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QX Resources Limited

AND CONTROLLED ENTITIES

ABN 55 147 106 974

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2021**

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Corporate Information

This financial report includes the consolidated financial statements of QX Resources Limited and controlled entities ('Group'). The Group's functional presentation currency is AUD (\$).

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 Daniel Smith – Non-Executive Director
Mr Benjamin Jarvis – Non-Executive Director
Mr Roger Jackson – Non-Executive Director

Company Secretary

Mr Daniel Smith

Registered Office

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West Perth WA 6005

Principal Place of Business

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West Perth WA 6005

Share Registry

Computershare Investor Services
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Perth WA 6000

Auditors

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Perth WA 6000

Stock Exchange

Australian Securities Exchange
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ASX Code: QXR

Website

www.qxresources.com.au

Solicitors

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Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Directors' Report

The directors present their report on the Group at the end of, or during, the half-year ended 31 December 2021.

Directors

The persons who were directors of the Group during the half-year and up to the date of this report are:

Mr Maurice Feilich (Executive Chairman)

Mr Daniel Smith (Non-Executive Director)

Mr Benjamin Jarvis (Non-Executive Director)

Mr Roger Jackson (Non-Executive Director)

Results

The statement of comprehensive income shows a net loss for the half-year ended 31 December 2021 of \$1,592,762 (31 December 2020: \$1,030,936).

Review of Operations for the Half-Year ended 31 December 2021

Queensland Gold Project (70% - earning up to 90%)

The Company is party to a farm-in joint venture with Zamia Resources Pty Ltd which owns four (4) exploration licenses (Permits) in the Central Queensland goldfields covering ~115km² and housing two open pit historical gold mines, the Belyando and Lucky Break Mines as well as multiple unexplored targets. The project is strategically located within the Drummond Basin that has >6.5moz gold endowment and a long history of ongoing mining (see **figure 1**).

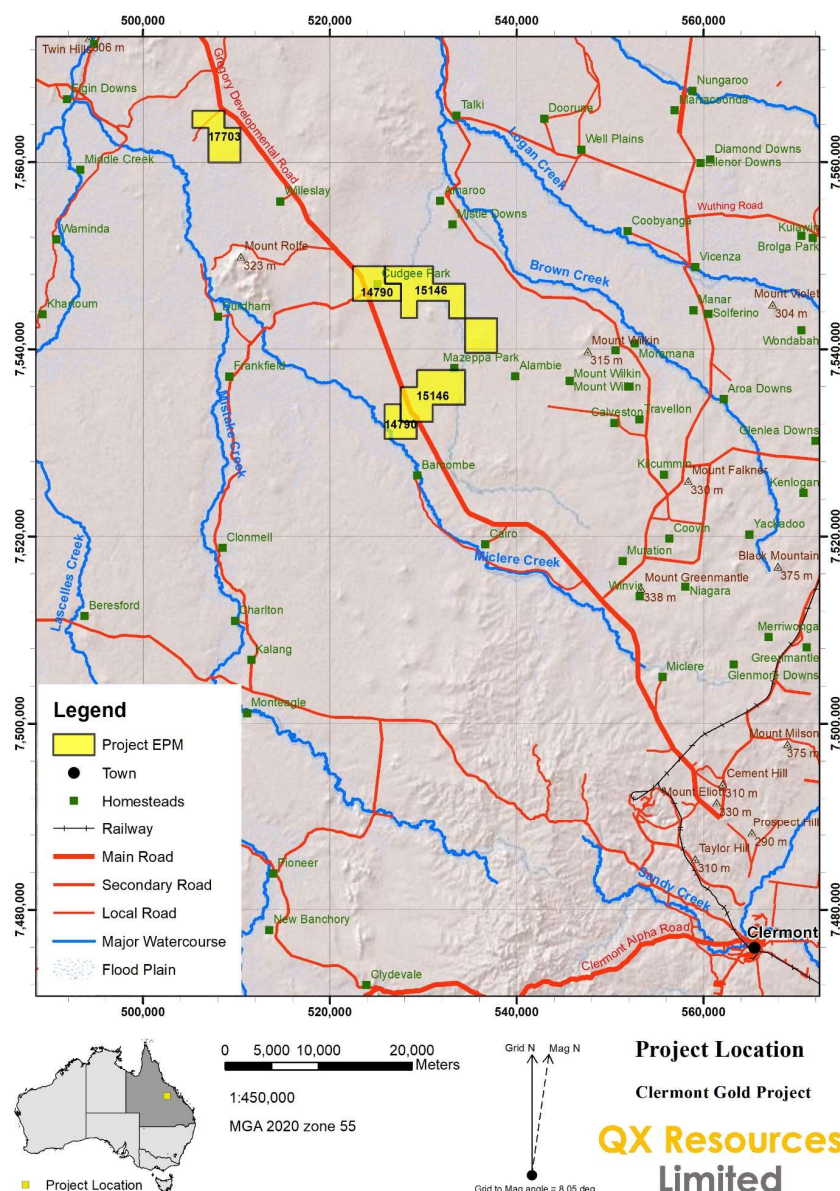


Figure 1: QX Project location map, Drummond Basin QLD

Trenching program, Red Dog and Lucky Break

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

QX completed seven trenches averaging 53m in length and 1 to 2m in depth at Big Red and Red Dog. All trenches were filled and fully rehabilitated in line with the Landholder Agreements. A follow-up shallow RC drilling program is planned once further trenching is completed.

Results for the trenching program (announced 1 November 2021) included:

Base of Trench (Hard rock)

- Trench 1 - 9m @ 5.9 g/t Au plus 1m @ 8.2 g/t Au with the mineralised zone 35m wide
- Trench 2- 3m @ 2.2 g/t Au with a mineralised zone over 1 g/t Au of 13m
- Trench 3 - 3m @ 2.6 g/t Au with a mineralised zone over 1.5 g/t Au of 5.5m
- Trench 4 - 2m @ 23 g/t Au with a mineralised zone over 7.1 g/t Au over 6.8 m
- Interpreted strike length at Big Red is over 230m, and open along strike
- The mineralisation is open along strike to the South West and to the North East
- The mineralisation is open at depth
- The mineralisation may also extend further across strike to the North West

Sub Surface (loose pebbles - lag)

- Trench 1 - 80m @ 1.23 g/t Au
- Trench 2 - 28m @ 1.76 g/t Au
- Trench 3 - 9m @ 3.06 g/t Au
- Trench 4 - 32m @ 1.70 g/t Au
- The Red Dog 3 trenches to the North showed mineralisation which implies the Big Red mineralisation extends well to the North East

Llanarth Tenement, Drummond Basin (100% owned)

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

Anthony Molybdenum project

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

Background on Phase 1 Anthony Test work program underway

1. Gravity Beneficiation

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

2. Leach extraction test work

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

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

On 18 October 2021, the Company announced the results of an upgrade of the Mineral Resource Estimate (MRE) for the Anthony Molybdenum deposit. QX commissioned Geos Mining, Minerals Consultants, to update the MRE in accordance with the principles and guidelines of the JORC Code 2012, with emphasis on the near-surface oxidized part of the deposit.

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

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

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

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

Western Australian Projects

Turner River lithium project

On 30 September 2021, the Company announced that it had entered into a binding option agreement (**Agreement**) with Redstone Metals Pty Ltd (**Redstone**) which gives the Company 30-days to undertake due diligence on the Turner River lithium project (ELA 45/6042) located in the Pilbara lithium province of Western Australia (**Project**).

On 22 October 2021, the Company announced that it had exercised its option under the Agreement to acquire ELA45/6042 from Redstone. Additionally, the Company and Redstone agreed to the facilitation by QX Resources of ELA 45/6065, which adjoins the Turner River lithium project to the north (**Figure 2**). In consideration for the acquisition of ELA 45/6065, the Company paid Redstone an additional \$6,000 cash payment and the reimbursement of costs. The inclusion of ELA 45/6065 increases the Company's tenement position at Turner River from 45km² to 84km².

In October 2021, QX's geological consultants undertook a site visit and initial sampling program at Turner River as part of a due diligence review. The tenement's terrain was inspected for ease of accessibility for ground-based exploration activities and for general geological observations including the presence of mineralisation. The Company is highly encouraged from the initial inspection following confirmation of

numerous pegmatite dykes sitting within the tenement. Several parallel shallow east dipping (<200) pegmatites were observed within a 50m wide NE trending zone. The pegmatites identified are mostly <1m thick and comprised quartz, feldspar, and coarse-grained muscovite mica in varying relative abundances and could be traced over 300 metres. Several narrow cross-cutting pegmatites were also observed. Spatially associated with this zone are intermittent quartz reefs.

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

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

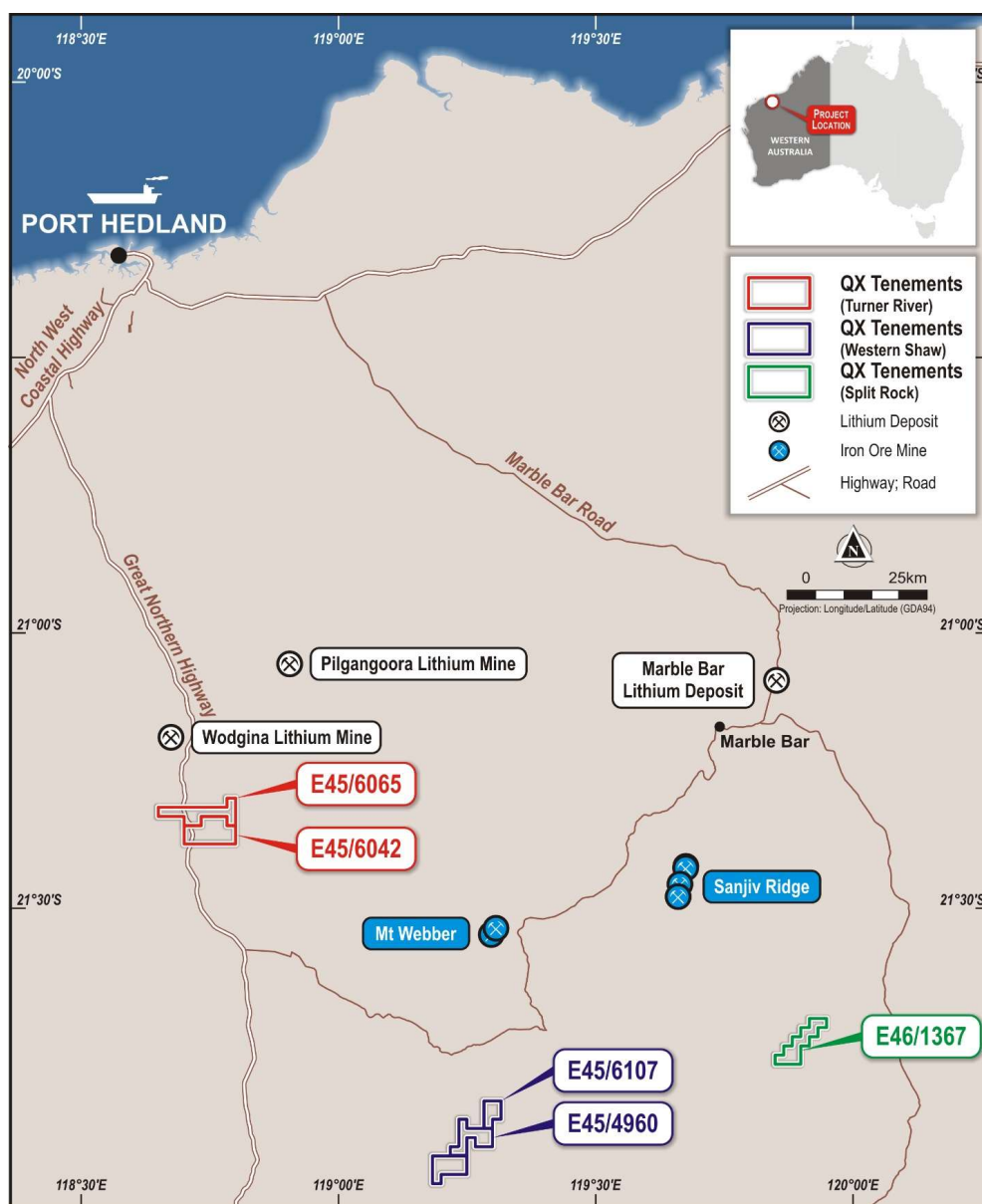


Figure 2: QX Resources lithium project locations and regional setting

Western Shaw Lithium project

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

The 81km² project is located in the established Pilbara lithium province, Western Australia 220km south east of Port Hedland with access via the Great Northern Highway (**Figure 2**). The Agreement is further evidence of QXR aggressively building its portfolio of exploration tenements in the Pilbara region which are prospective for lithium and other minerals. Western Shaw is larger and more advanced than the recently announced Turner River prospects given it is already a granted exploration licence with historical exploration results. The main attraction of Western Shaw is a large area in the centre exhibiting all the right geological attributes to host lithium-cesium-tantalum ("LCT") pegmatites.

Lithium Potential

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

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

Iron Ore Potential

Western Shaw is also located in a proven iron ore province with significant historical exploration work undertaken. The Fortescue Metals and Roy Hill railway infrastructure is located less than 10km southwest of the project and BHP railway infrastructure is 25km southwest of the tenement. The project contains a 11km strike of banded iron formation (**Figure 3**).

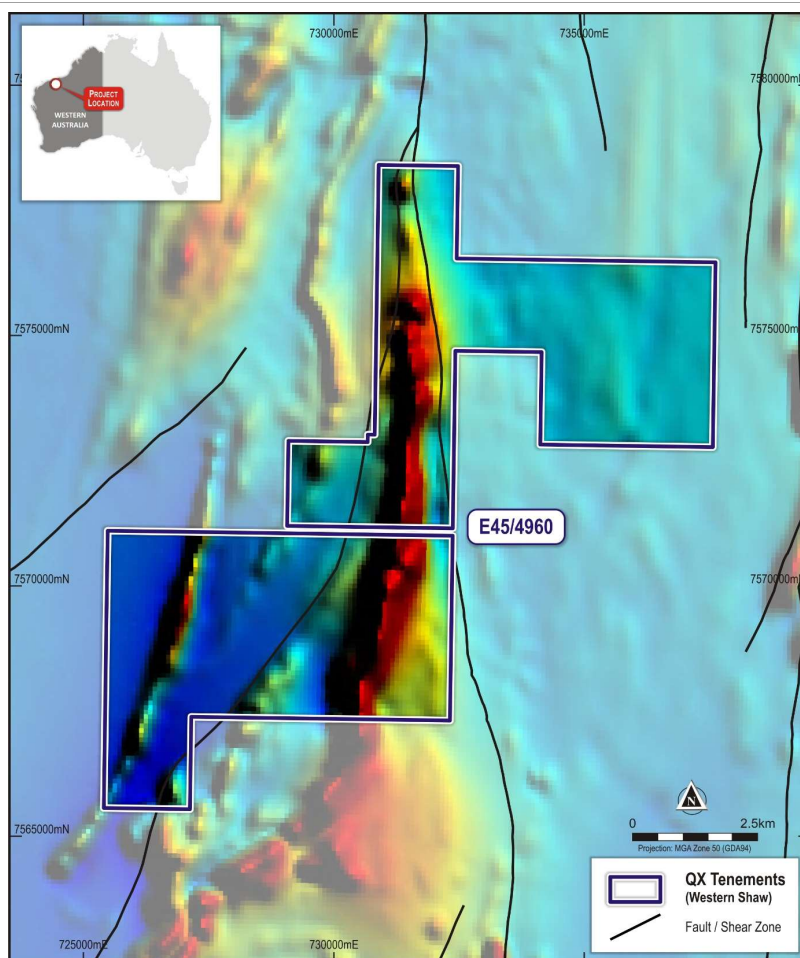


Figure 3: Western Shaw project over regional magnetics, highlighting the north-south striking banded iron formation

Split Rock Lithium project

Following period end, on 10 February 2022 the Company announced that it had expanded its exploration portfolio in the Pilbara lithium province of Western Australia. The two projects (E46/1367 and E45/6107) complement and strengthen the Company's existing portfolio of quality lithium-focused projects, adding a further 51km² of tenure. The Split Rock Lithium project covers an area of 35km² and is approximately 200km southeast of Port Hedland and 180km north of Newman (**Figure 2**). It is located along the southeast margin of the Split-Rock Supersuite, which is considered regionally prospective for lithium bearing pegmatites. Strategically located close to existing infrastructure, the project is only 60km from Nulagine with easy access via established road networks.

The Split Rock project is bordered to the south (refer **Figure 4**) by Thor Mining Plc's (ASX: THR) Ragged Range project, which is focussed on the Mondana Monzogranite which forms part of the Split-Rock Supersuite. On 27 January 2022 THR reported a number of targets prospective for lithium within their tenement area, having reported elevated levels of tin, beryllium and tantalum, which are pathfinder elements commonly found in association with lithium bearing pegmatites.

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

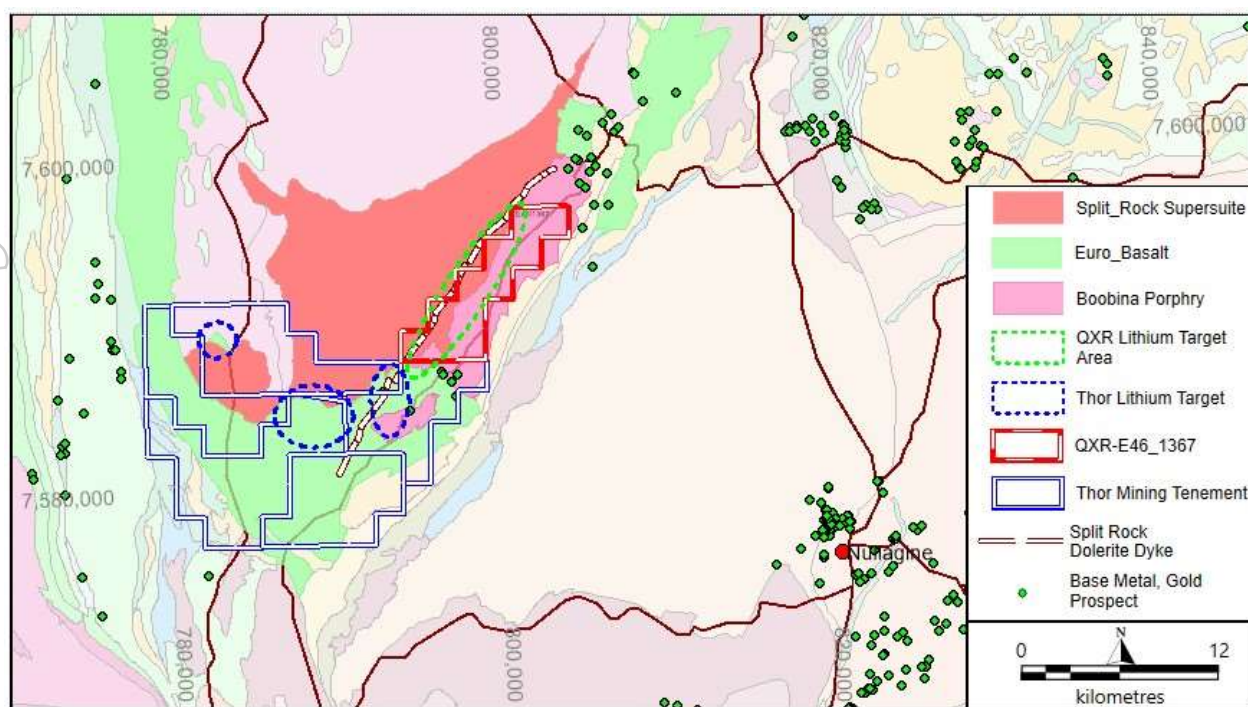


Figure 4: Split Rock tenement location and geology

Pilbara precious and base metals project

On 9 September 2021, QX advised that its wholly-owned subsidiary, World Metals Pty Ltd, had secured a 50% interest in two granted Exploration Licences (ELs) located in the Pilbara region of Western Australia ('the Pilbara Projects'). The acquired ELs (E47/4462 and E47/4463) are considered prospective for gold and base metals, including nickel, and are located ~75km southeast of the regional centre of Karratha and in a region comprising significant mineral discoveries (**Figure 5**). QX will hold 50% of the ELs with the balance held by the introducer of the licenses, Pilbara Base Metals Pty Ltd.

Prospective tenements in a proven regional setting

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

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

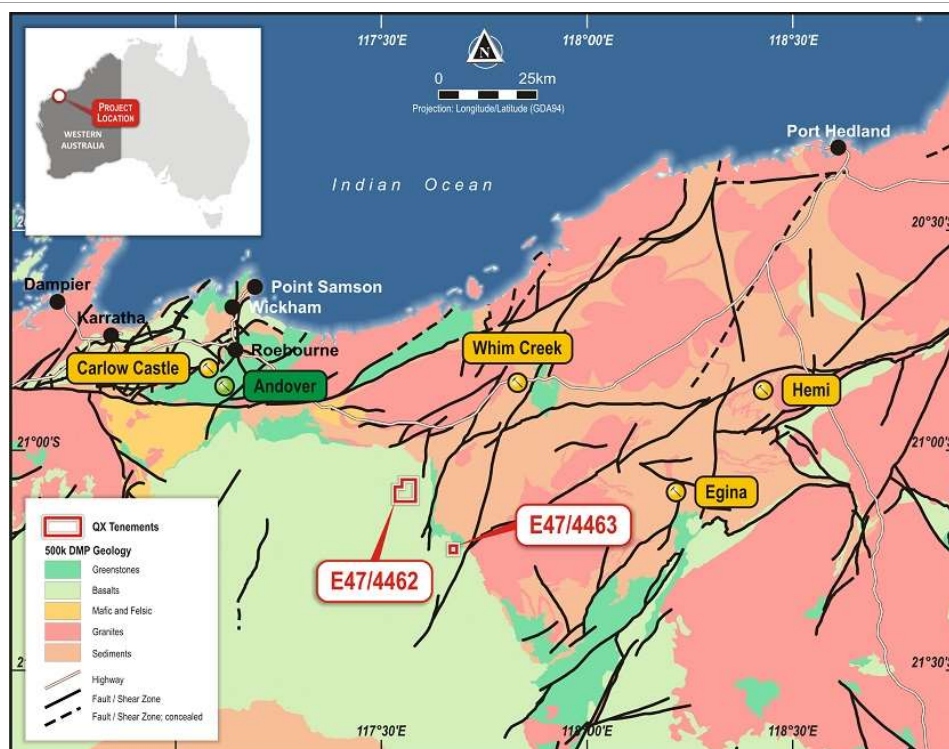


Figure 5: Pilbara precious and base metals tenement location and regional setting

Corporate

Shareholder Meetings

On 26 November 2021, all resolutions put to Shareholders at the Company's Annual General Meeting were passed by way of a poll.

Following period end, on 25 February 2022 shareholders approved the resolution to issue 40,000,000 consideration shares to the vendors of the Western Shaw Lithium project.

Issue of securities

On 16 February 2022, the Company issued 10,000,000 ordinary shares at a deemed issue price of \$0.018 per share to the vendors (or their nominees) of the Split Rock lithium project and E45/6107. Additionally, the Company issued 27,500,000 shares following the exercise of unlisted options at \$0.02 per share, raising \$550,000.

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

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

Subsequent Events

On 17 January 2022, the Company advised that it had exercised its option to acquire 100% of the Western Shaw Lithium project (E45/4960). Approval to issue the consideration shares to the vendors of Western Shaw took place on 25 February 2022.

On 10 February 2022, the Company advised that it had expanded its lithium exploration portfolio through the acquisition of 100% interest in E45/1367 and E45/6107. The consideration for the acquisition of the projects was \$30,000 cash (+GST) and the issue of 10,000,000 shares to the vendors (or their nominees).

On 11 March 2022, the Company advised that it had issued 75,000,000 ordinary shares at a deemed issue price of \$0.038 per share to Suzhou TA&A Ultra Clean Technology Co Ltd, raising \$2.85 million as part of a placement issue. A Binding Memorandum of Understanding has also been executed where the parties will work together on exploration and development, and potential offtake agreements for all of QXR's lithium-focused projects in Western Australia.

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

The group has no other events subsequent to the half-year ended 31 December 2021 to report.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Maurice Feilich
Executive Chairman

Perth, Western Australia, 15 March 2022

Competent Person's Statement

The information in this report that relates to the Ibis project is based on information compiled by Mr. Roger Jackson, a Director and Shareholder of the Company, who is a 25+ year Member 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.

RSM Australia Partners

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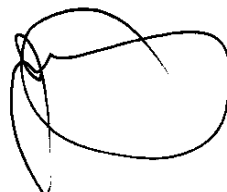
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of QX Resources Limited for the half-year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS



JAMES KOMNINOS
Partner

Perth, WA
Dated: 15 March 2022

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RSM Australia Partners ABN 36 965 185 036

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2021

	Note	Consolidated Half-Year 31 Dec 2021 \$	Consolidated Half-Year 31 Dec 2020 \$
Gain on fair value movement of listed investments		31,906	100,388
Gain on disposal of listed investments		9,139	-
Expenses			
Share of losses of associates accounted for using the equity method	8	(216,801)	(43,243)
Acquisition related costs		-	(207,188)
ASX and share registry fees		(49,551)	(28,763)
Company secretarial expenses		(12,000)	(12,000)
Consultants and travel		(5,981)	(5,000)
Employee and director benefits expense		(76,020)	(70,020)
Exploration costs written off		(351,433)	(93,688)
Finance costs		(1,885)	(1,369)
Impairment expense		(755,951)	-
Loss on debt/equity swap		-	(343,800)
Other expenses		(164,185)	(126,753)
Share-based payments expense		-	(199,500)
Loss before income tax expense		(1,592,762)	(1,030,936)
Income tax expense		-	-
Loss after income tax for the half-year		(1,592,762)	(1,030,936)
Other comprehensive income, net of tax			
<i>Items that may be reclassified subsequently to operating result</i>			
Foreign currency translation differences		-	-
Total comprehensive loss for the half-year		(1,592,762)	(1,030,936)
Basic and diluted loss per share (cents per share)		(0.23)	(0.22)

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

Consolidated Statement of Financial Position**As at 31 December 2021**

		Consolidated 31 December 2021	Consolidated 30 June 2021
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		901,907	1,741,725
Trade and other receivables		11,816	20,989
Investments	3	359,171	170,588
Total Current Assets		1,272,894	1,933,302
Non-Current Assets			
Investments	3	-	755,951
Investments accounted for using the equity method	8	903,978	833,140
Total Non-Current Assets		903,978	1,589,091
TOTAL ASSETS		2,176,872	3,522,393
LIABILITIES			
Current Liabilities			
Trade and other payables		290,461	184,778
Total Current Liabilities		290,461	184,778
TOTAL LIABILITIES		290,461	184,778
NET ASSETS		1,886,411	3,337,615
EQUITY			
Issued capital	5	43,007,629	42,866,071
Reserves		323,625	323,625
Accumulated losses		(41,444,843)	(39,852,081)
TOTAL EQUITY		1,886,411	3,337,615

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2021

	Issued capital \$	Accumulated losses \$	Share-based payments reserve \$	Total \$
Balance at 1 July 2020	38,943,152	(38,533,300)	666,743	1,076,595
Loss for the half-year	-	(1,030,936)	-	(1,030,936)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year	-	(1,030,936)	-	(1,030,936)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of placement shares	2,111,557	-	(483,833)	1,627,724
Issue of share-based payments	-	-	271,395	271,395
Share issue costs	(48,618)	-	-	(48,618)
Total transactions with owners	2,062,939	-	(212,438)	1,850,501
Transfer of reserves to accumulated losses	-	130,680	(130,680)	-
Balance at 31 December 2020	41,006,091	(39,433,556)	323,625	1,896,160
Balance at 1 July 2021	42,866,071	(39,852,081)	323,625	3,337,615
Loss for the half-year	-	(1,592,762)	-	(1,592,762)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year	-	(1,592,762)	-	(1,592,762)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of placement shares	144,000	-	-	144,000
Issue of share-based payments	-	-	-	-
Share issue costs	(2,442)	-	-	(2,442)
Balance at 31 December 2021	43,007,629	(41,444,843)	323,625	1,886,411

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows**For the half-year ended 31 December 2021**

	Consolidated Half-Year 31 Dec 2021 \$	Consolidated Half-Year 31 Dec 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(243,548)	(204,037)
Interest paid	(1,577)	(1,249)
Net cash used in operating activities	(245,125)	(205,286)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation	(159,696)	(93,688)
Payments for acquisition of associates	(285,018)	(231,237)
Payments for investments	(166,731)	(84,200)
Proceeds from sale of investments	19,194	-
Net cash used in investing activities	(592,251)	(409,125)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash received from issue of shares and options	-	288,005
Share issue costs	(2,442)	(48,619)
Proceeds from borrowing	-	-
Net cash (used in)/ provided by financing activities	(2,442)	239,386
Net decrease in cash held	(839,818)	(375,025)
Cash and cash equivalents at the beginning of the half-year	1,741,725	867,895
Cash and cash equivalents at the end of the half-year	901,907	492,870

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

Notes to the Financial Statements

For the half-year ended 31 December 2021

Note 1 – Summary of Significant Accounting Policies

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These half-year financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements.

It is recommended that the half-year financial statements be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by the Group during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New and Revised Accounting Standards

In the half-year ended 31 December 2021, the Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the annual reporting period beginning on or after 1 July 2021. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the entity's accounting policies.

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

Notes to the Financial Statements

For the half-year ended 31 December 2021

Note 2 – Segment Information

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

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

Note 3 – Investments

	Consolidated 31 December 2021 \$	Consolidated 30 June 2021 \$
Current		
Shares in listed companies at fair value	359,171	170,588
	<u>359,171</u>	<u>170,588</u>
Movement		
Balance at beginning of periods	170,588	-
Additions	166,732	104,200
Disposals	(19,194)	(42,978)
Profit on disposal	9,139	9,978
Revaluation to fair value	31,906	99,388
	<u>359,171</u>	<u>170,588</u>
Non-Current		
Investment in Next-Battery Ltd	755,951	755,951
Less: Impairment	(755,951)	-
	<u>-</u>	<u>755,951</u>

During the half-year ended 31 December 2021, the Group made the decision to impair the investment in Next-Battery Ltd due to the uncertainty surrounding world events.

Notes to the Financial Statements

For the half-year ended 31 December 2021

Note 4– Fair Value Measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Consolidated – 31 December 2021				
Assets				
Shares in listed companies at fair value through profit or loss	359,171	-	-	359,171
Total Assets	359,171	-	-	359,171
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Consolidated – 30 June 2021				
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

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

There were no transfers between levels during the half-year.

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

Level 3 assets and liabilities.

The movement in level 3 assets and liabilities during the half-year ended 31 December 2021 relates to the impairment of the investment in Next-Battery Ltd.

Notes to the Financial Statements

For the half-year ended 31 December 2021

Note 5 – Issued Capital

	31 December 2021 \$	30 June 2021 \$
Issued capital		
Ordinary shares	43,007,629	42,866,071
	43,007,629	42,866,071

(a) Movements for the period:

<i>Ordinary shares</i>	No. of Shares	\$
Opening balance as at 1 July 2021	666,362,321	42,866,071
Shares issued pursuant to Option Agreement	12,000,000	144,000
Share issue costs	-	(2,442)
Closing balance as at 31 December 2021	678,362,321	43,007,629

(b) Options outstanding over ordinary shared capital as at the reporting date were as follows:

	Expiry date	Exercise price (\$)	Balance at start of the period	Number issued during the period	Number exercised during the period	Number expired during the period	Balance at end of the period
Unlisted option	5/10/2022	\$0.025	17,500,000	-	-	-	17,500,000
Unlisted option	5/10/2023	\$0.035	17,500,000	-	-	-	17,500,000
Unlisted option	30/12/2022	\$0.02	60,000,000	-	-	-	60,000,000
			95,000,000	-	-	-	95,000,000

Note 6 – Dividends

No dividends were declared or paid during the half-year ended 31 December 2021 (31 December 2020: Nil).

Notes to the Financial Statements

For the half-year ended 31 December 2021

Note 7 – Related Party Transactions

(a) Transactions and balances with related parties

Below are transactions and balances with directors and director-related entities for the half year ended 31 December 2021:

Related Party	Type of Service	2021 \$
Expenses		
Minerva Corporate Pty Ltd ¹	Company secretarial services	12,000
Six Degrees Group Holdings Pty Ltd ²	Public relation services	12,000
Every Day Hire Pty Ltd ³	Geological consulting fees	69,520
Total Expenses		93,520
Liabilities		
Minerva Corporate Pty Ltd ¹	Director fees and company secretary services included in trade payables	26,400
Benjamin Jarvis	Director fees included in trade payables	13,200
Six Degrees Group Holdings Pty Ltd ²	Public relation services included in trade payables and accruals	8,600
Every Day Hire Pty Ltd ³	Director fees and geological consulting fees included in trade payables	11,264
Total Liabilities		59,464

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

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

³ Roger Jackson is a Director and shareholder of Every Day Hire Pty Ltd, a company which provides geological consulting and non-executive director services to the Group.

Notes to the Financial Statements

For the half-year ended 31 December 2021

Note 8 – Interests in Associates

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

Name	Principal Place of Business / Country of Incorporation	Ownership Interest	
		31 December 2021 %	30 June 2021 %
Zamia Resources Pty Ltd	Australia	70.00%	70.00%
<i>Summarised financial information</i>			
<i>Reconciliation of the Consolidated Entity's Carrying Amount</i>			
Opening Carrying Amount		833,140	-
Acquisition Cost		-	980,100
Contributions to increase investment in Zamia Resources Pty Ltd		287,639	103,441
Share of Loss after Income Tax		(216,801)	(250,401)
Closing Carrying Amount		903,978	833,140

During the half-year ended 31 December 2021 the movement in the Interest in Associates relates to the share of loss during the period as well as contributions in the exploration and project development of Zamia Resources Pty Ltd.

Note 9– Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date (30 June 2021).

Note 10 – Events Subsequent to Reporting Date

On 17 January 2022, the Company advised that it had exercised its option to acquire 100% of the Western Shaw Lithium project (E45/4960). Approval to issue the consideration shares to the vendors of Western Shaw took place on 25 February 2022.

On 10 February 2022, the Company advised that it had expanded its lithium exploration portfolio through the acquisition of 100% interest in E45/1367 and E45/6107. The consideration for the acquisition of the projects was \$30,000 cash (+GST) and the issue of 10,000,000 shares to the vendors (or their nominees).

On 11 March 2022, the Company advised that it had issued 75,000,000 ordinary shares at a deemed issue price of \$0.038 per share to Suzhou TA&A Ultra Clean Technology Co Ltd, raising \$2.85 million as part of a placement issue. A Binding Memorandum of Understanding has also been executed where the parties will work together on exploration and development, and potential offtake agreements for all of QXR's lithium-focused projects in Western Australia.

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

The group has no other events subsequent to the half-year ended 31 December 2021 to report.

Directors' Declaration

The directors of the Group declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (a) Complying with the Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year then ended.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Executive Chairman
Maurice Feilich

Perth, Western Australia, 15 March 2022

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of QX Resources Limited (the company) and its subsidiaries (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of QX Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of QX Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

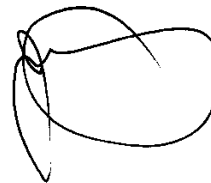
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of QX Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS



JAMES KOMNINOS
Partner

Perth, WA
Dated: 15 March 2022