

QX Resources Limited

AND CONTROLLED ENTITIES

ABN 55 147 106 974

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2022**

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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 Stephen Promnitz – Managing Director – Appointed 28 September 2022
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

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 Terrace
Perth WA 6000

Auditors

RSM Australia Partners
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2 The Esplanade
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 2022.

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 Stephen Promnitz (Managing Director) – Appointed 28 September 2022
Mr Daniel Smith (Non-Executive Director)
Mr Benjamin Jarvis (Non-Executive Director)
Mr Roger Jackson (Non-Executive Director)

Results

The statement of profit or loss and other comprehensive income shows a net loss for the half-year ended 31 December 2022 of \$978,518 (31 December 2021: \$1,592,762).

Review of Operations for the Half-Year ended 31 December 2022

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

Western Australian Projects

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

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

Rock Chip Sampling

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

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

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

Directors' Report (continued)

Maiden RC Drill Program

A maiden 1,500 metre RC drilling programme commenced in December 2022 at QXR's 100%-owned Turner River hard rock lithium project, located 15 km to south-east of Mineral Resources' Wodgina lithium mine located within the Pilbara lithium province (refer ASX announcement 12 Dec 2022).

In the first phase of the program, twelve (12) holes were completed (1,166m) over an area of 400m x 300m in four drill "fences". Pegmatites and potential lithium rich micas have been intersected, based on visual observations (refer ASX announcement 15 Dec 2022). Assay results from this first phase program are expected in mid-March 2023.

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

Post the half year, the continuation of the RC drill program for a further 10 holes recommenced in mid February 2023 at Turner River, targeting nearby extensions of potential mineralisation.



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

Directors' Report (continued)

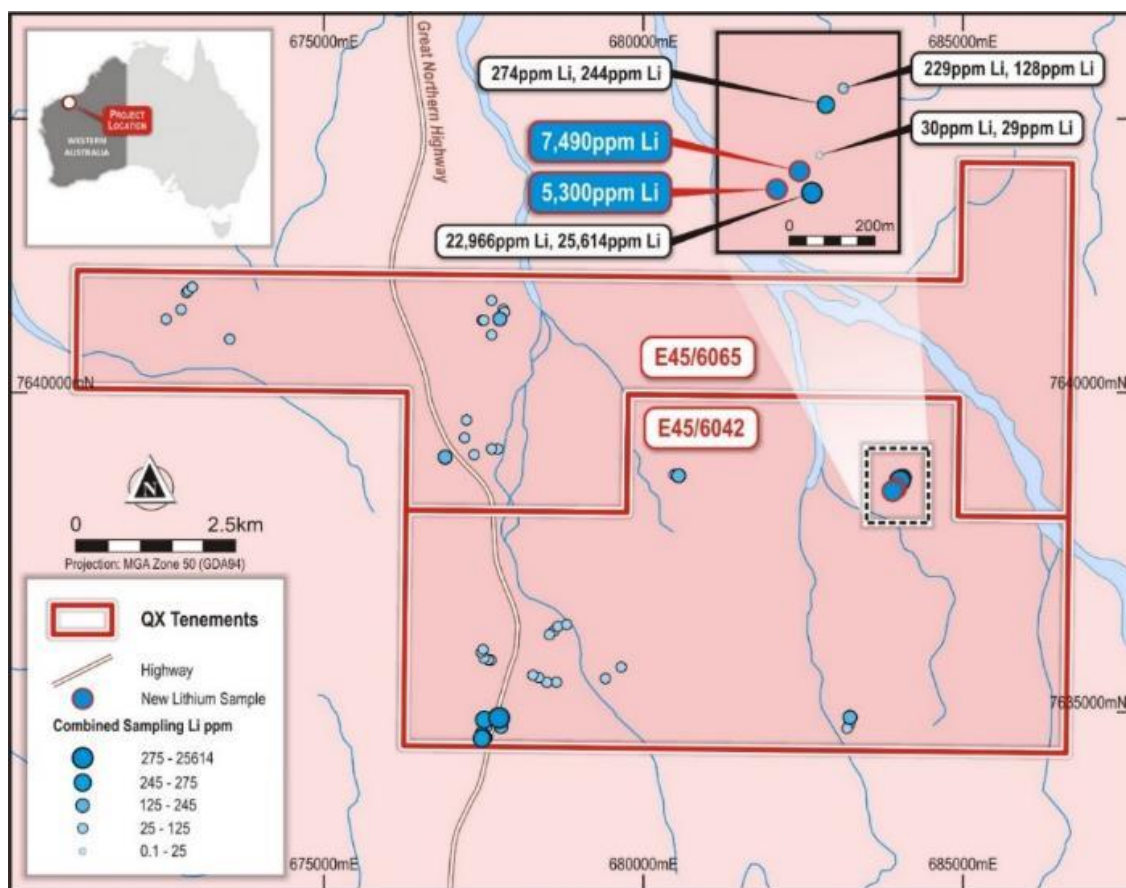


Figure 2: Location map of QXR's Turner River lithium project tenements, with lithium results in rock chip samples and RC drilling areas (black circles).

Western Shaw Lithium project

The Western Shaw project comprises a well-developed greenstone belt, with a chert horizon within a mafic/ultramafic sequence together with some felsic units. The belt is bounded on the east by multiple phases of granite. Follow-up sampling at Western Shaw focused on sampling across the Kavar Granodiorite, as well as the iron ore ridges in the east of the project. Covering part of an Archaean granite-greenstone terrain in the Pilbara Block, Western Shaw is located in a region which has seen previous exploration work uncover numerous LCT pegmatites. It lies at the southern end of the Western Shaw Greenstone Belt which is adjoined to the east by the Shaw Batholith and to the west by the Yule Batholith. It consists of mafic volcanic rocks interlayered with subordinate ultramafic rocks, chert/quartzite and iron formation (Warrawoona Group and Gorge Creek Group).

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.

Directors' Report (continued)

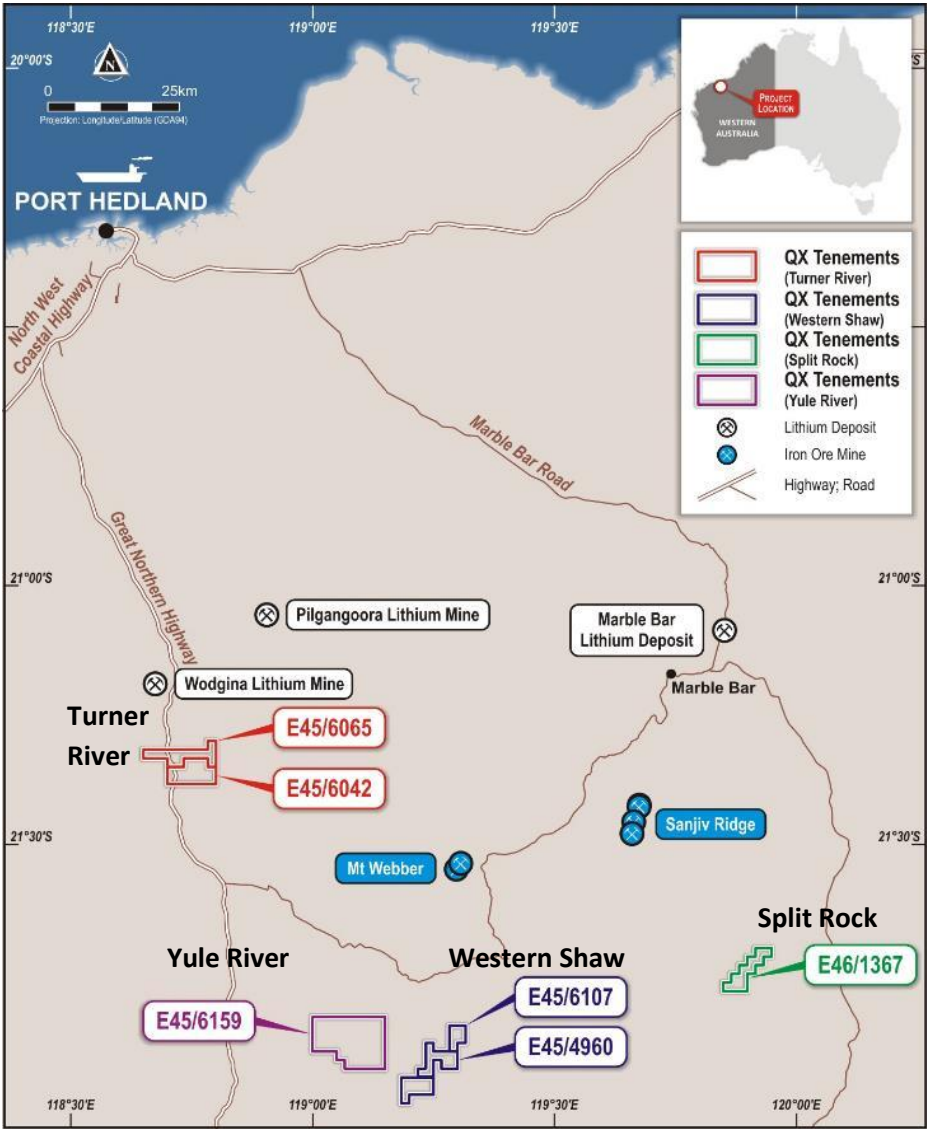


Figure 3: QX Resources hard rock lithium project locations and regional setting in the Pilbara region, WA

Directors' Report (continued)

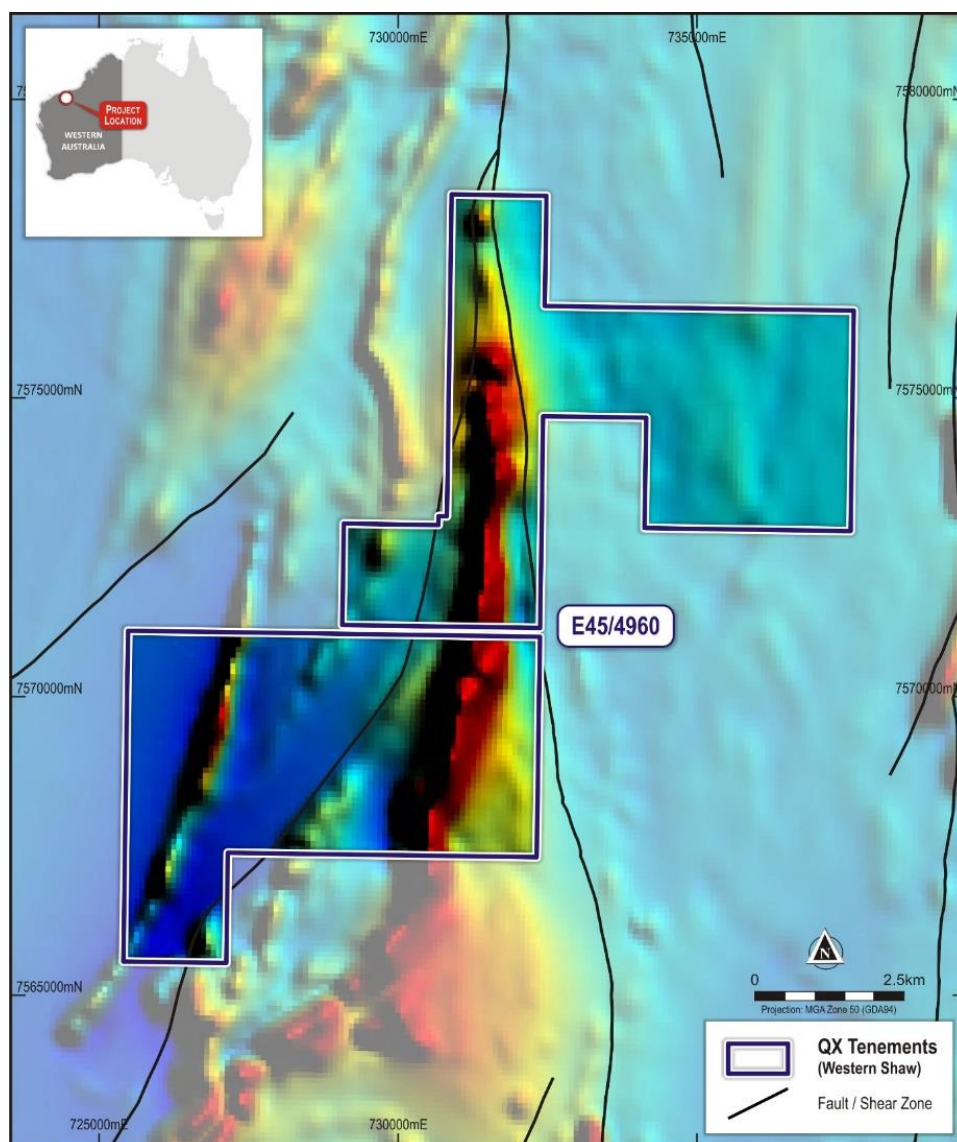


Figure 4: Western Shaw project over regional magnetics, highlighting the north-south striking banded iron formation.

Split Rock (E46/1367)

The Split Rock Lithium project covers an area of 35km² and is approximately 200km southeast of Port Hedland and 180km north of Newman (Figure 3). It is located along the southeast margin of the Split-Rock Supersuite, which is considered regionally prospective for lithium bearing pegmatites. Strategically located close to existing infrastructure, the project is only 60km from Nulagine with easy access via established road networks.

The Split Rock project is bordered to the south (refer Figure 5) by Thor Mining Plc's (ASX: THR) Ragged Range project, which is focussed on the Mondana Monzogranite which forms part of the Split-Rock Supersuite.

Directors' Report (continued)

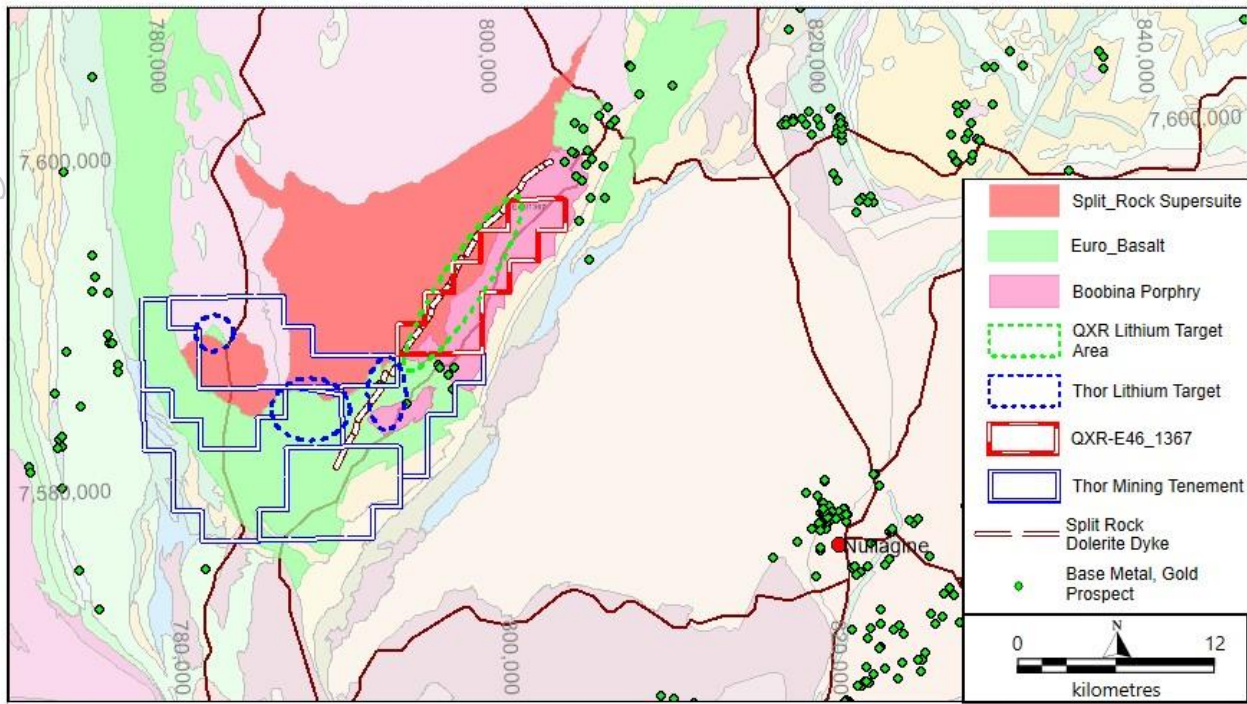


Figure 5: Split Rock tenement location and geology

Pilbara gold projects

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

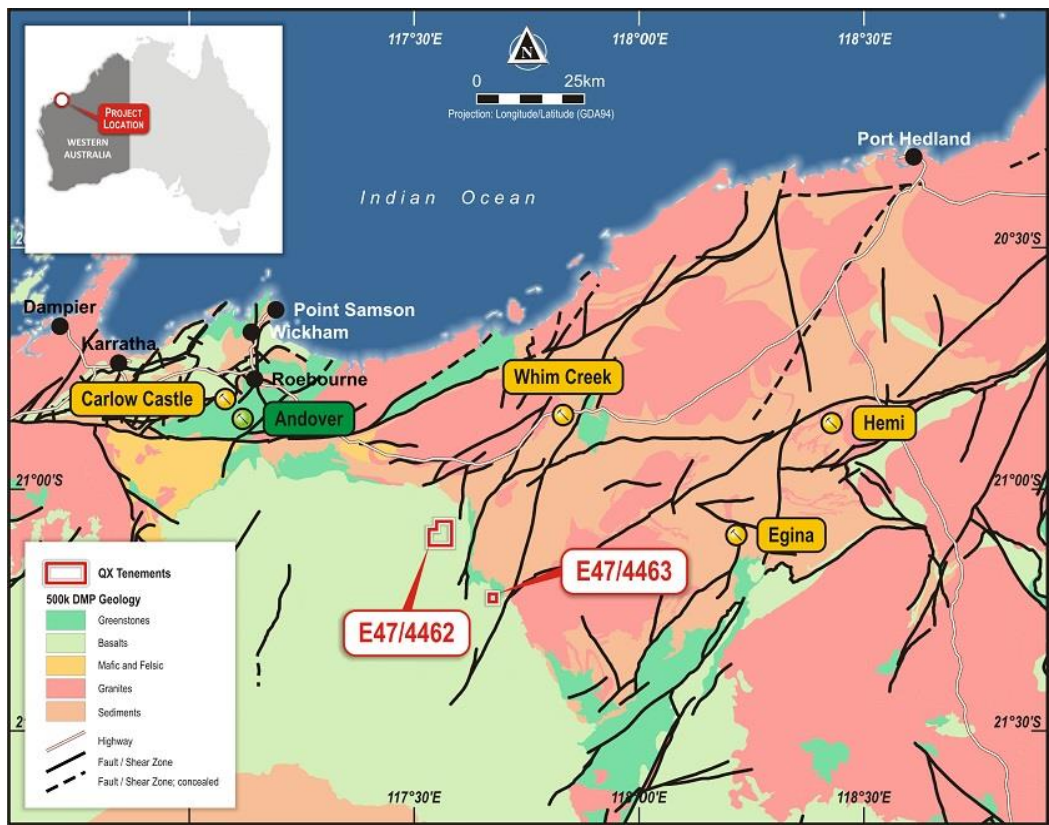


Figure 6: Tenement location and regional setting

Directors' Report (continued)

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

Queensland 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 7**).

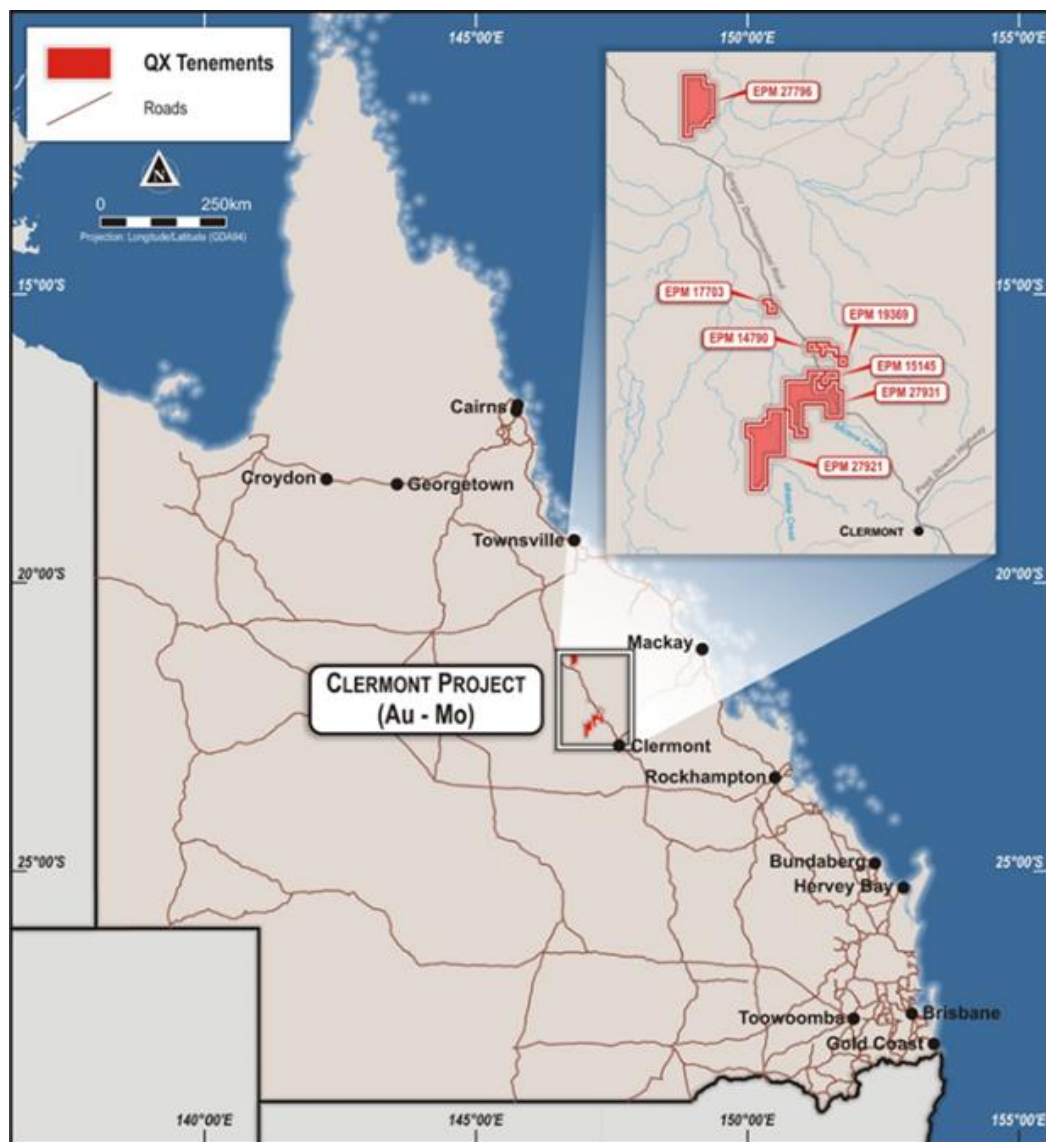


Figure 7: QX Project location map, Drummond Basin QLD

Directors' Report (continued)

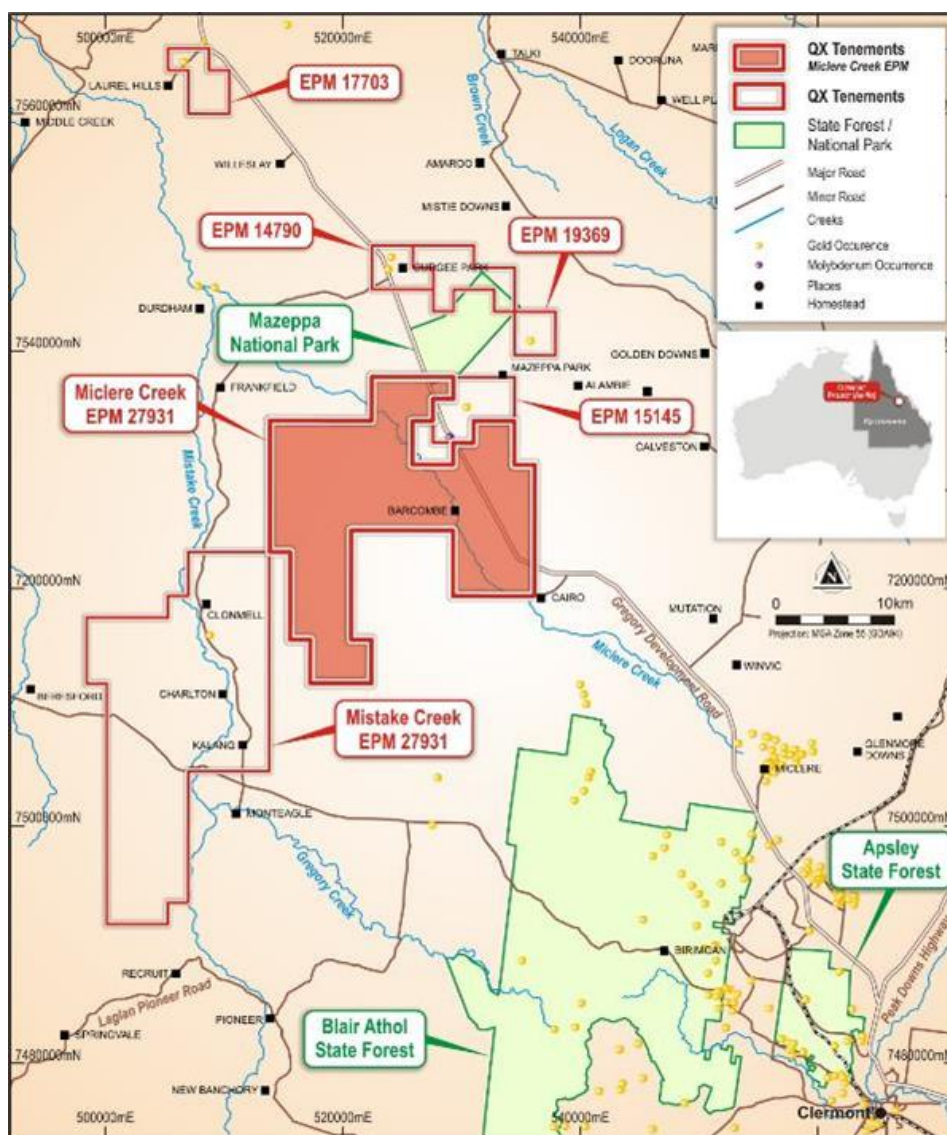


Figure 8: QX Project – detailed location map, Drummond Basin QLD

Trenching program, Red Dog and Lucky Break

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

The first program was undertaken in September 2021 and the second program in February 2022. The second phase trenching followed the Company's decision to expand the Big Red and Red Dog program after intersecting multiple high-grade gold mineralisation from its maiden 370-metre trenching program. Due to unseasonable adverse weather conditions, the phase two program was suspended until the end of the wet season after only completing an initial 40m of trenching.

Directors' Report (continued)

PHASE 1 TRENCHING HIGHLIGHTS

Base of Trench (Hard rock)

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

Sub Surface (loose pebbles - lag)

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

*Refer to 26 October 2021 QXR ASX Announcement

PHASE 2 SUSPENDED TRENCHING HIGHLIGHTS

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

*Refer to February 2022 QXR ASX Announcement

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.

Directors' Report (continued)

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

Corporate

Shareholder Meetings

On 30 November 2022, all resolutions put to Shareholders at the Company's Annual General Meeting were passed by way of a poll.

Issue of Securities

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

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

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

Director Options

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

Subsequent Events

On 16 March 2023, the Company announced a strategic investment into Bayrock Resources Limited, the holder of highly prospective battery minerals assets in Sweden, primarily in nickel, cobalt and copper.

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, 16 March 2023

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 Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM), Fellow of the Australian Institute of Geoscientists (AIG), 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.



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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 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

JAMES KOMNINOS
Partner

Perth, WA
Dated: 16 March 2023

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

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

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2022

	Note	Consolidated Half-Year 31 Dec 2022 \$	Consolidated Half-Year 31 Dec 2021 \$
Gain on fair value movement of listed investments		-	31,906
Gain on disposal of listed investments		13,301	9,139
Expenses			
Share of losses of associates accounted for using the equity method	8	(59,022)	(216,801)
ASX and share registry fees		(60,920)	(49,551)
Company secretarial expenses		(18,000)	(12,000)
Consultants and travel		(12,349)	(5,981)
Employee and director benefits expense		(152,000)	(76,020)
Exploration costs written off		(459,689)	(351,433)
Finance costs		(2,565)	(1,885)
Impairment expense		-	(755,951)
Other expenses		(159,413)	(164,185)
Share-based payments expense		(48,100)	-
Fair value loss on investments		(19,761)	-
Loss before income tax expense		(978,518)	(1,592,762)
Income tax expense		-	-
Loss after income tax for the half-year		(978,518)	(1,592,762)
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		(978,518)	(1,592,762)
Basic and diluted loss per share (cents per share)		(0.11)	(0.23)

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 2022

	Note	Consolidated 31 December 2022 \$	Consolidated 30 June 2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents		3,395,462	3,637,449
Trade and other receivables		411,374	16,235
Investments	3	312,366	334,764
Total Current Assets		4,119,202	3,988,448
Non-Current Assets			
Investments accounted for using the equity method	8	918,561	904,989
Total Non-Current Assets		918,561	904,989
TOTAL ASSETS		5,037,763	4,893,437
LIABILITIES			
Current Liabilities			
Trade and other payables		416,160	174,879
Total Current Liabilities		416,160	174,879
TOTAL LIABILITIES		416,160	174,879
NET ASSETS		4,621,603	4,718,558
EQUITY			
Issued capital	5	49,036,059	48,086,346
Reserves		930,975	999,125
Accumulated losses		(45,345,431)	(44,366,913)
TOTAL EQUITY		4,621,603	4,718,558

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 2022

	Issued capital \$	Accumulated losses \$	Share-based payments reserve \$	Total \$
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 shares	144,000	-	-	144,000
Issue of share-based payments	-	-	-	-
Share issue costs	(2,442)	-	-	(2,442)
Total transactions with owners	141,558	-	-	141,558
Transfer of reserves to accumulated losses	-	-	-	-
Balance at 31 December 2021	43,007,629	(41,444,843)	323,625	1,886,411
Balance at 1 July 2022	48,086,346	(44,366,913)	999,125	4,718,558
Loss for the half-year	-	(978,518)	-	(978,518)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year	-	(978,518)	-	(978,518)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	837,500	-	-	837,500
Issue of share-based payments	-	-	48,100	48,100
Share issue costs	(4,037)	-	-	(4,037)
Total transactions with owners	833,463	-	48,100	881,563
Options exercised	116,250	-	(116,250)	-
Balance at 31 December 2022	49,036,059	(45,345,431)	930,975	4,621,603

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 2022

	Consolidated Half-Year 31 Dec 2022 \$	Consolidated Half-Year 31 Dec 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(355,327)	(243,548)
Interest paid	(1,954)	(1,577)
Net cash used in operating activities	(357,281)	(245,125)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation	(292,449)	(159,696)
Payments for acquisition of associates	(66,658)	(285,018)
Payments for investments	(95,000)	(166,731)
Payments for loans to other entities	(375,000)	-
Proceeds from sale of investments	110,938	19,194
Net cash used in investing activities	(718,169)	(592,251)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash received from issue of shares and options	837,500	-
Share issue costs	(4,037)	(2,442)
Proceeds from borrowing	-	-
Net cash provided by/(used in) financing activities	833,463	(2,442)
Net decrease in cash held	(241,987)	(839,818)
Cash and cash equivalents at the beginning of the half-year	3,637,449	1,741,725
Cash and cash equivalents at the end of the half-year	3,395,462	901,907

The above consolidated 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 2022

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 2022 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 2022 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 2022, 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 2022. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the Group'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 2022

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 2022 \$	Consolidated 30 June 2022 \$
Current		
Shares in listed companies at fair value	312,366	334,764
	312,366	334,764
Movement		
Balance at beginning of periods	334,764	170,588
Additions	95,000	357,478
Disposals	(110,938)	(111,610)
Profit on disposal	13,301	39,037
Revaluation to fair value to profit or loss	(19,761)	(120,729)
	312,366	334,764

Notes to the Financial Statements

For the half-year ended 31 December 2022

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 2022	\$	\$	\$	\$
Assets				
Shares in listed companies at fair value through profit or loss	312,366	-	-	312,366
Total Assets	312,366	-	-	312,366
	Level 1	Level 2	Level 3	Total
Consolidated – 30 June 2022	\$	\$	\$	\$
Assets				
Shares in listed companies at fair value through profit or loss	334,764	-	-	334,764
Total Assets	334,764	-	-	334,764

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.

Notes to the Financial Statements

For the half-year ended 31 December 2022

Note 5 – Issued Capital

	31 December 2022 \$	30 June 2022 \$
Issued capital		
Ordinary shares	49,036,059	48,086,346
	49,036,059	48,086,346

(a) Movements for the period:

	No. of Shares	\$
Ordinary shares		
Opening balance as at 1 July 2022	859,362,321	48,086,346
Conversion of options	37,500,000	953,750
Share issue costs	-	(4,037)
Closing balance as at 31 December 2022	896,862,321	49,036,059

(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	20,000,000	-	20,000,000	-	-
Unlisted option	11/03/2024	\$0.062	15,000,000	-	-	-	15,000,000
Unlisted option	29/12/2023	\$0.025	-	10,000,000	-	-	10,000,000
Unlisted option	29/12/2024	\$0.035	-	10,000,000	-	-	10,000,000
Unlisted option	29/12/2025	\$0.050	-	10,000,000	-	-	10,000,000
			70,000,000	30,000,000	37,500,000	-	62,500,000

For the options granted during the half-year ended 31 December 2022, the Hoadley ESO2 valuation model was used to determine the fair value of the options. The inputs used to determine the fair value at the grant date are detailed below. The Company recognised \$48,100 in the statement of profit or loss and other comprehensive income during this period related to the vested portion of these options.

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Early Exercise Multiple	Number of options	Value per option	Fair value at grant date
30/11/2022	30/11/2023	\$0.056	\$0.025	100%	Nil	3.11%	2.5x	10,000,000	\$0.0325	\$324,500
30/11/2022	30/11/2024	\$0.056	\$0.035	100%	Nil	3.11%	2.5x	10,000,000	\$0.0307	\$306,800
30/11/2022	30/11/2025	\$0.056	\$0.050	100%	Nil	3.11%	2.5x	10,000,000	\$0.0298	\$297,900
								30,000,000		\$929,200

Note 6 – Dividends

No dividends were declared or paid during the half-year ended 31 December 2022 (31 December 2021: Nil).

Notes to the Financial Statements

For the half-year ended 31 December 2022

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 2022:

Related Party	Type of Service	31 December 2022 \$
Expenses		
Minerva Corporate Pty Ltd ¹	Company secretarial services	18,000
Six Degrees Group Holdings Pty Ltd ²	Public relation services	12,000
Every Day Hire Pty Ltd ³	Geological consulting fees	2,960
Stephen Promnitz	Share based payments expense – director options	48,100
Total Expenses		81,060
Liabilities		
Minerva Corporate Pty Ltd ¹	Director fees and company secretary services included in trade payables	12,000
Six Degrees Group Holdings Pty Ltd ²	Director fees and public relation services included in trade payables and accruals	12,000
Every Day Hire Pty Ltd ³	Director fees and geological consulting fees included in accruals	4,000
Stephen Promnitz	PAYG Withheld and superannuation payable	7,817
Total Liabilities		27,817

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 2022

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 2022 %	30 June 2022 %
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		904,989	833,140
Acquisition Cost		-	-
Contributions to increase investment in Zamia Resources Pty Ltd		72,594	303,730
Share of Loss after Income Tax		(59,022)	(231,881)
Closing Carrying Amount		918,561	904,989

During the half-year ended 31 December 2022 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 2022).

Note 10 – Events Subsequent to Reporting Date

On 16 March 2023, the Company announced a strategic investment into Bayrock Resources Limited, the holder of highly prospective battery minerals assets in Sweden, primarily in nickel, cobalt and copper.

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 2022 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, 16 March 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of QX RESOURCES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of QX Resources Limited which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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.

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 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual 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 QX Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Directors' Responsibility for the Half-Year Financial Report

The directors of QX Resources Limited 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 for the Review of the Financial Report

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 31 December 2022 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*.

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.

A handwritten signature in black ink, appearing to read 'James Komninos'.

James Komninos
Partner

A handwritten version of the RSM logo in black ink.

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 16 March 2023