QX Resources Limited

AND CONTROLLED ENTITIES

ABN 55 147 106 974

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2021

Contents

Chairman's Letter

Dear Fellow Shareholders

I am pleased to present to you this year's annual report for QX Resources Limited in what was a year of significant progress.

In last year's Chairman's letter, I acknowledged that the Company would be changing its name to QX Resources to better align with our focus on assessing and acquiring assets in Queensland, and more broadly in other parts of Australia. I am pleased to report that with the formal acquisition of Zamia Resources Pty Ltd in October, we now have an extensive tenement package across the Central Queensland goldfields, which has seen ongoing work throughout the year.

With the shift in focus to exploration and development in Queensland, our technical team worked diligently to identify and begin exploration planning and drilling across key targets in the region. Through these extensive efforts and exploration spend we have now reached 70% ownership of Zamia Resources. With further exploration initiatives planned in the coming year we are confident that we will achieve the necessary spend to increase this ownership to 90%. This commitment reflects our confidence in the assets and the fact that the Board is of the firm view that they hold significant unlocked value.

Two of our prospects, the historical Lucky Break gold mine and its surrounds, and the newly defined Red Dog prospect, have seen the majority of exploration work this year. We are confident that as work continues across these prospects, and others that we have recently identified, we can add more value for shareholders. There are a number of additional promising sites across our leases which provide us with further development opportunities, and we can expect these to progress as exploration initiatives begin to ramp up in the new year.

During the year, QX Resources' technical team have also been closely assessing the potential of the Anthony Molybdenum deposit which sits inside the 115km2 of permits we acquired from Zamia. Anthony has a large defined mineral resource estimate based on many millions of dollars spent by previous owners on drilling, and we are intent on realizing the value from this investment. Post balance date, we announced that project development work is advancing and we are upgrading the mineral resource estimate at Anthony.

QX Resources has also had an active strategy of securing new exploration prospects that are either complementary to our area of focus in Queensland or present other value-creating opportunities in the future. To this end, our technical team secured an additional 232km2 of highly prospective ground in the Drummond Basin, and this year, we announced that two Exploration Licenses prospective for gold and base metals, including nickel, were secured in the Pilbara Region of Western Australia. Securing assets such as these, which have minimal holding costs, will continue to be a focus for the Board and we have others under consideration.

In the current year, we intend to invest considerably in exploration with a significant focus on defining a mineral resource estimate for our gold projects in Queensland and identifying new zones of mineralization across our leases. It is also timely to remind shareholders that the two historical gold mines that are housed on our tenements – Lucky Break and Belyando – were not fully exploited along strike or at depth and we believe considerable value can be realised from more aggressive and intense drilling here. This is what we plan to deliver and we expect this work to ramp up very soon.

I would like to take this opportunity to thank all our consultants for their dedication and commitment throughout the year. Likewise, to my fellow directors I want to express my gratitude and appreciation for their continued guidance. Lastly, I want to thank the Company's shareholders for the continued support you show. I look forward to updating you throughout the year.

Yours Sincerely

Maurice Feilich
Executive Chairman

Corporate Information

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

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

Directors

Mr Maurice Feilich (Executive Chairman)
Mr Benjamin Jarvis (Non-Executive Director)
Mr Daniel Smith (Non-Executive Director)
Mr Roger Jackson (Non-Executive Director) – appointed 10 September 2020

Company Secretary
Mr Daniel Smith

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

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

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

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

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

Website
www.qxresources.com.au

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

Competent Persons Statement

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr. Roger Jackson, a Director and Shareholder of the Company, who is a 25+ year Fellow of the Australasian Institute of Mining and Metallurgy (MAusIMM) and a Member of Australian Institute of Company Directors. Mr. Jackson has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves". Mr. Jackson consents to the inclusion of the data contained in relevant resource reports used for this announcement as well as the matters, form and context in which the relevant data appears.

Directors' Report

The directors present the following report on QX Resources Limited ("the Company", or "QXR") and the controlled entities for the year ended 30 June 2021.

Directors

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

Mr Maurice Feilich (Executive Chairman)
Mr Benjamin Jarvis (Non-Executive Director)
Mr Daniel Smith (Non-Executive Director)
Mr Roger Jackson (Non-Executive Director) – appointed 10 September 2020

Principal Activities

The principal activities of the Group for the year ended 30 June 2021 were resource mineral exploration and exploitation in Queensland and Western Australia.

Overview

Projects

Queensland Gold Project
On 1 July the Company announced that it had entered into Heads of Agreement (**HoA**) with in Zamia Resources Pty Ltd (**Zamia Resources**), a wholly-owned subsidiary of Zamia Metals Limited (**Zamia**) which owns four (4) exploration licenses (**Permits**) in the Central Queensland goldfields covering ~115km2 and housing two open pit historical gold mines, the Belyando and Lucky Break Mines as well as multiple unexplored targets. The project is strategically located within the Drummond Basin that has >6.5moz gold endowment and a long history of ongoing mining (See **Figure 1**).

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

On 17 June 2021, the Company announced that the Company has now reached 70% ownership of Zamia Resources. QXR originally assumed 50% ownership of Zamia Resources through the issue of 40,000,000 ordinary shares and the next 20% has been secured after spending $500,000 on exploration and project development activities during the earn-in period. QX can move to 90% ownership of Zamia Resources by spending an additional $1m on exploration and project development activities within the next 12 months. Given the positive results received to date and with more work planned in the near-term across the Zamia leases, QXR is confident of achieving this.

Directors' Report (continued)

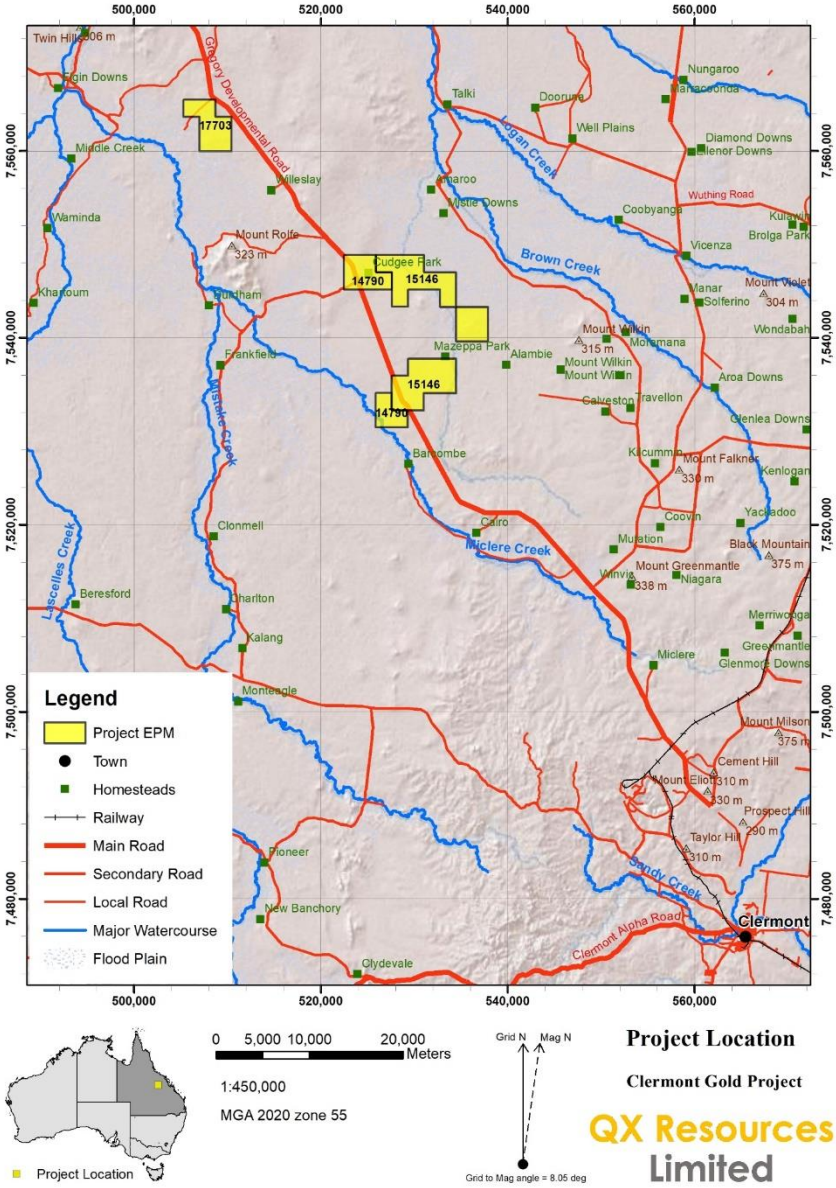


Figure 1: QX Project location map, Drummond Basin QLD

Red Dog Prospect

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

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

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

Directors' Report (continued)

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

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

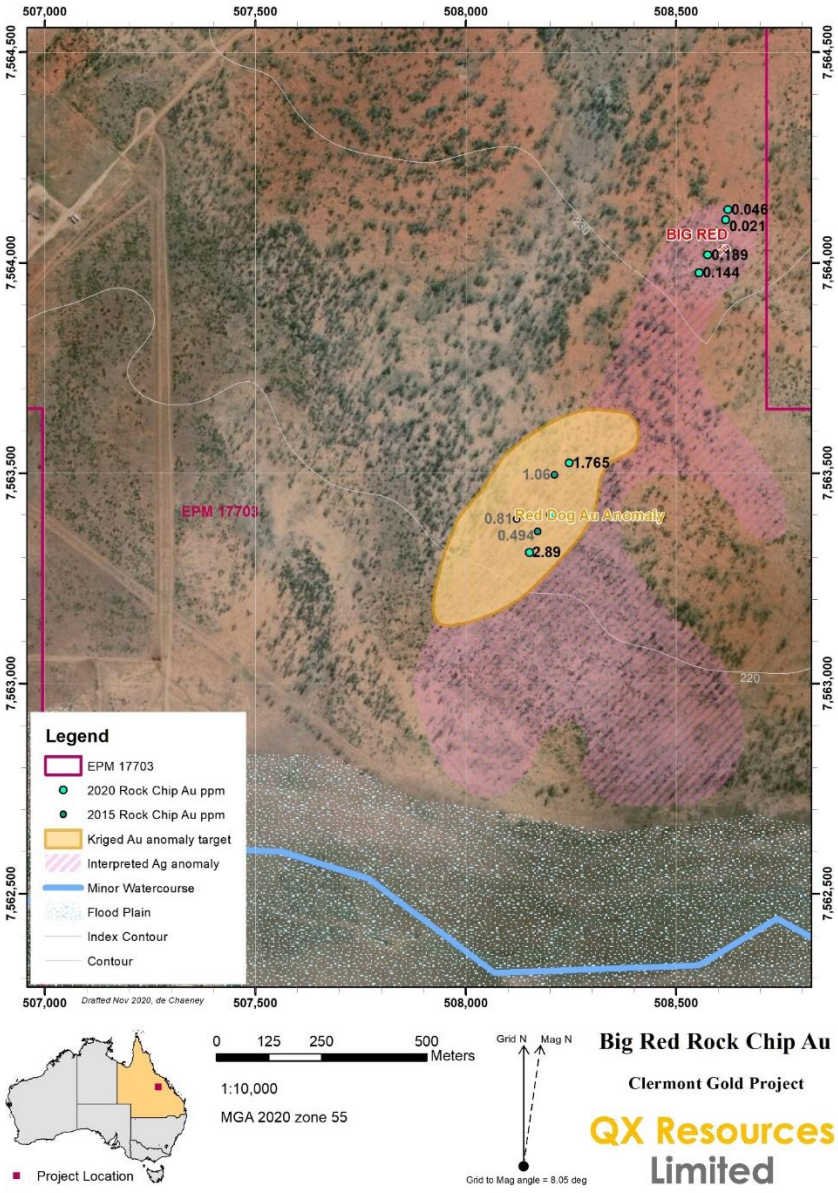


Figure 2: Rock float assays overlain on Red Dog gold and silver anomalies.

Ibis Prospect

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

Directors' Report (continued)

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

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

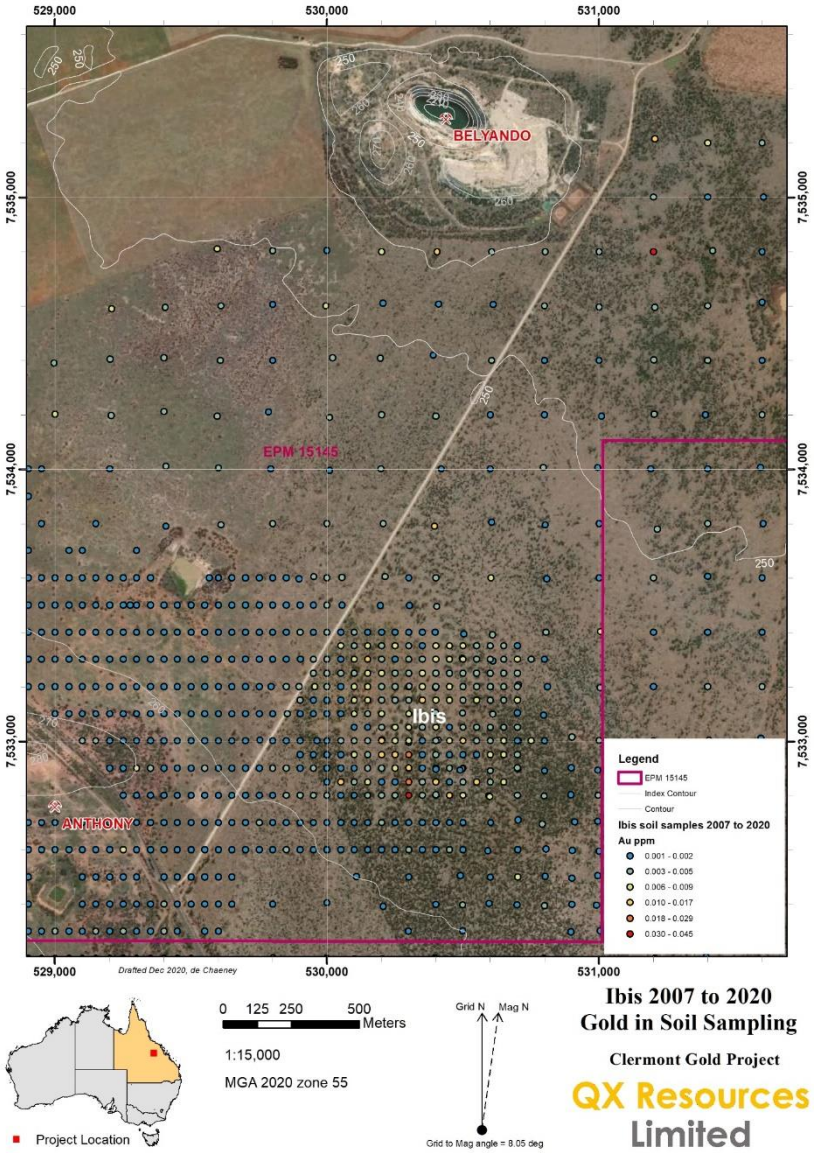


Figure 3: Zamia 2007, 2015, and QX 2020 soil sampling overlain on 30cm resolution satellite imagery.

Directors' Report (continued)

Lucky Break Gold Mine

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

On 13 July 2021, the Company announced the results of the maiden RC drilling program, with 22 holes completed for a total of 1,512m (See **Figure 4**). Lucky Break was mined by East-West Minerals NL from 1987 to 1988 for 90Kt at a head grade of 2.4 g/t Au in oxide only (15 to 20 vertical metres) for 283m of its 560m known strike length. Stage 1 drilling was targeted based on QXR's wireframe modelling of gold mineralised lodes to investigate strike and depth extension, test mineralisation in areas where historic drilling had incomplete assaying, and probe for infill on mineralisation to support modelling.

Significant results from the maiden program include:

- **2m @ 8.98 g/t Au, from 4m down hole in LB220 including 1m @ 11.55 g/t Au**
- **9m @ 1.45 g/t Au, from 45m down hole in LB200 including 3m @ 2.02 g/t Au and 1m @ 2.26 g/t Au**
- **5m @ 1.13 g/t Au, from 61m down hole in LB219 including 1m @ 3.21 g/t Au.**
- **7m @ 0.82 g/t Au from 10m down hole in LB217, including 1m @ 2.16 g/t Au and from 55m down hole, 2m @ 2.51 g/t Au including 1m @ 4.04 g/t Au.**

The results have shown strong mineralisation extending along strike 70m northeast of the existing pit crest and shallow mineralisation at good grades to the south of the existing pit and in situ at shallow depth bellow the south pit, which appears mainly to have taken mineralised positive topographic features and extended for only around 2.5m vertical depth in areas drilled during this program.

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

Directors' Report (continued)

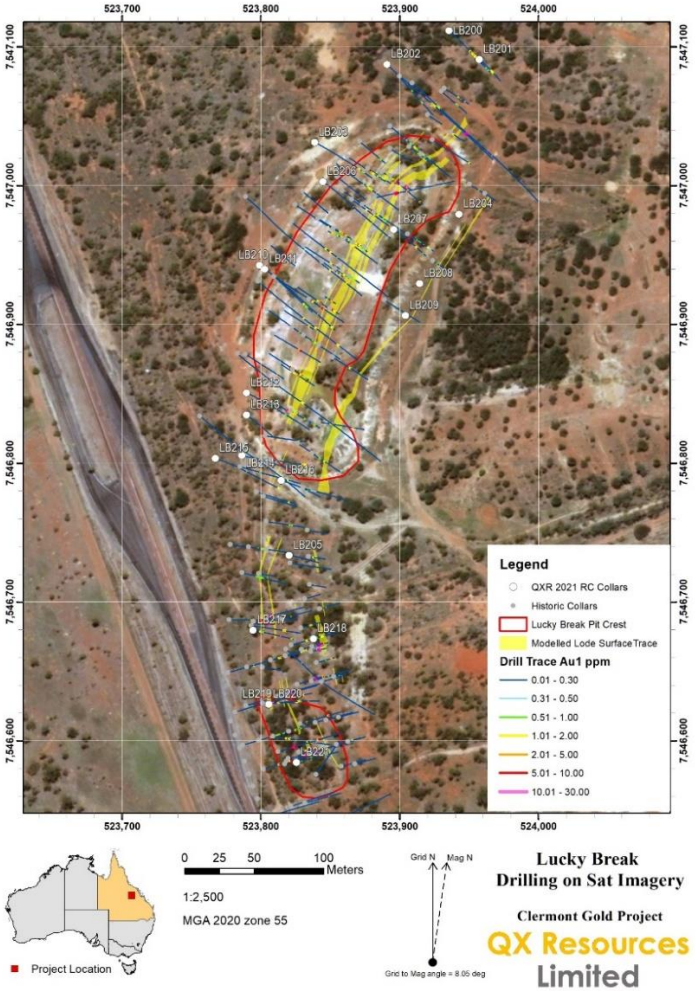
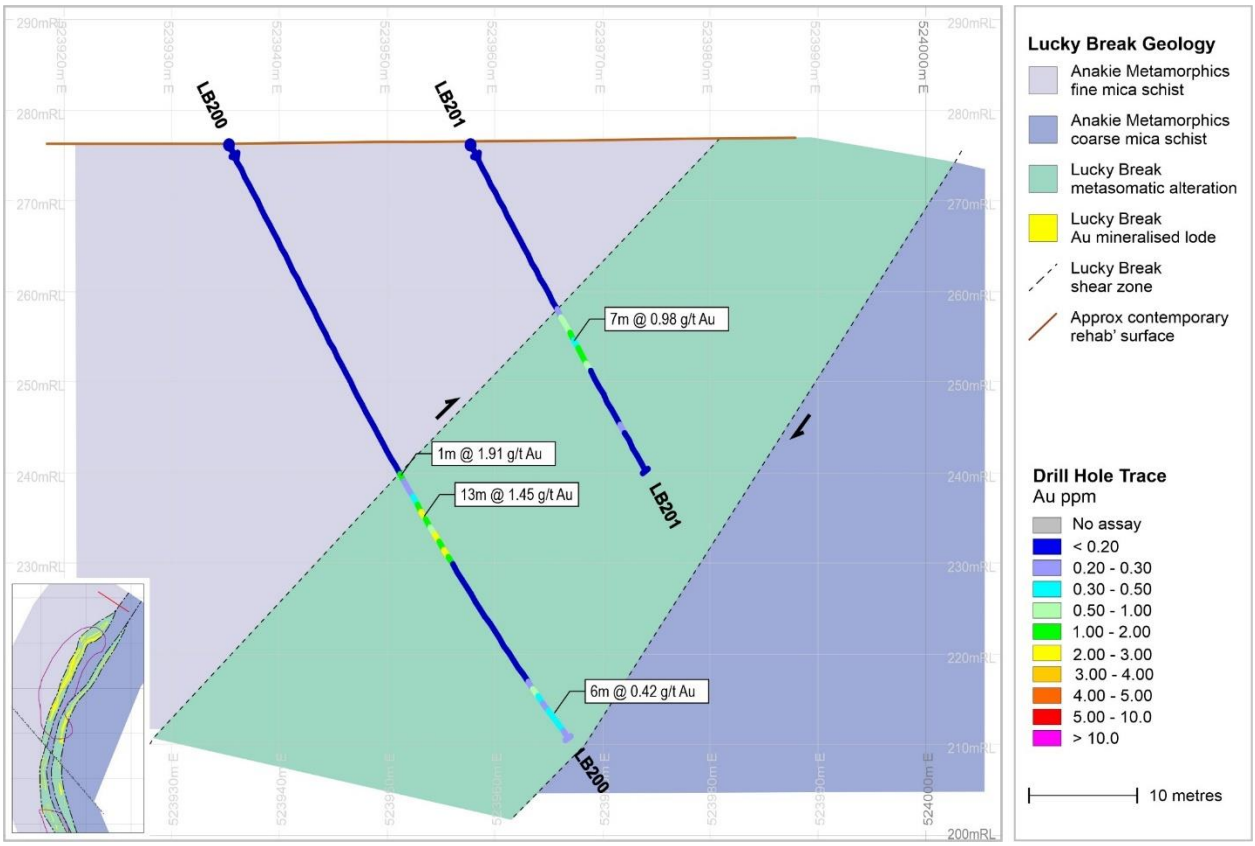


Figure 4: Lucky Break 2021 drilling and historic drilling against high resolution sat imagery



Directors' Report (continued)

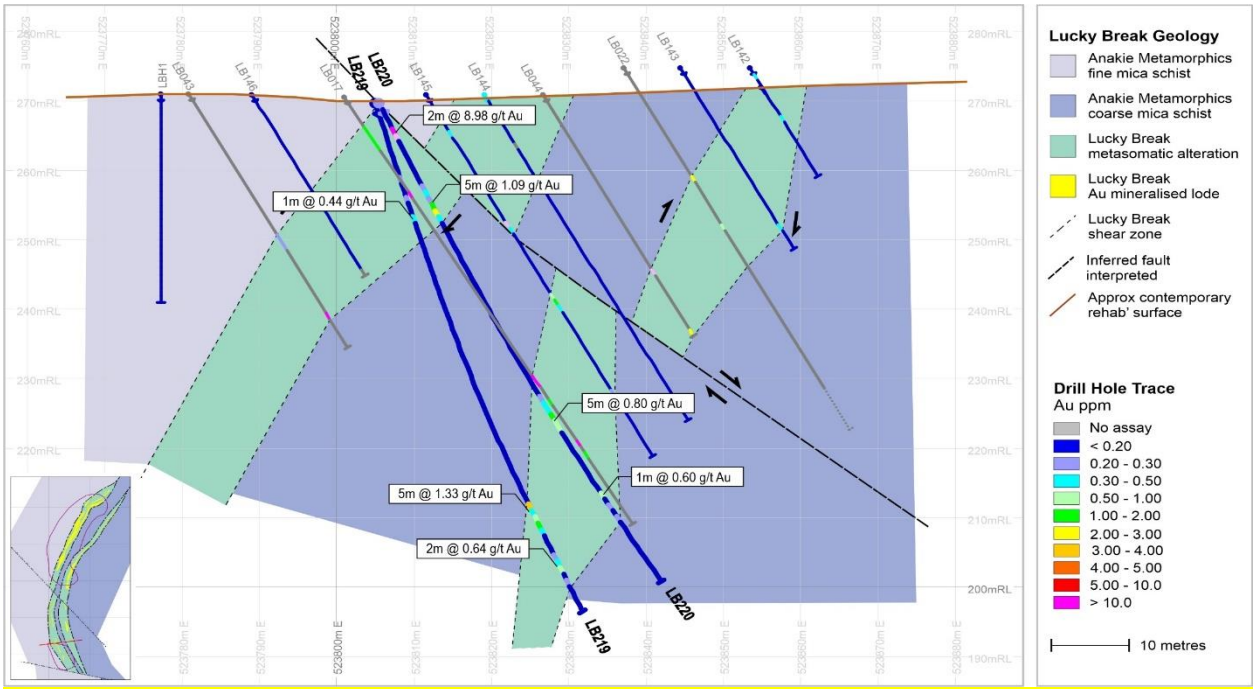


Figure 5: Lucky Break cross section 0, with LB200 and LB201 extending mineralisation 70m along strike to the northeast of the existing pit extent in unmined ground.

Anthony Molybdenum project

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

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

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

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

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

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

Directors' Report (continued)

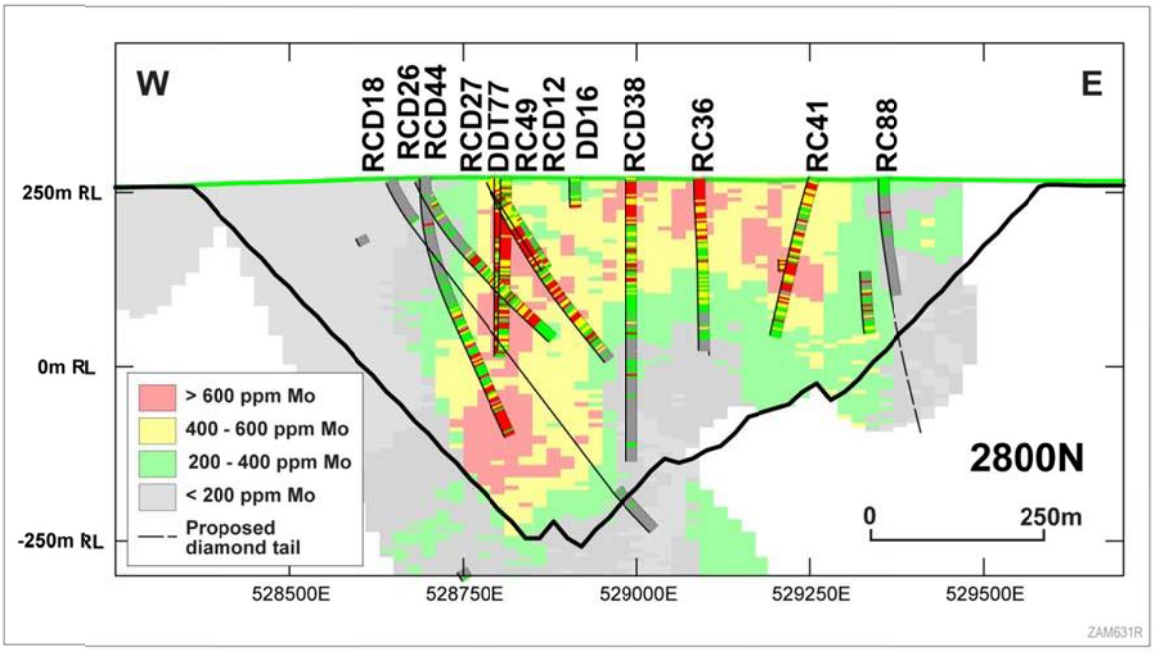


Figure 6: Anthony Molybdenum project - East-west drill section at 7 532 800N (Zamia Metals Limited, June 2011)

Pilbara gold projects

On 9 September 2021, the Company announced that its wholly-owned subsidiary, World Metals Pty Ltd, has secured a 50% interest in two Exploration Licences (ELs) located in the Pilbara region of Western Australia (see **Figure 7**).

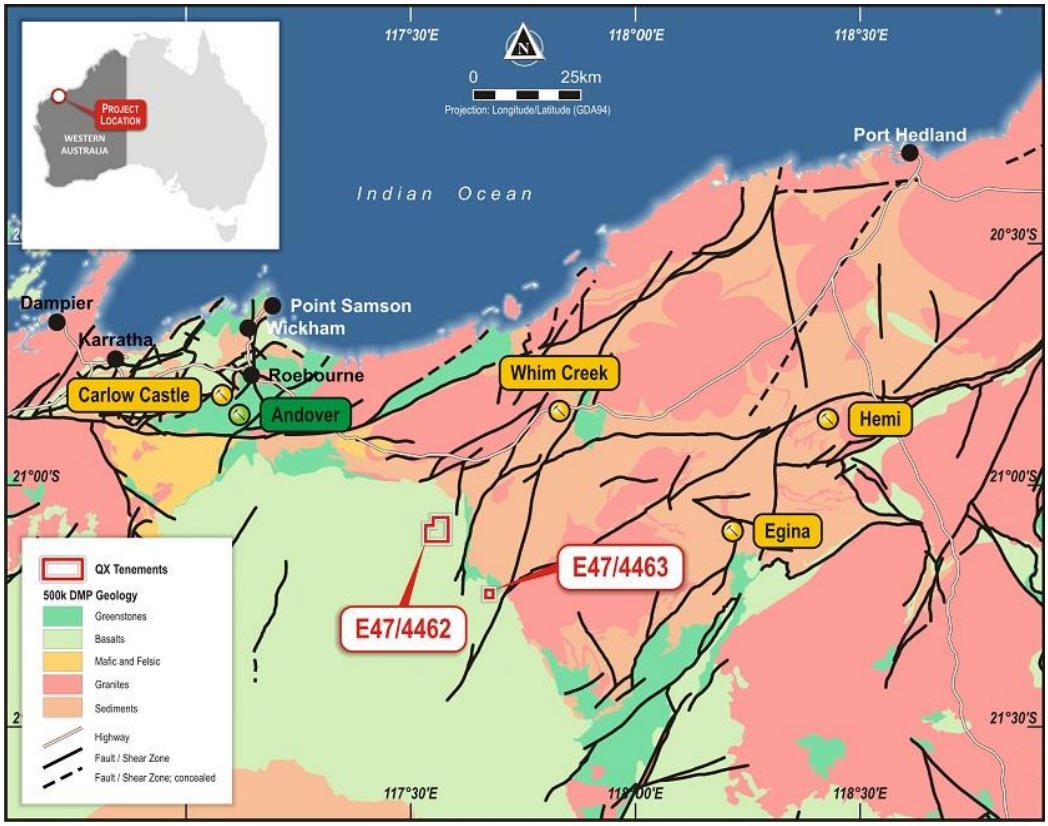


Figure 7: Tenement location and regional setting

Directors' Report (continued)

The acquired ELs (E47/4462 and E47/4463) are considered prospective for gold and base metals, including nickel, and are located ~75km southeast of the regional centre of Karratha and in a region comprising significant mineral discoveries (see **Figure 6**). QXR will hold 50% of the ELs with the balance held by the introducer of the licenses, Pilbara Base Metals Pty Ltd.

Prospective tenements in a proven regional setting

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

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

Planned exploration

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

Corporate

Capital Raising

On 3 July 2020, the Company advised that it had issued 56,000,000 ordinary shares at an issue price of $0.012 per share. The shares were issued to new and existing professional and sophisticated investors to raise $672,000 (before costs).

On 23 October 2020, the Company advised that it had issued 4,000,000 ordinary shares at an issue price of $0.012 per share. The shares were issued to new and existing professional and sophisticated investors to raise $48,000 (before costs).

On 31 December 2020, the Company advised that it had issued 60,000,000 unlisted options, exercisable at $0.02 within 2 years from issue, at an issue price of $0.001 each. The options were issued to new and existing professional and sophisticated investors to raise $60,000 (before costs).

On 13 May 2021, the Company advised that it had issued 69,999,999 ordinary shares at an issue price of $0.015 per share. The shares were issued to new and existing professional and sophisticated investors to raise $1,050,000 (before costs).

On 8 June 2021, the Company advised that it had issued 62,600,000 ordinary shares at an issue price of $0.015 per share as part of a share purchase plan. The shares were issued to existing professional and sophisticated investors to raise $939,000 (before costs).

Director Options

On 5 October 2020 the Company issued 35,000,000 unlisted options to directors following shareholders approval received at the General Meeting held 30 September 2020.

Directors' Report (continued)

Shareholder Meetings

On 30 September 2020, all resolutions put to shareholders at the Company's General Meeting were passed by way of a poll.

Following the Company's Annual General Meeting ("AGM") held on 26 November 2020, 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 statement of profit or loss and other comprehensive income shows a net loss for the year ended 30 June 2021 to members of $1,449,461 (2020: net loss of $487,855).

Dividends

No dividend has been paid or recommended by the directors during the year ended 30 June 2021.

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 2021 other than as stated in the above overview.

Matters subsequent to the end of the financial year

On 6 July 2021, the Company announced its decision to progress its advanced stage Anthony Molybdenum (Mo) deposit which sits within QXR's 115km2 of permits in Central Queensland and is part of the earn-in agreement with Zamia Metals Limited.

On 13 July 2021, the Company announced the completion of assays of the 1,512m stage 1 RC drill program at the Lucky Break Prospect on EPM 14790 (Mazeppa) in the Clermont Gold Project.

On 18 August 2021, the Company announced its intention to undertake a review of the historical mineral resource estimate (MRE) on its advanced stage Anthony Molybdenum deposit, appointed specialist geology consultancy GEOS Mining to update the JORC 2004 MRE for the Anthony Deposit to 2012 JORC compliant status.

On 2 September 2021, the Company announced that Stage 1 metallurgical test work is underway at the Anthony Molybdenum deposit.

On 6 September 2021, the Company announced that, following completion of the successful maiden drill program at the historical Lucky Break Mine, exploration activities are being ramped up across the broader tenement package with an extensive trenching program commencing at the Big Red and Red Dog Au prospects located in the Clermont Goldfields of Central Queensland.

On 9 September 2021, the Company announced that its wholly-owned subsidiary, World Metals Pty Ltd, has secured a 50% interest in two Exploration Licenses (ELs) located in the Pilbara region of Western Australia which are prospective for gold and base metals.

Other than discussed above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the result of those operations, or the consolidated entity's state of affairs in future financial years.

Directors' Report (continued)

Likely Developments and Expected Results

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

Financial Position

At 30 June 2021, the Group had net assets of $3,337,615 and cash reserves of $1,741,725 (2020: net assets $1,076,595, with cash reserves of $867,895).

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 2021.

Directors' Report (continued)

Information on Directors

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

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

Directors' Report (continued)

Information on Directors (continued)

Mr Daniel Smith	-	Non-Executive Director and Company Secretary
Qualifications	-	BA, FCD (CGP), MAICD, RG146.
Experience	-	Mr Smith is a chartered governance professional with over 13 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	-	5,000,000 Incentive Options
Current directorships	-	Europa Metals Ltd (AIM: EUZ), Lachlan Star Limited (ASX:LSA), Artemis Resources Ltd (ASX: ARV), White Cliff Minerals Ltd (ASX:WCN), Alien Metals Ltd (AIM: UFO).
Former directorships held in past three years	-	Taruga Minerals Limited (ASX:TAR).

Mr Roger Jackson	-	Non-Executive Director (appointed 10 September 2020)
Qualifications	-	B.Sc. (Geology, Geophysics) Grad Dip Fin Man, Grad Dip Ed
Experience	-	Roger been actively been involved in the Mining industry for 25 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. Roger has maintained a Geological and Mining Consulting business for the past 10 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. Roger has a Science degree with a major in Geology and Geophysics, and also holds a Diploma in Financial Management and a Diploma in Education. He is long-standing Member of the Australian Institute of Company Directors Fellow of the Geological Society of London, Member of the Australian Institute of Geoscientists and a 25 year Fellow of the Australasian Institute of Mining and Metallurgists (FAIMM).
Interest in Shares and Options	-	1,600,000 Ordinary Shares
Current directorships	-	NQ Minerals Plc (LON: NQMI), Pan Asia Metals Ltd (ASX:PAM, Ark Mines Ltd (ASX:AHK)
Former directorships held in past three years	-	Nil.

Directors' Report (continued)

Directors Meetings

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

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

Shares under Option

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

Type	Expiry Date	Issue Price of Shares	Number Under Option
Unlisted	5 October 2022	$0.025	17,500,000
Unlisted	5 October 2023	$0.035	17,500,000
Unlisted	30 December 2022	$0.020	60,000,000

Insurance of Officers

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

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

Indemnity and insurance of Auditor

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

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

Proceedings on Behalf of the Company

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

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

Directors' Report (continued)

Auditor's Independence Declaration

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

Auditor

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

Remuneration Report (Audited)

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

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

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

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

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

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

<u>Non-Executive Directors</u>

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

<u>Directors' Fees</u>

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

Directors' Report (continued)

Remuneration Report (Audited) (continued)

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

Additional fees

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

Retirement allowances for directors

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

Executive pay

The executive pay and reward framework has two components:

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

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

Base pay

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

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

Benefits

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

Long term incentives

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

Directors' Report (continued)

Remuneration Report (Audited) (continued)

B Details of remuneration

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

Key management personnel and other executives of the Group

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

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

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

Directors' Report (continued)

Remuneration Report (Audited) (continued)

	Short-term benefits			Post-employment benefits		Share-based payments	Total
30 June 2020	**Cash salary & Fees**	**Consulting fee**	**Non-monetary Benefits**	**Super-annuation Pensions**	**Retirement Benefits**		
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Executive Directors							
Maurice Feilich	106,680	-	-	-	-	-	106,680
Total Executive Directors	**106,680**	**-**	**-**	**-**	**-**	**-**	**106,680**
Non-Executive Directors							
Benjamin Jarvis [2]	20,000	-	-	-	-	-	20,000
Samual Jarvis [3]	12,000	-	-	-	-	-	12,000
Daniel Smith	32,000	-	-	-	-	-	32,000
Total Non-Executive Directors	**64,000**	**-**	**-**	**-**	**-**	**-**	**64,000**
Other Key Management Personel							
Daniel Smith [1]	32,000	-	-	-	-	-	32,000
	32,000	**-**	**-**	**-**	**-**	**-**	**32,000**
Total key management personnel compensation (Company)	**202,680**	**-**	**-**	**-**	**-**	**-**	**202,680**

[1] Mr D Smith, a Non-Executive Director, also provides company secretarial services to the Group.
[2] Mr B Jarvis was appointed Non-Executive Director on 24 October 2019. Mr B Jarvis, who is also a director and shareholder of Six Degrees Group Holdings Pty Ltd, was entitled to an additional $23,000 in relation to Public Relations services performed during 2020.
[3] Mr S Jarvis resigned as Non-Executive Director on 24 October 2020.

C <u>Service agreements</u>

No formal service agreements have been entered into by non-executive directors upon appointment to the board during the year ended 30 June 2021. 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.

D <u>Share-based compensation</u>

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

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.

2021 Name	Balance at the start of the year (or appointment)	Granted	Exercised	Expired, forfeited and other changes	Balance at the end of the year (or resignation)
Directors					
Executive Directors					
Maurice Feilich	-	20,000,000	-	-	20,000,000
Total Executive Directors	-	20,000,000	-	-	20,000,000
Non-Executive Directors					
Benjamin Jarvis	-	10,000,000	-	-	10,000,000
Roger Jackson [1]	-	-	-	-	-
Daniel Smith	-	5,000,000	-	-	5,000,000
Total Non-Executive Directors	-	15,000,000	-	-	15,000,000
Total	-	35,000,000	-	-	35,000,000

[1] Mr R Jackson was appointed Non-Executive Director on 10 September 2020.

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.

2021 Name	Balance at the start of the year (or appointment)	Received during the year	Other changes	Balance at the end of the year (or resignation)
Directors				
Executive Directors				
Maurice Feilich	16,453,374	-	20,612,500	37,065,874
Total Executive Directors	16,453,374	-	20,612,500	37,065,874
Non-Executive Directors				
Benjamin Jarvis	10,118,386	-	8,564,116	18,682,502
Roger Jackson [1]	-	-	1,600,000	1,600,000
Daniel Smith	-	1,733,333	(1,733,333)	-
Total Non-Executive Directors	10,118,386	1,733,333	8,430,783	20,282,502
Total	26,571,760	1,733,333	29,043,283	57,348,376

[1] Mr R Jackson was appointed Non-Executive Director on 10 September 2020.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

Voting and comments made at the company's 2020 Annual General Meeting (AGM)

At the 2020 AGM, held on 26 November 2020, 100% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. 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 2021 are summarised below, along with other factors that are considered to affect total shareholder return (TSR):

	2021 $	2020 $	2019 $	2018 $	2017 $
Closing share price – 30 June	0.016	0.015	0.008	0.021	0.038
Loss for the year attributable to owners of QX Resources Ltd	(1,449,461)	(487,855)	(755,395)	(280,078)	(8,766,845)
Basic EPS (cents)	(0.28)	(0.13)	(0.20)	(0.15)	(7.48)

Other transactions and balances with key management personnel

Below are transactions and balances with director-related entities for the year ended 30 June 2021.

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

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

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, 30 September 2021

RSM Australia Partners

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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 2021, 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

Perth, WA
Dated: 30 September 2021

JAMES KOMNINOS
Partner

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

Qualified Opinion

We have audited the financial report of QX Resources Limited (**Company**) and its subsidiaries (**Group**), which comprises the consolidated statement of financial position as at 30 June 2021, 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, except for the matter described in the *Basis for Qualified Opinion* section of our report, 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 2021 and of its financial performance for the year then ended; and

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

Basis for Qualified Opinion

As disclosed in Note 9 to the financial statements, the Company's investment in Next-Battery Limited is carried in the statement of financial position at $755,951. We were unable to obtain any appropriate audit evidence about the carrying amount of the investment as at 30 June 2021 due to no audited financial information being available regarding the financial performance and financial position of Next-Battery Limited, which is an unlisted private company, limited by shares and incorporated in Gibraltar. Consequently, we were unable to determine whether any adjustments to the carrying amount of the investment was necessary.

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 (**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 qualified opinion.

RSM

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Investment in Associate using the Equity Method Refer to Note 18 in the financial statements.	
The Group owns 70% of the shares in Zamia Resources Pty Ltd. This investment is accounted for under the equity method in accordance with AASB 128 Investments in Associates and Joint Ventures. This is considered a key audit matter due to the proportion of the Group's net assets it represents, the judgment involved in determining the correct accounting treatment, and the consideration of the existence of any impairment indicators.	Our audit procedures in relation to the acquisition of Zamia Resources Pty Ltd included: • Obtaining the Share Sale Agreement, and other related documents and ensuring that the transaction met the definition of an associate under AASB 128 Investments in Associates and Joint Ventures. • Reviewing the accounting entries in relation to the acquisition and determined that they were in accordance with the Share Sale Agreement. • Discussing the valuation methodology used by management to determine the original purchase price and evaluated whether there were any potential impairment indicators. • Obtaining the financial information in relation to the share of Associates Profits/Losses since acquisition; • Reviewing the disclosures in the financial statements, to assess compliance with the disclosure requirements of AASB 128.

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 2021, 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: https://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 within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of QX Resources Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 30 September 2021

JAMES KOMNINOS
Partner

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Revenue from continuing operations			
Other income	2	**109,366**	-
		109,366	-
Expenses			
Acquisition related costs		**(207,188)**	-
Finance costs		**(1,920)**	(2,433)
Employee and director benefits expense	3	**(170,040)**	(202,680)
Exploration costs written off	11	**(122,138)**	(30,137)
ASX and share registry fees		**(49,205)**	(35,076)
Consultants and travel		**(5,000)**	(2,101)
Loss on debt/equity swap		**(343,800)**	-
Other expenses		**(209,635)**	(215,428)
Share-based payments expense		**(199,500)**	-
Share of losses of associates accounted for using the equity method	18	**(250,401)**	-
Loss before income tax expense		**(1,449,461)**	(487,855)
Income tax expense	4	**-**	-
Loss after income tax expense for the year		**(1,449,461)**	(487,855)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		**-**	-
Other comprehensive income for the year, net of income tax		**-**	-
Total comprehensive loss for the year		**(1,449,461)**	(487,855)
Loss attributable to:			
Owners of the Company		**(1,449,461)**	(487,855)
Non-controlling Interests		**-**	-
		(1,449,461)	(487,855)
Total comprehensive loss attributable to:			
Owners of the Company		**(1,449,461)**	(487,855)
Non-controlling Interests		**-**	-
		(1,449,461)	(487,855)
Basic and diluted loss per share (cents)	5	**(0.28)**	(0.13)

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 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	**1,741,725**	**867,895**
Trade and other receivables	8	**20,989**	**6,407**
Total Current Assets		**1,762,714**	**874,302**
Non-Current Assets			
Investments	9	**926,539**	**755,951**
Investments accounted for using the equity method	18	**833,140**	**-**
Total Non-Current Assets		**1,759,679**	**755,951**
TOTAL ASSETS		**3,522,393**	**1,630,253**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	**184,778**	**553,658**
Total Current Liabilities		**184,778**	**553,658**
TOTAL LIABILITIES		**184,778**	**553,658**
NET ASSETS		**3,337,615**	**1,076,595**
EQUITY			
Issued capital	13	**42,886,071**	**38,943,152**
Reserves	14	**323,625**	**666,743**
Accumulated losses	16	**(39,852,081)**	**(38,533,300)**
TOTAL EQUITY		**3,357,615**	**1,076,595**

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 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Cash flows from operating activities			
Payments to suppliers and employees		**(440,314)**	(130,912)
Interest paid		**(1,740)**	(2,253)
Net cash flows used in operating activities	24	**(442,054)**	(133,165)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		**(115,868)**	(30,137)
Payments for acquisition of associates		**(606,392)**	-
Payments for investments	9	**(104,200)**	-
Proceeds from sale of investments	9	**42,978**	-
Net cash flows used in investing activities		**(783,482)**	(30,137)
Cash flows from financing activities			
Proceeds from issue of shares		**2,277,005**	-
Funds received in advance for the issue of shares		**-**	483,833
Share issue costs		**(177,639)**	-
Net cash flows from financing activities		**2,099,366**	483,833
Net increase in cash and cash equivalents		**873,830**	320,531
Cash and cash equivalents at beginning of year		**867,895**	547,364
Effect of foreign currency translation		**-**	-
Cash and cash equivalents at end of year	7	**1,741,725**	867,895

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 2021

	Issued Capital $	Accumulated Losses $	Reserves $	Non-Controlling Interest $	Total $
Balance at 1 July 2020	**38,943,152**	**(38,533,300)**	**666,743**	**-**	**1,076,595**
Loss for the year	**-**	**(1,449,461)**	**-**	**-**	**(1,449,461)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss	**-**	**(1,449,461)**	**-**	**-**	**(1,449,461)**
Transactions with owner, directly recorded in equity:					
Issue of shares	**4,100,557**	**-**	**(483,833)**	**-**	**3,616,724**
Issue of share-based payments	**-**	**-**	**271,395**	**-**	**271,395**
Share issue costs	**(177,638)**	**-**	**-**	**-**	**(177,638)**
Total transactions with owners	**42,866,071**	**(39,982,761)**	**454,305**	**-**	**3,337,615**
Transfer of reserve to accumulated losses	**-**	**130,680**	**(130,680)**	**-**	**-**
Balance at 30 June 2021	**42,866,071**	**(39,852,081)**	**323,625**	**-**	**3,337,615**
Balance at 1 July 2019	**38,943,152**	**(38,225,369)**	**327,441**	**-**	**1,045,224**
Loss for the year	**-**	**(487,855)**	**-**	**-**	**(487,855)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss	**-**	**(487,855)**	**-**	**-**	**(487,855)**
Transactions with owner, directly recorded in equity:					
Issue of shares	**-**	**-**	**-**	**-**	**-**
Issue of share-based payments	**-**	**-**	**35,393**	**-**	**35,393**
Capital-raising proceeds received in advance	**-**	**-**	**483,833**	**-**	**483,833**
Share issue costs	**-**	**-**	**-**	**-**	**-**
Total transactions with owners	**38,943,152**	**(38,713,224)**	**846,667**	**-**	**1,076,595**
Transfer of reserve to accumulated losses	**-**	**179,924**	**(179,924)**	**-**	**-**
Balance at 30 June 2020	**38,943,152**	**(38,533,300)**	**666,743**	**-**	**1,076,595**

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 30 September 2021 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.

Adoption of new and revised standards
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 are most relevant to the Group:

Conceptual framework for Financial Reporting (Conceptual Framework)
The Group has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Group's financial statements.

Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the company as at 30 June 2021 and the results of all subsidiaries for the year then ended. Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to. Or has rights to, variable returns from its

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (Continued)

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.

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

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

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

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

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

(b) Operating Segments

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

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

(c) Foreign Currencies

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

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

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

The functional currency of the overseas subsidiaries is based on the primary economic environment in which the entity operates. At the end of the reporting period, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Group at the closing rate at the end of the reporting period and income and expenses are translated at the weighted average exchange rates for the year. All resulting exchange difference are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of 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 profit nor taxable profit or loss; 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.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(e) Income Tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(f) Right of Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(g) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(h) 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.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(i) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(j) 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*
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 takes into account 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 (for example, profitability and sales growth targets).

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(i) 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 takes into account 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.

(j) 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.

(k) 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.

(l) Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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.

(m) 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)

(n) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(o) 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.

(p) Financial Instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. Trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

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.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(p) Financial Instruments (continued)

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(ii) Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(iii) *Available-for-sale financial assets*
Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are not expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(p) Financial Instruments (continued)

Impairment
At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return of return for similar financial assets.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(q) 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.

(r) 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.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(s) 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 is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) 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.

(u) 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.

(v) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(v) Borrowings (continued)

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

(w) Discontinued operations

A discontinued operation is a component of the consolidated group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

(x) Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(y) Significant Accounting Judgements, Estimates and Assumptions

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

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

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

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

(z) New Accounting Standards for Application in Future Periods

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 2021. 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 2021 $	Consolidated 2020 $
Other Income		
Unrealised gain on investment	**99,388**	-
Gain on disposal of listed investments	**9,978**	-
	109,366	-

3. Employee and Director Benefits Expense

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

	Consolidated 2021 $	Consolidated 2020 $
Employee and Director Benefits expense		
Short term benefits	**170,040**	202,680

4. Income Tax

	Consolidated 2021 $	Consolidated 2020 $
Loss before income tax	**(1,449,461)**	(487,855)
Tax benefit, prima facie, at the Australian tax rate of 26.0% (2020: 27.5%)	**(376,860)**	(134,160)
Add / (less):		
Non-assessable income	**(25,841)**	-
Non-deductible expenses	**47,717**	(15,033)
Effect of difference in tax rate for foreign subsidiary	**-**	-
	(354,984)	(149,193)
Deferred tax assets not brought to account	**354,984**	149,193
Income tax expense	**-**	-

At 30 June 2021, the Group has unused tax losses of $40,750,209 (2020: $39,364,888). The potential tax benefit at the Australian tax rate of 26% (2020: 27.5%) not recognised for unused tax losses is $10,595,054 (2020: $10,825,344). The unused tax losses are comprised of operating losses totalling $9,443,739 and capital losses totalling $31,306,470.

The benefit for tax losses will only be obtained if:

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

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

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

Notes to the Financial Statements

5. Earnings per Share

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

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

	Consolidated 2021 $	Consolidated 2020 $
Loss after income tax	**(1,449,461)**	(487,855)
	No.	**No.**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**515,872,815**	386.510.456

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 2021 $	Consolidated 2020 $
Current		
Cash at bank and in hand	**1,741,725**	867,895
	1,741,725	867,895

8. Trade and Other Receivables

	Consolidated 2021 $	Consolidated 2020 $
Current		
Other receivables	**20,989**	6,407
	20,989	6,407

Expected credit loss
The Group has not recognized any expected credit loss allowance as at 30 June 2021 (2020: nil).

Notes to the Financial Statements

9. Investments

	Consolidated 2021 $	Consolidated 2020 $
Non- Current		
Investment – Next-Battery Ltd	**755,951**	755,951
Shares in listed companies at fair value	**170,588**	-
	926,539	755,951
Movement		
Balance at beginning of period	**755,951**	755,951
Additions	**104,200**	-
Disposals	**(42,978)**	-
Profit on disposal	**9,978**	-
Revaluation to fair value	**99,388**	-
Balance at end of period	**926,539**	755,951

On 22 October 2018, the Group entered into subscription and shareholder agreements for the right to earn up to a 35% equity interest in Next-Battery Ltd ("Next-Battery"), an unlisted private company incorporated in Gibraltar and operated in Ukraine, under the following terms:

(a) An initial 25% interest by spending USD 500,000 on an agreed budget for the development of the Next-Battery technology;
(b) The option to spend an additional USD 1,000,000 on Next-Battery technology development for a further 10% equity interest; and
(c) Issuing 10,000,000 ordinary shares in the Group to Next-Battery (or nominee) on the following milestone basis:
    a. 5,000,000 ordinary shares upon demonstration of a prototype battery demonstrating a minimum 50% increase in specific energy compared to current Tesla battery model; and
    b. 5,000,000 ordinary shares upon demonstration of a prototype battery demonstrating a minimum 100% increase in specific energy compared to current Tesla battery model.

During the year ended 30 June 2021, the Group made investments in listed companies totaling $104,200. The fair value of the Groups listed investment as at 30 June 2021 is $170,588 based on the market value of each share held at 30 June 2021.

Notes to the Financial Statements

10. Fair Value Measurement

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

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

Consolidated – 30 June 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Investment in Next-Battery Ltd at fair value through profit or loss	-	-	755,951	755,951
Total Assets	-	-	755,951	755,951

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

There were no transfers between levels during the year.

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

Valution techniques for fair value measurements categorised within level 2 and level 3.
The Group's investment in Next-Battery Ltd has been classified as an available for sale financial asset and has valued it at its historic cost as there is currently insufficient financial information available for the Group to make an accurate assessment of the fair value of the Group's investment in Next-Battery Ltd, and the Group has determined this to be the most appropriate carrying value of its investment.

Level 3 assets and liabilities.
There has been no movement in level 3 assets and liabilities during the year ended 30 June 2021.

Notes to the Financial Statements

11. Exploration and Evaluation Expenditure

	Consolidated 2021 $	Consolidated 2020 $
Non – Current		
Exploration and evaluation expenditure – at cost	-	-
Movement		
Balance at beginning of period	-	-
Exploration costs incurred	**122,138**	30,137
Impairment of exploration costs	**(122,138)**	(30,137)
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 2021 $	Consolidated 2020 $
Current		
Trade payables	**88,243**	249,678
Other payables	**96,535**	303,980
	184,778	553,658

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

13. Issued Capital

	Consolidated 2021 $	Consolidated 2020 $
(a) **Issued and paid-up capital**		
Ordinary shares - fully paid	**42,886,071**	38,943,152

Notes to the Financial Statements

13. Issued Capital (continued)

Movement in ordinary shares on issue:

	Date	No. of Shares	Issue Price	$
1 July 2019		386,510,456		38,943,152
No movement during the year		-		-
30 June 2020		**386,510,456**		**38,943,152**
Placement shares	3 July 2020	56,000,000	$0.01200	672,000
Conversion of options	3 July 2020	91,917	$0.02000	1,838
Placement shares	23 October 2020	4,000,000	$0.01200	48,000
Settlement of outstanding creditors	23 October 2020	47,159,949	$0.01925[1]	909,719
Shares issued to Zamia Metals	23 October 2020	40,000,000	$0.01200	480,000
Placement shares	20 May 2021	69,999,999	$0.01500	1,050,000
Share purchase plan	10 June 2021	62,600,000	$0.01500	939,000
Share issue costs				(177,638)
30 June 2021		**666,362,321**		**42,866,071**

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

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

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. Management effectively manages the Group's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The capital of the Group for the years ended 30 June 2021 and 30 June 2020 are as follows:

	Note	Consolidated 2021 $	Consolidated 2020 $
Total borrowings (including payables)	12	**184,778**	553,658
Less cash and cash equivalents	7	**(1,741,725)**	(867,895)
Net debt		**(1,556,947)**	(314,237)
Total equity		**3,357,615**	1,076,595
Total capital		**1,800,668**	762,358

Notes to the Financial Statements

14. Reserves

	Consolidated 2021 $	Consolidated 2020 $
Reserves		
Option reserve	**259,500**	118,785
Shares to be issued reserve	**64,125**	547,958
	323,625	666,743

Movement during the year	**Option reserve**	**Shares to be issued reserve**
Balance at 1 July 2019	263,316	64,125
Options issued	35,393	-
Shares granted	(179,924)	-
Balance at 30 June 2020	**118,785**	**64,125**
Options issued	**271,395**	**-**
Transfer of reserve to accumulated losses upon expiration of options	**(130,680)**	**-**
Balance at 30 June 2021	**259,500**	**64,125**

Options reserve

The option reserve recognises options issued by the Company. The balance of the options reserve transferred to accumulated losses during the year ended 30 June 2021 was related to previously unexercised and expired options.

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
2021								
Unlisted option	31 Oct 20	$0.020	**7,000,000**	**-**	**-**	**(7,000,000)**	**-**	**-**
Unlisted option	5 Oct 22	$0.025	**-**	**17,500,000**	**-**	**-**	**17,500,000**	**17,500,000**
Unlisted option	5 Oct 23	$0.035	**-**	**17,500,000**	**-**	**-**	**17,500,000**	**17,500,000**
Unlisted option	30 Dec 22	$0.020	**-**	**60,000,000**	**-**	**-**	**60,000,000**	**60,000,000**
			7,000,000	**95,000,000**	**-**	**(7,000,000)**	**95,000,000**	**95,000,000**
2020								
Unlisted option	30 Apr 20	$0.05	2,000,000	-	-	(2,000,000)	-	-
Listed option	30 Jun 20	$0.02	106,421,373	-	(91,917)	(106,329,456)	-	-
Unlisted option	31 Oct 20	$0.02	7,000,000	-	-	-	7,000,000	7,000,000
			115,421,373	-	(91,917)	(108,329,456)	7,000,000	7,000,000

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

Notes to the Financial Statements

15. Financial Instruments

Financial Risk Management

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

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

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

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

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

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

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 2021 $	Consolidated 2020 $
Financial Assets		
Cash and cash equivalents	**1,741,725**	867,895
Net exposure	**1,741,725**	867,895

Notes to the Financial Statements

15. Financial Instruments (continued)

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

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

Judgements of reasonably possible movements:	Consolidated 2021 $	Consolidated 2020 $
Post tax profit – higher / (lower)		
+ 0.5%	**8,709**	4,339
- 0.5%	**(8,709)**	(4,339)
Equity – higher / (lower)		
+ 0.5%	**8,709**	4,339
- 0.5%	**(8,709)**	(4,339)

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;

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
2021

Financial Instrument	Floating interest rate	Fixed Interest rate maturing in: 1 year or less	Over 1 to 5 years	More than 5 years	Non-interest Bearing	Total	Weighted average effective interest rate
	$	$	$	$	$	$	
Financial Assets							
Interest bearing							
Cash and cash equivalents	**1,741,725**	-	-	-	-	**1,741,725**	-
Non-interest bearing							
Receivables – other	-	-	-	-	**20,789**	**20,789**	-
Total financial assets	**1,741,725**	-	-	-	**20,789**	**1,762,514**	
Financial Liabilities							
Non-interest bearing							
Trade payables and accruals	-	-	-	-	**184,778**	**184,778**	-
Total financial liabilities	-	-	-	-	**184,778**	**184,778**	

Notes to the Financial Statements

15. Financial Instruments (continued)

Consolidated 2020 Financial Instrument	Floating interest rate	Fixed Interest rate maturing in 1 year or less	Over 1 to 5 years	More than 5 years	Non-interest Bearing	Total	Weighted average effective interest rate
	$	$	$	$	$	$	
Financial Assets							
Interest bearing							
Cash and cash equivalents	867,895	-	-	-	-	867,895	-
Non-interest bearing							
Receivables – other	-	-	-	-	6,407	6,407	-
Total financial assets	867,895	-	-	-	6,407	874,302	
Financial Liabilities							
Non-interest bearing							
Trade payables and accruals	-	-	-	-	553,658	553,658	-
Total financial liabilities	-	-	-	-	553,658	553,658	

Price Risk

The Group was not exposed to commodity price risk during the years ended 30 June 2021 and 30 June 2020.

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 2021 and 30 June 2020.

Notes to the Financial Statements

15. Financial Instruments (continued)

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 2021 $	Consolidated 2020 $
Accumulated losses at the beginning of the financial year	**(38,533,300)**	(38,225,369)
Loss for the year	**(1,449,461)**	(487,855)
Transfer of reserve to accumulated losses	**130,680**	179,924
Accumulated losses at the end of the financial year	**(39,852,081)**	(38,533,300)

17. Share-Based Payments

During the year ended 30 June 2021, the Group had the following share-based payments:

For the options granted during the year ended 30 June 2021, 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	Note
05/10/2020	05/10/2022	$0.0170	$0.025	100.00%	0.00%	0.16%	$0.017	17,500,000	$0.0055	$96,250	2
05/10/2020	05/10/2023	$0.0170	$0.035	100.00%	0.00%	0.17%	$0.017	17,500,000	$0.0059	$103,250	2
								35,000,000		$199,500	

(1) On 20 July 2018, 7,000,000 unlisted options exercisable at $0.02 per option, exercisable by 31 October 2020, were granted and issued to a service provider of the Group. These options were granted in three tranches with the following vesting conditions:

Tranche 1: 2,000,000 options exercisable upon the Company achieving a 10-day VWAP of $0.045 per share
Tranche 2: 2,500,000 options exercisable upon the Company achieving a 10-day VWAP of $0.065 per share
Tranche 3: 2,500,000 options exercisable upon the Company achieving a 10-day VWAP of $0.085 per share

The total estimated fair value of these options of $80,650 was determined using a barrier option pricing model. The Group has recognised public relations expense of $11,895 during the period for the grant of these options.

These options expired unexercised on 31 October 2020.

Notes to the Financial Statements

17. Share-Based Payments (continued)

(2) On 30 September 2020, shareholders approved the issue of 35,000,000 unlisted options to directors in the following tranches:

Tranch 1: 17,500,000 options exercisable at $0.025 per option, exercisable within 2 years of issue
Tranch 2: 17,500,000 options exercisable at $0.035 per option, exercisable within 3 years of issue

The above options were issued on 5 October 2020. The transactional value of these options was $96,250 for tranch 1 and $103,250 for tranch 2 based on the Black Scholes valuation model. The options vested immediately, and the entire expense has been recognised in the current period in the statement of profit or loss and other comprehensive income.

(3) On 30 September 2020, shareholders approved the issue of 40,000,000 shares to Zamia Metals Ltd at an issue price of $0.012 per share and a total transactional value of $480,000 as part consideration to acquire an initial interest of 50% of the issued capital of Zamia Resources Pty Ltd. On 15 October 2020 the Group finalised the acquisition of Zamia Resources Pty Ltd and issued the shares to Zamia Metals Ltd on 23 October 2020. The value of these shares has been capitalised to the balance sheet as investments accounted for using the equity method.

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

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

The Group had no other share-based payments during the year ended 30 June 2021.

	Consolidated 2021 $	**Consolidated 2020 $**
Recognised as public relations expense during the year	**11,895**	35,393
Recognised as share-based payments expense during the year	**199,500**	-
Total value of share-based payments expensed during the year	**211,395**	35,393
Fair value yet to vest	**-**	11,895
Total fair value of share-based payments granted during the year	**211,395**	47,288
Total value of share-based payments expensed during the year	**211,395**	35,393
Issue of 60,000,000 options at $0.001 per option	**60,000**	-
Transfer of reserve to accumulated losses on expiry of options	**(130,680)**	-
Total movement in the share-based payment reserve	**140,715**	35,393
Capitalised as acquisition costs during the year	**480,000**	-
Recognised as a reduction in trade and other payables during the year	**565,919**	-
Total movement in net assets as a result of share based payments	**1,045,919**	-
Recognised as loss on debt/equity swap	**343,800**	-
Total fair value of shares issued as share-based payments during the year	**1,389,719**	-

Notes to the Financial Statements

18. Investments accounted for using the equity method

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

		Ownership Interest	
	Principal Place of Business / Country of Incorporation	**2021**	**2020**
Name			%
Zamia Resources Pty Ltd	Australia	**70.%**	-

Summaried financial information

	2021	**2020**
	$	**$**
Summaries statement of financial position		
Current assets	**18**	-
Non-current assets	**27,666**	-
Total assets	**27,684**	-
Current liabilities	**-**	-
Non-current liabilities	**(518,793)**	-
Total liabilities	**(518,793)**	-
Net assets	**(491,109)**	-
Summaries statement of profit or loss and other comprehensive income		
Revenue	**-**	-
Expenses	**(499,986)**	-
Loss before income tax	**(499,986)**	-
Income tax expense	**-**	-
Loss after income tax	**(499,986)**	-
Other comprehensive income	**-**	-
Total comprehensive loss	**(499,986)**	-
Reconciliation of the Group's carrying amount		
Opening carrying amount	**-**	-
Acquisition costs	**980,100**	-
Contributions to increase investment in Zamia Resources Pty Ltd	**103,441**	-
Share of loss after income tax	**(250,401)**	-
Closing carrying amount	**833,140**	-

As announced on 16 October 2020, the Group executed an earn-in agreement with Zamia Resources Pty Ltd ("Zamia Resources"), a wholly owned subsidiary of Zamia Metals Ltd ("Zamia"), to assume an initial 50% interest in Zamia Resources Pty Ltd through an upfront cash payment of $75,000 and the issue of 40,000,000 ordinary QXR shares to Zamia. Under the agreement the Group met an expenditure commitment of $425,000 on Zamia Resources projects within six months of the agreement to move to a 70% interest. The Group can now move to a 90% interest in Zamia Resources by contributing an additional $1m on exploration and project development by 31 March 2022.

Notes to the Financial Statements

19. Commitments and Contingent Liabilities

(a) Commitments

	Consolidated 2021 $	Consolidated 2020 $
Exploration & evaluation expenditure commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Zamia Resources Pty Ltd expenditure commitment – within 1 year	**954,922**	-
	954,922	-

As detailed in note 18, the Group can elect to contributed an additional expenditure commitment of $1million by 31 March 2022 to move to a 90% interest in Zamia Resources. As at 30 June 2021 the Group has provided $45,078 towards the above expenditure commitment.

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

Notes to the Financial Statements

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 2021 financial year:

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

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

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

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

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

Notes to the Financial Statements

20. Related Party Disclosure (cont'd)

Below are transactions and balances with director-related entities for the 2020 financial year:

Related Party	Type of Service	2020 $
Expenses		
Minerva Corporate Pty Ltd [1]	Company secretarial services	**32,000**
Six Degrees Group Holdings Pty Ltd [2]	Public relation services	**23,000**
Total Expenses		**55,000**
Liabilities		
Benjamin Jarvis	Accrued director fees	**20,000**
Maurice Feilich	Accrued director fees	**216,680**
Minerva Corporate Pty Ltd [1]	Director fees and company secretary services	**83,600**
Six Degrees Group Holdings Pty Ltd [2]	Director fees and public relation services	**79,370**
Total Liabilities		**399,650**

[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 Group Holdings Pty Ltd, a company which provides public relation and non-executive director services to the Group. The public relation services expense identified above only relates to the period in which Mr Jarvis was a director of 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 6 July 2021, the Company announced its decision to progress its advanced stage Anthony Molybdenum (Mo) deposit which sits within QX's 115km2 of permits in Central Queensland and is part of the earn-in agreement with Zamia Metals Limited.

On 13 July 2021, the Company announced the completion of assays of the 1,512m stage 1 RC drill program at the Lucky Break Prospect on EPM 14790 (Mazeppa) in the Clermont Gold Project.

On 18 August 2021, the Company announced its intention to undertake a review of the historical mineral resource estimate (MRE) on its advanced stage Anthony Molybdenum deposit, appointed specialist geology consultancy GEOS Mining to update the JORC 2004 MRE for the Anthony Deposit to 2012 JORC compliant status.

On 2 September 2021, the Company announced that Stage 1 metallurgical test work is underway at the Anthony Molybdenum deposit.

On 6 September 2021, the Company announced that, following completion of the successful maiden drill program at the historical Lucky Break Mine, exploration activities are being ramped up across the broader tenement package with an extensive trenching program commencing at the Big Red and Red Dog Au prospects located in the Clermont Goldfields of Central Queensland.

On 9 September 2021, the Company announced that its wholly-owned subsidiary, World Metals Pty Ltd, has secured a 50% interest in two Exploration Licenses (ELs) located in the Pilbara region of Western Australia which are prospective for gold and base metals.

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

Notes to the Financial Statements

22. Auditors' Remuneration

	Consolidated 2021 $	Consolidated 2020 $
Audit and review of financial reports:		
- RSM Australia Partners	**32,500**	30,000
	32,500	30,000

23. Operating Segment

Management has determined the operating segments based on the geographical reports reviewed by the board of directors that are used to make strategic decisions. The Group has investments operating in Australia (see note 18) and Ukraine by Next-Battery Ltd (see note 9). The Company's head office is located in Australia.

Consolidated	**Australia**	**Ukraine**	**Total**
30 June 2021	**$**	**$**	**$**
Revenue			
Other income	**109,366**	**-**	**109,366**
Total segment revenue	**109,366**	**-**	**109,366**
Result			
Segment result	**(1,449,461)**	**-**	**(1,449,461)**
Assets and Liabilities at 30 June 2021			
Segment assets	**2,766,442**	**755,951**	**3,522,393**
Segment liabilities	**(184,778)**	**-**	**(184,778)**

Consolidated	**Australia**	**Ukraine**	**Total**
30 June 2020	**$**	**$**	**$**
Revenue			
Other income	-	-	-
Total segment revenue	-	-	-
Result			
Segment result	(487,855)	-	(487,855)
Assets and Liabilities at 30 June 2020			
Segment assets	874,302	755,951	1,630,253
Segment liabilities	(553,658)	-	(533,658)

Notes to the Financial Statements

24. Cash Flow Information

Reconciliation of Cash Flow from Operations

	Consolidated 2021 $	Consolidated 2020 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax for the year	**(1,449,461)**	**(487,855)**
Depreciation and amortisation	**-**	**-**
Share of loss of associates	**250,401**	**-**
Revaluation gain	**(99,388)**	**-**
Loss on debt for equity swap	**338,300**	**-**
Foreign exchange loss	**-**	**-**
Exploration costs written off	**115,868**	**30,137**
Acquisition related costs paid in cash	**52,188**	**-**
Acquisition related costs paid in shares	**155,000**	**-**
Director fees paid in shares	**294,750**	**-**
Accounting fees paid in shares	**60,000**	**-**
Public relations fees share-based payments	**83,564**	**35,393**
Directors share-based payments	**199,500**	**-**
Gain on disposal of investments	**(9,978)**	**-**
Movements in assets and liabilities:		
- Trade and other receivables	**(14,582)**	**1,341**
- Trade and other payables	**(418,216)**	**287,819**
- Provisions	**-**	**-**
Net cash used in operating activities	**(442,054)**	**(133,165)**

Non-Cash Investing Activities

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

Year ended 30 June 2020
The Group has had no non-cash investing activities during the year ended 30 June 2020.

Non-Cash Financing Activities

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

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

Year ended 30 June 2020
The Group has had no non-cash financing activities during the year ended 30 June 2020.

Notes to the Financial Statements

25. Directors and Key Management Disclosures

Key management personnel compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2021.

	Consolidated 2021 $	Consolidated 2020 $
Short-term benefits	**170,040**	202,680

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, are in accordance with the *Corporations Act 2001* and:

   a. Comply with Australian Accounting Standards, which, as stated in accounting policy note 1(a) to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards; and

   b. Give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date;

In the directors' opinion there are reasonable grounds to believe that the Group 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.

Maurice Feilich
Executive Chairman

Perth, Western Australia, 30 September 2021

ASX Additional Information

The following additional information is required by the Australian Securities Exchange. The information is current as at 13 September 2021.

1. Shareholdings

The issued capital of the Company as at 13 September 2021 is 442,602,373 ordinary fully paid shares. All issued ordinary fully paid shares carry one vote per share.

(a) Distribution schedule and number of holders of equity securities as at 13 September 2021

	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	128	151	27	108	77	279	770

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 13 September 2021 is 300.

(b) 20 largest holders of quoted equity securities as at 13 September 2021

The names of the twenty largest holders of fully paid ordinary shares (ASX code: QXR) as at 13 September 2021 are:

Rank	**Name**	**Shares**	**% of Total Shares**
1	ZAMIA METALS LIMITED	41,000,000	6.15
2	M & E EARTHMOVING PTY LTD	28,445,293	4.27
3	FILMRIM PTY LTD	25,265,874	3.79
4	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	22,152,343	3.32
5	CITICORP NOMINEES PTY LIMITED	19,925,366	2.99
6	MR DAVID SCANLEN	17,666,667	2.65
7	CLAYMORE VENTURES LIMITED	15,130,000	2.27
8	GOFOUR SAIL PTY LTD	15,000,000	2.25
9	MR VICTOR LORUSSO	15,000,000	2.25
10	BATTLE MOUNTAIN PTY LIMITED	13,974,368	2.10
11	MR JOSEPHUS JEFFREY VERHEGGEN	13,105,489	1.97
12	NAZDALL PTY LTD	13,000,000	1.95
13	DUTCH INK (2010) PTY LTD	12,500,000	1.88
14	ROOKHARP CAPITAL PTY LIMITED	12,000,000	1.80
15	INVESTMET LIMITED	11,050,000	1.66
16	MR RONALD BOWEN + MRS AGNES BOWEN <CANDY SUPER FUND A/C>	9,100,000	1.37
17	SGI PTY LTD <SGI UNIT A/C>	9,000,000	1.35
18	MR MICHAEL SHIRLEY	8,700,000	1.31
19	MS JACQUELINE BRYER	8,500,000	1.28
20	SST TRADING PTY LTD	7,600,000	1.14
	TOTAL	**318,115,400**	**47.74**

Stock Exchange Listing – Listing has been granted for 666,362,321 fully paid ordinary shares of the Company on issue on the Australian Securities Exchange under (ASX:QXR).

(c) 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:

Zamia Metals Limited: 41,000,000 Shares (6.15%).

(d) Restricted Securities as at 13 September 2021

The Company currently has 41,000,000 restricted securities as at 13 September 2021.

(e) Voting Rights

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

(f) On-Market Buy-Back

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

(g) 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/ .

(h) Application of Funds

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

Competent Persons Statement

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr. Roger Jackson, a Director and Shareholder of the Company, who is a 25+ year Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and a Member of Australian Institute of Company Directors. Mr. Jackson has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves". Mr. Jackson consents to the inclusion of the data contained in relevant resource reports used for this announcement as well as the matters, form and context in which the relevant data appears.

Mining Claim Schedule

Mining Tenement (Claim)	Reference	Interest Held
Disney	EPM17703	70%, Option to earn 90%
Mazeppa	EPM14790	70%, Option to earn 90%
Amaroo South	EPM19369	70%, Option to earn 90%
Mazeppa Extended	EPM15145	70%, Option to earn 90%
Llanarth	EPM 27791	100%
Pilbara Gold	E47/4462	50%[2]
Pilbara Gold	E47/4463	50%[2]
Namekara Mining Company Limited, Uganda		
MINING LICENSE 4651	ML 4651	Nil[1]

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