

Quarterly Report

For the period ended 31 December 2010



HIGHLIGHTS

- ♦ **\$15 million Letter of Intent signed with the Australian subsidiary of major Canadian mining company Teck Resources Limited ("Teck") that will see accelerated exploration of the Myrtle zinc-lead deposit and surrounding tenements from 2011.**
- ♦ **Field and familiarisation visit undertaken with senior Teck personnel in November 2010 reinforces potential of Myrtle.**
- ♦ **Planning underway for first field programme at the Company's recently staked Marqua Phosphate project.**
- ♦ **Successful \$4.45 million capital raising by Rox in December 2010.**

MYRTLE ZINC-LEAD PROJECT, NT

Joint Venture With Teck

Key terms of a farm-in and joint venture with Teck Australia Pty Ltd, that will see accelerated exploration of the Myrtle zinc-lead deposit and surrounding tenements were announced in October 2010.

In addition to the farm-in and joint venture, Teck will also subscribe \$500,000 for 10 million shares in Rox and become one of Rox's largest shareholders behind Rio Tinto Exploration.

The key commercial terms of the Teck agreement are:

- Teck may farm-in to the tenements to earn a 51% interest by spending \$5 million over 4 years.
- Teck may earn a further 19% interest (for 70% total) by spending an additional \$10 million (\$15 million total) over an additional 4 years.
- A minimum of \$1 million to be spent by 21 July 2012, including a minimum of 2,000 metres of diamond drilling before Teck can withdraw.

Teck will be manager of the proposed joint venture while it holds a majority interest, or is sole contributor to expenditure. The agreement will cover Rox's current tenements, EL10316 and EL27541, and also the tenements recently acquired by Rox from Legend International Holdings (Figure 1).

The agreement is subject to satisfactory due diligence enquiries by Teck (which Teck have advised has been completed) and the satisfaction of a number of regulatory conditions. The companies are moving to finalise formal documentation as soon as possible, and since this requires approvals from various third parties and government bodies, it is expected to be completed during the first quarter of 2011.

A field trip to familiarise senior Teck personnel with the project was undertaken during November 2010. During this trip it was possible to view some drill core recently drilled at McArthur River which was peripheral to the main ore zone. The similarities between the rock types and grades of this material to the material already drilled at Myrtle were noted, and reinforced Rox's view of the strong potential of the Myrtle prospect to host a high grade orebody similar to McArthur River.

Looking Ahead

Finalisation of the documentation is expected during the first quarter of 2011, and following that Teck will detail their exploration plan for the 2011 field season. Field work by Teck is expected to commence during the second quarter of 2011.

MARQUA PHOSPHATE PROJECT, NT

Project Description

The Marqua tenement application area is located approximately 450 km east north east of Alice Springs (Figure 2) and covers more than 2,400km². The area is highly prospective, with high grade phosphate drill intersections already encountered and also occurrences of base metals and uranium.

Previous exploration of the area identified five phosphate prospects over a strike length of 20 km with outcrops grading up to 39.4% P₂O₅ along a phosphorite horizon (Figure 3).

The prospects occur near the southern extent of the Georgina Basin, which is rapidly becoming Australia's major hard-rock phosphate province.

The project area (Figure 4) is located only 250km from the nearest railhead at Phosphate Hill in QLD, and from the Western QLD gas pipeline; comparable distances as the Wonarah project (located further to the north) is to adjacent infrastructure.

Previous drilling has intersected good phosphate mineralisation at Marqua, including:

6m @ 19.9% P₂O₅ from 32m depth in hole QDA045
5m @ 23.7% P₂O₅ from 12m depth in hole QDA046
2m @ 45.8% P₂O₅ from 1m depth in hole QDA003
3m @ 25.1% P₂O₅ from 9m depth in hole QDA070
5m @ 26.1% P₂O₅ from 0m depth in hole QDA068
3m @ 21.5% P₂O₅ from 3m depth in hole QDA002
3m @ 21.0% P₂O₅ from 21m depth in hole QDA027
3m @ 16.9% P₂O₅ from 19m depth in hole QDA019

The drilling was, generally, wide-spaced (~ 300m) and as such these are encouraging results. Phosphate deposits in the Georgina Basin (e.g. Wonarah) generally cover large areas along relatively thin horizons (i.e. 1-7 metres thick) with the high grade DSO (direct shipping ore) of >30% P₂O₅ covering much smaller areas.

Given the results from surface sampling and drilling to date there is potential at Marqua for a substantial phosphate target above a 15% P₂O₅ cut-off, with zones of high-grade DSO contained within it.

Marqua is well situated to supply phosphate to the growing markets in Asia and North America. Phosphate is an essential component of fertilisers for the agricultural industries around the world. There are currently no substitutes for phosphate, so the demand should keep rising with the expansion of agricultural activities in the developing and developed world.

Looking Ahead

The tenement applications are being processed by the NT Department of Resources, and should be granted to Rox during the first or second quarter of 2011.

Rox is planning to follow-up the drilling conducted so far with confirmatory surface sampling and then further drilling to expand the potential size of the deposit to enable a phosphate resource to be estimated. Follow up and assessment of the base-metal and uranium potential will also be undertaken.

NEW PROJECTS

The Company continues to pursue new projects and opportunities for growth. During the quarter a number of opportunities were evaluated.

CAPITAL RAISING

During the quarter the Company raised \$4.45 million (net of costs) from a share placement to clients of Patersons Securities and a Share Purchase Plan made available to all shareholders.

In addition the Company continues to receive a steady stream of option conversions to fully paid shares.

Dated this 31st day of January 2011.

Signed on behalf of the Board of Rox Resources Limited.



IAN MULHOLLAND
Managing Director

About Rox Resources

Rox Resources (ASX: RXL) is an Australian exploration company with projects in the Northern Territory of Australia, including the Myrtle zinc-lead project and the Marqua phosphate project.

Rox has signed a joint venture agreement with Teck Australia Ltd to explore its Myrtle project tenements which cover 669 km² adjacent to the world class McArthur River zinc-lead deposit in the Northern Territory. The terms of the JV require Teck to spend \$5 million to earn an initial 51% interest within 4 years including a minimum of \$1 million and 2,000 metres of drilling by 21 July 2012. Teck can increase its interest in the project to 70% by spending an additional \$10 million (\$15 million in total) over an additional 4 years.

A SEDEX style deposit has been identified by Rox at the Myrtle prospect, where an Inferred Mineral Resource of 43.6 million tonnes grading 4.09% zinc and 0.95% lead has been delineated to JORC Code standards. Thick drill intercepts of prospective stratigraphy carrying significant zinc-lead grades have already been made but only a small portion of the prospective area has been drilled, and Rox is extremely confident the resource will continue to grow with further drilling. A higher grade core of 15.3 million tonnes grading 5.45% zinc and 1.40% lead is present, and a large mineralised system is indicated.

IP and EM geophysical surveying, soil sampling and geologic interpretation also indicate the potential for shallow near surface mineralisation which may be exploitable by open pit mining. Several other prospects in the tenement area have similar potential to Myrtle but are at an early stage of exploration.

Rox also owns 100% of the Marqua phosphate project in the Northern Territory located 300km south-west of Mt Isa. A 20 km long strike length of phosphate bearing rocks has been identified by surface sampling (up to 39.4% P₂O₅) and drilling (including 6m @ 19.9% P₂O₅ and 5m @ 23.7% P₂O₅), and there is the potential for a sizeable phosphate resource to be present. The project is located only 250 km from the nearest railhead and gas pipeline at Phosphate Hill.

Rox continues to actively review potential new opportunities, particularly in Australia and South East Asia.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Ian Mulholland BSc (Hons), MSc, FAusIMM, FAIG, FSEG, MAICD, who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists. Mr Mulholland has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Mulholland is a full time employee of the Company and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

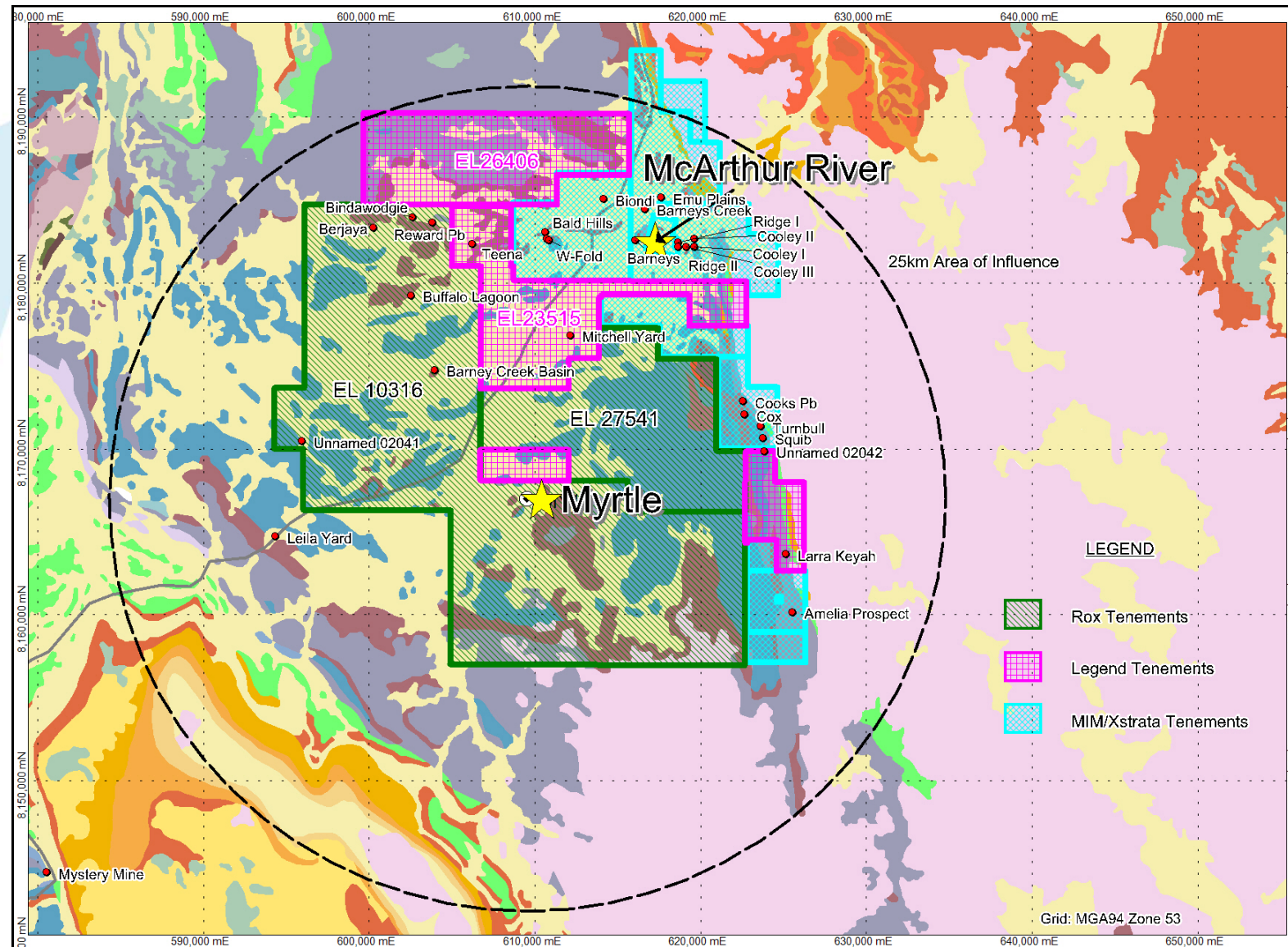


Figure 1: Proposed Joint Venture Tenements (green and pink) and 25km Area of Influence

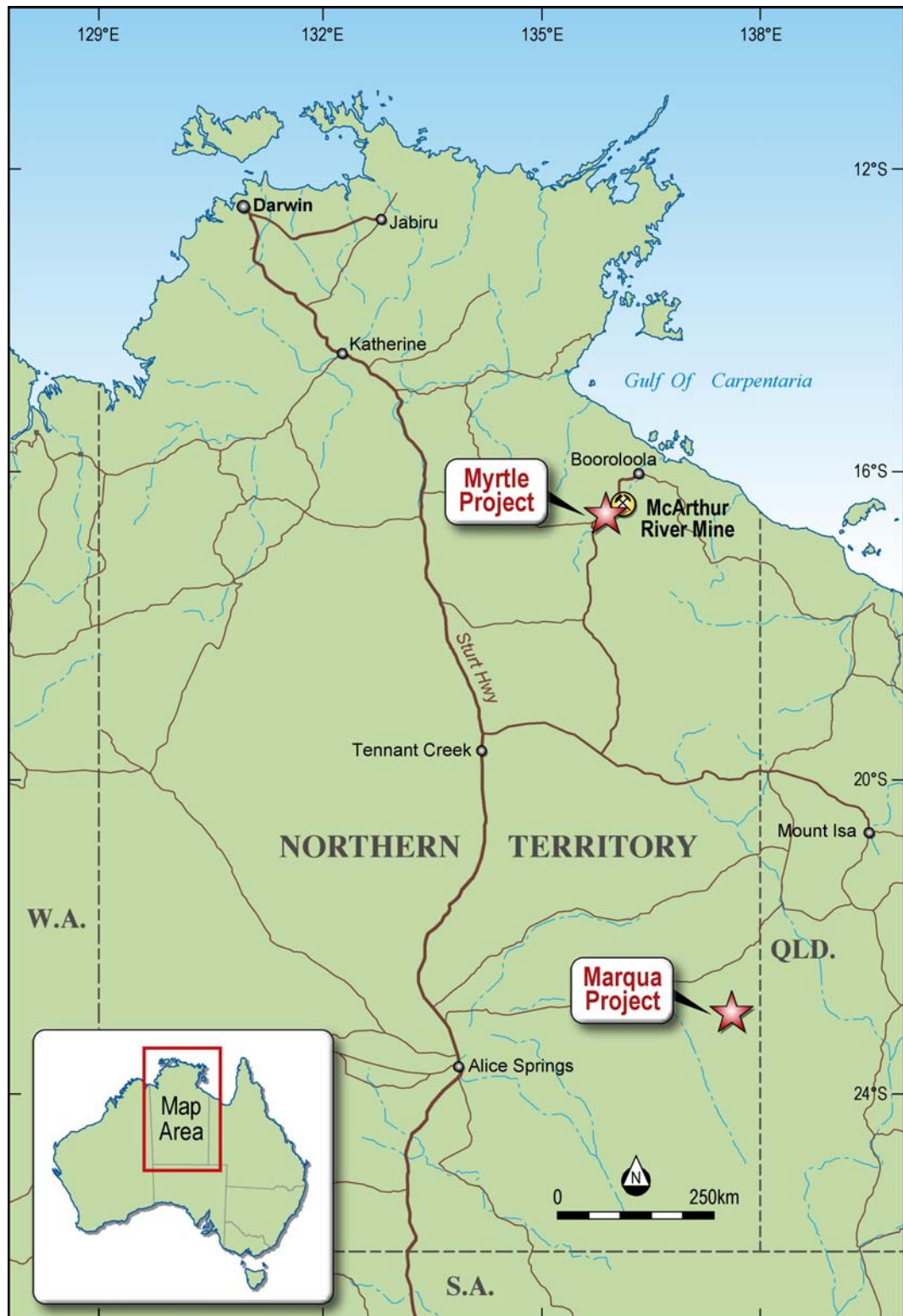


Figure 2: Marqua Project Location

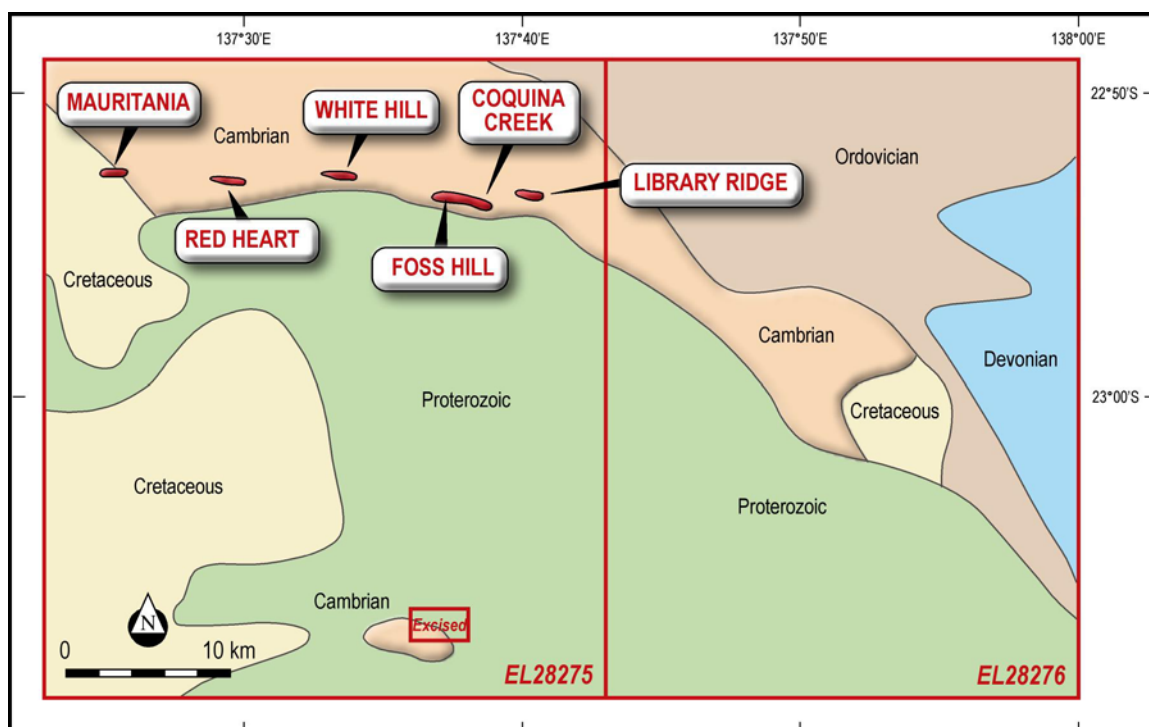


Figure 3: Marqua Project Tenement Plan Showing Prospect Locations and Geology

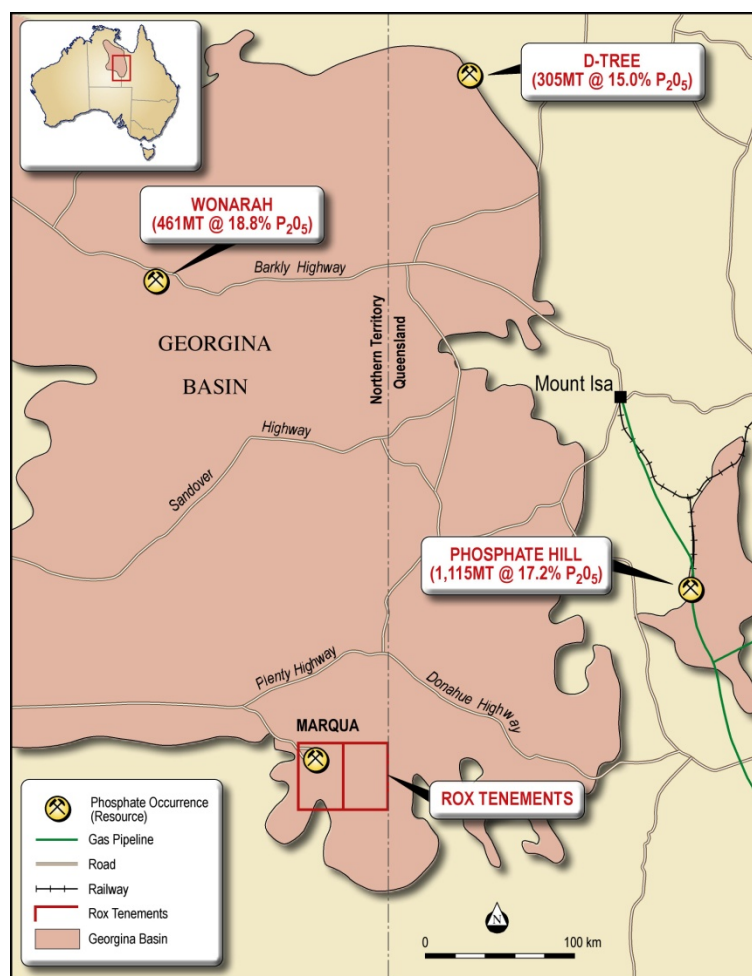


Figure 4: Georgina Basin Showing Phosphate Deposits

Name of entity

ACN or ARBN

Quarter ended ("current quarter")

31 December 2010

Cash flows related to operating activities

Current Quarter A\$'000	Year to Date (6 months) \$A'000
-	-
(8)	(14)
-	-
-	-
(277)	(486)
-	-
4	11
-	-
-	-
-	-
(281)	(489)

Net Operating Cash Flows

1.8 Payment for purchases of:

[illegible]

1.13 Total operating and investing cash flows (carried forward)

1.13 Total operating and investing cash flows (brought forward)	(281)	(489)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares (net of costs)	4,451	4,463
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other	-	-
Net financing cash flows	4,451	4,463
Net increase (decrease) in cash held	4,170	3,974
1.20 Cash at beginning of quarter/year to date	599	795
1.21 Exchange rate adjustments to 1.20	-	-
1.22 Cash at end of quarter	4,769	4,769

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	106
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	400

Reconciliation Of Cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	25	22
5.2 Deposits at call	4,744	577
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,769	599

Changes in interests in mining tenements

	Tenement reference	Nature of Interest	Interest at beginning of quarter	Interest at end of quarter
6.1 Interest in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interest in mining tenements acquired or increased	EL23515 EL26406	Acquired Acquired	- -	100% 100%

Issued and quoted securities at end of current quarter

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 Preference securities <i>(description)</i>	-			
7.2 Changes during quarter	-			
7.3 Ordinary securities	340,948,695	340,948,695		
7.4 Changes during quarter				
- Issued	89,405,000	89,405,000	\$0.05	\$0.05
	3,000,000	3,000,000	\$0.033	\$0.033
- Options exercised	6,424,224	6,424,224	\$0.015	\$0.015
	3,750,000	3,750,000	\$0.038	\$0.038
7.5 Convertible debt securities <i>(description and conversion factor)</i>	-			
7.6 Changes during quarter	-			
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise Price</i>	<i>Expires</i>
	30,160,238	30,160,238	\$0.10	30 June 2011
	30,370,349	30,370,349	\$0.015	31 July 2011
	3,750,000	Nil	\$0.038	26 Sept 2012
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	6,424,224	6,424,224	\$0.015	31 July 2011
	3,750,000	Nil	\$0.038	26 Sept 2012
7.10 Expired during quarter	2,000,000	Nil	\$0.35	30 Nov 2010
7.11 Debentures <i>(totals only)</i>	-	-	-	-
7.12 Unsecured notes <i>(totals only)</i>	-	-	-	-

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX.
2. This statement does give a true and fair view of the matters disclosed.

Sign here:

Date: 31 January 2011



Company Secretary

Print Name: Brett Dickson