

QX Resources Limited

AND CONTROLLED ENTITIES

ABN 55 147 106 974

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2023**

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Chairman's Letter

Dear Fellow Shareholders

It's my pleasure to present the 2023 Annual Report QX Resources Limited.

For the QXR board, the core strategy in FY23 was to focus on a portfolio of battery minerals projects, building on 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. To help drive this vision, the Company appointed Managing Director, Steve Promnitz, in late September 2022.

QXR now has early stage battery minerals portfolio in tier 1 mining jurisdictions. This includes hard rock lithium assets in the Pilbara, a prime location globally, together with finalising a new large scale lithium brine project in the USA, a sought after address given the support for the battery minerals supply chain. Copper-gold-moly assets continue to be developed in central Queensland and a strategic investment in nickel sulphides in Sweden, through public unlisted company Bayrock Resources Limited, will add value and increase opportunities to be involved with end users in the battery supply chain.

Steve was previously Managing Director of Lake Resources NL, a lithium brine developer. Steve was instrumental in successfully securing the lithium assets for Lake Resources in 2016, and developed the previously untested Kachi lithium brine project in Argentina with new technologies to a stage where most project financing is indicatively in place for its development. In the process, he took a \$1 million market value private company, using new exploration models and ESG friendly extraction techniques, to form an ASX 200 Company with a strong balance sheet and a market capitalisation of ~\$A2.1 billion at the time of his departure.

Over the past year, the Company has undertaken multiple exploration programs at its highly prospective Pilbara hard rock lithium project portfolio, which has so far confirmed the presence of high-grade lithium in rock-chip sampling (up to 4.9% Li₂O). The Company's maiden drill program at the Turner River lithium project, while not replicating the rock chip results, has confirmed a large lithium mineralisation halo. Best drill results to date include 1m @ 0.38 % Li₂O (from 4m depth in hole 22QXRC007) within 3m @ 0.26% Li₂O.

The Company has recently undertaken a follow-up sampling program across four (4) of its Pilbara lithium projects, identifying new pegmatites in outcrop, with lab assay results for ~100 rock chip samples currently pending.

In addition to the Company's West Australian and Queensland project portfolio, the Company has also taken a strategic shareholding of 39% in Bayrock Resources. Bayrock is an exploration company which holds full ownership rights over a portfolio of highly prospective battery minerals assets in Sweden, primarily in Nickel, Cobalt and Copper. The Company's flagship is the Lainejaur project, an advanced-stage nickel-dominated battery metals asset, where recent drilling has returned 4.7m at 2.0% Ni, 1.6% Cu and 0.1% Co from 283m. The Lainejaur project has an existing JORC 2012 Inferred Mineral Resource Estimate of 460,000t @ 2.2% Ni, 0.15% Co, 0.70% Cu, 0.68g/t Pd, 0.20g/t Pt and 0.65g/t Au. Recent nickel-copper results at nearby Vuostok show the potential for a district scale development of Nickel-Copper+/-Cobalt projects.

QXR is finalising discussions over a new large scale, recently-consolidated lithium brine project, the Liberty Lithium Brine Project, in California, USA. A large deep closed basin in an arid area, with a surface lithium anomaly over 10km long and well located near infrastructure and end users, makes this project exciting. An expanded, large lease holding position over 10,230 Ha (25,280 acres), makes it one of the largest single lithium brine projects in the USA.

Chairman's Letter (continued)

Detailed due diligence, together with legal advice, have reaffirmed the local county and regulatory interest in developing Liberty Lithium towards production because of the support for battery minerals production in this part of California. Evaporative salt operations nearby have been operating for decades.

QXR will continue to strengthen the opportunity presented in the portfolio of battery minerals projects while balancing this with a methodical strategy, utilising an approach that conserves capital for the right uses and maintains a low cost-base.

I would like to thank our consultants, advisers, fellow directors, and shareholders and look forward to providing plenty more exciting updates in the year ahead.

Yours Sincerely



Maurice Feilich
Executive Chairman

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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 Stephen Promnitz (Managing Director) – Appointed 28 September 2022

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 17, 221 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

Atkinson Corporate Lawyers
Level 8
99 St Georges Terrace
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 2023.

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 Stephen Promnitz (Managing Director) – Appointed 28 September 2022

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

QX Resources is focused on exploration and development of battery minerals, with hard rock lithium assets in a prime location of Western Australia and gold-molybdenum assets in Queensland. The aim is to connect end users (battery, cathode and car makers) with QXR, an experienced explorer/developer of battery minerals, with an expanding mineral exploration project portfolio and solid financial support.

Overview

Projects

Western Australian Projects

QXR's lithium strategy is centred around WA's prolific Pilbara province, where it has acquired a controlling interest in four projects through targeted M&A – all of which sit in strategic proximity to some of Australia's largest lithium deposits and mines. Across the Pilbara, QXR's regional lithium tenement package (both granted or under application) now spans more than 350 km².

QXR owns 100% of four large project areas in the Pilbara - Split Rock (E46/1367), Western Shaw (E45/6107, E45/4960), Turner River and Yule River leases (E45/6159) – with exploration progressively covering all four project areas. The Pilbara has now been reaffirmed as the prime location for hard rock lithium discoveries globally based on recent success in neighbouring areas. The key target is the contact zone between greenstones and granitoids known to be permissive for lithium mineralisation of the Split Rock Supersuite with which the Wodgina, Pilgangoora and Global Lithium deposits are associated.

Turner River lithium project (E45/6042 & E45/6065)

Rock Chip Sampling

Rock chip sampling at the Turner River Lithium project had returned grades of up to 4.90% Li₂O in samples of lepidolite, (**Figure 1**). Assay results from additional rock chip sampling returned 1.6% & 1.1% Li₂O extending the area under cover of the previously reported lepidolite at the Carbonate Hill prospect at Turner River in the north-eastern part of tenement E45/6042 (refer ASX announcement 30 Jun 2022, 8 Nov 2022).

Previous shallow trenching appears to have been seeking tin occurrences on a low hill, which may represent a carbonate rich intrusion into the exposed granite terrain. Coincident elevated tin and rare earth results (strong Li-Cs-Rb-Sn response) are from interpreted pegmatites. Initial drilling targeted the centre of this area.

Pegmatites have been observed in other areas at Turner River which will be drilled in future drilling campaigns.

Directors' Report (continued)

Maiden RC Drill Program

A maiden RC drilling programme commenced in December 2022 at QXR's 100%-owned Turner River hard rock lithium project, located 15 km to south-east of Mineral Resources' Wodgina lithium mine located within the Pilbara lithium province (refer ASX announcement 12 Dec 2022).

In the first phase of the program, twelve (12) holes were completed (1,166m) over an area of 400m x 300m in four drill "fences". Pegmatites and potential lithium rich micas have been intersected, based on visual observations (refer ASX announcement 15 Dec 2022). Post the half year, the continuation of the RC drill program for a further 10 holes recommenced in mid-February 2023 at Turner River, targeting nearby extensions of potential mineralisation.

Drilling targeted the potential for either lithium mica and spodumene bearing pegmatites, or a new style of large tonnage hard rock lithium deposit hosted near the top of a large granite body rich in lithium micas (lepidolite) (**Figure 2**). Both target styles of lithium mineralisation are interpreted to extend under thin regolith cover at the Carbonate Hill prospect within the Turner River Project exploration licences (E45/6042, E45/6065). Similar types of lithium deposits have been located in WA and other countries, but are yet to be defined as major lithium projects in Australia.

A lithium mineralisation halo was confirmed in drill results reported during the quarter from the Turner River hard rock lithium project (see **Figure 3**). However, the best lithium drill results were:

- 1m @ 0.38 % Li₂O (from 4m depth in hole 22QXRC007) within 3m @ 0.26% Li₂O; and
- 4m @ 1,693 ppm Total Rare Earth Oxide (TREO) (from 18m in hole 22QXRC007) including 1m @ 369ppm Nd203.

This was within an elevated zone of lithium results intersected from surface to 22m depth from lithium micas. The lithium mineralisation intersected was composed of a mix of spodumene and lepidolite (lithium mica). Further exploration work is required to locate better lithium grades in the drilling which mirror the surface rock chip results.

In July/August 2023, the Company commenced a month-long program of surface rockchip sampling and further geological mapping across all four project areas. This includes interpreted outcropping pegmatites at Western Shaw and Split Rock, which include the key target of the contact zone between greenstones and granitoids known to be permissive for lithium mineralisation of the Split Rock Supersuite with which the Wodgina, Pilgangoora and Global Lithium deposits are associated.



Figure 1: Location map of QXR's Turner River project mineral exploration licences relative to large Pilbara lithium mines, and photo of weathered lepidolite in rock samples from the drilling area shown in Figure 1.

Directors' Report (continued)

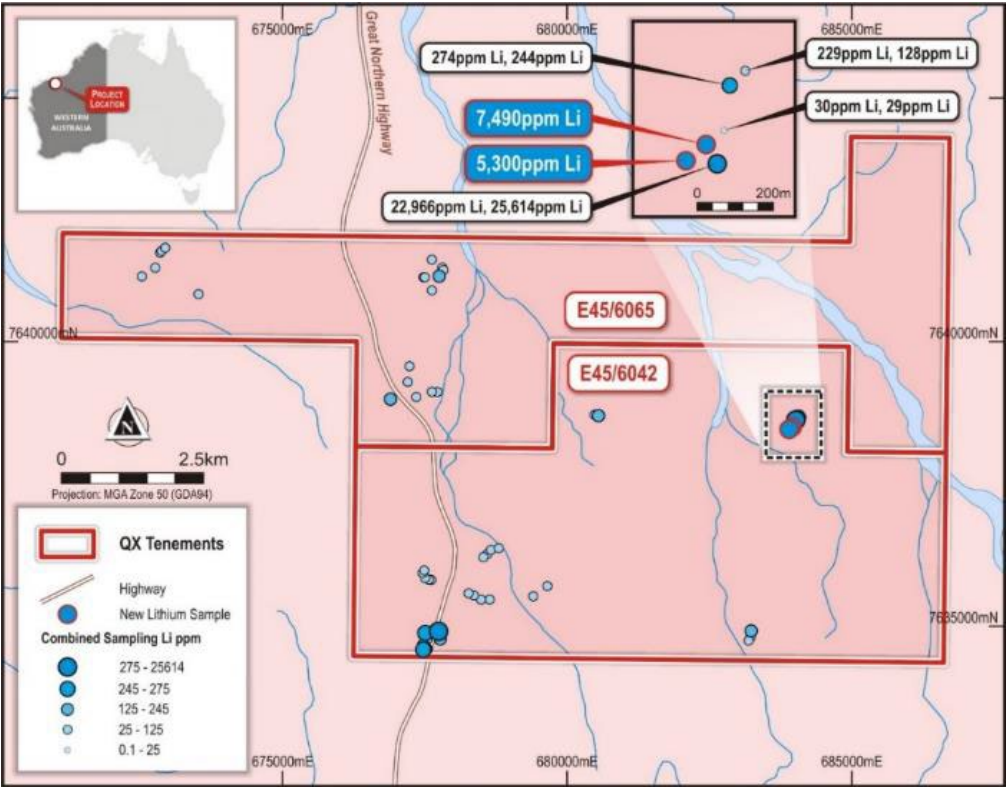


Figure 2: Location map of QXR's Turner River lithium project tenements, with lithium results in rock chip samples and RC drilling areas (black circles).

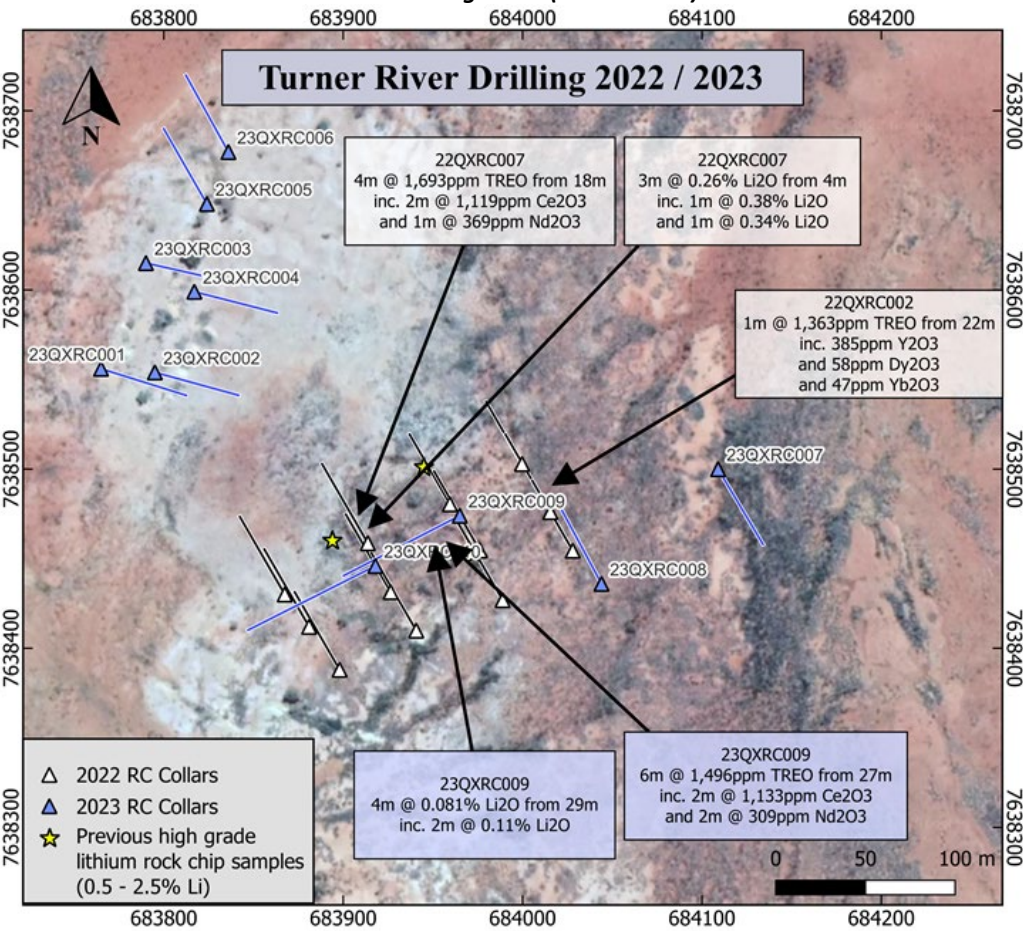


Figure 3: RC Drilling map 2022-2023 at QXR's Turner River project - Carbonate Hill Prospect.

Directors' Report (continued)

Western Shaw Lithium project

The Western Shaw project comprises a well-developed greenstone belt, with a chert horizon within a mafic/ultramafic sequence together with some felsic units. The belt is bounded on the east by multiple phases of granite. Follow-up sampling at Western Shaw focused on sampling across the Kavar Granodiorite, as well as the iron ore ridges in the east of the project. 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).

Multiple pegmatites have been identified and sampled in the west and south of QXR's Western Shaw leases. Pegmatites appeared larger and more abundant in the southern section. Numerous pegmatites returned encouraging lithium results from mobile XRF analysis. Eighteen samples returned between 300-600ppm lithium in pegmatites at Western Shaw.

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.

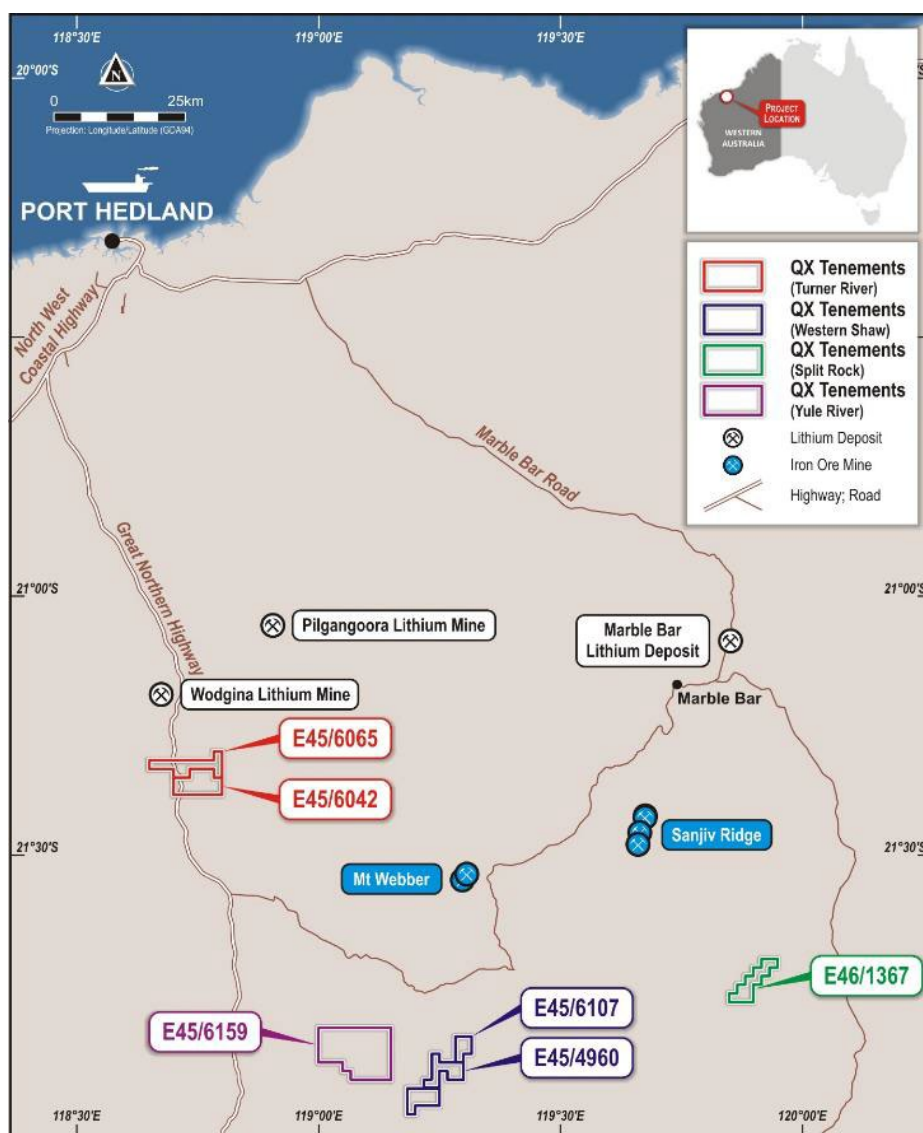


Figure 4: QX Resources hard rock lithium project locations and regional setting in the Pilbara region, WA

Directors' Report (continued)

Split Rock (E46/1367)

The Split Rock Lithium project covers an area of 35km² and is approximately 200km southeast of Port Hedland and 180km north of Newman (**Figure 4**). 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 5**) 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.

Outcropping pegmatites were identified together with surface rockchip sampling and mapping. The key target is the contact zone between greenstones and granitoids known to be permissive for lithium mineralisation of the Split Rock Supersuite.

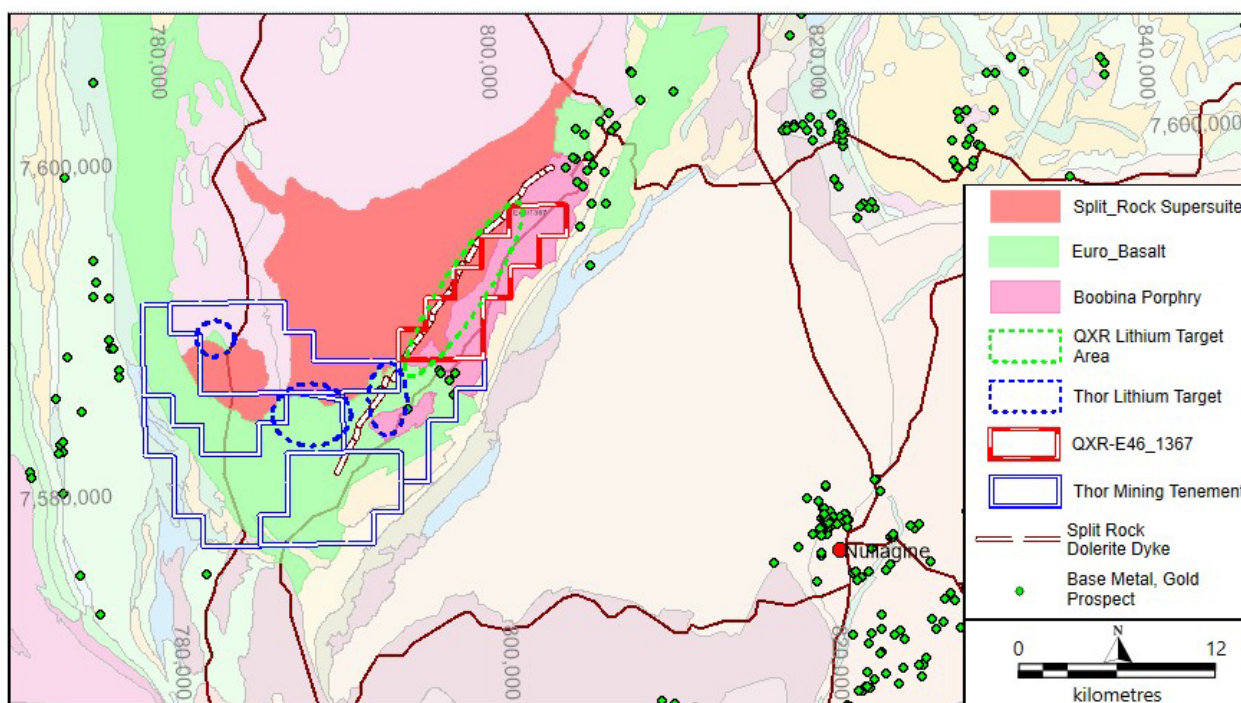


Figure 5: Split Rock tenement location and geology

Pilbara gold projects

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. QXR holds 50% of the ELs with the balance held by the introducer of the licenses, Pilbara Base Metals Pty Ltd.

Directors' Report (continued)

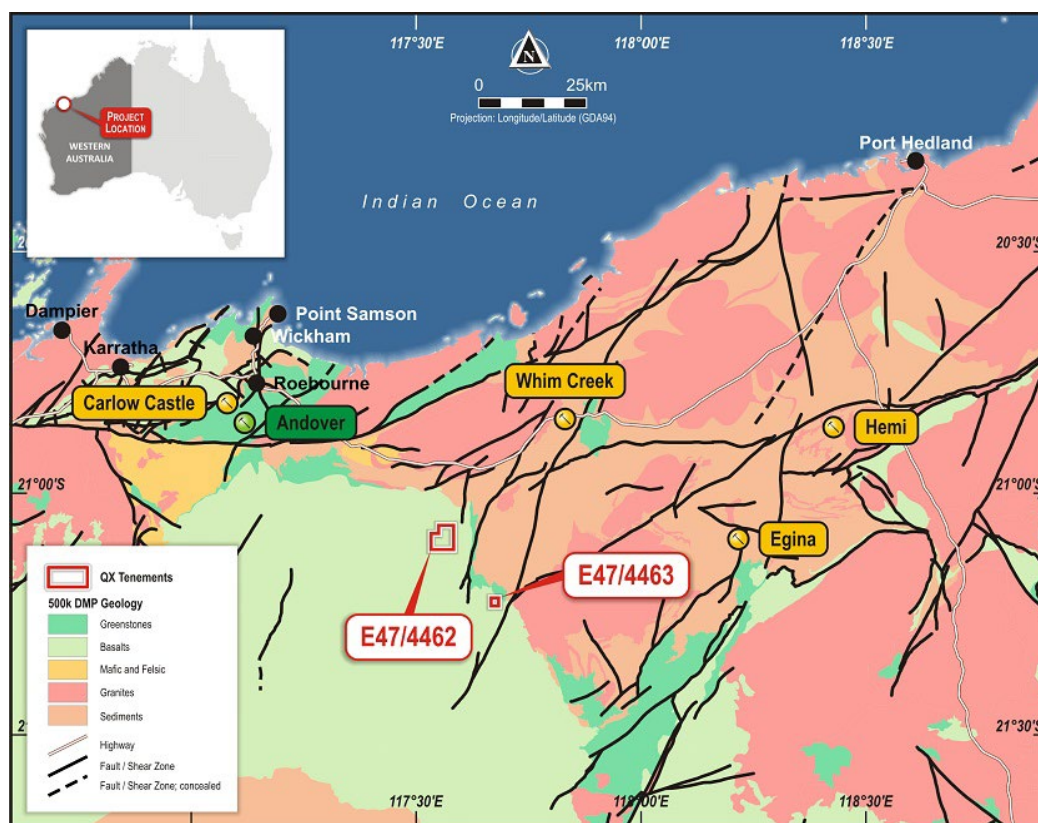


Figure 6: Tenement location and regional setting

Gold portfolio: QXR is developing two Central Queensland gold projects through an earn-in agreement with Zamia Resources Pty Ltd. Both gold projects are strategically located within the Drummond Basin, a region that has a >6.5moz gold endowment.

Queensland Copper-Gold-Moly Projects (70%)

The Company is party to a farm-in joint venture with Zamia Resources Pty Ltd 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 7**).

Directors' Report (continued)

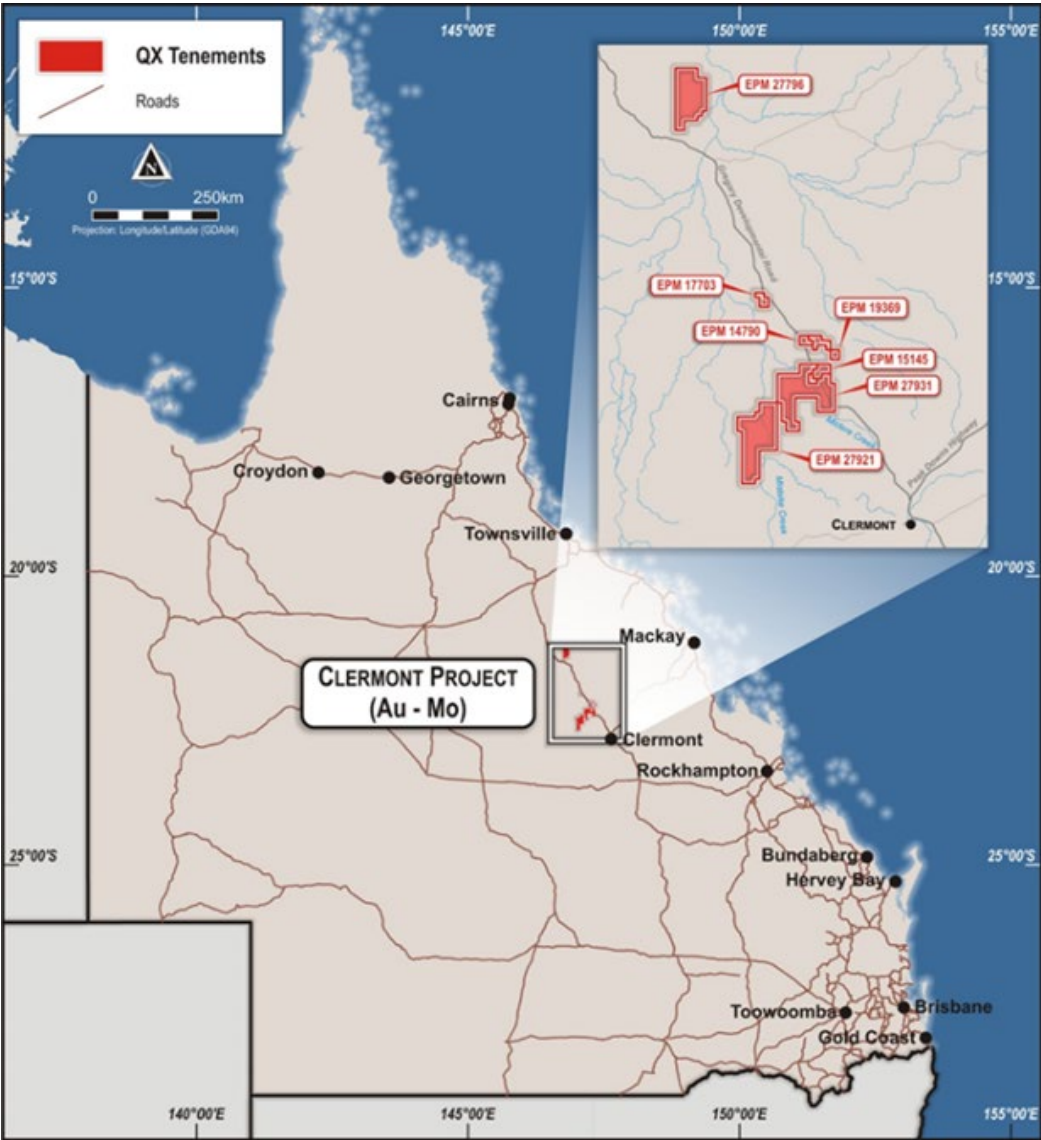


Figure 7: QX Project location map, Drummond Basin QLD

Directors' Report (continued)

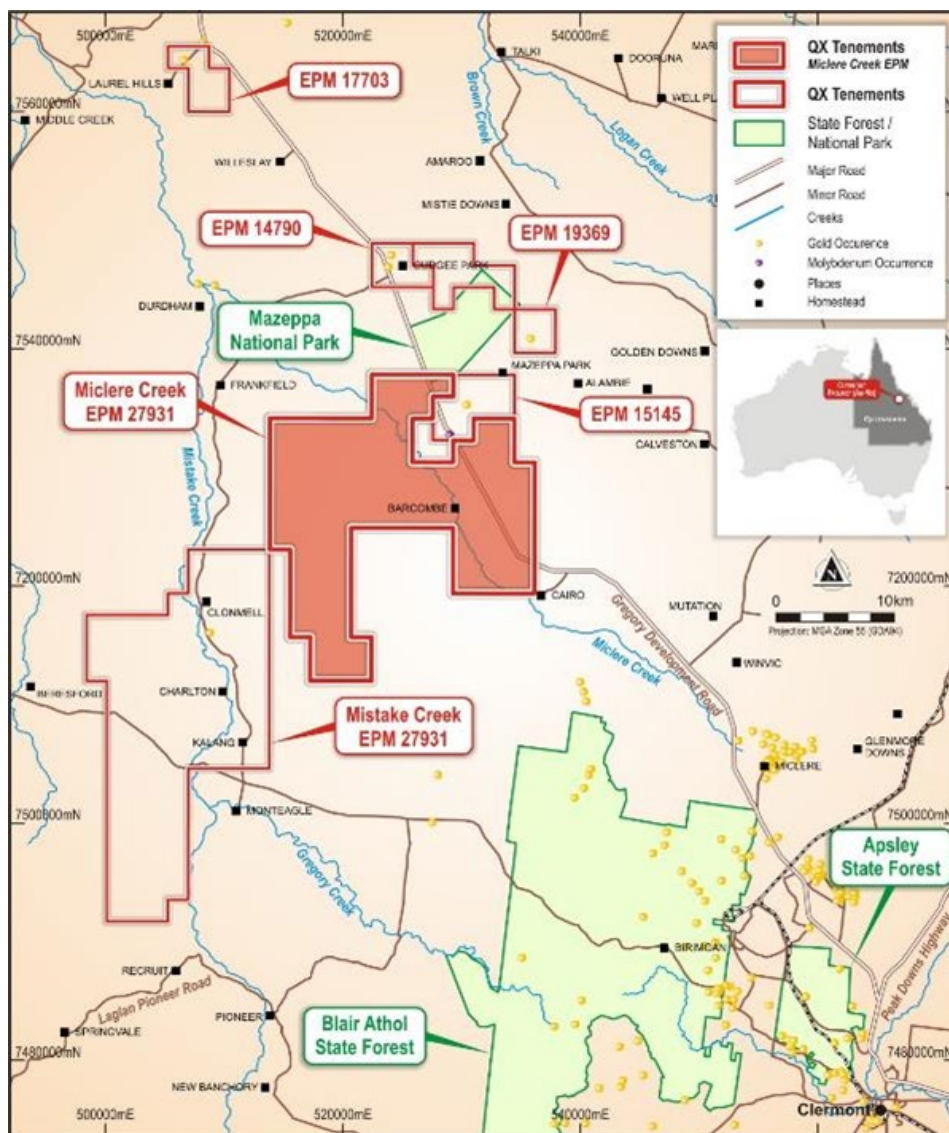


Figure 8: QX Project – detailed location map, Drummond Basin QLD

Llanarth Tenement, Drummond Basin (100% owned)

On 21 December 2021, the Queensland Department of Resources granted the Company an Exploration Licence over the 232km² Llanarth tenement which is prospective for gold and silver mineralisation. QXR first applied for an Exploration Permit for Minerals (EPM) in January 2021 to expand its footprint in the Basin where it now holds 347km² of ELs and EPMs.

Anthony Molybdenum project

The 'Anthony' Molybdenum (Mo) project, in Central Queensland, is an advanced-stage pure Mo deposit, adjacent to major sealed roads and near rail and energy support.

QX Resources intends to commence a Mining Lease application over the advanced-stage 'Anthony' Molybdenum deposit which has been previously upgraded to a JORC-2012 compliant Indicated and Inferred Mineral Resource estimate of 24,700 tonnes (53.7 million pounds) of contained molybdenum in sulphide, transition (partial oxide) and oxide zones from surface. The application will include an appraisal of several open pit mining and processing scenarios.

The Anthony Molybdenum deposit is located approximately 70km northwest of Clermont and 810km northwest of Brisbane, next to the Gregory Development Road. The deposit is covered by EPMs (Exploration Permit for Minerals) 15145 and 14790, held 100% by Zamia Resources Pty Ltd, where QXR currently owns a 70% interest.

Directors' Report (continued)

In 2021, the Mineral Resource Estimate (MRE) at Anthony was upgraded to JORC Code 2012, with an emphasis on recoverable resources from the near-surface oxidised part of the deposit (refer ASX Announcement 18 October 2021).

- Indicated and Inferred Resources for the Oxide domain (using a 400ppm Mo cut-off) total 17.5Mt @ 520ppm Mo (contained Mo 9,100 tonnes / 20.1 million lbs)
- Indicated and Inferred Resources for the Sulphide domain (using a 600ppm Mo cut-off) total 17.4Mt @ 780ppm Mo (contained Mo 13,600 tonnes / 29.9 million lbs)
- Indicated and Inferred Resources for the Transition (partially oxidized) domain (using a 600ppm Mo cut-off) total 2.1Mt @ 790ppm Mo (contained Mo 1,700 tonnes / 3.7 million lbs).
- Total Indicated and Inferred Resource of 24,700 tonnes (53.7 million lbs) of contained molybdenum in sulphide, transition (partial oxide) and oxide zones from surface.

The Mineral Resources for the Oxide domain are considered to have reasonable prospects for eventual economic extraction given the access to critical infrastructure, the tonnage and grade of the mineralization and results of preliminary mining assessments and metallurgical test work.

Potential exists for high grade starter pits for the project. Infill drilling in the two higher grade zones has the potential to expand and define higher grade zones where development could commence for an earlier economic return.

Queensland Copper-Gold-Moly Projects (100% owned)

Exploration upside exists in another look-alike deposit, the Creek prospect, 30km to the south west in EPM 27931. Magnetics show a ring-like intrusion typical of porphyry systems like Anthony, with moly-copper-gold potential. Surface sampling has previously identified elevated Cu-Mo-Au values but significant drilling potential exists to define a new satellite deposit for an operation. Past shallow drilling targeted the magnetic 'high' instead of the adjacent magnetic 'low', which is the pattern identified at the Anthony deposit.

Bayrock Resources Limited Investment

On 16 March 2023, the Company announced that it had entered into a framework agreement with Bayrock Resources Limited (**Bayrock**) to assist Bayrock with financing and development of its Projects, being the Lainejaur and Northern Nickel Line projects in northern Sweden (**Figure 9**) (ASX announcement 16 & 22 March 2023). The company is led by an experienced management team with a strong track record of exploration success as well as particular expertise the development of sulphide nickel-cobalt deposits.

The Lainejaur project (Ni-Cu-Co) is a 41km² license over a historical underground nickel mine which produced ~100kt at 2.2% Ni in the rich Skellefteå Mineral Belt. In 2018, Carnaby Resources Limited (ASX: CNB) estimated a Mineral Resource Estimate in compliance with the JORC Code standards of 460Kt @ 2.2% Ni, 0.7% Cu, 0.15% Co, 0.68g/t Pd, 0.2g/t Pt and 0.65g/t Au ¹. The Northern Nickel Line project (Ni-Cu-Co) is a 340km² project consists of five exploration permits over areas favourable for nickel-copper-cobalt in Northern Sweden.

On 30 March 2023, the Company announced that diamond drilling had commenced at the Lainejaur project, with 54m drilled of a 300m deep hole (**Figure 10**). Results for the drilling were announced 11 July 2023, with high grade diamond drill results including 4.7m at 2.0% Ni, 1.6% Cu and 0.1% Co from 283m downhole, within a mineralised section of 22m downhole.

Diamond drillhole LAI23001 was completed to a final depth of 299.9m. The hole was drilled at a steep angle (-70°) towards grid south in order to intersect the target sulphide mineralisation close to true thickness. The drillhole intersected minor disseminated sulphide mineralisation from ca. 260m above a heavily mineralised gabbro containing variable amounts of pyrrhotite, pentlandite and chalcopyrite between approximately 284-290m (see ASX announcement 14 June 2023).

Directors' Report (continued)

Diamond drillhole LAI23001 was completed to a final depth of 299.9m. The hole was drilled at a steep angle (-70°) towards grid south in order to intersect the target sulphide mineralisation close to true thickness. The drillhole intersected minor disseminated sulphide mineralisation from ca. 260m above a heavily mineralised gabbro containing variable amounts of pyrrhotite, pentlandite and chalcopyrite between approximately 284-290m (see ASX announcement 14 June 2023).

This drill hole and assay results successfully confirmed the historic mineralisation and geological interpretation of high grade nickel, copper, and cobalt (Ni-Cu-Co) mineralisation within a broader mineralised envelope within a gabbro host. Previous drill results 1 included:

- 7.65m @ 2.10% Ni, 0.10% Co & 1.01% Cu from 168m in LAI-07-010
- 5.18m @ 2.64% Ni, 0.10% Co & 0.06% Cu from 215.9m in LAI-07-14A
- 9.88m @ 2.28% Ni, 0.17% Co & 0.61% Cu from 277.35m in LAI-07-15

1 Refer Berkut Minerals ASX Announcement 12 February 2018, "High Grade Nickel-Cobalt Resource Estimate at Lainejaur" in compliance with The JORC Code, 2012 Edition.

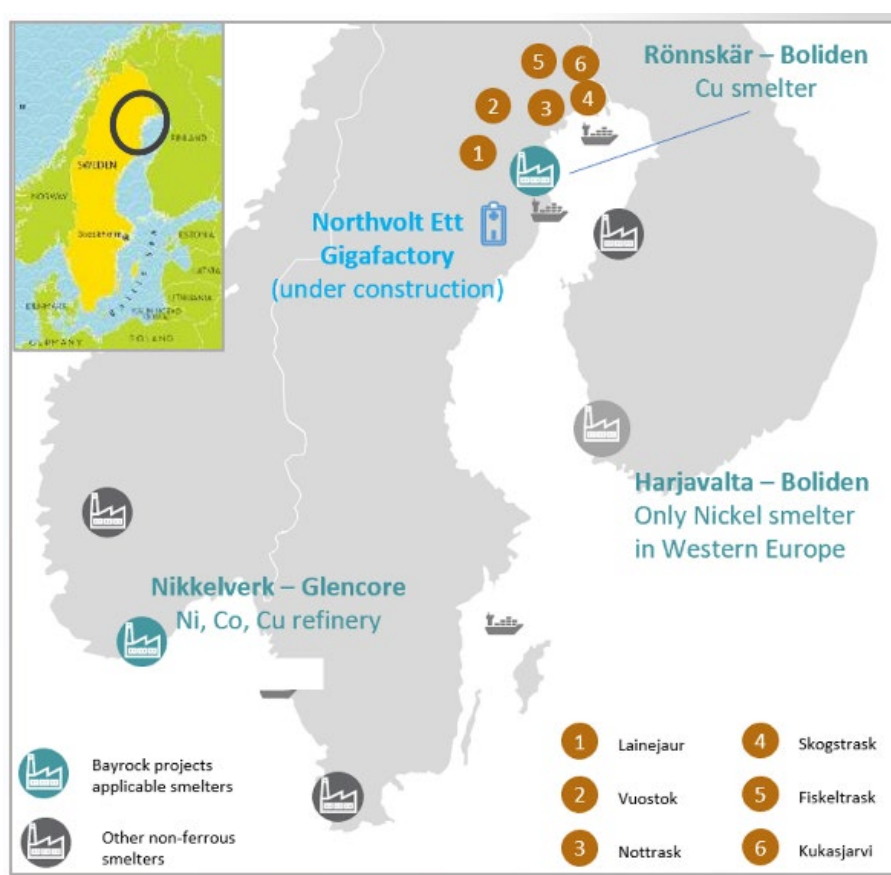


Figure 9: Map of the Bayrock battery mineral projects, including Lainejaur

Directors' Report (continued)

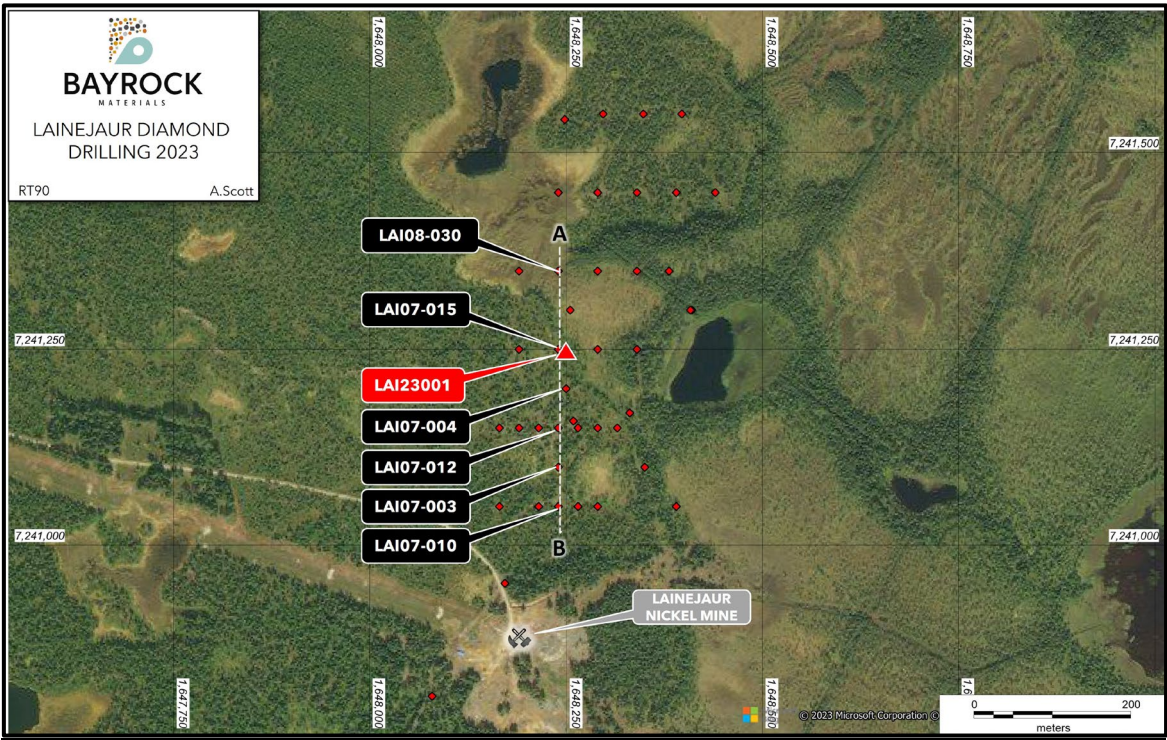


Figure 10: Lainejaur drillhole location plan map showing cross-section profile A-B in Figure 1 and the location of the historical mine.

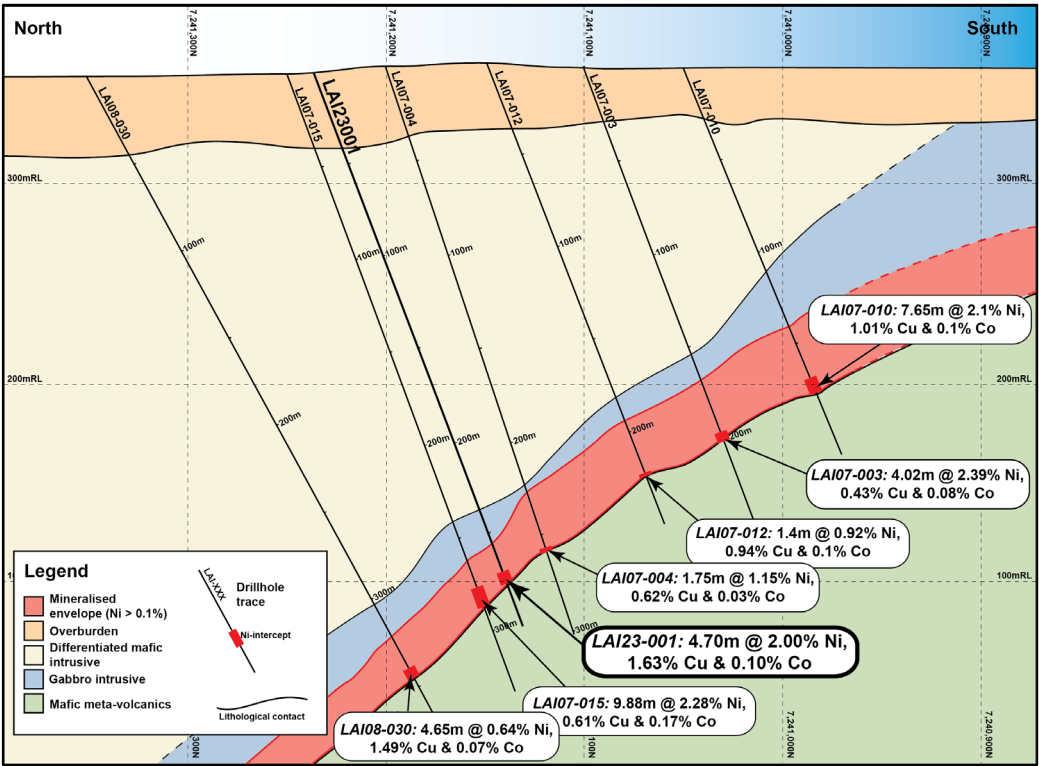


Figure 11: Drillhole cross-section of the Lainejaur nickel deposit showing mineralised intercepts

Directors' Report (continued)

High-grade nickel and copper sulphides were previously intersected 70 years ago in a flat-lying deposit of near-surface sulphides (within 20m of surface). Massive Ni-Cu sulphides (average grade of 2.3% Ni and 0.6% Cu (including up to 3.7% Ni), between 0.3 and 3.9 meters thick, are covered by a thin veneer of glacial sediments (see ASX announcement 4 July 2023).

The Vuostok project is located about 60km northwest of the Lainejaur Project (refer Figure 8). The aim of the drilling is to identify and characterise sufficient mineralisation within potential trucking distance of the Lainejaur project to advance the potential for future stand-alone nickel-copper operations or additional ore feed for a potential Lainejaur operation. The two deposits are connected by all-weather roads and both are close to considerable support infrastructure. Trucking ore material for processing is a regular feature of operations in this part of Northern Sweden.

Letter of Intent for Large Scale Western USA Lithium Brine Project

QXR entered a Letter of Intent (LOI) on 17 May 2023 and is finalising discussions over a new large scale, recently-consolidated lithium brine project, the Liberty Lithium Brine Project, in California, USA. A large deep closed basin in an arid area, with a surface lithium anomaly over 10km long and well located near infrastructure and end users, makes this project exciting. An expanded, large lease holding position over 10,230 Ha (25,280 acres), makes it one of the largest single lithium brine projects in the western USA with a similar appearance to well known lithium brine projects in Argentina/Chile. Detailed due diligence, together with legal advice, have reaffirmed the local county and regulatory interest in developing Liberty Lithium towards production because of the support for battery minerals production in this part of California. Evaporative salt operations nearby have been operating for decades. Sampling at the project has returned up to 200 mg/L lithium in brine at surface and defined an anomaly extending over 10km.

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Directors' Report (continued)

Corporate

Issue of Securities

On 5 October 2022, the Company issued 5,000,000 shares following the exercise of unlisted options at \$0.02 per shares, raising \$100,000.

On 5 October 2022, the Company issued 17,500,000 shares following the exercise of unlisted options at \$0.025 per shares, raising \$437,500.

On 30 December 2022, the Company issued 15,000,000 shares following the exercise of unlisted options at \$0.02 per shares, raising \$300,000.

Options

On 30 December 2022, the Company advised that it had issued 30,000,000 unlisted options to a director as incentive options following Shareholder approval received at the General Meeting held 30 November 2022

Shareholder Meetings

Following the Company's Annual General Meeting ("AGM") held on 30 November 2022, 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 2023 to members of \$1,969,574 (2022: net loss of \$4,514,832).

Dividends

No dividend has been paid or recommended by the directors during the year ended 30 June 2023.

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 2023 other than as stated in the above overview.

Matters subsequent to the end of the financial year

On 4 July 2023, the Company advised that Bayrock Resources Limited had successfully completed its rights issue. QXR was the underwriter to the Rights Issue, and following the conversion of QXR-provided secured loans to Bayrock Resources Limited, and fees payable to the Company, QX Resources Limited now holds a 39% interest in the issued capital of Bayrock Resources Limited.

On 28 September 2023, the Company provided an update on the progress of negotiations and documentation for an Option to Purchase Agreement over the 102km² Liberty Lithium brine project in California, USA.

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

Directors' Report (continued)

Matters subsequent to the end of the financial year (continued)

Other than discussed above, no other matter or circumstance has arisen since 30 June 2023 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 and is finalising discussions over the new large scale Liberty Lithium Brine Project, in California, USA.

Financial Position

At 30 June 2023, the Group had net assets of \$3,916,510 (2022: \$4,718,558) and cash reserves of \$1,824,637 (2022: \$3,637,449).

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 2023.

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 | - | 45,765,874 Ordinary Shares 10,000,000 Incentive Options |
| Current directorships | - | Resource Base Limited (ASX:RBX) |
| Former directorships held in past three years | - | Nil |

Directors' Report (continued)

Information on Directors (continued)

| | | |
|---|---|--|
| Mr Stephen Promnitz | - | Managing Director |
| Qualifications | - | BSc (Hons). |
| Experience | - | <p>Mr Promnitz was previously Managing Director of Lake Resources NL, a lithium brine developer. In the process, he took a \$1 million market value private company, using new exploration models and ESG friendly extraction techniques, to form an ASX 200 Company with a strong balance sheet and a market capitalisation of ~\$A2.1 billion at the time of his departure.</p> <p>Mr Promnitz worked in the gold sector with major and mid-tier producers as well as across the battery minerals of copper, nickel and rare earths, and the broader natural resources and energy sector, with a focus on South America, South-East Asia and Australia. Previously he was CEO of small/mid-tier companies and has held senior management roles with global resource companies (Rio Tinto, WMC) and senior corporate finance roles with major banks (Westpac, Citigroup).</p> |
| Interest in Shares and Options | - | 30,000,000 Incentive Options |
| Current directorships | - | |
| Former directorships held in past three years | - | Lake Resources (ASX:LKE) |

| | | |
|---|---|--|
| Mr Benjamin Jarvis | - | Non-Executive Director |
| Qualifications | - | B Arts. |
| Experience | - | <p>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.</p> |
| Interest in Shares and Options | - | 21,112,502 Ordinary Shares 5,000,000 Incentive Options |
| Current directorships | - | Austral Gold Limited (ASX:AGD) |
| Former directorships held in past three years | - | Nil |

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Directors' Report (continued)

Information on Directors (continued)

| | | |
|---|---|--|
| Mr Daniel Smith | - | Non-Executive Director and Company Secretary |
| Qualifications | - | BA, GradDipACG, FCIS, FGIA, RG146. |
| Experience | - | Mr Smith is a chartered governance professional with over 15 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), Nelson Resources Limited (ASX:NES). |
| Former directorships held in past three years | - | Alien Metals Ltd (AIM:UFO) |

| | | |
|---|---|---|
| Mr Roger Jackson | - | Non-Executive Director |
| Qualifications | - | B.Sc. (Geology, Geophysics) Grad Dip Fin Man, Dip Ed, FAIMM, AICD, MAIG, FGS |
| Experience | - | <p>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.</p> <p>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.</p> |
| Interest in Shares and Options | - | 1,600,000 Ordinary Shares |
| Current directorships | - | Ark Mines Ltd (ASX:AHK), Vertex Minerals Ltd (ASX:VTX) |
| Former directorships held in past three years | - | NQ Minerals Plc, Pan Asia Metals Ltd |

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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:

| Director | Number of Meetings Eligible to | Number of Meetings Attended |
|--------------------|--------------------------------|-----------------------------|
| | Attend | |
| Mr Steve Promnitz | 4 | 4 |
| Mr Maurice Feilich | 4 | 4 |
| Mr Benjamin Jarvis | 4 | 3 |
| Mr Daniel Smith | 4 | 4 |
| Mr Roger Jackson | 4 | 3 |

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 2023 | \$0.035 | 17,500,000 |
| Unlisted | 11 March 2024 | \$0.062 | 15,000,000 |
| Unlisted | 29 December 2023 | \$0.025 | 10,000,000 |
| Unlisted | 29 December 2024 | \$0.035 | 10,000,000 |
| Unlisted | 29 December 2025 | \$0.050 | 10,000,000 |

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.

Directors' Report (continued)

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.

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 Principles used to determine the nature and amount of remuneration

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.

Non-Executive Directors

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.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

Directors' fees

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.

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 2023 | Cash salary & Fees | Consulting fee | Non-monetary Benefits | Super-annuation Pensions | Retirement Benefits | Equity-Settled shares | Equity-Settled options | |
| Directors | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| <i>Executive Directors</i> | | | | | | | | |
| Maurice Feilich | 120,000 | - | - | - | - | - | - | 120,000 |
| Stephen Promnitz ⁴ | 67,874 | 67,873 | - | 14,253 | - | - | 336,700 | 486,700 |
| Total Executive Directors | 187,874 | 67,873 | - | 14,253 | - | - | 336,700 | 606,700 |
| <i>Non-Executive Directors</i> | | | | | | | | |
| Benjamin Jarvis ² | 24,000 | - | - | - | - | - | - | 24,000 |
| Roger Jackson ³ | 24,000 | - | - | - | - | - | - | 24,000 |
| Daniel Smith | 36,000 | - | - | - | - | - | - | 36,000 |
| Total Non-Executive Directors | 84,000 | - | - | - | - | - | - | 84,000 |
| <i>Other Key Management Personnel</i> | | | | | | | | |
| Daniel Smith ¹ | 36,000 | - | - | - | - | - | - | 36,000 |
| | 36,000 | - | - | - | - | - | - | 36,000 |
| Total key management personnel compensation | 307,874 | 67,873 | - | 14,253 | - | - | 336,700 | 726,700 |

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 2023.

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 \$4,610 in relation to Geological Consulting services performed during the year ended 30 June 2023.

⁴ Mr Stephen Promnitz, an Executive Director, also provides Geological Consulting services to the Group.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

| | 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 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| <i>Executive Directors</i> | | | | | | | | |
| Maurice Feilich | 93,360 | - | - | - | - | - | - | 93,360 |
| Total Executive Directors | 93,360 | - | - | - | - | - | - | 93,360 |
| <i>Non-Executive Directors</i> | | | | | | | | |
| 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 |
| <i>Other Key Management Personnel</i> | | | | | | | | |
| Daniel Smith ¹ | 28,000 | - | - | - | - | - | - | 28,000 |
| | 28,000 | - | - | - | - | - | - | 28,000 |
| Total key management personnel compensation | 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 Geological Consulting services performed during the year ended 30 June 2022.

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 2023. 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

On 30 December 2022, the Company advised that it had issued 30,000,000 unlisted options to a director as incentive options following Shareholder approval received at the General Meeting held 30 November 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.

| 2023 | Balance at the start of the year | Granted | Exercised | Expired, forfeited and other changes | Balance at the end of the year |
|--------------------------------------|----------------------------------|------------|--------------|--------------------------------------|--------------------------------|
| Name | | | | | |
| Directors | | | | | |
| Executive Directors | | | | | |
| Maurice Feilich | 20,000,000 | - | (10,000,000) | - | 10,000,000 |
| Stephen Promnitz ¹ | - | 30,000,000 | | | 30,000,000 |
| Total Executive Directors | 20,000,000 | 30,000,000 | (10,000,000) | - | 40,000,000 |
| Non-Executive Directors | | | | | |
| Benjamin Jarvis | 10,000,000 | - | (5,000,000) | - | 5,000,000 |
| Roger Jackson | - | - | - | - | - |
| Daniel Smith | 2,500,000 | - | - | - | 2,500,000 |
| Total Non-Executive Directors | 12,500,000 | - | (5,000,000) | - | 7,500,000 |
| Total | 32,500,000 | 30,000,000 | (15,000,000) | - | 47,500,000 |

¹ Mr S Promnitz was appointed Managing Director on 28 September 2022.

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.

| 2023 | Balance at the start of the year | Received during the year | Other changes | Balance at the end of the year |
|--------------------------------------|----------------------------------|--------------------------|---------------|--------------------------------|
| Name | | | | |
| Directors | | | | |
| Executive Directors | | | | |
| Maurice Feilich | 37,065,874 | - | 8,700,000 | 45,765,874 |
| Stephen Promnitz ¹ | - | - | - | - |
| Total Executive Directors | 37,065,874 | - | 8,700,000 | 45,765,874 |
| Non-Executive Directors | | | | |
| Benjamin Jarvis | 18,682,502 | - | 2,430,000 | 21,112,502 |
| Roger Jackson | 1,600,000 | - | - | 1,600,000 |
| Daniel Smith | - | - | - | - |
| Total Non-Executive Directors | 20,282,502 | - | 2,430,000 | 22,712,502 |
| Total | 57,348,376 | - | 11,130,000 | 68,478,376 |

¹ Mr S Promnitz was appointed Managing Director on 28 September 2022.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

Voting and comments made at the Company's 2022 Annual General Meeting (AGM)

At the 2022 AGM, held on 30 November 2022, 100% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. 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 2023 are summarised below, along with other factors that are considered to affect total shareholder return (TSR):

| | 2023 \$ | 2022 \$ | 2021 \$ | 2020 \$ | 2019 \$ |
|--|-------------|-------------|-------------|------------|------------|
| Closing share price – 30 June | 0.019 | 0.029 | 0.016 | 0.015 | 0.008 |
| Loss for the year attributable to owners of QX Resources Ltd | (1,969,574) | (4,514,832) | (1,449,461) | (487,855) | (755,395) |
| Basic Loss per Share (cents) | (0.23) | (0.62) | (0.28) | (0.13) | (0.20) |

Other transactions and balances with key management personnel

Below are transactions and balances with director-related entities for the year ended 30 June 2023.

| Related Party | Type of Service | 2023 \$ |
|---|--|---------------|
| Expenses | | |
| Minerva Corporate Pty Ltd ¹ | Company secretarial services | 36,000 |
| Six Degrees Group Holdings Pty Ltd ² | Public relation services | 24,000 |
| Every Day Hire Pty Ltd ³ | Geological consulting services | 4,610 |
| Total Expenses | | 64,610 |
| Liabilities | | |
| Maurice Feilich | Director fees included in trade payables | 10,000 |
| 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 | 7,650 |
| Stephen Promnitz | PAYG Withheld | 4,650 |
| Total Liabilities | | 42,300 |

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.

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, 28 September 2023

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of QX Resources Limited for the year ended 30 June 2023, 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 AUSTRALIA PARTNERS

JAMES KOMNINOS
Partner

Perth, WA
Dated: 28 September 2023

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AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation


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**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 2023, 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 2023 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.

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AUDIT | TAX | CONSULTING

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RSM Australia Partners ABN 36 965 185 036

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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 |
|--|---|
| Going Concern Refer to Note 1 in the financial statements | |
| <p>For the year ended 30 June 2023, the Group incurred a loss of \$1,969,574 and had net cash outflows from operating and investing activities of \$2,643,638.</p> <p>The directors' have prepared the financial report on a going concern basis and believe that it is reasonably foreseeable that the Group will continue as a going concern. The directors' assessment of the Group's ability to continue as a going concern is based on a cash flow budget.</p> <p>We determined this assessment of going concern to be a key audit matter due to the significant judgments involved in preparing the cash flow budget.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Evaluating the current financial position of the Group; • Assessing the appropriateness and mathematical accuracy of the cash flow budget prepared by management; • Challenging the reasonableness of the key assumptions used in the cash flow budget; and • Assessing the adequacy of the going concern disclosures in the financial report. |
| Investment in Associate using the Equity Method Refer to Note 18 in the financial statements | |
| <p>The Group owns a 70% stake in Zamia Resources Pty Ltd (Zamia) with a carrying value of \$919,291. 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.</p> <p>Under AASB 6 <i>Exploration for and Evaluation and Mineral Resources</i>, the Group is required to test the exploration assets for impairment.</p> <p>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.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Assessing that the accounting treatment of the 70% stake in Zamia is appropriate as at 30 June 2023; • Obtaining evidence that the Zamia has valid rights to explore in the specific areas of interest; • Assessing and evaluating management's assessment of whether indicators of impairment existed at the reporting date; • 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 2023 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 2023.

In our opinion, the Remuneration Report of QX Resources Limited, for the year ended 30 June 2023, 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.

A handwritten signature in black ink that reads "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to be "James Komninos".

JAMES KOMNINOS
Partner

Perth, WA
Dated: 28 September 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

| | Note | Consolidated 2023 \$ | Consolidated 2022 \$ |
|--|------|----------------------------|----------------------------|
| Revenue from continuing operations | | | |
| Other income | 2 | 230,792 | 39,060 |
| | | 230,792 | 39,060 |
| Expenses | | | |
| Finance costs | | (3,213) | (2,553) |
| Employee and director benefits expense | 3 | (286,127) | (169,360) |
| Exploration and Evaluation expenditures written off | 11 | (1,014,219) | (2,010,855) |
| ASX and share registry fees | | (82,936) | (92,204) |
| Consultants and travel | | (13,999) | (182,834) |
| Impairment expense | 9 | - | (755,951) |
| Other expenses | | (315,915) | (272,025) |
| Share-based payments expense | 17 | (336,700) | (715,500) |
| Share of losses of associates accounted for using the equity method | 18 | (74,402) | (231,881) |
| Fair value loss on financial assets at fair value through profit or loss | 9 | (72,855) | (120,729) |
| Loss before income tax expense | | (1,969,574) | (4,514,832) |
| Income tax expense | 4 | - | - |
| Loss after income tax expense for the year | | (1,969,574) | (4,514,832) |
| Other comprehensive income, net of income tax | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation differences | | - | - |
| Other comprehensive income for the year, net of income tax | | - | - |
| Total comprehensive loss for the year | | (1,969,574) | (4,514,832) |
| Loss attributable to: | | | |
| Owners of the Company | | (1,969,574) | (4,514,832) |
| Non-controlling Interests | | - | - |
| | | (1,969,574) | (4,514,832) |
| Total comprehensive loss attributable to: | | | |
| Owners of the Company | | (1,969,574) | (4,514,832) |
| Non-controlling Interests | | - | - |
| | | (1,969,574) | (4,514,832) |
| Basic and diluted loss per share (cents) | 5 | (0.23) | (0.62) |

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 2023

| | Note | Consolidated 2023 \$ | Consolidated 2022 \$ |
|---|------|----------------------------|----------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 7 | 1,824,637 | 3,637,449 |
| Trade and other receivables | 8 | 1,019,402 | 16,235 |
| Investments | 9 | 144,773 | 334,764 |
| Total Current Assets | | 2,988,812 | 3,988,448 |
| Non-Current Assets | | | |
| Investments | 9 | 255,000 | - |
| Investments accounted for using the equity method | 18 | 919,291 | 904,989 |
| Total Non-Current Assets | | 1,174,291 | 904,989 |
| TOTAL ASSETS | | 4,163,103 | 4,893,437 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 12 | 246,593 | 174,879 |
| Total Current Liabilities | | 246,593 | 174,879 |
| TOTAL LIABILITIES | | 246,593 | 174,879 |
| NET ASSETS | | 3,916,510 | 4,718,558 |
| EQUITY | | | |
| Issued capital | 13 | 49,033,422 | 48,086,346 |
| Reserves | 14 | 1,219,575 | 999,125 |
| Accumulated losses | 16 | (46,336,487) | (44,366,913) |
| TOTAL EQUITY | | 3,916,510 | 4,718,558 |

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 2023

| | Note | Consolidated 2023 \$ | Consolidated 2022 \$ |
|--|------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (716,625) | (690,834) |
| Interest paid | | (2,706) | (2,181) |
| Net cash flows used in operating activities | 24 | (719,331) | (693,015) |
| Cash flows from investing activities | | | |
| Payments for exploration and evaluation expenditure | | (938,043) | (432,079) |
| Payments for acquisition of associates | | (87,548) | (349,589) |
| Payments for investments | 9 | (190,529) | (357,478) |
| Loans to other parties | | (996,145) | - |
| Proceeds from sale of investments | 9 | 287,958 | 111,610 |
| Net cash flows used in investing activities | | (1,924,307) | (1,027,536) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | 837,500 | 3,650,000 |
| Share issue costs | | (6,674) | (33,725) |
| Net cash flows from financing activities | | 830,826 | 3,616,275 |
| Net (decrease)/increase in cash and cash equivalents | | (1,812,812) | 1,895,724 |
| Cash and cash equivalents at beginning of year | | 3,637,449 | 1,741,725 |
| Cash and cash equivalents at end of year | 7 | 1,824,637 | 3,637,449 |

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 2023

| | Issued Capital \$ | Accumulated Losses \$ | Reserves \$ | Total \$ |
|---|-------------------------|-----------------------------|------------------|------------------|
| Balance at 1 July 2022 | 48,086,346 | (44,366,913) | 999,125 | 4,718,558 |
| Loss for the year | - | (1,969,574) | - | (1,969,574) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss | - | (1,969,574) | - | (1,969,574) |
| Transactions with owner, directly recorded in equity: | | | | |
| Issue of shares (Note 13) | 837,500 | - | - | 837,500 |
| Share-based payments (Note 17) | - | - | 336,700 | 336,700 |
| Share issue costs (Note 13) | (6,674) | - | - | (6,674) |
| Total transactions with owners | 830,826 | - | 336,700 | 1,167,526 |
| Options exercised (Note 14) | 116,250 | - | (116,250) | - |
| Balance at 30 June 2023 | 49,033,422 | (46,336,487) | 1,219,575 | 3,916,510 |
| 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 |

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 28 September 2023 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.

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Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (Continued)

Going concern basis of preparation

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Group recorded a loss of \$1,969,574 for the year ended 30 June 2023 (2022: \$4,514,832 loss) and had a net cash outflow from operating and investing activities of \$2,643,638 (2022: \$1,720,551) for the year ended 30 June 2023. The Group had cash and cash equivalents at 30 June 2023 of \$1,824,637 (2022: \$3,637,449) and has net current assets of \$2,742,219 (2022: \$3,813,569).

The Group's cashflow forecast for the period 1 September 2023 to 30 June 2025 reflects that the Group will need to raise additional working capital during the quarter ending 31 December 2023 to enable the Group to continue to meet its current committed exploration and administration expenditure.

Notwithstanding the above matters, the Directors are satisfied they will be able to raise additional working capital as required and thus it is appropriate to prepare the financial statements on a going concern basis. In arriving at this position, the Directors have considered the following pertinent matters:

- The planned exploration expenditure is staged, and expenditure may or may not be spent depending on the result of the prior exploration stage;
- The Group has the option, if necessary, to defer certain expenditure and reduce costs in order to minimise its funding requirements; and
- The Directors are satisfied that they will be able to raise additional funds by either an equity raising and/or implementation of joint ventures agreements to fund ongoing exploration commitments and for working capital.

Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2023 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.

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.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (Continued)

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.

(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, its 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 Group 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 Group'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.

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 profit or loss and other 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, Black-Scholes model or Hoadley's ESO2 valuation 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 2023. 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 2023 \$ | Consolidated 2022 \$ |
|--------------------------------------|----------------------------|----------------------------|
| Other Income | | |
| Loan establishment fees | 133,500 | - |
| Gain on disposal of financial assets | 55,822 | 39,037 |
| Interest received | 41,470 | 23 |
| | 230,792 | 39,060 |

3. Employee and Director Benefits Expense

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

| | Consolidated 2023 \$ | Consolidated 2022 \$ |
|---------------------|----------------------------|----------------------------|
| Short term benefits | 286,127 | 169,360 |

4. Income Tax

| | Consolidated 2023 \$ | Consolidated 2022 \$ |
|--|----------------------------|----------------------------|
| Loss before income tax | (1,969,574) | (4,514,832) |
| Tax benefit, prima facie, at the Australian tax rate of 25% (2022: 25%) | (492,394) | (1,128,708) |
| Add / (less): | | |
| Non-assessable income | - | - |
| Non-deductible expenses | 73,676 | 817,495 |
| Effect of difference in tax rate for foreign subsidiary | - | - |
| | (418,718) | (311,213) |
| Deferred tax assets not brought to account | 418,718 | 311,213 |
| Income tax expense | - | - |

At 30 June 2023, the Group has unused tax losses of \$43,670,174 (2022: \$41,995,303). The potential tax benefit at the Australian tax rate of 25% (2022: 25%) not recognised for unused tax losses is \$10,917,544 (2022: \$10,498,826). The unused tax losses are comprised of operating losses totalling \$12,458,563 and capital losses totalling \$31,211,611.

The benefit for tax losses will only be obtained if:

- 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;
- the Group continues to comply with the conditions for deductibility imposed by the relevant tax legislation; and
- 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 2023 \$ | Consolidated 2022 \$ |
|--|----------------------------|----------------------------|
| Loss after income tax | (1,969,574) | (4,514,832) |
| | No. | No. |
| Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | 862,955,217 | 730,023,965 |
| | Cents | Cents |
| Basic and diluted loss per share | (0.23) | (0.62) |

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 2023 \$ | Consolidated 2022 \$ |
|--------------------------|----------------------------|----------------------------|
| Current | | |
| Cash at bank and in hand | 1,824,637 | 3,637,449 |

8. Trade and Other Receivables

| | Consolidated 2023 \$ | Consolidated 2022 \$ |
|---------------------|----------------------------|----------------------------|
| Current | | |
| Other receivables | 103,287 | 16,235 |
| Interest receivable | 41,470 | - |
| Loan receivable | 874,645 | - |
| | 1,019,402 | 16,235 |

Expected credit loss

The Group has not recognized any expected credit loss allowance as at 30 June 2023 (2022: nil).

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Notes to the Financial Statements

9. Investments

| | Consolidated 2023 \$ | Consolidated 2022 \$ |
|---|----------------------------|----------------------------|
| Current | | |
| Financial assets at fair value through profit or loss | 144,773 | 334,764 |
| Movement | | |
| Balance at beginning of period | 334,764 | 170,588 |
| Additions | 115,000 | 357,478 |
| Disposals | (287,958) | (111,610) |
| Gain on disposals | 55,822 | 39,037 |
| Revaluation decrements | (72,855) | (120,729) |
| Balance at end of period | 144,773 | 334,764 |
| Non- Current | | |
| Investment – Next-Battery Ltd | 755,951 | 755,951 |
| Less: Impairment of investment | (755,951) | (755,951) |
| Investment – Bayrock Resources Ltd | 255,000 | - |
| | 255,000 | - |

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

| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|---|----------------|----------------|---------------|----------------|
| Consolidated – 30 June 2023 | | | | |
| Assets | | | | |
| Financial assets at fair value through profit or loss | 144,773 | - | - | 144,773 |
| Investment – Bayrock Resources Ltd | - | 255,000 | - | 255,000 |
| Total Assets | 144,773 | 255,000 | - | 399,773 |
| | | | | |
| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
| Consolidated – 30 June 2022 | | | | |
| Assets | | | | |
| Financial assets at fair value through profit or loss | 334,764 | - | - | 334,764 |
| Total Assets | 334,764 | - | - | 334,764 |

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-term nature.

Valuation techniques for fair value measurements categorised within level 2 and level 3.

The unquoted investments valued under level 2 fair value hierarchy is valued at an agreed upon price that is based on quoted prices for similar assets in the active market. There has been no movement in level 3 assets and liabilities during the year ended 30 June 2023.

11. Exploration and Evaluation Expenditure

| | Consolidated 2023 \$ | Consolidated 2022 \$ |
|--|----------------------------|----------------------------|
| Non – Current | | |
| Exploration and evaluation expenditure – at cost | - | - |
| Movement | | |
| Balance at beginning of period | - | - |
| Exploration costs incurred | 1,014,219 | 2,010,855 |
| Exploration costs written off | (1,014,219) | (2,010,855) |
| 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 2023 \$ | Consolidated 2022 \$ |
|--------------------------|----------------------------|----------------------------|
| Current | | |
| Trade payables | 154,386 | 102,579 |
| Other payables | 87,557 | 72,300 |
| PAYG withholding payable | 4,650 | - |
| | 246,593 | 174,879 |

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 2023 \$ | Consolidated 2022 \$ |
|--------------------------------|----------------------------|----------------------------|
| (a) Issued and paid-up capital | | |
| Ordinary shares - fully paid | 49,033,422 | 48,086,346 |

Movement in ordinary shares on issue:

| | Date | No. of Shares | Issue Price | \$ |
|--|------------------|--------------------|-------------|-------------------|
| 1 July 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 |
| Conversion of options | 5 October 2022 | 5,000,000 | \$0.02100 | 105,000 |
| Conversion of options | 5 October 2022 | 17,500,000 | \$0.03050 | 533,750 |
| Conversion of options | 30 December 2022 | 15,000,000 | \$0.02100 | 315,000 |
| Share issue costs | | | | (6,674) |
| 30 June 2023 | | 896,862,321 | | 49,033,422 |

Capital risk management

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.

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. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Notes to the Financial Statements

13. Issued Capital (continued)

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 2023 and 30 June 2022 are as follows:

| | Note | Consolidated 2023 \$ | Consolidated 2022 \$ |
|---------------------------------------|------|----------------------------|----------------------------|
| Total borrowings (including payables) | 12 | 246,593 | 174,879 |
| Less cash and cash equivalents | 7 | (1,824,637) | (3,637,449) |
| Net debt | | (1,578,044) | (3,462,570) |
| Total equity | | 3,916,510 | 4,718,558 |
| Total capital | | 2,338,466 | 1,255,988 |

14. Reserves

| | Consolidated 2023 \$ | Consolidated 2022 \$ |
|---------------------------------|----------------------------|------------------------------------|
| Reserves | | |
| Option reserve | 1,155,450 | 935,000 |
| Shares to be issued reserve | 64,125 | 64,125 |
| | 1,219,575 | 999,125 |
| Movement during the year | Option reserve | Shares to be issued reserve |
| 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 issued | 336,700 | - |
| Options exercised | (116,250) | - |
| Balance at 30 June 2023 | 1,155,450 | 64,125 |

Options reserve

The option reserve recognises options issued by the Company.

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 |
| 2023 | | | | | | | | |
| Unlisted option | 5 Oct 22 | \$0.025 | 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 | 20,000,000 | - | (20,000,000) | - | - | - |
| Unlisted option | 11 Mar 24 | \$0.020 | 15,000,000 | - | - | - | 15,000,000 | 15,000,000 |
| Unlisted option | 29 Dec 23 | \$0.025 | - | 10,000,000 | - | - | 10,000,000 | 10,000,000 |
| Unlisted option | 29 Dec 24 | \$0.035 | - | 10,000,000 | - | - | 10,000,000 | 10,000,000 |
| Unlisted option | 29 Dec 25 | \$0.050 | - | 10,000,000 | - | - | 10,000,000 | 10,000,000 |
| | | | 70,000,000 | 30,000,000 | (37,500,000) | - | 62,500,000 | 62,500,000 |
| 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 |

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.

Notes to the Financial Statements

15. Financial Instruments (continued)

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.

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 2023 \$ | Consolidated 2022 \$ |
|---------------------------|----------------------------|----------------------------|
| <i>Financial Assets</i> | | |
| Cash and cash equivalents | 1,824,637 | 3,637,449 |
| Loan receivable | 874,645 | - |
| Net exposure | 2,699,282 | 3,637,449 |

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:

| | Consolidated 2023 \$ | Consolidated 2022 \$ |
|--|----------------------------|----------------------------|
| Judgements of reasonably possible movements: | | |
| <i>Post tax profit – higher / (lower)</i> | | |
| + 0.5% | 13,496 | 18,167 |
| - 0.5% | (13,496) | (18,167) |
| <i>Equity – higher / (lower)</i> | | |
| + 0.5% | 13,496 | 18,167 |
| - 0.5% | (13,496) | (18,167) |

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 2023

| Financial Instrument | Floating interest rate | Fixed Interest rate maturing in | | | Non- interest Bearing | Total | Weighted average effective interest rate |
|------------------------------|------------------------------|---------------------------------|----------------------|-------------------------|-----------------------------|-----------|---|
| | | 1 year or less | Over 1 to 5 years | More than 5 years | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | |
| Financial Assets | | | | | | | |
| <i>Interest bearing</i> | | | | | | | |
| Cash and cash equivalents | 1,824,637 | - | - | - | - | 1,824,637 | - |
| Loan receivable | - | 874,645 | - | - | - | 874,645 | 15% |
| <i>Non-interest bearing</i> | | | | | | | |
| Receivables – other | - | - | - | - | 69,228 | 69,228 | - |
| Total financial assets | 1,824,637 | 874,645 | - | - | 69,228 | 2,768,510 | |
| Financial Liabilities | | | | | | | |
| <i>Non-interest bearing</i> | | | | | | | |
| Trade payables and accruals | - | - | - | - | 246,593 | 246,593 | - |
| Total financial liabilities | - | - | - | - | 246,593 | 246,593 | |

Consolidated 2022

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

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 2023 and 30 June 2022.

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 2023 and 30 June 2022.

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 2023 \$ | Consolidated 2022 \$ |
|---|----------------------------|----------------------------|
| Accumulated losses at the beginning of the financial year | (44,366,913) | (39,852,081) |
| Loss for the year | (1,969,574) | (4,514,832) |
| Accumulated losses at the end of the financial year | (46,336,487) | (44,366,913) |

Notes to the Financial Statements

17. Share-Based Payments

During the year ended 30 June 2023, the Group had the following share-based payments:

For the options granted during the year ended 30 June 2023, 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 |
|------------|-------------|---------------------------|----------------|---------------------|----------------|-------------------------|---------------------------------|-------------------|------------------|--------------------------|
| 30/11/2022 | 30/11/2023 | \$0.056 | \$0.025 | 100% | Nil | 3.11% | 2.5x | 10,000,000 | \$0.0325 | \$324,500 |
| 30/11/2022 | 30/11/2024 | \$0.056 | \$0.035 | 100% | Nil | 3.11% | 2.5x | 10,000,000 | \$0.0307 | \$306,800 |
| 30/11/2022 | 30/11/2025 | \$0.056 | \$0.050 | 100% | Nil | 3.11% | 2.5x | 10,000,000 | \$0.0298 | \$297,900 |
| | | | | | | | | <u>30,000,000</u> | | <u>\$929,200</u> |

On 30 November 2022, the Board granted the issue of 30,000,000 unlisted options to a director in the following tranches

Tranche 1: 10,000,000 options exercisable at \$0.025 per option, exercisable within 1 year of issue

Tranche 2: 10,000,000 options exercisable at \$0.035 per option, exercisable within 2 years of issue

Tranche 3: 10,000,000 options exercisable at \$0.050 per option, exercisable within 3 years of issue

The above options were issued on 30 November 2022. The fair value of these options was calculated using the Hoadley ESO2 valuation model. The Company recognised \$336,700 in the statement of profit or loss and other comprehensive income during the year related to the vested portion of these options.

The Group had no other share-based payments during the year ended 30 June 2023.

The weighted average share price during the financial year was \$0.058 (2022 \$0.040).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.96 years (2022: 0.89 years).

| | Consolidated 2023 \$ | Consolidated 2022 \$ |
|--|----------------------------|----------------------------|
| Recognised as share-based payments expense during the year | 336,700 | 715,500 |
| Total value of share-based payments expensed during the year | 336,700 | 715,500 |
| Fair value yet to vest | 592,500 | - |
| Total fair value of share-based payments granted during the year | 929,200 | 715,500 |
| | | |
| Total value of share-based payments expensed during the year | 336,700 | 715,500 |
| Exercise of options during the year | (116,250) | (40,000) |
| Total movement in the share-based payment reserve | 220,450 | 675,500 |

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:

| Name | Principal Place of Business / Country of Incorporation | Ownership Interest | |
|---|--|--------------------|-----------|
| | | 2023 | 2022 |
| Zamia Resources Pty Ltd | Australia | 70% | 70% |
| <i>Summarised financial information</i> | | | |
| | | 2023 | 2022 |
| | | \$ | \$ |
| <i>Summaries statement of financial position</i> | | | |
| Current assets | | 236 | 1,474 |
| Non-current assets | | 3,553 | 7,887 |
| Total assets | | 3,789 | 9,361 |
| Current liabilities | | (11,470) | (935) |
| Non-current liabilities | | (920,875) | (830,694) |
| Total liabilities | | (932,345) | (831,629) |
| Net assets | | (928,556) | (822,268) |
| <i>Summaries statement of profit or loss and other comprehensive income</i> | | | |
| Revenue | | - | - |
| Expenses | | (106,288) | (331,259) |
| Loss before income tax | | (106,288) | (331,259) |
| Income tax expense | | - | - |
| Loss after income tax | | (106,288) | (331,259) |
| Other comprehensive income | | - | - |
| Total comprehensive loss | | (106,288) | (331,259) |
| <i>Reconciliation of the Group's carrying amount</i> | | | |
| Opening carrying amount | | 904,989 | 833,140 |
| Acquisition costs | | | |
| Contributions to increase investment in Zamia Resources Pty Ltd | | 88,704 | 303,730 |
| Share of loss after income tax | | (74,402) | (231,881) |
| Closing carrying amount | | 919,291 | 904,989 |

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 could then move to a 90% interest in Zamia Resources by contributing an additional \$1m on exploration and project development by 31 March 2023. As the Group did not move to a 90% interest in Zamia Resources, the projects will now be funded on a 70:30 joint venture basis. If the shareholders do not fund pro-rata to their shareholding interest, then the non-participating shareholder will be diluted.

At 30 June 2023, the 70% interest in Zamia Resources does not constitute control in accordance to AASB 10 Consolidated Financial Statements 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 2023 \$ | Consolidated 2022 \$ |
|---|----------------------------|----------------------------|
| <i>Exploration & evaluation expenditure commitments</i> | | |
| Committed at the reporting date but not recognised as liabilities | | |
| Zamia Resources Pty Ltd expenditure commitment – within 1 year | - | 592,829 |

As detailed in note 18, the Group could have elected 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 2023 the Group has no longer has any 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 2023 financial year:

| Related Party | Type of Service | 2023 \$ |
|---|--|---------------|
| Expenses | | |
| Minerva Corporate Pty Ltd ¹ | Company secretarial services | 36,000 |
| Six Degrees Group Holdings Pty Ltd ² | Public relation services | 24,000 |
| Every Day Hire Pty Ltd ³ | Geological consulting services | 4,610 |
| Total Expenses | | 64,610 |
| Liabilities | | |
| Maurice Feilich | Director fees included in trade payables | 10,000 |
| 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 | 7,650 |
| Stephen Promnitz | PAYG Withheld | 4,650 |
| Total Liabilities | | 42,300 |

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.

Notes to the Financial Statements

20. Related Party Disclosure (cont'd)

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.

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

21. Events after the Reporting Date

On 4 July 2023, the Company advised that Bayrock Resources Limited had successfully completed its rights issue. QXR was the underwriter to the Rights Issue, and following the conversion of QXR-provided secured loans to Bayrock Resources Limited, and fees payable to the Company, QX Resources Limited now holds a 39% interest in the issued capital of Bayrock Resources Limited.

On 28 September 2023, the Company provided an update on the progress of negotiations and documentation for an Option to Purchase Agreement over the 102km² Liberty Lithium brine project in California, USA.

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

22. Auditors' Remuneration

| | Consolidated 2023 \$ | Consolidated 2022 \$ |
|--|----------------------------|----------------------------|
| Audit and review of financial reports: | | |
| - RSM Australia Partners | 37,000 | 33,000 |

Notes to the Financial Statements

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.

24. Cash Flow Information

Reconciliation of Cash Flow from Operations

| | Consolidated 2023 \$ | Consolidated 2022 \$ |
|---|----------------------------|----------------------------|
| Reconciliation of Cash Flow from Operations with Loss after Income Tax | | |
| Loss after income tax for the year | (1,969,574) | (4,514,832) |
| Depreciation and amortisation | - | - |
| Share of loss of associates | 74,402 | 231,881 |
| Revaluation loss | 72,855 | 120,729 |
| Exploration costs written off | 938,042 | 1,996,079 |
| Consultants share-based payments | - | 715,500 |
| Director's share-based payments | 336,700 | - |
| Gain on disposal of investments | (55,822) | (39,037) |
| Loan establishment fees | (133,500) | - |
| Impairment of investments | - | 755,951 |
| Movements in assets and liabilities: | | |
| - Trade and other receivables | (46,944) | 7,139 |
| - Trade and other payables | 64,510 | 33,575 |
| - Provisions | - | - |
| Net cash used in operating activities | (719,331) | (693,015) |

Non-Cash Investing Activities

Year ended 30 June 2023

On 5 May 2023, the Company converted \$255,000 of existing debt into 10,000,000 Bayrock Resources Limited fully paid ordinary shares at a deemed issue price of \$0.0255.

Notes to the Financial Statements

24. Cash Flow Information (continued)

Non-Cash Investing Activities (continued)

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 received 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.

The Company has had no non-cash investing activities during the year ended 30 June 2023.

Non-Cash Financing Activities

There were no non-cash financing activities during the year ended 30 June 2023 and 30 June 2022.

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 2023 \$ | Consolidated 2022 \$ |
|---------------------|----------------------------|----------------------------|
| Short-term benefits | 290,000 | 197,360 |

Notes to the Financial Statements

26. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

| | Parent 2023 \$ | Parent 2022 \$ |
|-----------------------|----------------------|----------------------|
| Loss after income tax | 953,905 | 2,501,654 |

Statement of financial position

| | Parent 2023 \$ | Parent 2022 \$ |
|---------------------------|----------------------|----------------------|
| Total current assets | 2,844,039 | 3,649,681 |
| Total assets | 4,163,103 | 4,889,434 |
| Total current liabilities | 246,593 | 174,879 |
| Total liabilities | 246,593 | 174,879 |
| Equity | | |
| Issued capital | 49,033,422 | 48,046,346 |
| Option reserve | 1,219,575 | 999,125 |
| Accumulated losses | (46,336,487) | (44,326,913) |
| Total equity | 3,916,510 | 4,718,558 |

Contingent Liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Commitments for the acquisition of property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

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 2023 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, 28 September 2023

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ASX Additional Information

The following additional information is required by the Australian Securities Exchange. The information is current as at 27 September 2023.

1. Shareholdings

The issued capital of the Company as at 27 September 2023 is 896,862,321 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 27 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 | 34 | 21 | 158 | 1,148 | 541 | 937 | 2,839 |

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 27 September 2023 is 712.

(b) 20 largest holders of quoted equity securities as at 27 September 2023

The names of the twenty largest holders of fully paid ordinary shares (ASX code: QXR) as at 25 September 2023 are:

| Rank | Name | Shares | % of Total Shares |
|------|--|--------------------|-------------------|
| 1 | SUZHOU TA & A ULTRA CLEAN TECHNOLOGY CO LTD | 75,000,000 | 8.36 |
| 2 | ZAMIA METALS LIMITED | 37,500,000 | 4.18 |
| 3 | FILMRIM PTY LTD | 25,265,874 | 2.82 |
| 4 | MR VICTOR LORUSSO | 20,000,000 | 2.23 |
| 5 | EST MR DAVID SCANLEN | 17,666,667 | 1.97 |
| 6 | MR DAVID JOHN KNOWLES | 17,300,000 | 1.93 |
| 7 | CITICORP NOMINEES PTY LIMITED | 15,360,542 | 1.71 |
| 8 | NAZDALL PTY LTD | 14,000,000 | 1.56 |
| 9 | MS JUSTINE DAVINA MICHEL <LAMBRECHT INVESTMENT A/C> | 13,500,000 | 1.51 |
| 10 | CHALEYER HOLDINGS PTY LTD <RUBBEN FAMILY A/C> | 13,000,000 | 1.45 |
| 11 | GREYWOOD HOLDINGS PTY LTD | 13,000,000 | 1.45 |
| 12 | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> | 12,209,144 | 1.36 |
| 13 | HOT CHILLI INVESTMENTS PTY LTD <HOT CHILLI INVEST S/F A/C> | 12,000,000 | 1.34 |
| 14 | KARAKORAM NO2 PTY LTD <SUPER FUND A/C> | 9,040,144 | 1.01 |
| 15 | MADISONS PTY LTD <BROWN RETIREMENT FUND A/C> | 8,000,000 | 0.89 |
| 16 | COVE STREET PTY LTD <THE COVE STREET A/C> | 7,901,733 | 0.88 |
| 17 | MR MICHAEL SHIRLEY | 7,650,000 | 0.85 |
| 18 | MR RONALD BOWEN + MRS KAREN BOWEN <BOWEN SUPER FUND A/C> | 7,500,000 | 0.84 |
| 19 | MR MOUSA FAWZI GHANANIM | 6,930,657 | 0.77 |
| 20 | FILMRIM PTY LTD <MAJUFE SUPER A/C> | 6,900,000 | 0.77 |
| | TOTAL | 339,724,761 | 37.67 |

Stock Exchange Listing – Listing has been granted for 896,862,321 fully paid ordinary shares of the Company on issue on the Australian Securities Exchange under (ASX:QXR).

(c) Unlisted option holdings as at 27 September 2023

- 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: 75,000,000 Shares (8.36%).

(e) Restricted Securities as at 27 September 2023

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% |
| Mazeppa | EPM14790 | 70% |
| Amaroo South | EPM19369 | 70% |
| Mazeppa Extended | EPM15145 | 70% |
| 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 |

- 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.
- The Company is the 100% registered owner of the licenses, with 50% held on trust for Pilbara Base Metals Pty Ltd