QX Resources Limited

15 June 2023

Drilling Intersects Massive Sulphide Mineralisation at Bayrock's Lainejaur Ni-Cu-Co Deposit

HIGHLIGHTS

- **QXR has a significant investment in unlisted public Australian company Bayrock Resources Limited, which has a portfolio of highly prospective battery minerals assets in Sweden, primarily in nickel, cobalt and copper. QXR is assisting Bayrock with project development and financing initiatives**
- **Massive sulphide mineralisation was intersected in the first diamond drillhole of 300m at the Lainejaur high-grade Nickel-Copper-Cobalt deposit in northern Sweden, held 100% by Bayrock**
- **Massive sulphides with visible nickel and copper minerals were intersected within a 6m zone surrounded by gabbro containing disseminated nickel-copper sulphides**
- **Assay results are expected later in June**

QX Resources Limited (ASX:QXR) is pleased to announce that diamond drilling had intercepted massive sulphide mineralisation in the latest hole from the Lainejaur high grade Nickel-Copper-Cobalt deposit in Northern Sweden, held by Bayrock Resources Limited (**Bayrock**) in which QXR has a significant holding (refer ASX announcement 8 May 2023).

The first diamond drillhole (LAI23001) was completed to a final depth of 300m. Massive sulphides with visible nickel and copper minerals were intersected within a 6m zone between approximately 284-290m in heavily mineralised gabbro containing variable amounts of nickel-copper sulphides (pyrrhotite, pentlandite and chalcopyrite) (Figure 1). Minor disseminated sulphide mineralisation occurred above this zone, below 260m down hole. Assay results are expected later in June.

QXR is assisting Bayrock with financing and development of its Projects, considered highly prospective for key battery metals of nickel, copper and cobalt (ASX announcement 30 Mar 2023). Further information is available at: www.bayrockresources.com together with Bayrock's announcement which accompanies this ASX release.

QXR Managing Director Steve Promnitz commented: *"Bayrock is making excellent progress with this drill program underpinned by QXR's investment. We eagerly await assay results which should be a catalyst to add further value to Lainejaur which already contains a valuable Mineral Resource Estimate and a rich history of nickel production. We are confident that Bayrock has considerable upside with a large portfolio of quality exploration projects in a mining friendly region of Sweden that is prospective for key battery minerals. We look forward to continuing to report on Bayrock's progress and QXR's progress on other projects."*

Lainejaur Ni-Cu-Co Project

The Lainejaur Project is located in Västerbotten County in the municipality of Malå approximately 15km northeast of the town of Malå in northern Sweden (Figure 3). The Project consists of one exploration permit, held by Bayrock's wholly owned subsidiary Metalore Pty Ltd. The Project comprises a historical underground Nickel mine which operated during World War II producing approximately 100kt at 2.2% Ni. A JORC 2012 Mineral Resource Estimate completed on the remaining mineralisation in 2018 established an Inferred Mineral Resource of 460,000t @ 2.2% Ni, 0.15% Co and 0.70% Cu, 0.68g/t Pd, 0.20g/t Pt and 0.65g/t Au [1]. Access to the site is via sealed road from Malå then via forest tracks around the Project area. Malå is the district office of the Swedish Geological Survey and a suitable support base for the Project.

Figure 1: Lainejaur Project – Drillhole LAI23001, massive sulphides showing nickel-copper sulphides (pyrrhotite, pentlandite and chalcopyrite)

Cautionary Statement: In relation to the disclosure of visual mineralisation, the Company cautions that visual estimates showing nickel-copper sulphides should never be considered a proxy or substitute for laboratory analysis. Laboratory mineralogical, metallurgical and assay analyses are required to validate the proportions of nickel-copper content in relevant drill intercepts. The Company will update the market with this information when assays become available.

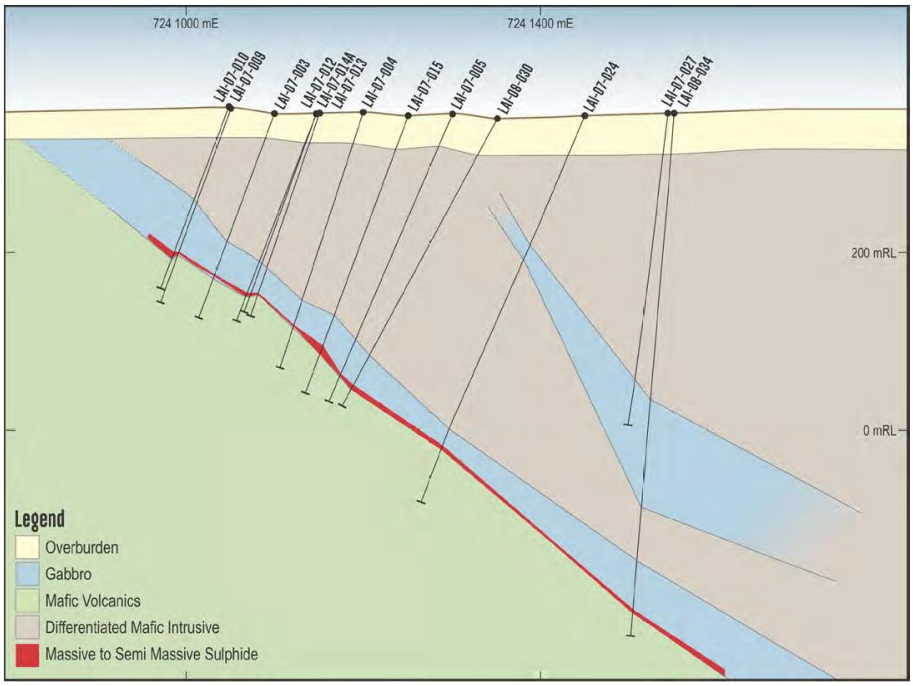

Figure 2: Schematic north-south longitudinal section through Lainejaur

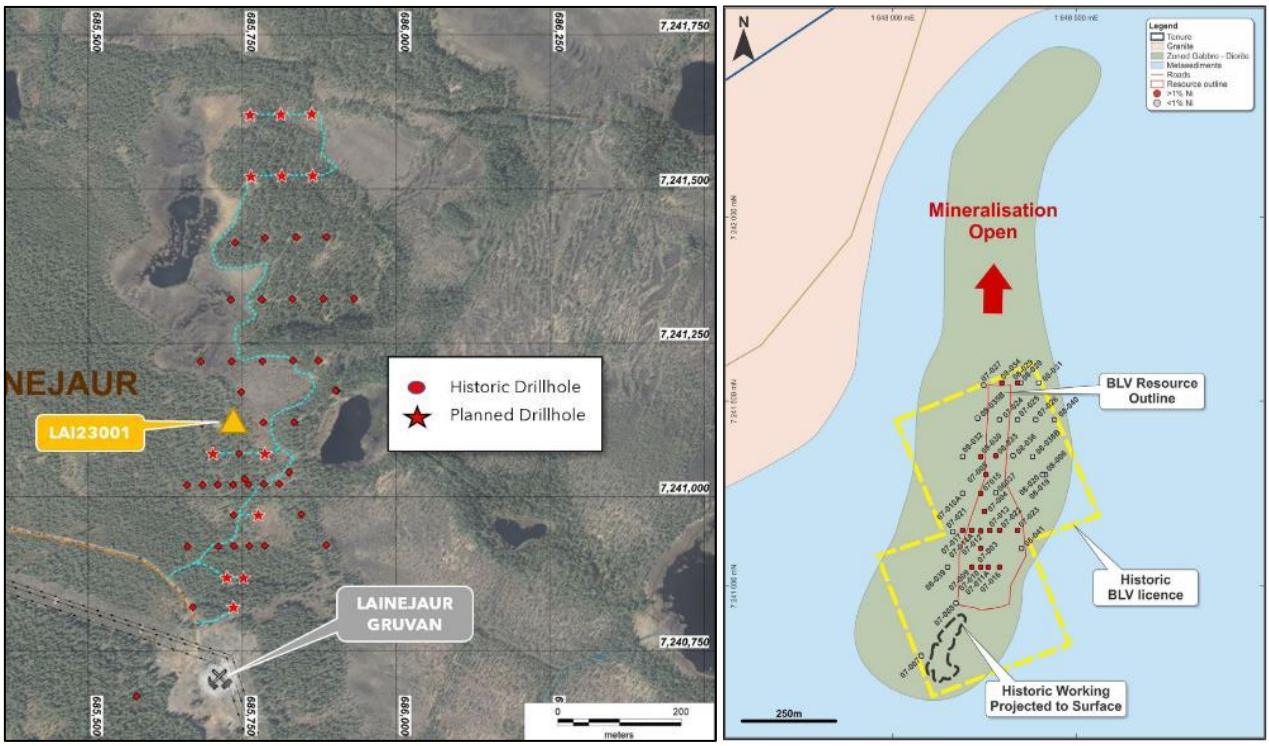

Figure 3: Lainejaur Project – Drillhole LAI23001, historic drill holes (red circles) and planned drill holes. The historic underground mine, Lainejaur Gruvan is located at the southern end

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

Authorised by the Board of QX Resources Limited.

Further information:

Steve Promnitz, Managing Director: 0423 333 296 steve@qxresources.com.au

Maurice Feilich, Executive Chairman: 0411 545 262

Sam Jacobs, Six Degrees Investor Relations: 0423 755 909

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About QX Resources

QX Resources (ASX:QXR) is focused on exploration and development of battery minerals, with hard rock lithium assets in a prime location of Western Australia (WA), and gold 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.

Lithium hard rock portfolio: QXR's lithium strategy is centred around WA's prolific Pilbara province, where it has four projects 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) spans more than 350 km^2.

Lithium brine: QXR is continuing due diligence under an exclusive Letter of Intent over a large recently consolidated lithium brine project in California, USA.

Gold portfolio: QXR is also 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.

Nickel sulphides: QXR has a significant investment in unlisted public Australian company Bayrock Resources Limited, which has a portfolio of highly prospective battery minerals assets in Sweden, primarily in nickel, cobalt and copper. QXR is assisting Bayrock with project development and financing initiatives.

Competent Persons statement

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Dr Ian Pringle, a Director and Shareholder of the Company, who is a 25+ year Member of the Australasian Institute of Mining and Metallurgy (MAusIMM), Member of the Australian Institute of Geoscientists and a Member of Australian Institute of Company Directors. Dr Pringle 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". Dr Pringle 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.
The Company confirms that it is not aware of any new information or data that materially affects the Exploration Results or Mineral Resources included in the ASX releases made by Berkut Minerals Limited on 26 July 2017 and 12 February 2018.

Forward Looking Statements and Important Notice

This report contains forecasts, projections and forward-looking information. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions it can give no assurance that these will be achieved. Expectations and estimates and projections and information provided by the Company are not a guarantee of future performance and involve unknown risks and uncertainties, many of which are out of QX Resources' control.

Appendix 1 - JORC Code, 2012 Edition – Table 1

Section 1 - Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
Sampling techniques	**Historical exploration** • 1940: Boliden - Geophysics, drilling and discovery of the Lainejaur deposit • 1941-1945: Boliden - Underground development; Nickel and copper production - 100,526 tonnes of ore with an average content of 2.2% Ni, 0.93% Cu and 0.1% Co (Reddick and Armstrong, 2009). • 2002: North Atlantic Natural Resources: Ground magnetic and EM surveys; two diamond drillholes into EM anomaly 6.5 km east of the Lainejaur ore zone. • 2007-2009: Blackstone Ventures - Ground and bore-hole EM surveys and diamond drilling 48 holes totalling 13,791 m. NI 43-101 Inferred Mineral Resource Estimate (CIM compliant) by Reddick Consulting Inc. (2009) • 2018: Berkut Minerals / Carnaby Resources - Fixed loop, moving loop and borehole EM. JORC 2012 compliant Mineral Resource estimate completed by Payne Geological Services Pty Ltd utilising Blackstone drilling dataset, reported by Berkut Minerals Limited in ASX announcement dated 12 February 2018. **Current Exploration – Bayrock Resources Limited** • Bayrock has completed geological review of selected past drillcore with XRF • Bayrock has completed one diamond drillhole for 300 metres to check prior drilling and generate material for metallurgical testwork. • Samples were assayed using either ICP. • QAQC sampling protocols were carried out to the latest standard.

Drilling techniques	**Historical Drilling – Blackstone Ventures**
	• 48 diamond drillholes of which 42 drillholes were drilled to completion (13,791m) to extend mineralisation 700 metres down plunge of historical workings (100m-900m depth). Six holes were abandoned short of the target for a total of 251 m.
	• Drilling diameters BQ.
	
	Bayrock Drilling
	• 1 Diamond hole (299.9 metres)
	  ○ Drilling diameters: NQ
	  ○ Drill rigs used: Atlas Copco DBC ESD-9 (track mounted)

Drill sample recovery	**Historical Drilling – Blackstone Ventures** • Detailed drill recovery information is not available. Comments in reporting indicates good recovery. Visual inspection of core at the Mala archive by the previous Competent Person for MRE reporting to the ASX indicates generally high recovery. **Bayrock Drilling** • Measuring produced core's length vs drill run's length for diamond drilling • All measurements were done on site.
Logging	**Historical Exploration - Blackstone Ventures** • All holes were logged by qualified geologists at drilling site for lithology, mineralisation style and sulphides. Geotechnical data is understood not to have been collected

Criteria	Commentary
	Bayrock Drilling • All holes were logged by qualified geologists at drilling site. • Quantitative (spreadsheet) logging has been completed • Core photography has been completed.
Sub-sampling techniques and sample preparation	**Historical Exploration – Blackstone Ventures** • Core cut using a diamond core saw with half core • Samples were reportedly shipped to ALS Chemex in Pitea for crushing and pulverisation, with pulps then shipped to ALS Chemex Vancouver for analysis. • Samples were crushed to better than 70% -2 mm. A split off 250 g sample was then pulverised to better than 85% passing 75 microns. These pulps were then • shipped to Vancouver, British Columbia (BC), by commercial aircraft for completion of analytical work. Pulps and rejects were returned and stored in Vallen, Sweden. • A QA/QC procedure of sample preparation implemented involving the use of certified standards and blanks and detailed in NI 43-101 report. Standards and blanks were reportedly submitted for every 20 samples and inserted at end of mineralised zones **Bayrock Drilling** • Core cut using a diamond core saw – both 1/2 or ¼ core • A QA/QC procedure of sample preparation implemented. • The Blanks and Duplicates, and Standard samples were inserted for QA/QC, approximately at 1 in 15 samples.
Quality of assay data and laboratory tests	**Historical Drilling – Blackstone Ventures** • Samples were prepared at ALS Chemex facility in Pitea, Sweden then sent to ALS Chemex in Vancouver for assaying using peroxide fusion and inductively coupled plasma-atomic emission spectroscopy (ICP-AES) (nickel, cobalt, copper, sulphur) and fire assay with ICP (gold, platinum, palladium) techniques. **Bayrock Drilling** • Bayrock samples were submitted to ALS laboratory. • Base metals were analysed by ICP & XRF analysis methods & techniques.
Verification of sampling and assaying	**Historical Drilling** • Primary data was sourced from Blackstone Ventures NI 43-101 report and Berkut Minerals unpublished documents supporting the JORC 2012 Mineral Resources Estimate report **Bayrock Drilling** • Preliminary logging was done by site geologists in “hand” and later entered to Excel spreadsheets by geologists. • All data were prepared in accordance with prepared procedure of Bayrock.
Location of data points	**Historical Drilling – Blackstone Ventures** • Coordinates for the drillholes were Collar surveys completed by contract or company surveyors using a GPS. Collars were recorded against the RT90 2.5 on V grid system. • Field verification of the BLV collars showed accuracy to within 1–10 m using against a handheld Garmin GPS. • Downhole surveys were carried out on majority of holes and were taken typically at 50 m intervals with a Reflex tool or Maxibor tool. **Bayrock Drilling** • Coordinates for the drillholes were completed using a GPS and entered into an Excel spreadsheet.

Criteria	Commentary
Data spacing and distribution	**Historical Drilling – Blackstone Ventures** • 28 drillholes define the deposit within the Mineral Resource area, with most holes drilled at hole spacings of 25–50 m on 100 m spaced cross sections. • Samples in mineralised zones were always sampled to reflect geological contacts or sulphide zonation, so intervals are variable. In the massive sulphide mineralised zones, sample intervals are typically 0.4–0.6 m in length. In the disseminated sulphide zones, intervals were typically 0.5–1.0 m in length. **Bayrock Drilling** • 1 drillhole to date. • Samples in mineralised zones are sampled to reflect geological contacts or sulphide zonation, so intervals are variable.
Orientation of data in relation to geological structure	**Historical Exploration** • Most drillholes were angled at 50-60 degrees to intercept mineralisation close to right angles to the interpreted mineralisation. **Bayrock Drilling** • Drillholes were angled at 60 degrees to intercept mineralisation close to right angles to the interpreted mineralisation.
Sample security	**Historical Exploration – Blackstone** Drill core samples were reportedly kept within the company's ossession until transport to the laboratory. **Bayrock Drilling** • Samples monitored and controlled from site to sample prep lab.
Audits or reviews	**Historical Exploration** • Detailed review by Reddick Consulting Inc as part of a NI 43-101 Inferred Mineral Resource Estimate (CIM compliant) (Reddick and Armstrong, 2009). • Detailed review completed by Payne Geological Services Pty Ltd - and Berkut checked geological logging and sample depth intervals to the recorded database for four holes, no material issues were identified. • Berkut has conducted spot checks of significant assay ntervals against original laboratory PDF files; no material issues were identified. **Bayrock Drilling** • Not considered necessary at this stage

Section 2 - Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
Mineral tenement and land tenure status	• The Lainejaur deposit is located on one granted exploration permit, Lainejaur nr 20, covering a total of 41.5 km2 held by Metalore Pty Ltd, a wholly owned subsidiary of Bayrock Resources Limited (previously Carnaby Resources Limited).
Exploration done by other parties	**Historical exploration** • 1940: Boliden - Geophysics, drilling and discovery of the Lainejaur deposit • 1941-1945: Boliden - Underground development; Nickel and copper production -

Criteria	Commentary
	100,526 tonnes of ore with an average content of 2.2% Ni, 0.93% Cu and 0.1% Co (Reddick and Armstrong, 2009). • 2002: North Atlantic Natural Resources: Ground magnetic and EM surveys; two diamond drillholes into EM anomaly 6.5 km east of the Lainejaur ore zone. • 2007-2009: Blackstone Ventures - Ground and bore-hole EM surveys and diamond drilling 48 holes totalling 13,791 m. NI 43-101 Inferred Mineral Resource Estimate (CIM compliant) by Reddick Consulting Inc. (Reddick, J., and Armstrong, T. 2009. Technical report on resource estimates for the Lainejaur, Lappvattnet and Ror deposits, northern Sweden. Prepared for Blackstone Ventures Inc. NI 43-101 Report by Reddick Consulting Inc. (www.sedar.com)). • 2018: Berkut Minerals / Carnaby Resources - Fixed loop, moving loop and borehole EM. JORC 2012 compliant Mineral Resource estimate completed by Payne Geological Services Pty Ltd utilising Blackstone drilling dataset, reported by Berkut Minerals Limited in ASX announcement dated 12 February 2018. (Payne, P. 2018. Mineral Resource Estimate for the Lainejaur Nickel Cobalt Deposit, Skellefteå Region, Sweden. February 2018. Report for Berkut Minerals Limited.)
Geology	• The nickel-copper sulphide deposit is hosted at the base of a lopolithic gabbro-diorite intrusion which grades upwards from gabbro to diorite to granodiorite. • The gabbro portions (which host nickel-copper sulphides) consist of fine-grained olivine gabbro. • Mineralisation includes massive sulphide ore near the basal portions of the intrusion. Disseminated sulphides are also present grading upward into the gabbro host from the massive sulphides. Less common is nickel-copper-arsenic veins.
Drill hole Information	• Included in Appendix 2.
Data aggregation methods	• No exploration results being reported.
Relationship between mineralisation widths and intercept lengths	• Exploration drill intercepts are not being reported. • Based upon the current understanding of the mineralisation geometry, the drilling generally intersected the mineralisation at close to right angles to the mineralisation.
Diagrams	• No exploration results being reported. Photos of mineralisation are included. • In relation to the disclosure of visual mineralisation, the Company cautions that visual estimates showing nickel-copper sulphides should never be considered a proxy or substitute for laboratory analysis. Laboratory mineralogical, metallurgical and assay analyses are required to validate the proportions of nickel-copper content in relevant drill intercepts.
Balanced reporting	• No exploration results being reported. • Significant intercepts have been previously reported for the historical drill data.
Other substantive exploration data	• No exploration results being reported. • Photos of mineralisation are included.
Further work	• Bayrock continues to compile historical production records and then conduct further geophysical exploration, metallurgical testwork and diamond drilling within the mineralisation and to extend mineralisation on potential parallel structure and at depth and conduct additional works as required.

Section 3 - Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Commentary
Database integrity	• Historical records were compiled from digital and hard copy records and loaded into a database via electronic capture. Validation included comparison of assay results to observed geology to verify mineralised intervals.
Site visits	• Site visits were carried out by the previous Competent Person (Payne, 2018) when this MRE was reported by Berkut (now Carnaby) in an ASX announcement dated 12 February 2018. No material change has occurred on the project since that date. • The projects are at an early exploration stage, with limited site infrastructure and little to no outcropping geology pertinent to the project assessment process.
Geological interpretation	• Geological interpretation is well-understood with confidence with consistent mineralised structures defined by good quality drilling. • The deposit consists of a moderately plunging, contact related zone of sulphide mineralisation which has been interpreted based on logging and assay data from samples taken at regular intervals from angled drillholes.
Dimensions	• Block model dimensions defined by extent of mineralisation within the resource drillholes. • The Lainejaur Mineral Resource area extends over a plunge length of 800 m and has a vertical extent of 500 m and commences 100 m below surface.
Estimation and modelling techniques	• The parent block dimensions used were 25 m north- south x 25 m east-west x 10 m vertical with sub-cells of 6.25 m x 6.25 m x 0.3125 m. • ID2 was used to estimate average block grades based on 0.5 m composites in the massive sulphide and 1.0 m composites in the disseminated sulphide. Surpac software was used for the estimation. • Historical production records were available for previous mining and production grades are consistent with the estimated Mineral Resource. • Previous resource estimates have been completed and compare well with the current estimate. No assumptions have been made regarding recovery of by-products. • No high grade cuts were applied to composited data. No estimation of deleterious elements was carried out. Values for nickel, copper, cobalt, gold, platinum, palladium and sulphur were interpolated into the block model. • An orientated ellipsoid search was used to select data and was based on geometry of the deposit and drillhole spacing. An initial interpolation pass was used with a maximum range of 80 m which filled 84% of blocks. The remaining • blocks were filled by expanding the search range to 160 m and reducing the minimum samples to one. • A minimum of two samples and a maximum of 24 samples was used for the first and second passes. A minimum of one sample was used for the third pass. • Selective mining units were not modelled in the Mineral Resource model. The block size used in the model was based on drill sample spacing and lode orientation. • Correlation was between the main elements was analysed, but no assumptions of correlation were included in the modelling. • The deposit mineralisation was constrained by wireframes constructed using logged geology for the massive sulphide, and a nominal 0.2% Ni cut-off for the disseminated/stringer. The wireframes were applied as hard boundaries in the estimate.

Criteria	Commentary
	• For validation, trend analysis was completed by comparing the interpolated blocks to the sample composite data within 20 m vertical intervals.
Moisture	• Tonnages estimated on a dry basis. • No Moisture content information is available
Cut-off parameters	• The Mineral Resource has been reported at a 0.5% Ni cut-off based on assumptions about economic cut-off grades for underground mining. The massive sulphide is relatively insensitive to cut-off grade.
Mining factors or assumptions	• The deposit has previously been mined using small scale underground development. It is assumed that further underground mining is possible at the project. • Portions of the deposit are considered to have sufficient grade and continuity to be considered for underground mining. No mining parameters or modifying factors have been applied to the Mineral Resource.
Metallurgical factors or assumptions	• Metallurgical testwork was not undertaken by Berkut or previous operators at the project. Historical production has demonstrated that nickel recovery can be expected from conventional processing methods.
Environmental factors or assumptions	• The area is not known to be environmentally sensitive and there is no reason to think that approvals for mine development including the dumping of waste would not be approved. Numerous base metal and gold operations are present in this region of Sweden. No assumptions have been made at this stage.
Bulk density	• Bulk density determinations were made on samples from drill core using the weight in air/weight in water method. • Bulk density values used in the resource were 3.0 t/m3, 3.30 t/m3 and 4.10 t/m3 for gabbro, disseminated and massive mineralisation respectively.
Classification	• Mineral Resources were classified in accordance with the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC, 2012). The Mineral Resource (MRE) was classified as Inferred Mineral Resource on the basis of data quality, sample spacing, and lode continuity. • The entire deposit has been classified as Inferred Mineral Resource. Although continuity of geology and mineralisation appears to be excellent, the 100 m cross section spacing is not sufficient to confidently define grade trends within the deposit. • The MRE appropriately reflects the view of the Competent Person
Audits or reviews	• A documented audit of the MRE was completed by Berkut. • The Mineral Resource was reviewed by CSA Global in the Bayrock Prospectus June 2022.
Discussion of relative accuracy/ confidence	• The Lainejaur MRE is considered to be reported with a high degree of confidence. The consistent deposit geometry and continuity of mineralisation is reflected in the Mineral Resource classification. The data quality is good and the drillholes have detailed logs produced by qualified geologists. • The Mineral Resource statement relates to global estimates of tonnes and grade. The deposit is not currently being mined. Production records are available for previous underground mining completed at the deposit.