

ROX RESOURCES LIMITED

ABN 53 107 202 602

REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Contents

Half-Year Report	Page No.
Corporate Directory	2
Directors' Report	3
Financial Statements	7
Declaration by Directors	16
Independent Review Report	17

Corporate Directory

Directors:

Mr Jeff Gresham
Non-Executive Chairman

Mr Ian Mulholland
Managing Director

Mr Brett Dickson
Finance Director

Company Secretary:

Mr Brett D Dickson

Bankers:

Westpac Banking Corporation
40 St George's Terrace
Perth WA 6000

Auditor:

Ernst & Young
Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000

Telephone: (08) 9429 2222
Facsimile: (08) 9429 2436

Solicitor:

K & L Gates
Level 32, St Martins Tower
44 St Georges Terrace
Perth WA 6000

Telephone: (08) 9216 0900
Facsimile: (08) 9216 0901

For shareholder information contact:

Share Registry:

Computershare Registry Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Stock Exchange:

Australian Securities Exchange

Company Code:

RXL (Fully Paid Shares)

Listed Securities:

665,484,744 Fully paid ordinary shares

Un-Listed Securities:

550,000 4.7 cent, 30 November 2014 options
8,500,000 2.5 cent, 30 November 2015 options

For information on your company contact:

Principal & Registered Office:

Level 1
30 Richardson Street
West Perth WA 6005

Telephone: (08) 9226 0044
Facsimile: (08) 9322 6254
Web: www.roxresources.com.au

ROX RESOURCES LIMITED
ABN 53 107 202 602

DIRECTOR'S REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Your directors submit the financial report of the Rox Resources Limited ("the Company") for the half-year ended 31 December 2013.

DIRECTORS

The names of the Company's directors in office during the financial period and until the date of this report are:

Mr Jeffrey Gresham
Mr Brett Dickson
Mr Ian Mulholland

Directors have been in office since the start of the financial period to the date of the report.

REVIEW OF OPERATIONS

The loss for the half-year ended 31 December 2013 was \$2,019,432 (2012: \$1,078,056). This loss was principally due to significant expenditure on exploration activities during the period totalling \$1,499,296 (2012 \$625,979).

During the period the Company successfully completed a Share Purchase Plan which raised \$2,389,600 (before expenses of the plan) through the issue of 74,675,000 shares at \$0.032 each.

Exploration Activities

The second half of 2013 has been very a significant one for Rox. Exploration at the Mt Fisher project in Western Australia continued to provide success with the discovery of the Cannonball and Musket prospects, and a maiden Mineral Resource of 1.6Mt @ 2.2% nickel was estimated for the Camelwood nickel sulphide deposit.

In addition, in early August Rox announced the discovery of a significant zinc-lead deposit at the Teena prospect on its Reward project in the Northern Territory.

Mt Fisher Gold-Nickel Project, WA (Rox 100% and option to earn 100%)

Rox continued to explore the Mt Fisher project area 500km north of Kalgoorlie in Western Australia which hosts the Camelwood nickel sulphide discovery and the Mt Fisher, Moray Reef and Damsel gold deposits.

At Camelwood 15,152m of diamond drilling was completed in 41 holes drilled between February and July 2013. Total RC drilling since discovery in December 2012 was 5,200m in 33 holes.

Mineral Resource Estimate

An independent consultant, Optiro Pty Ltd ("Optiro") completed a Mineral Resource estimate for the Camelwood deposit which resulted in a maiden Mineral Resource estimate comprising **1.6 million tonnes at 2.2% nickel** containing **34,600 tonnes of nickel** using a 1.0% nickel lower cut-off (Table 1).

At the higher cut-off grade of 2.5% nickel the Mineral Resource contains **520,000 tonnes at 3.1% nickel**, for **16,200 tonnes of contained nickel** (Table 1).

Rox reported the Mineral Resource estimate to the ASX on 3 October 2013, and as now required by the JORC Code 2012, Rox confirms that it is not aware of any new information or data that materially affects the information included in the market announcement of 3 October 2013, and that all market assumptions and technical parameters underpinning the estimates in the market announcement of 3 October 2013 continue to apply and have not materially changed.

Table 1: Camelwood Mineral Resource

	Reported at a 1.0% nickel cut-off				Reported at a 2.5% nickel cut-off		
	Tonnes (Mt)	Grade	Contained Metal		Tonnes (Mt)	Grade	Contained Metal
		Ni %	Nickel (kt)			Ni %	Nickel (kt)
Indicated Mineral Resource							
Oxide	-	-	-		-	-	-
Transitional	-	-	-		-	-	-
Fresh	0.6	2.4	13.8		0.2	3.2	7.7
Total Indicated	0.6	2.4	13.8		0.2	3.2	7.7
Inferred Mineral Resource							
Oxide	0.03	1.7	0.5		-	-	-
Transitional	0.02	1.7	0.7		-	-	-
Fresh	0.9	2.1	19.6		0.3	3.0	8.4
Total Inferred	1.0	2.1	20.8		0.3	3.0	8.4
Total	1.6	2.2	34.6		0.5	3.1	16.2

Regional Exploration

An extensive 11,500m aircore drilling program was completed during the period with the aim to develop better defined targets that could be followed up by reverse circulation (RC) drilling. This was the method successfully used that led to the discovery of the Camelwood deposit in late 2012.

A number of strong targets were identified, with the stand-out area being the Cannonball prospect (ASX: RXL: 15 November 2013) where aircore results of **3m @ 3.42% Ni** and **5m @ 1.35% Ni** were returned.

Other new targets generated included Musket (**8m @ 0.30% Ni**), Emu Bush (**8m @ 0.46% Ni**), Twinleaf (**14m @ 0.49% Ni**), and Red Mulga (**5m @ 0.22% Ni**).

Cannonball and Musket Nickel Sulphide Discoveries

Follow-up RC drilling of the aircore targets at Cannonball and Musket occurred in December 2013, with assay results announced in January 2014 (ASX: RXL: 10 January 2014).

Significant widths and grades of nickel sulphide mineralisation were intersected in the drilling.

At Musket selected RC holes returned values such as:

9m @ 1.3% Ni from 55m downhole in hole MFEC036,

7m @ 1.8% Ni from 129m downhole in hole MFEC040,

3m @ 3.1% Ni from 129m downhole in hole MFEC037, including **2m @ 4.0% Ni** from 129m, and

13m @ 1.9% Ni from 176m downhole in hole MFEC048, including **5m @ 2.6% Ni** from 180m.

These holes were located at the top of an untested VTEM anomaly which could represent more massive style, electrically conductive, sulphide mineralisation at depth.

At Cannonball selected RC holes returned values such as:

5m @ 2.0% Ni from 114m downhole in hole MFEC042,

2m @ 2.4% Ni from 128m downhole in hole MFEC043,

4m @ 2.0% Ni from 84m downhole in hole MFEC045, and

5m @ 2.3% Ni from 158m downhole in hole MFEC049, including **1m @ 3.2% Ni** from 159m.

These new nickel sulphide discoveries at Cannonball and Musket demonstrate the potential for a large, regional-scale nickel sulphide system, not just an isolated deposit at Camelwood.

The strike length of potential mineralisation is now up to 3km in a north-south direction, with mineralisation open at depth and largely unexplored. The style of mineralisation at Camelwood, Cannonball and Musket appears to be similar to other deposits of this type, particularly the Kambalda deposits, which can extend to well over 1km depth.

The Company has identified a number of other prospects in the project area and further exploration along the strike of the Camelwood ultramafic unit commenced in early February with a new RC drilling program.

Reward Zinc-Lead Project, NT (Rox 49%, Teck 51% with option to increase to 70%)

During the period, earn-in partner Teck met its \$5 million expenditure required to earn an initial 51% interest in the project and advised that it had elected to proceed to earn up to a 70% interest through the expenditure of an additional \$10 million by 31 August 2018. Teck is operator and manager of the project while it is the sole contributor to expenditure or is the majority owner.

A diamond drilling program to explore and confirm the higher grades and substantial thicknesses from historic drilling previously reported from the Teena prospect was commenced in late June and was very successful in intersecting significant high grade zinc-lead mineralisation in all four holes drilled.

Significant drill intercepts included:

TNDD009:	26.4m @ 11.6% Zn, 1.7% Pb, 13.3% Zn+Pb , from 1,060.1m and 5.0m @ 9.5% Zn, 1.2% Pb, 10.7% Zn+Pb, from 1,121.0m
TNDD010:	20.1m @ 13.0% Zn, 2.0% Pb, 15.0% Zn+Pb , from 944.3m and 6.2m @ 8.5% Zn, 1.5% Pb, 10.0% Zn+Pb, from 988.8m and 2.9m @ 7.6% Zn, 2.7% Pb, 10.4% Zn+Pb, from 1,125.4m
TNDD011:	20.3m @ 12.0% Zn, 1.9% Pb, 13.9% Zn+Pb , from 901.0m and 1.7m @ 11.1% Zn, 2.1% Pb, 13.2% Zn+Pb, from 937.3m
TNDD012:	14.9m @ 9.1% Zn, 1.3% Pb, 10.4% Zn+Pb , from 676.0m

These drill holes define continuity of mineralisation along a 1.0km strike length, and together with previous historic drill holes indicate a potential strike length of at least 1.5km within the Teena sub-basin.

Bonya Copper Project, NT (Rox earning up to 70%)

The Bonya project is located 350km east of Alice Springs, Northern Territory, adjacent to the Jervois copper deposit (JORC Mineral Resource of 13.5 Mt @ 1.3% Cu, 25 g/tAg, ASX:KGL).

Visible outcropping copper mineralisation at Bonya has returned rock chip assays up to 33% copper, 55 g/t silver and 0.6 g/t gold, including significant levels of lead (Pb).

During the period an airborne VTEM survey was completed with results expected late in the first quarter of 2014.

Marqua Phosphate Project, NT (Rox 100%)

Rox is seeking a strategic partnership to take the Marqua phosphate project forward.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

Since the end of the financial period the Company has re-negotiated the terms of the Option Agreement to acquire the mineral tenements covering a portion of its Fisher East nickel sulphide project, 500km north of Kalgoorlie in Western Australia. The original Option Agreement had a term expiring on 30 June 2014, with an exercise payment of \$3.5 million due on or before that date.

Revised terms provide for an extension of the Option term to 30 June 2015 as shown below. An additional payment in consideration for the extension of term of \$200,000 will be payable by 31 December 2014.

- a) Payment of \$100,000 by 31 January 2014
- b) Payment of \$1.1 million by 30 June 2014
- c) Payment of \$200,000 by 31 December 2014
- d) Payment of \$2.3 million by 30 June 2015

No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

AUDITORS INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, Ernst & Young, to provide the directors of Rox Resources Limited with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is attached to the Independent Review Report to Members.

Signed in accordance with a resolution of the Directors.



I. MULHOLLAND

Director

Perth, Western Australia

Dated this 28 day of February 2014

Competent Person Statements:

The information in this report that relates to nickel Exploration Results for the Mt Fisher Project 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Mulholland is a full time employee and Managing Director 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.

The information in this report that relates to nickel Mineral Resources for the Mt Fisher project was reported to the ASX on 3 October 2013. Rox confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 3 October 2013, and that all material assumptions and technical parameters underpinning the estimates in the announcement of 3 October 2013 continue to apply and have not materially changed.

The information in this report that relates to Exploration Results and Mineral Resources for the Reward Zinc-Lead, Bonya Copper and Marqua Phosphate projects and for the gold Mineral Resource defined at Mt Fisher, was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported, and 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.

ROX RESOURCES LIMITED

ABN 53 107 202 602

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	31 December 2013 (\$)	31 December 2012 (\$)
Other revenue	3	16,210	17,081
Corporate expenses		(241,511)	(171,223)
Occupancy and related expenses		(87,590)	(91,836)
Salaries, wages and superannuation		(174,050)	(187,433)
Exploration expenditure expensed		(1,499,296)	(625,979)
Share based payments to employees		(24,574)	(6,528)
Loss on sale of available-for-sale investments		-	(5,852)
Depreciation		(8,621)	(6,286)
Loss before income tax		(2,019,432)	(1,078,056)
Income tax expense		-	-
Net Loss for the period after income tax		(2,019,432)	(1,078,056)
Other comprehensive income:			
Items that may be re-classified subsequently to profit or loss			
Net gain on available-for-sale financial assets	4	-	3,750
Other comprehensive income for the period, net of tax		-	3,750
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(2,019,432)	(1,074,306)
- Basic and diluted loss per share from operations attributable to the ordinary equity holders of the parent (cents)		(0.34)	(0.26)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

ROX RESOURCES LIMITED

ABN 53 107 202 602

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	31 December 2013 (\$)	30 June 2013 (\$)
ASSETS			
Current Assets			
Cash and cash equivalents	5	2,396,049	2,963,670
Receivables		9,410	41,008
Prepayments		24,816	3,453
Other financial assets		18,390	18,390
Total Current Assets		2,448,665	3,026,521
Non-Current Assets			
Equipment	6	77,984	86,605
Capitalised exploration & evaluation	7	1,027,000	1,027,000
Total Non-Current Assets		1,104,984	1,113,605
Total Assets		3,553,649	4,140,126
LIABILITIES			
Current Liabilities			
Trade and other payables		324,530	1,200,750
Provisions		79,106	60,668
Total Current Liabilities		403,636	1,261,418
Total Liabilities		403,636	1,261,418
NET ASSETS		3,150,013	2,878,708
EQUITY			
Issued capital	8	28,057,643	25,791,480
Reserves		1,289,715	1,265,141
Accumulated losses		(26,197,345)	(24,177,913)
TOTAL EQUITY		3,150,013	2,878,708

The above Statement of Financial Position should be read in conjunction with the accompanying notes

ROX RESOURCES LIMITED

ABN 53 107 202 602

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Issued Share Capital	Share Option Reserve	Available for sale Asset Reserve	Accumulated (Losses)	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
At 1 July 2013	25,791,480	1,265,141	-	(24,177,913)	2,878,708
Profit/(Loss) for period	-	-	-	(2,019,432)	(2,019,432)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the half year	-	-	-	(2,019,432)	(2,019,432)
Transactions with owners in their capacity as owners					
Issue of share capital	2,389,600	-	-	-	2,389,600
Share issue costs	(123,437)	-	-	-	(123,437)
Share-based payments	-	24,574	-	-	24,574
Balance as at 31 December 2013	<u>28,057,643</u>	<u>1,289,715</u>	<u>-</u>	<u>(26,197,345)</u>	<u>3,150,013</u>
At 1 July 2012	19,689,538	1,229,365	(3,750)	(18,571,805)	2,343,348
Profit/(Loss) for period	-	-	-	(1,078,056)	(1,078,056)
Other comprehensive income	-	-	3,750	-	3,750
Total comprehensive loss for the half year	-	-	3,750	(1,078,056)	(1,074,306)
Transactions with owners in their capacity as owners					
Issue of share capital	1,537,100	-	-	-	1,537,100
Share issue costs	(48,458)	-	-	-	(48,458)
Share-based payments	-	6,528	-	-	6,528
Balance as at 31 December 2012	<u>21,178,180</u>	<u>1,235,893</u>	<u>-</u>	<u>(19,649,861)</u>	<u>2,764,212</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

ROX RESOURCES LIMITED

ABN 53 107 202 602

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	31 December 2013 \$	31 December 2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		16,210	17,081
Payments to suppliers and employees		(575,230)	(418,187)
Payments for exploration activities		(2,297,153)	(566,573)
Net cash flows used in operating activities		<u>(2,856,173)</u>	<u>(967,679)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for equipment		-	(1,271)
Proceeds from sale of available-for-sale investments		-	54,148
Net cash flows from (used in) investing activities		<u>-</u>	<u>52,877</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (net of expenses)		2,288,552	1,488,642
Security bonds paid		-	-
Net cash flows from financing activities		<u>2,288,552</u>	<u>1,488,642</u>
Net increase (decrease) in cash and cash equivalents		(567,621)	573,840
Cash and cash equivalents at beginning of period		2,963,670	1,309,547
Cash and cash equivalents at end of period	5	<u>2,396,049</u>	<u>1,883,387</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

ROX RESOURCES LIMITED

ABN 53 107 202 602

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

Basis of Preparation

This financial report for the half year ended 31 December 2013 is a general purpose condensed financial report prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial statements does 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 Company as the full financial report.

It is recommended that the half-year financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2013 and considered together with any public announcements made by Rox Resources Limited during the half-year ended 31 December 2013 in accordance with the continuous disclosure obligations of the ASX listing rules.

Adoption of New and Revised Standards and Interpretations

The accounting policies adopted in the preparation of the half year report are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2013, except for the adoption of new standards and interpretations mandatory for annual periods beginning on or before 1 July 2013, noted below:

- AASB 10 *Consolidated Financial Statements*

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities*.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

The adoption of AASB 10 had no effect on the financial position or performance of the Company.

- AASB 11 *Joint Arrangements*

AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities – Nonmonetary Contributions by Venturers*.

AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.

The adoption of AASB 11 had no effect on the financial position or performance of the Company.

- AASB 12 *Disclosure of Interests in Other Entities*

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures requirements have been introduced regarding the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

The adoption of AASB 12 had no impact on the half-year financial statements of the Company.

ROX RESOURCES LIMITED

ABN 53 107 202 602

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 2: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Cont'd)

- *AASB 13 Fair value measurement*

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

The adoption of AASB 13 had no effect on the financial position or performance of the Company. Additional disclosure is included in Note 13.

- *AASB 119 Employee Benefits (Received 2011)*

The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

The adoption of AASB 119 did not have material effect on the financial position or performance of the Company.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Company has incurred a net loss after tax for the period ended 31 December 2013 of \$2,019,432 (2012: \$1,078,056) and experienced net cash outflows from operating activities of \$2,856,173 (2012: \$967,679). At 31 December 2013, the Company had net current assets of \$2,045,029 (31 December 2012: \$1,667,776).

The Directors believe there are sufficient funds to meet the Company's working capital requirements and as at the date of this report the directors believe they can meet all liabilities as and when they fall due. However the Directors recognise that additional funding either through the issue of further shares, convertible notes or a combination of both may be required for the Company to continue to actively explore its mineral properties. The directors are also aware that that the Company can relinquish certain projects in order to maintain its cash at appropriate levels.

The Directors have reviewed the business outlook and the assets and liabilities of the Company and are of the opinion that the use of the going concern basis of accounting is appropriate.

However, if the Company is unable to achieve the above, there is significant uncertainty whether the Company will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

ROX RESOURCES LIMITED

ABN 53 107 202 602

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 2: OPERATING SEGMENTS

Identification of Reportable Segments

The Company operates within the mineral exploration industry within Australia.

The Company determines its operating segments by reference to internal reports that are reviewed and used by the Board of Directors (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The executive management team currently receive Statement of Financial Position and Statement of Comprehensive Income information that is prepared in accordance with Australian Accounting Standards therefore there is no additional information to disclose.

The Statement of Financial Position and Statement of Comprehensive Income information received by the executive team does not include any information by segment. The executive team manages each exploration activity of each exploration concession through review and approval of statutory expenditure requirements and other operational information.

Based on this criterion, the Company has only one operating segment, being exploration, and the segment operations and results are the same as the Company results.

	31 December 2013	31 December 2012
	\$	\$

NOTE 3: REVENUE, INCOME AND EXPENSES

Loss from ordinary activities before income tax expense includes the following revenue and expenses whose discussion is relevant in explaining the financial performance of the entity:

(a) Other revenue		
Interest revenue	<u>16,210</u>	<u>17,081</u>

NOTE 4: COMPONENTS OF OTHER COMPREHENSIVE INCOME

Available-for-sale financial assets

Gain arising during the year	<u>-</u>	<u>3,750</u>
------------------------------	----------	--------------

	31 December 2013	30 June 2013
	\$	\$

NOTE 5: CASH AND CASH EQUIVALENTS

For the purpose of the half-year Statement of Cash Flows, cash and cash equivalents are comprised the following.

Cash at bank and in hand	<u>2,396,049</u>	<u>2,963,670</u>
--------------------------	------------------	------------------

ROX RESOURCES LIMITED

ABN 53 107 202 602

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

31 December 2013

30 June 2013

\$

\$

NOTE 6: PLANT AND EQUIPMENT

During the six months ended 31 December 2013, the Company purchased assets with a cost of NIL (2012: \$1,271) and disposed of assets with a cost of \$30,204 (2012: Nil) and a written down value of Nil (2012: Nil).

NOTE 7: CAPITALISED EXPLORATION & EVALUATION

Areas of interest in exploration and evaluation phases	1,027,000	1,027,000
--	-----------	-----------

NOTE 8: SHARE CAPITAL

	Shares	\$
Balance at 1 January 2013	500,809,744	21,178,180
Placement on 14 February 2013 at \$0.055 per share	90,000,000	4,950,000
Share issue costs	-	(336,700)
Balance at 30 June 2013	590,809,744	25,791,480
 Balance at 1 July 2013	 590,809,744	 25,791,480
Share Purchase Plan on 6 Dec 2013 at \$0.032 per share	74,675,000	2,389,600
Share issue costs	-	(123,437)
Balance as at 31 December 2013	665,484,744	28,057,643

NOTE 9: COMMITMENTS AND CONTINGENCIES

There are no changes to the commitments and contingencies disclosed in the most recent annual financial report.

NOTE 10: EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the financial period the Company has re-negotiated the terms of the Option Agreement to acquire the mineral tenements covering a portion of its Fisher East nickel sulphide project, 500km north of Kalgoorlie in Western Australia. The original Option Agreement had a term expiring on 30 June 2014, with an exercise payment of \$3.5 million due on or before that date.

Revised terms provide for an extension of the Option term to 30 June 2015 as shown below. An additional payment in consideration for the extension of term of \$200,000 will be payable by 31 December 2014.

- Payment of \$100,000 by 31 January 2014
- Payment of \$1.1 million by 30 June 2014
- Payment of \$200,000 by 31 December 2014
- Payment of \$2.3 million by 30 June 2015

No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

ROX RESOURCES LIMITED

ABN 53 107 202 602

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 11: SHARE BASED PAYMENT

There were no share based transactions during this period.

For the six months ended 31 December 2013 the Company recognised \$24,574 of share-based payments transactions expense in the Statement of Comprehensive Income (2012: \$6,528) for options issued in prior periods.

NOTE 12: RELATED PARTY TRANSACTION

Coolform Investments Pty Ltd, a company in which Mr Dickson is a director and shareholder, received fees totalling \$72,150 (2012: \$72,000) for the provision of services.

During the financial period the Company paid fees totalling \$63,140 (including GST) (2012:\$ 49,203) to Azure Minerals Limited, a company of which Mr Dickson is an officer, for the provision of office accommodation. The Company also received fees totalling \$14,480 (including GST) (2012:\$ 12,876) from Azure Minerals Limited being reimbursement for the provision of office secretarial support.

All of the above mentioned related party transactions were entered into on arm's length commercial terms.

NOTE 13: FINANCIAL INSTRUMENTS

As at 31 December 2013, all financial instruments are recognised at carrying amounts that are equal to their fair values.

ROX RESOURCES LIMITED

ABN 53 107 202 602

DECLARATION BY DIRECTORS

In accordance with a resolution of the directors of Rox Resources Limited, I state that:

In the opinion of the directors

- (a) The financial statements and notes of Rox Resources Limited are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the financial position as at 31st December 2013 and the performance for the half year ended on that date of the company.
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) Subject to the achievement of the matters described in Note 1, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



I. MULHOLLAND

Director

Perth, Western Australia

Dated this 28 day of February 2014

To the members of Rox Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Rox Resources Limited which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and 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.

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 controls as the directors determine are 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 financial report is not in accordance with the **Corporations Act 2001** including: giving a true and fair view of the company's financial position as at 31 December 2013 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 Rox 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.

Independence

In conducting our review, we have complied with the independence requirements of the **Corporations Act 2001**. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

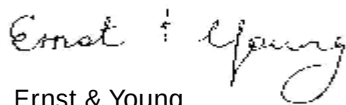
Conclusion

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 Rox Resources Limited is not in accordance with the **Corporations Act 2001**, including:

- i giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- ii complying with Accounting Standard AASB 134 **Interim Financial Reporting** and the **Corporations Regulations 2001**.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubts about the company's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.



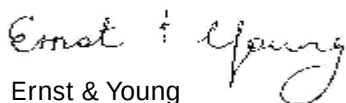
Ernst & Young



Fiona Drummond
Partner
Perth
28 February 2014

Auditor's Independence Declaration to the Directors of Rox Resources Limited

In relation to our review of the financial report of Rox Resources Limited for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the **Corporations Act 2001** or any applicable code of professional conduct.



Ernst & Young



Fiona Drummond
Partner
28 February 2014