' Declaration

The directors of the Company declare that:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the directors

Maurice Feilich
Executive Chairman

Perth, Western Australia, 21 September 2022

ASX Additional Information

The following additional information is required by the Australian Securities Exchange. The information is current as at 6 September 2022.

1. Shareholdings

The issued capital of the Company as at 6 September 2022 is 442,602,373 ordinary fully paid shares. All issued ordinary fully paid shares carry one vote per share.

(a) Distribution schedule and number of holders of equity securities as at 6 September 2022

	1 – 1,000	**1,001 – 5,000**	**5,001 – 10,000**	**10,001 – 50,000**	**50,001 – 100,000**	**100,001 – and over**	**Total**
Fully Paid Ordinary Shares	20	10	30	754	406	709	1,929

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 6 September 2022 is 25.

(b) 20 largest holders of quoted equity securities as at 6 September 2022

The names of the twenty largest holders of fully paid ordinary shares (ASX code: QXR) as at 6 September 2022 are:

Rank	**Name**	**Shares**	**% of Total Shares**
1	SUZHOU TA & A ULTRA CLEAN TECHNOLOGY CO LTD	75,000,000	8.73
2	ZAMIA METALS LIMITED	41,000,000	4.77
3	CITICORP NOMINEES PTY LIMITED	32,293,054	3.76
4	FILMRIM PTY LTD	25,265,874	2.94
5	MR LUMING LIN	18,303,290	2.13
6	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	18,133,503	2.11
7	MR VICTOR LORUSSO	18,000,000	2.09
8	MR DAVID SCANLEN	17,666,667	2.06
9	MR JIUMIN YAN	15,056,648	1.75
10	MS JUSTINE DAVINA MICHEL <LAMBRECHT INVESTMENT A/C>	13,500,000	1.57
11	NAZDALL PTY LTD	13,000,000	1.51
12	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	12,056,083	1.40
13	HOT CHILLI INVESTMENTS PTY LTD <HOT CHILLI INVEST S/F A/C>	12,000,000	1.40
14	M & E EARTHMOVING PTY LTD	11,545,293	1.34
15	MR SHANFU HUANG	11,000,000	1.28
16	GREYWOOD HOLDINGS PTY LTD	10,000,000	1.16
17	NORTH WEST IRON PTY LTD	10,000,000	1.16
18	MR MICHAEL SHIRLEY	7,775,000	0.90
19	MR RONALD BOWEN + MRS KAREN BOWEN <BOWEN SUPER FUND A/C>	7,500,000	0.87
20	MADISONS PTY LTD <BROWN RETIREMENT FUND A/C>	7,200,000	0.84
	TOTAL	**376,295,412**	**43.79**

Stock Exchange Listing – Listing has been granted for 859,362,321 fully paid ordinary shares of the Company on issue on the Australian Securities Exchange under (ASX:QXR).

(c) Unlisted option holdings as at 6 September 2022

- 17,500,000 unlisted options exercisable at $0.025 each on or before 5 October 2022
- 20,000,000 unlisted options exercisable at $0.02 each on or before 30 December 2022
- 17,500,000 unlisted options exercisable at $0.035 each on or before 5 October 2023
- 15,000,000 unlisted options exercisable at $0.062 each on or before 11 March 2024

(d) Substantial shareholders

Substantial shareholders in QX Resources Ltd and the number of equity securities over which the substantial shareholder has a relevant interest as disclosed in substantial holding notices provided to the Company are listed below:

SUZHOU TA & A ULTRA CLEAN TECHNOLOGY CO LTD: 41,000,000 Shares (8.73%).

(e) Restricted Securities as at 6 September 2022

Nil

(f) Voting Rights

All fully paid ordinary shares carry one vote per ordinary share without restriction.

(g) On-Market Buy-Back

The Company is not currently undertaking an on-market buy-back.

(h) Corporate Governance

The Board of QX Resources Ltd is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board is responsible to its Shareholders for the performance of the Company and seeks to communicate extensively with Shareholders. The Board believes that sound Corporate Governance practices will assist in the creation of Shareholder wealth and provide accountability. In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website, rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance practices is set out on the Company's website at http://www.qxresources.com.au/corporate/corporate-governance/ .

(i) Application of Funds

During the financial year, QX Resources Ltd confirms that it has used its cash and assets (in a form readily convertible to cash) in a manner which is consistent with the Company's business objectives.

Competent Persons Statement

The information in this report that relates to Exploration Results and Exploration Targets 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 (FAusIMM) 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.

Mining Claim Schedule

Mining Tenement (Claim)	Reference	Interest Held
Disney	EPM17703	70%, Option to earn 90%
Mazeppa	EPM14790	70%, Option to earn 90%
Amaroo South	EPM19369	70%, Option to earn 90%
Mazeppa Extended	EPM15145	70%, Option to earn 90%
Llanarth	EPM 27791	100%
Miclere Creek	EPM 27921	100%
Mistake Creek	EPM 27931	100%
Turner River	E45/6042	100%
Turner River	E45/6065	100%
Yule River	E45/6159	100%
Split Rock	E45/1367	100%
Western Shaw	E45/4960	100%
Western Shaw	E45/6107	100%
Raz Diamond	E80/5417	50%[2]
Pilbara Gold	E47/4462	50%[2]
Pilbara Gold	E47/4463	50%[2]
Namekara Mining Company Limited, Uganda		
MINING LICENSE 4651	ML 4651	Nil[1]

1. The Company retains a 75% farm-in right in the Busumbu Phosphate Project (refer announcement 15 June 2018), which sits within ML 4651 and EL 1534. As announced on 15 June 2018, QX Resources and Namekara Mining Company reached an agreement with African Minerals Ventures Ltd to earn 51% of the Busumbu Phosphate.
2. The Company is the 100% registered owner of the licenses, with 50% held on trust for Pilbara Base Metals Pty Ltd