



**ROX RESOURCES LIMITED**  
**ABN 53 107 202 602**

**ANNUAL REPORT**

**2017**

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# CORPORATE DIRECTORY

**Directors:**

Mr Stephen Dennis  
*Non-Executive Chairman*

Mr Ian Mulholland  
*Managing Director*

Mr Brett Dickson  
*Finance Director*

**Company Secretary:**

Mr Brett Dickson

**Stock Exchange:**

ASX Limited

**Company Code:**

RXL (Fully Paid Shares)

**Issued Capital:**

|               |                                    |
|---------------|------------------------------------|
| 1,236,280,571 | Fully paid ordinary shares         |
| 21,850,000    | 2.7 cent, 30 November 2018 options |
| 17,500,000    | 5.6 cent, 30 November 2017 options |
| 21,750,000    | 2.6 cent, 30 November 2019 options |

**Banker:**

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  
44 St Georges Terrace  
Perth WA 6000

Telephone: (08) 9216 0900

Facsimile: (08) 9216 0601

*For shareholder information contact:*

**Share Registry:**

Computershare Registry Services Pty Ltd  
Level 11  
172 St Georges Terrace  
Perth WA 6000

Telephone: (08) 9323 2000

Facsimile: (08) 9323 2033

*For information on your company contact:*

**Principal & Registered Office:**

Level 1  
34 Colin Street  
West Perth WA 6005

Telephone: (08) 9226 0044

Facsimile: (08) 9322 6254

Web: [www.roxresources.com.au](http://www.roxresources.com.au)

## CHAIRMAN'S REVIEW

Dear Shareholder,

The Company has found itself in an enviable position among its junior exploration peers during the past year.

Having made the decision to monetise our interest in the Reward zinc-lead project for approximately \$20 million, Rox is in a very strong financial position. We firmly believe that this strategy to strategically sell Reward ahead of large expenditure requirements has delivered the best value for shareholders. The sale demonstrates our ability to acquire, explore and monetise projects for the benefit of shareholders.

We are pleased that we have been able to significantly progress our Fisher East Nickel Project. The discovery of new zones of sulphide mineralisation and the extension of existing areas has firmly underlined our belief that Fisher East is an extremely fertile Ultramafic Belt.

The low-cost purchase of Collurabbie, a new nickel-copper-PGE project just 70km east of Fisher East, is an exciting opportunity for potential new nickel and gold discoveries in a substantially under-explored area, and continues to build on our regional story.

We believe in the long-term future for nickel, however we are very mindful of the current market and mid-term outlook and therefore we are taking a prudent approach to our nickel exploration program at both Fisher East and Collurabbie.

Given our strong financial position following the sale of Reward we have started turning some attention to new project opportunities in commodities such as copper, zinc gold and silver. Our financial strength allows us to be patient and puts us in a very strong negotiating position when the time is right. We currently have numerous opportunities at different stages of assessment and will update shareholders on any significant progress. As always our approach will be careful, strategic and focussed on where we can add value for our shareholders.

We have a small but very dedicated team at Rox, led by our Managing Director, Ian Mulholland. I'd like to thank them for their ongoing efforts.

I'd also like to thank you, our shareholders, for your ongoing support. We believe Rox is in a strong position and we are excited about the year to come.



Stephen Dennis  
Chairman

# HIGHLIGHTS

## HIGHLIGHTS

### **Fisher East Nickel Project, WA**

- Extensive program of 7,690m of aircore, RC and diamond drilling completed
- New zone of sulphide mineralization at Mt Tate, extension of mineralization at Camelwood and Sabre, and indications of the continuation of the Musket sulphide zone
- Confidence continues for resource growth, but a prudent and careful approach will be applied given current nickel market and outlook

### **Collurabbie**

- Low-cost purchase of exciting new nickel-copper-PGE project near Fisher East
- Excellent strategic opportunity with potential for new nickel and gold discoveries in an area that has been substantially under-explored

### **Mt Fisher Gold Project, WA**

- Farm-in partner, Doray Minerals, withdrew from the project
- Doray's exploration results are being reviewed and the next steps considered

### **Bonya Copper Project, NT**

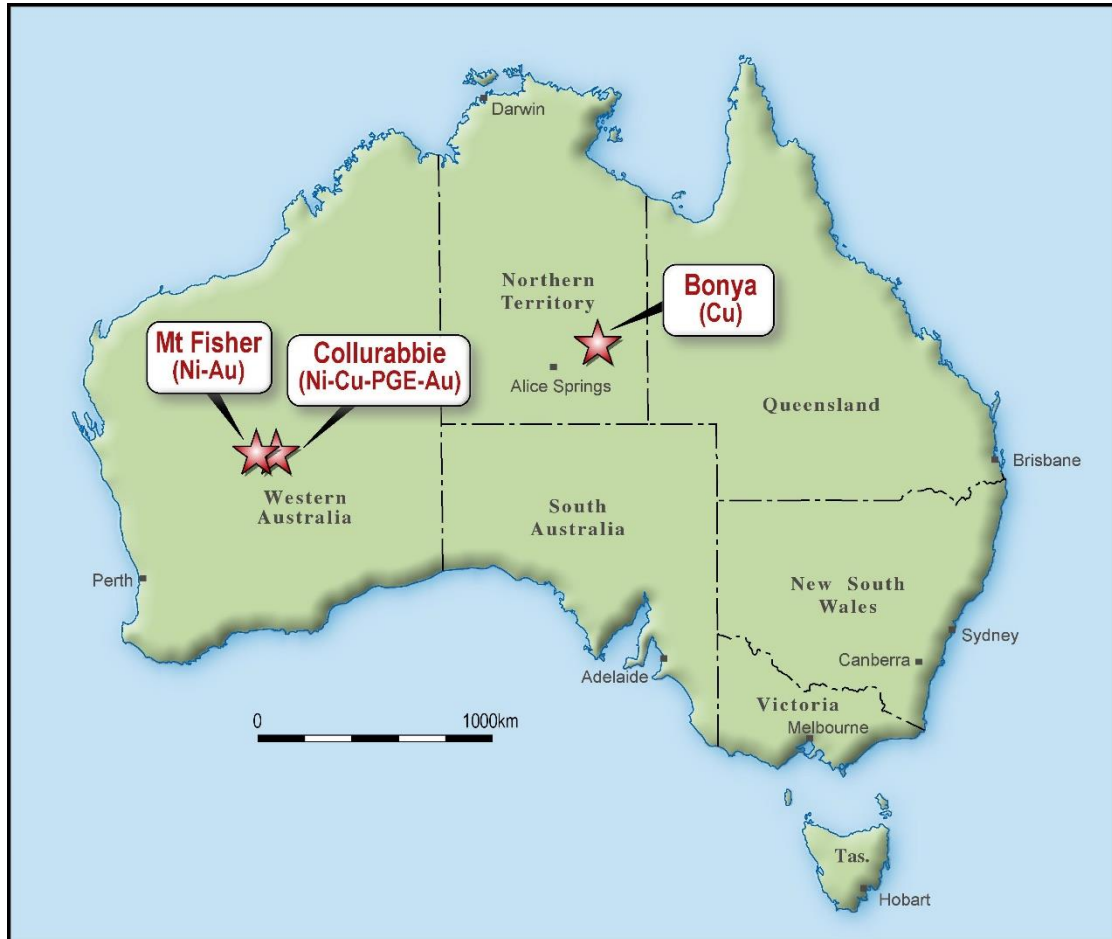
- Decision taken not to complete Stage-2 earn-in expenditure
- Subsequent Joint Venture formed with Arafura Resources Limited (51% Rox, 49% Arafura)
- Encouraging results from ground gravity survey generated prime targets for follow-up exploration

### **Reward Zinc-Lead Project, NT**

- \$19.72 million value realized from sale of Reward
- \$15.97 million cash received, and \$3.75 million cash deferred payment
- Sale underlined Rox's ability to monetise projects for shareholders
- Litigation brought by Marindi Metals Limited withdrawn

# PROJECTS

## PROJECT REVIEW



*Project Location Map*

## FISHER EAST NICKEL PROJECT, WA

Extensive exploration was undertaken across the Fisher East Nickel Project during the year, including a total of 7,690m of aircore, RC and diamond drilling.

The RC and Diamond drilling carried out during the year resulted the discovery of a new zone of sulphide mineralisation at Mt Tate, extended the mineralisation at Camelwood and Sabre and indicated the continuation of the sulphide zone at Musket. These results are all highly encouraging, warranting follow-up in due course, and underpin the Company's belief that Fisher East is an extremely fertile Ultramafic Belt.

# PROJECTS

The initial aircore drilling program consisted of 49 angled holes for 2,540 metres which led to an 1,800m RC drilling program, followed by a 3,350m, six-hole deep diamond drilling program, partly subsidised by the Western Australian State Government's Exploration Incentive Scheme (EIS).

Key drilling highlights include:

## Mt Tate

MFEC127: 1m @ 0.88% Ni from 121m, within semi-massive sulphides.

MFEC128: **2m @ 1.45% Ni** from 94m, transitional disseminated nickel sulphide.

MFEC135: 4m @ 0.57% Ni from 141m, disseminated sulphides.

MFEC136: **2m @ 1.42% Ni** from 146m, disseminated sulphides.

MFEC137: 1m @ 0.81% Ni from 196m, disseminated sulphides.

MFEC140: 1m @ 0.85% Ni from 125m, within massive sulphide.

A 7m thick massive pyrite zone at Mt Tate sits approximately 20m stratigraphically above (downhole because sequence is over-turned) the nickel sulphide zone. This massive pyrite zone was also intersected at Tomahawk. It is significant because it shows that a strong sulphide source is present, which is an essential ingredient to the formation of nickel sulphides.

## Cutlass

MFEC132: 4m @ 0.43% Ni from 108m, and

4m @ 0.35% Ni from 134m, two zones of low grade disseminated nickel sulphides.

## Sabre North

MFEC133: 5m @ 0.67% Ni from 115m, disseminated sulphides.

## Camelwood

The results from the diamond hole (MFED076) at Camelwood showed that high grade nickel sulphide mineralisation continues at least 100m deeper than the previous drilling had indicated (MFED036: **1.6m @ 3.7% Ni**). In addition, the DHEM results showed the possibility of mineralisation extending down dip to the south. Assay results were:

MFED076: **7.7m @ 1.4% Ni** from 693.3m, within semi-massive and disseminated sulphides, including **1.4m @ 2.9% Ni** from 693.3m.

## Musket

The drill hole at Musket intersected a brecciated and faulted zone where an intrusive porphyry may have disrupted the mineralised zone. There were rip-up clasts of ultramafic rock and nickel sulphides within the brecciated zone. There is a strong off hole DHEM conductor which could indicate a new mineralised zone and warrants drill testing. Assay results were:

MFED079: **0.13m @ 2.3% Ni** from 519.0m, within a nickel sulphide stringer.

# PROJECTS

**0.5m @ 4.7% Ni** from 522.5m, within matrix sulphides.

**0.1m @ 2.6% Ni** from 606.1m, within a nickel sulphide stringer.

**0.2m @ 2.6% Ni** from 607.1m, within a nickel sulphide stringer.

## Sabre

The drilling at Sabre was designed to test the deeper portions of a conductive EM plate defined from ground surveys about 100m below previous RC drill intercepts (e.g. 13m @ 1.3% Ni). The drill holes intersected a mineralised zone of variable thickness, containing semi-massive and disseminated nickel sulphides.

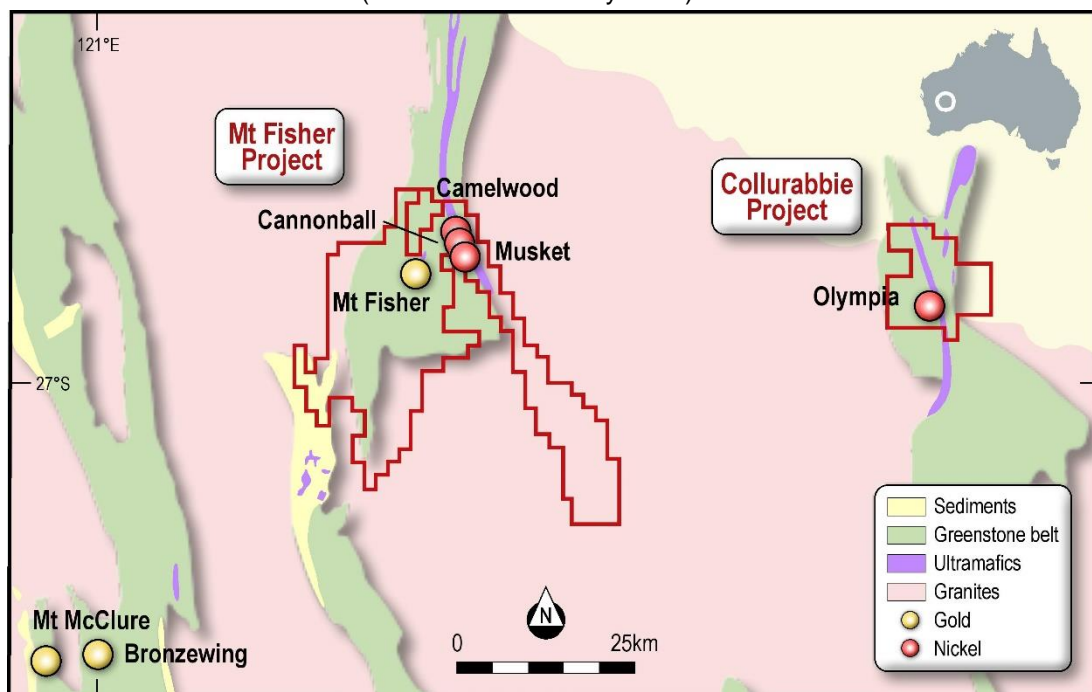
Small, but strong DHEM conductors were detected adjacent to holes MFED075 and 077. Unfortunately hole MFED078 was blocked and couldn't be surveyed. The drill holes were partially funded under the Western Australian State Government Exploration Incentive Scheme (EIS). Assay Results were:

MFED075: **2.0 m @ 1.0% Ni** from 315.5m, within semi-massive and disseminated sulphides.

MFED077: **4.8m @ 1.2% Ni** from 330.0m, within semi-massive and disseminated sulphides.

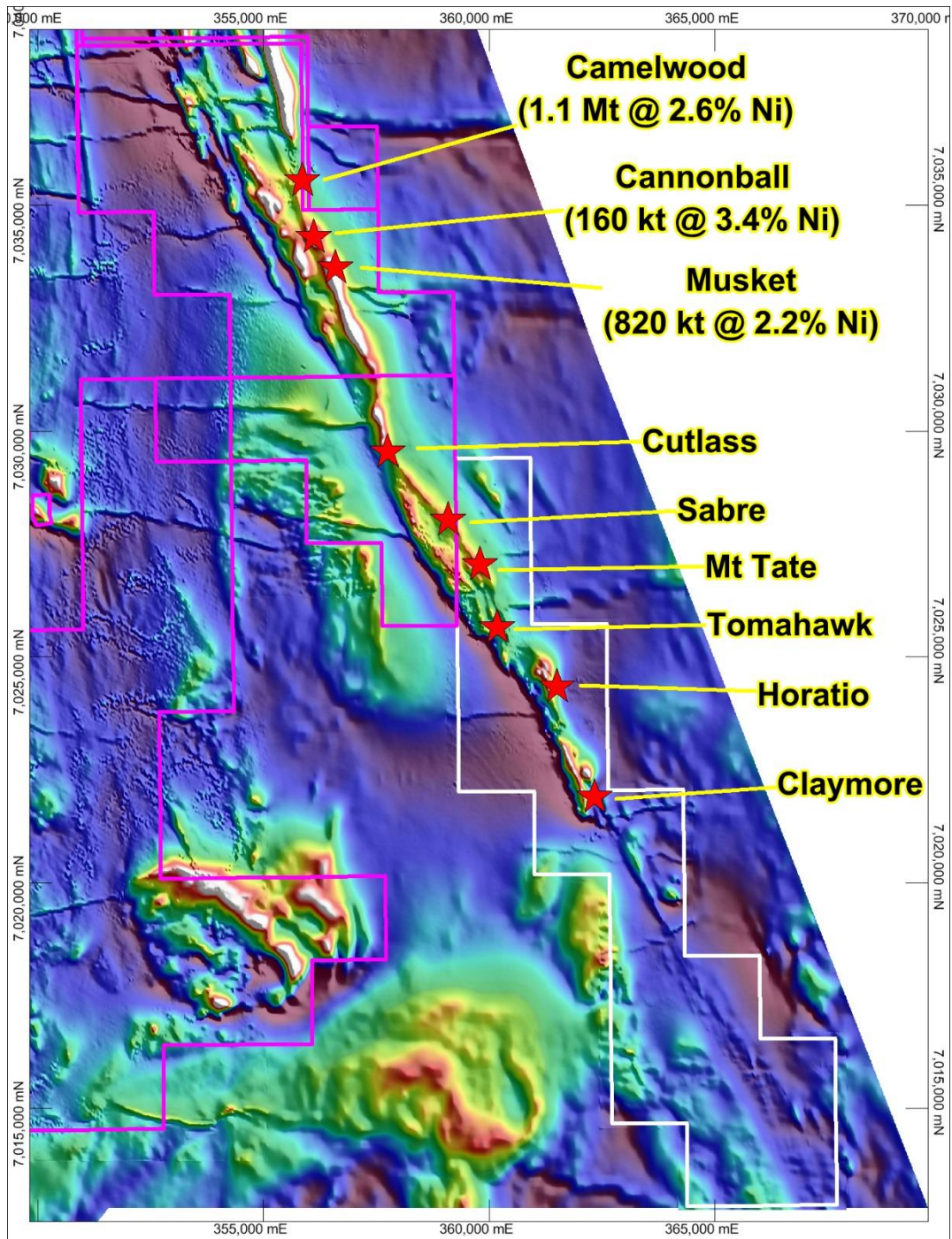
MFED078: **2.3m @ 2.4% Ni** from 337.3m, within semi-massive and disseminated sulphides, including **0.7m @ 3.7% Ni** from 338.2m.

The Company continues to remain confident that further resources can be added at Fisher East to grow the current inventory. The Mineral Resource at Fisher East is **2.04 Mt @ 2.5% Ni** (at a 1.5% Ni cut-off) for **50,600 tonnes of contained nickel** (ASX:RXL 5 February 2016).



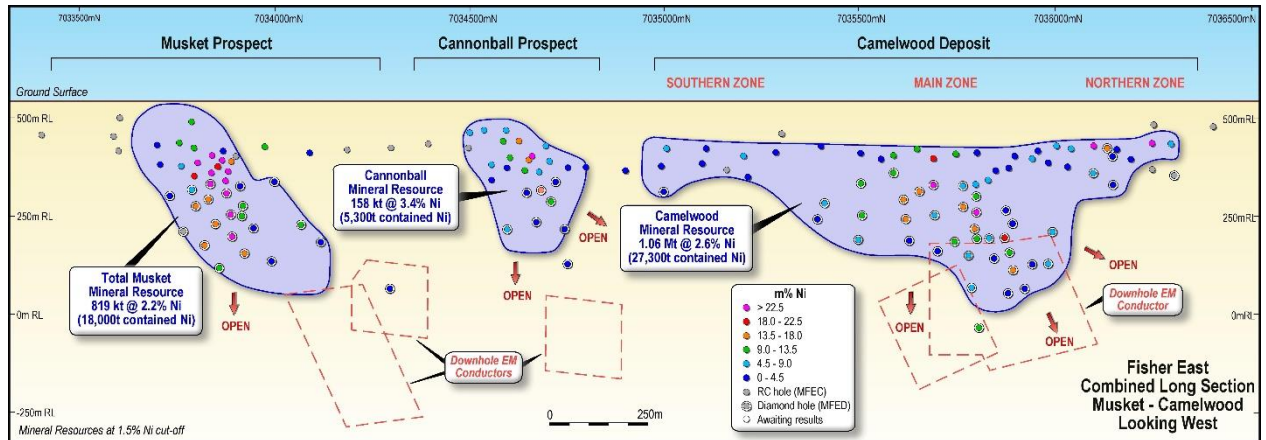
*Location Map for Fisher East, Mt Fisher and Collurabbie Projects*

# PROJECTS

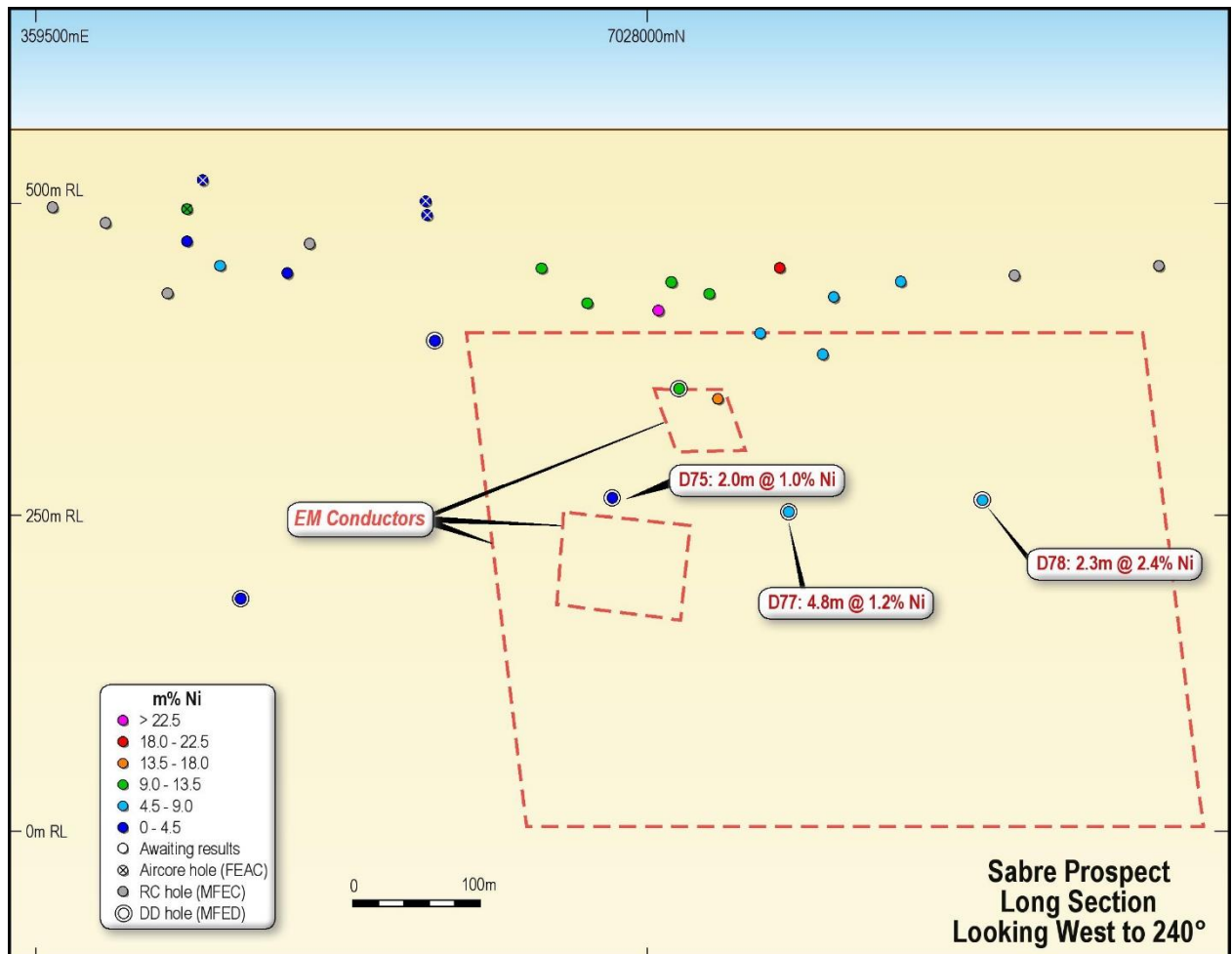


*Fisher East showing prospects and Mineral Resources (at 1.5% Ni cut-off)*

# PROJECTS



*Musket – Camelwood Drill Long Section*



*Sabre Prospect Drill Long Section*

# PROJECTS

## COLLURABBIE

During the year the Company purchased the Collurabbie Nickel-Copper-PGE Project, approximately 70km east of Fisher East.

The acquisition, for the modest cost of \$25,000 cash and 7,500,000 Rox shares, is an excellent strategic opportunity and offers new potential for nickel and gold discoveries in an area where exploration has been largely neglected for over 10 years.

Strong drill intercepts from previous drilling<sup>1</sup> at the Project's Olympia prospect included:

- **5.8m @ 3.00% Ni, 1.96% Cu, 5.3g/t PGE**
- **3.7m @ 2.20% Ni, 1.82% Cu, 3.5g/t PGE**
- **8.0m @ 1.23% Ni, 1.62% Cu, 3.8g/t PGE**
- **1.9m @ 3.64% Ni, 2.77% Cu, 7.0g/t PGE**

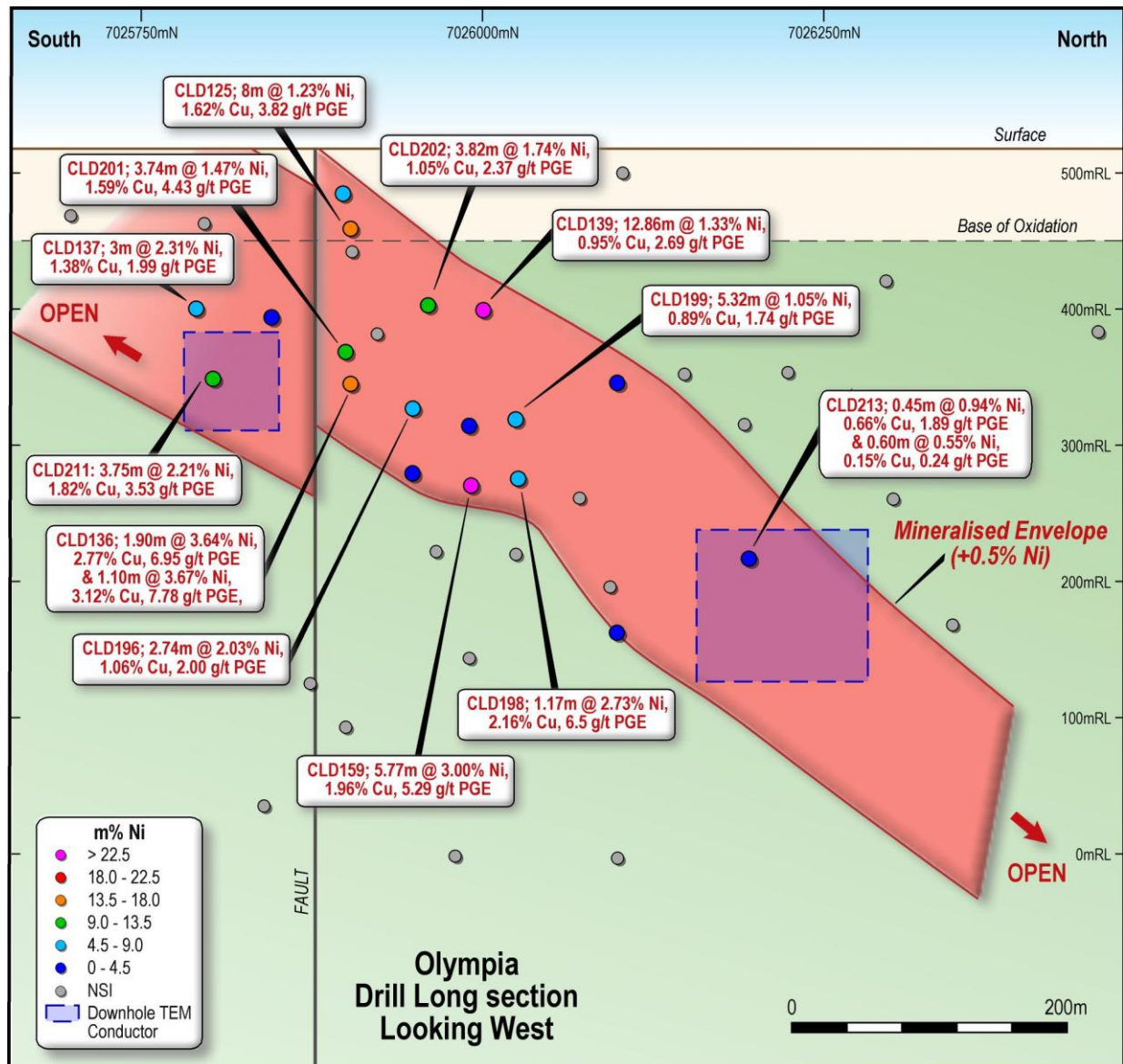
<sup>1</sup> Results extracted from announcements by Falcon Minerals Limited (ASX:FCN 17 August 2004, 10 November 2004, 3 December 2004, 8 March 2005, 5 July 2010 and 8 July 2011).

Rox plans to apply the same successful exploration techniques at Collurabbie that have been used at Mt Fisher East and success will add to an overall nickel sulphide project in the area.

The first stage will be a 6,000m aircore drilling program to be undertaken before the end of 2017. Historic core will also be re-logged.

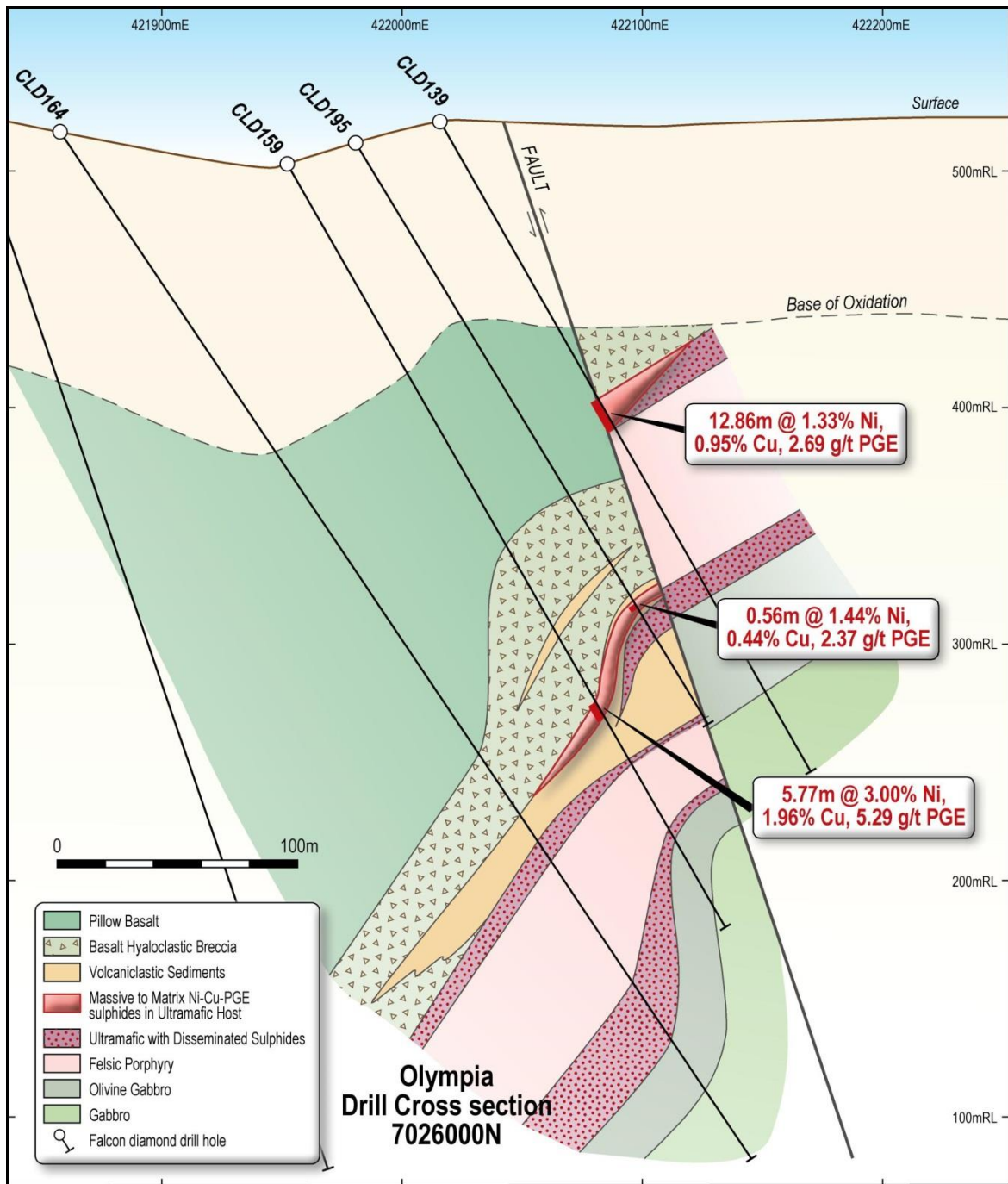
An Inferred Mineral Resource of **5730,000 tonnes @ 1.63% Ni, 1.19% Cu, 0.082% Co, 1.49 g/tPd, 0.85 g/t Pt** was estimated for the Olympia deposit subsequent to year end.

# PROJECTS



Olympia Drill Long Section

# PROJECTS



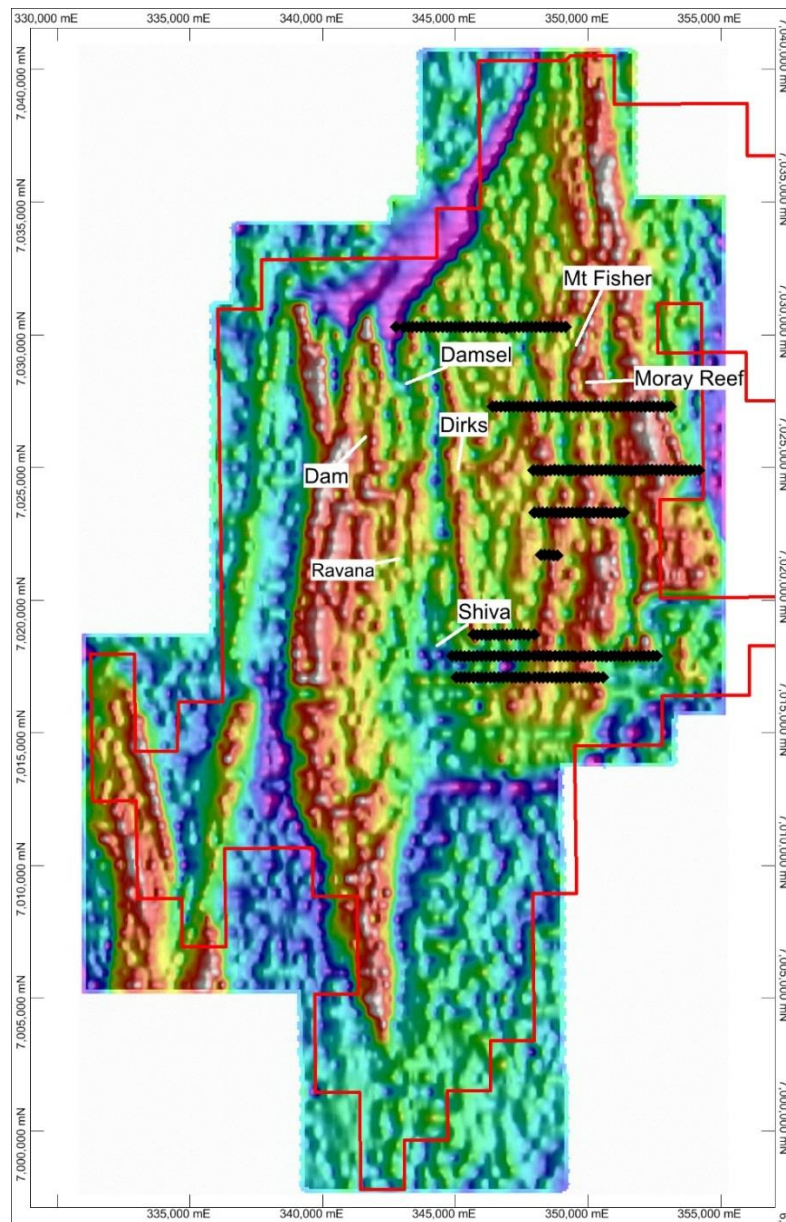
Olympia Drill Cross Section

# PROJECTS

## MT FISHER GOLD PROJECT, WA

In the second half of 2016 farm-in partner, Doray Minerals, completed a detailed gravity survey which led to a 254 hole aircore drilling program for 12,169m. This activity allowed Doray to meet its minimum expenditure requirement of \$1 million by 30 June 2017.

Doray subsequently withdrew from the project to focus on its own core projects. The results of Doray's exploration program are being reviewed, particularly the zones of interest that were generated.



*Mt Fisher Project Gravity Residual Map showing Aircore Drill Locations*

# PROJECTS

## **BONYA COPPER PROJECT, NT**

Rox (51%) is exploring the Bonya Copper project with Arafura Resources Limited (49%) (ASX:ARU). Under the Farm-in Agreement, Rox has earned a 51% interest in the copper, lead, zinc, silver, gold, bismuth and PGE mineral rights at Bonya after spending \$500,000. Rox had the right to earn a further 19% (for 70% in total) by spending a further \$1 million by 10 December 2017.

After consideration of the exploration results received, and the amount still required to be spent to reach a 70% interest, Rox informed Arafura that it would not complete the Stage 2 earn-in expenditure. Accordingly, the parties have agreed that a Joint Venture will be immediately formed with the respective interests as Rox 51% and Arafura 49%. Rox will be the manager of the Joint Venture. All further project expenditures will be split in this ratio unless a party elects to dilute as provided for in the Farm-in Agreement.

During the year Rox completed a ground gravity survey over the Bonya Mine prospect area and the Jervois North area with encouraging results and generated prime targets for further high priority exploration.

## **REWARD ZINC-LEAD PROJECT, NT**

During the year the Company made the strategic decision to sell its interest in the Reward Zinc-Lead Project, delivering \$19.72 million in value.

\$15.97 million has been received in cash and a further deferred cash payment of \$3.75 million is due at the earlier of completion of a bankable feasibility study or six years.

The sale demonstrated Rox's ability to acquire, explore and monetise projects for the benefit of shareholders and has positioned the company well to continue exploring its exciting WA nickel projects and other opportunities that can be identified.

Litigation brought by Marindi Metals Limited regarding the sale has been withdrawn. Under the settlement terms, a payment of \$300,000 cash was made to Marindi by Rox, being the equivalent of the Break Fee in the original Marindi offer.

# PROJECTS

## MINERAL RESOURCES

### Fisher East Nickel, WA *(Reported to the ASX on 5 February 2016)*

| Deposit      | Category     | Tonnes (Mt) | Grade Ni%  | Contained Metal Nickel (kt) |
|--------------|--------------|-------------|------------|-----------------------------|
| Camelwood    | Indicated    | 1.7         | 2.0        | 34.0                        |
|              | Inferred     | 0.3         | 1.5        | 5.0                         |
|              | <b>TOTAL</b> | <b>2.0</b>  | <b>1.9</b> | <b>39.0</b>                 |
| Cannonball   | Indicated    | 0.24        | 2.9        | 7.0                         |
|              | Inferred     | 0.02        | 1.9        | 0.3                         |
|              | <b>TOTAL</b> | <b>0.26</b> | <b>2.8</b> | <b>7.3</b>                  |
| Musket       | Indicated    | 1.8         | 1.7        | 30.0                        |
|              | Inferred     | 0.1         | 1.5        | 1.6                         |
|              | <b>TOTAL</b> | <b>1.9</b>  | <b>1.7</b> | <b>31.6</b>                 |
| <b>TOTAL</b> | Indicated    | 3.7         | 1.9        | 71.0                        |
|              | Inferred     | 0.5         | 1.5        | 7.0                         |
|              | <b>TOTAL</b> | <b>4.2</b>  | <b>1.9</b> | <b>78.0</b>                 |

### Mt Fisher Gold, WA *(Reported to the ASX on 10 February 2012, 0.8 g/tAu cut-off )*

| Deposit      | Category     | Tonnes         | Uncut         |               | Cut           |               |               |
|--------------|--------------|----------------|---------------|---------------|---------------|---------------|---------------|
|              |              |                | Grade (g/tAu) | Metal (Ozs)   | Grade (g/tAu) | Metal (Ozs)   | Value (g/tAu) |
| Moray Reef   | Measured     | 25,700         | 10.84         | 8,957         | 7.96          | 6,577         | 80            |
|              | Indicated    | 4,900          | 6.09          | 959           | 5.95          | 937           | 80            |
|              | Inferred     | 1,200          | 3.87          | 149           | 3.87          | 149           | 80            |
|              | <b>TOTAL</b> | <b>31,800</b>  | <b>9.85</b>   | <b>10,066</b> | <b>7.50</b>   | <b>7,664</b>  | 80            |
| Mt Fisher    | Measured     | 119,600        | 3.72          | 14,304        | 3.60          | 13,843        | 50            |
|              | Indicated    | 56,700         | 3.62          | 6,599         | 3.62          | 6,599         | 50            |
|              | Inferred     | 38,900         | 3.44          | 4,302         | 3.41          | 4,265         | 50            |
|              | <b>TOTAL</b> | <b>215,200</b> | <b>3.64</b>   | <b>25,206</b> | <b>3.57</b>   | <b>24,707</b> | 50            |
| Damsel       | Measured     | 26,600         | 2.91          | 2,489         | 2.68          | 2,292         | 30            |
|              | Indicated    | 143,300        | 2.47          | 11,380        | 2.39          | 11,011        | 30            |
|              | Inferred     | 556,100        | 2.34          | 41,837        | 2.26          | 40,407        | 30            |
|              | <b>TOTAL</b> | <b>726,000</b> | <b>2.39</b>   | <b>55,705</b> | <b>2.30</b>   | <b>53,710</b> | 30            |
| <b>TOTAL</b> | Measured     | 171,900        | 4.66          | 25,750        | 4.11          | 22,712        |               |
|              | Indicated    | 204,900        | 2.87          | 18,938        | 2.82          | 18,548        |               |
|              | Inferred     | 596,200        | 2.41          | 46,288        | 2.34          | 44,821        |               |
|              | <b>TOTAL</b> | <b>973,000</b> | <b>2.91</b>   | <b>90,976</b> | <b>2.75</b>   | <b>86,080</b> |               |

### Collurabie Nickel, WA *(Reported to the ASX 18 August 2017)*

# PROJECTS

| Deposit | Category | Tonnes (kt) | Grade Ni% | Grade Cu% | Grade Co% | Grade Pd g/t | Grade Pt g/t |
|---------|----------|-------------|-----------|-----------|-----------|--------------|--------------|
| Olympia | Inferred | 573         | 1.63      | 1.19      | 0.082     | 1.49         | 0.85         |

*Figures in all tables may not add up exactly due to rounding.*

## Mineral Resources Estimation Governance Statement

Governance of Rox's mineral resources is a responsibility of the Executive Management of the Company.

Rox has ensured that its mineral resources estimates are subject to appropriate levels of governance and internal controls. The mineral resources reported for the Fisher East and Collurabbie nickel projects have been estimated by independent external consultants who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken reviews of the quality and suitability of the underlying information used to generate the resource estimations. Additionally, the Company carries out regular internal peer reviews of processes and contractors engaged. The Mt Fisher gold resource was estimated by Mr Ian Mulholland, the Company's Managing Director. Mr Mulholland is experienced in best practices in modelling and estimation methods.

Rox has reported its Mt Fisher gold mineral resource on an annual basis in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (the JORC code) 2004 Edition.

Rox has reported its Fisher East nickel mineral resource on an annual basis in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (the JORC code) 2012 Edition.

Rox has reported its Collurabbie nickel mineral resource on an annual basis in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (the JORC code) 2012 Edition.

Competent Persons named by Rox are members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and/or of a "Recognised Professional Organisation", as included in a list on the JORC and ASX websites.

## Competent Person Statements

The information in this report that relates to nickel Mineral Resources for the Collurabbie project was reported to the ASX on 18 August 2017 (JORC 2012). Rox confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 18 August 2017, and that all material assumptions and technical parameters underpinning the estimates in the announcement of 18 August 2017 continue to apply and have not materially changed.

The information in this report that relates to nickel Mineral Resources for the Fisher East project was reported to the ASX on 5 February 2016 (JORC 2012). Rox confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 5 February 2016, and that all material assumptions and technical parameters underpinning the estimates in the announcement of 5 February 2016 continue to apply and have not materially changed.

The information in this report that relates to gold Mineral Resources for the Mt Fisher project was reported to the ASX on 10 February 2012 (JORC 2004). Rox confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 10 February 2012, and that all material assumptions and technical parameters underpinning the estimates in the announcement of 10 February 2012 continue to apply and have not materially changed.

In the case of any Exploration Results and Mineral Resources reported under the 2004 JORC Code, they have not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

# DIRECTORS' REPORT

## DIRECTORS

The names and details of the Directors of Rox Resources Limited ("the Company") in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

### **Names, Qualifications, Experience and Special Responsibilities**

**Mr Ian Mulholland** (*Managing Director, appointed 27/11/2003*) - B.Sc. (Hons), M.Sc. FAusIMM, FAIG, FSEG, MAICD

Mr Mulholland is a geologist with over 30 years broad experience in the exploration and mining industry in a number of commodity groups including gold, silver, copper, lead, zinc, uranium, nickel and kaolin. He has been Managing Director of Rox Resources since its inception, and prior to that he managed activities from grass roots exploration to advanced resource definition, feasibility studies and mining operations for a number of major, medium sized and junior companies including WMC, Esso, Otter Gold, Aurora Gold, Anaconda Nickel, Archaean Gold, Summit Resources and Conquest Mining. His strength is in bringing resources to economic fruition and his experience is particularly appropriate for his role with Rox.

Mr Mulholland has been involved in the Nimbus silver-zinc project, the Mt Martin, Mt Muro, Toka Tindung, Tanami and Mt Carlton gold-silver projects, the Murrin Murrin, Weld Range, Marshall Pool, Lawlers and Cawse nickel projects, the Valhalla and Olympic Dam uranium projects, and the Mt Windsor VMS copper-lead-zinc projects.

Mr Mulholland has a B.Sc. (Hons), Geology from the University of Sydney and a M.Sc. in Exploration and Mining Geology from the James Cook University of North Queensland. He is a Fellow of the AusIMM, the AIG, and the Society of Economic Geologists.

Mr Mulholland has not been a director of any other listed company in the last three years.

**Mr Brett Dickson** (*Executive Company Secretary, appointed director 31/03/2010*) - B.Bus, FCPA

Mr Dickson is experienced in the financial management of companies, principally companies in early stage development of its resource or production, and offers broad financial management skills. He has been Company Secretary and Chief Financial Officer (CFO) for a number of successful resource companies listed on the ASX, and in addition to Rox Resources currently also acts as Company Secretary and CFO for Azure Minerals Limited.

Mr Dickson is a director of Oro Verde Limited and has not been a director of any other listed company in the last three years.

**Mr Stephen Dennis** (*Non-Executive Chairman, appointed 1 August 2015*) - BCom, BLLB, GDipAppFin(Finsia)

Mr Dennis has been actively involved in the mining industry for over 30 years. He has held senior management roles at MIM Holdings Limited, Minara Resources Limited and Brambles Australia Limited. From 2007 to 2015 Mr Dennis was the CEO and Managing Director of CBH Resources Limited, the Australian subsidiary of Toho Zinc Co Ltd of Japan .

# DIRECTORS' REPORT

Mr Dennis is currently the Non-Executive Chairman of Heron Resources Limited, Graphex Mining Limited and EHR Resources Limited, and has not been a director of any other listed company in the last three years.

## Interest in the Share and Options of the Company

As at the date of this report, the interest of the Directors in the shares and options of Rox Resources Limited were:

|              | Ordinary Shares | Listed Options | Unlisted Options |
|--------------|-----------------|----------------|------------------|
| S Dennis     | 2,200,000       | -              | 6,000,000        |
| I Mulholland | 15,033,103      | -              | 30,000,000       |
| B Dickson    | 7,775,000       | -              | 15,000,000       |

## PROFIT (LOSS) PER SHARE

Basic and Diluted Profit (Loss) per share      2017: 1.09 cents                      2016: (0.22) cents

## DIVIDENDS

No amounts have been paid or declared by way of dividend of the Company since the date of incorporation and the Directors do not recommend the payment of any dividend.

## OPERATING AND FINANCIAL REVIEW

Rox Resources Limited is a company limited by shares which is incorporated and domiciled in Australia.

### Nature of Operations and Principal Activities

The principal activity of the Company during the year was mineral exploration.

### Results from Operations and Financial Position

During the period the Company has earned a net profit after tax for the year ended 30 June 2017 of \$13,427,391 (2016 loss: \$2,486,685). The profit includes a profit of \$16,862,429 on the sale of the Company's Reward Project and exploration expenditure charged directly to the statement of comprehensive income of \$1,141,027 (2016: \$1,106,959). Net cash outflows from operating activities were \$2,849,711 (2016: \$2,474,748).

At 30 June 2017 the Company had cash on hand of \$13,883,065 (2016: \$595,760) The Directors believe the Company maintains a sound capital structure and is in a good position to progress its projects.

### Review of Operations

During the year the company focussed its exploration activities on the Mt Fisher project in Western Australia where it continued to have success in its nickel exploration.

For further information on these projects please refer to the project review within this Annual Report.

### Employees

At 30 June 2017 the Company had four full-time employees and two casual employees (2016: four full-time and two casual employees).

# DIRECTORS' REPORT

## RISK MANAGEMENT

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is important for all Board members to be part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the Company's vision, mission and strategy statements, designed to meet stakeholders needs and manage business risk;
- Implementation of Board approved budgets and Board monitoring of progress against those budgets.

## DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

|              | Directors' Normal Meetings |              | Directors' Audit Meetings |              | Directors' Remuneration Meetings |              | Directors' Nomination |              |
|--------------|----------------------------|--------------|---------------------------|--------------|----------------------------------|--------------|-----------------------|--------------|
|              | No. Eligible               | No. Attended | No. Eligible              | No. Attended | No. Eligible                     | No. Attended | No. Eligible          | No. Attended |
| S Dennis     | 11                         | 11           | 2                         | 2            | 2                                | 2            | -                     | -            |
| I Mulholland | 11                         | 11           | 2                         | 2            | 2                                | 2            | -                     | -            |
| B Dickson    | 11                         | 11           | 2                         | 2            | 2                                | 2            | -                     | -            |

## Committee Membership

As at the date of this report, the Company does not have separately constituted Audit, Nomination and Remuneration Committees. The full board acts as those committees under specific charters.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following cash changes occurred during the year:

- \$15,977,273 was received from Teck (Australia) Pty Ltd for the sale of the Company's interest in the Reward project. Transaction costs associated with this sale were \$770,000. In addition the sale included a deferred consideration component of \$3,750,000 payable on completion of a bankable feasibility study, or the expiry of 6 years, whichever comes first.
- \$945,870 (net of transaction costs) was raised through the issue of 55,555,556 shares at \$0.018 each.

There were no other significant changes in the state of affairs of the Company during the year.

# DIRECTORS' REPORT

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year, Marindi Metals Limited agreed to discontinue the Supreme Court proceedings it commenced against the Company. Under the settlement terms a payment of \$300,000 cash was made to Marindi Metals Limited by the Company.

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.

## ENVIRONMENTAL ISSUES

The Company carries out mineral exploration at its various projects which are subject to environmental regulations under both Commonwealth and State legislation. During the financial year there has been no breach of these regulations.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company will continue to explore its mineral tenements, with particular focus on the Fisher East nickel area and generation of new projects.

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors and the Company Secretary named in this report.

The Director and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the Directors and officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

## INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

## SHARE OPTIONS

At the reporting date there were 21,850,000 unlisted options exercisable at \$0.027, 17,500,000 unlisted options exercisable at \$0.056 and 21,750,000 unlisted options exercisable at \$0.026. No options were exercised during the year. Refer to note 18 of the Financial Statements for further details on options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

# DIRECTORS' REPORT

## AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the *Corporations Act 2001* requires the Company's Auditors to provide the Directors of Rox Resources Limited with an Independence Declaration in relation to the audit of the full-year financial report. This report has been received and is attached to the Directors Report at page 28.

## NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit services provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

|                         |          |
|-------------------------|----------|
| Tax compliance services | \$16,489 |
|-------------------------|----------|

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the Director and executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly.

For the purposes of this report, the term 'executive' encompasses the Managing Director and Company Secretary of the Company.

### Details of Key Management Personnel

|                |  |
|----------------|--|
| Ian Mulholland | Managing Director ( <i>appointed 27 November 2003</i> )                              |
| Brett Dickson  | Executive Director and Company Secretary ( <i>appointed director 31 March 2010</i> ) |
| Stephen Dennis | Non-executive Chairman ( <i>appointed 1 August 2015</i> )                            |

There were no changes of KMP after reporting date and before the date the financial report was authorised for issue.

### Remuneration Committee

The full Board acts as the Remuneration Committee and is responsible for determining and reviewing compensation arrangements for the Directors, the Managing Director (MD) and the senior management team.

The Board assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

### Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives
- Establish appropriate hurdles for variable executive remuneration
- Encouragement for Directors to sacrifice a portion of their fees to acquire shares in the Company at market price

### Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and Senior Manager remuneration is separate and distinct.

### Non-Executive Director Remuneration

#### Objective

# DIRECTORS' REPORT

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst keeping costs acceptable to shareholders.

## **Structure**

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was in 2004 when shareholders approved an aggregate remuneration of \$150,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each Non-Executive Director receives a fee for being a Director of the Company. The remuneration of Non-Executive Directors for the years ended 30 June 2017 and 30 June 2016 is detailed later in this report.

Non-Executive Directors have long been encouraged by the Board to hold shares in the Company (purchased by the Director on market). It is considered good governance for Directors to have a stake in the Company on whose board he or she sits. In addition long term incentives in the form of options may be awarded to Non-Executive Directors, subject to shareholder approval, in a manner which aligns this element of remuneration with the creation of shareholder wealth.

## ***Executive Remuneration***

### **Objective**

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals; and
- ensure total remuneration is competitive by market standards.

### **Structure**

In determining the level and make-up of executive remuneration the Board considered market conditions and remuneration paid to senior executives of companies similar in nature to Rox Resources Limited.

Remuneration consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration – short term incentive (“STI”), and  
– long term incentive (“LTI”)

# DIRECTORS' REPORT

## ***Fixed Remuneration***

### **Objective**

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Board and the process consists of a review of individual performance, relevant comparative remuneration in the market and, where appropriate, external advice on policies and practices.

### **Structure**

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The fixed remuneration component of the most highly remunerated senior managers is detailed later in this report.

## **Variable Remuneration – Short Term Incentive (“STI”)**

### ***Objective***

The objective of the STI program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve those operational targets and such that the cost to the Company is reasonable in the circumstances.

### ***Structure***

Actual STI payments granted to executives depend on the extent to which specific targets, set at the beginning of the review period, being a calendar year, are met. The targets consist of a number of Key Performance Indicators (KPI's) covering both financial and non-financial, corporate and individual measures of performance. Typically included are measures such as contribution to exploration success, share price appreciation, risk management and cash flow sustainability. These measures were chosen as they represent the key drivers for the short term success of the business and provide a framework for delivering long term value.

The Board has predetermined benchmarks that must be met in order to trigger payments under the STI scheme. On an annual basis, after consideration of performance against KPI's, the Board, acting as a Remuneration Committee, determines the amount, if any, of the STI to be paid to each executive. This process usually occurs in the first quarter of the following calendar year. Payments made are delivered as a cash bonus in the fourth quarter of the fiscal year.

# DIRECTORS' REPORT

## ***STI bonus for 2016 and 2017 financial years***

For the calendar year ended 31 December 2017 the following key performance indicators were agreed for executives, with the relative weighting of each shown in brackets.

1. Develop and implement sustainable growth strategies (40%)
2. Conduct exploration with the objective of at least one potentially economic mineral deposit (25%)
3. Ensure adequate safety, board reporting and project management (10%)
4. Increase performance of the Company to be measured by outperforming the small resources index (XSR) (25%)

The minimum amount payable for 2017 assuming executives fail to meet their KPI's is nil and the maximum amount payable if all KPI's are met is \$122,100.

For the calendar year ended 31 December 2016 the following key performance indicators were agreed for executives, with the relative weighting of each shown in brackets.

1. Farmout or secure funding for Mt Fisher old project. (10%)
2. Secure adequate funding for Rox going forward with a minimum of \$2 million raised. (10%)
3. Re-invigorate project portfolio. (25%)
4. Monetise Reward Project. (25%)
5. Outperform the Small Resources Index (XSR) by an average of 30% over the year. (30%)

Bonus payments for the year ended 31 December 2015 were held over pending the completion of the sale of the Reward project and combined with any bonus to be awarded for the 2016 calendar year. For the 2015 and 2016 years executives were awarded bonuses totalling \$180,000 (100% of amount available).

## **Variable Remuneration – Long Term Incentive (“LTI”)**

### ***Objective***

The objective of the LTI plan is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth. The Company considers that shareholder wealth is measured by changes to the company's share price.

### **Structure**

LTI grants to executives are delivered in the form of options.

The options, when issued to executives, will not be exercisable for a price less than the then current market price of the Company's shares. The grant of LTI's are reviewed annually, though LTI's may not be granted each year. Exercise price and performance hurdles, if any, are determined at the time of grant of the LTI.

To date no performance hurdles have been set on options issued to executives other than time based service conditions. The Company believes that as options are issued at not less than the current market price of the Company's shares there is an inherent performance hurdle on those options as the share price of the Company's shares must increase significantly before there is any reward to the executive.

# DIRECTORS' REPORT

## Employment Contracts

The Managing Director, Mr Mulholland is employed under contract. The current employment contract expires on 31 December 2019, at which time the Company may choose to commence negotiation to enter into a new employment contract with Mr Mulholland. Under the terms of the present contract:

- Mr Mulholland may resign from his position and terminate this contract by giving three months notice.
- The Company may terminate this employment agreement by providing three months' written notice. On termination on notice by the Company, the Company will pay Mr Mulholland an amount equal to the fixed component of his remuneration for the remainder of the term of the contract.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the MD is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause any unvested options he holds will immediately be forfeited.

The Company Secretary, Mr Dickson is employed under a service contract. The current contract terminates on 31 December 2019, at which time the Company may choose to commence negotiation to enter into a new service contract with Mr Dickson. Under the terms of the present contract:

- Mr Dickson may terminate the contract by giving three months written notice.
- The Company may terminate the service contract agreement by providing three months written notice. On termination on notice by the Company, subject to ASX Listing Rule 10.19 and section 200F(3) of the *Corporations Act 2001*, will pay Mr Dickson an amount equal to the fixed component of his remuneration for the remainder of the term of the contract.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, Mr Dickson is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause any unvested options he holds will immediately be forfeited.

## Remuneration of Key Management Personnel

| 2017         | SHORT TERM          |             |                          | LONG TERM | POST EMPLOYMENT      | SHARE BASED PAYMENTS | TOTAL   | PERCENTAGE PERFORMANCE RELATED |
|--------------|---------------------|-------------|--------------------------|-----------|----------------------|----------------------|---------|--------------------------------|
|              | Salary & Fees<br>\$ | Bonus<br>\$ | Other <sup>1</sup><br>\$ | \$        | Superannuation<br>\$ | Options<br>\$        | \$      | %                              |
| DIRECTORS    |                     |             |                          |           |                      |                      | -       |                                |
| S Dennis     | 70,000              | -           | -                        | -         | 6,650                | 19,367               | 96,017  | -                              |
| I Mulholland | 295,000             | 120,000     | -                        | 10,577    | 35,000               | 64,556               | 525,133 | 22.8                           |
| B Dickson    | -                   | 60,000      | 145,200                  | -         | --                   | 32,278               | 237,478 | 25.3                           |
| TOTAL        | 365,000             | 180,000     | 145,200                  | 10,577    | 41,650               | 116,201              | 858,628 | 20.9                           |

# DIRECTORS' REPORT

|              |                        | SHORT<br>TERM |                          | LONG<br>TERM |                      | POST<br>EMPLOYMENT | SHARE<br>BASED<br>PAYMENTS | TOTAL  | PERCENTAGE<br>PERFORMANCE<br>RELATED |
|--------------|------------------------|---------------|--------------------------|--------------|----------------------|--------------------|----------------------------|--------|--------------------------------------|
| 2016         | Salary<br>& Fees<br>\$ | Bonus<br>\$   | Other <sup>1</sup><br>\$ | \$           | Superannuation<br>\$ |                    | Options<br>\$              | \$     | %                                    |
| DIRECTORS    |                        |               |                          |              |                      |                    |                            |        |                                      |
| J Gresham    | -                      | -             | -                        | -            | 30,826               | -                  | -                          | 30,826 | -                                    |
| S Dennis     | 40,435                 | -             | -                        | -            | 3,841                | 9,683              | 53,959                     | -      | -                                    |
| I Mulholland | 255,649                | -             | -                        | 30,885       | 35,000               | 98,332             | 419,866                    | -      | -                                    |
| B Dickson    | -                      | -             | 158,400                  | -            | -                    | 49,160             | 207,560                    | -      | -                                    |
| TOTAL        | 296,084                | -             | 158,400                  | 30,885       | 69,667               | 157,175            | 712,211                    | -      | -                                    |

1. Mr Dickson did not receive any salary or fees during the periods shown. Coolform Investments Pty Ltd, a company in which he is a Director and shareholder, received the fees shown for the provision of accounting and company secretarial services.

2. Mr Gresham retired on 25 November 2015.

## Compensation options: Granted and vested during the year

During the year 18,000,000 options were issued to directors (2016: 18,000,000). 9,000,000 options issued in December 2015 (representing 50% of the number issued) vested during the year and no options were exercised.

|                  |            | GRANTED IN 2017 |                  |                  | TERMS AND CONDITIONS FOR EACH GRANT |             |                     |                    | VESTED |   |
|------------------|------------|-----------------|------------------|------------------|-------------------------------------|-------------|---------------------|--------------------|--------|---|
|                  | Number     | Date            | Fair value<br>\$ | Total fair value | Exercise Price<br>\$                | Expiry date | First exercise date | Last exercise date | Number | % |
| <i>Directors</i> |            |                 |                  |                  |                                     |             |                     |                    |        |   |
| S Dennis         | 3,000,000  | 19 Dec 16       | \$0.008          | \$24,000         | \$0.026                             | 30 Nov 19   | 1 Dec 17            | 30 Nov 19          | -      | - |
| I Mulholland     | 10,000,000 | 19 Dec 16       | \$0.008          | \$80,000         | \$0.026                             | 30 Nov 19   | 1 Dec 17            | 30 Nov 19          | -      | - |
| B Dickson        | 5,000,000  | 19 Dec 16       | \$0.008          | \$40,000         | \$0.026                             | 30 Nov 19   | 1 Dec 17            | 30 Nov 19          | -      | - |
| Total            | 18,000,000 |                 |                  | \$144,000        |                                     |             |                     |                    |        |   |

|                  |            | GRANTED IN 2016 |                  |                  | TERMS AND CONDITIONS FOR EACH GRANT |             |                     |                    | VESTED    |    |
|------------------|------------|-----------------|------------------|------------------|-------------------------------------|-------------|---------------------|--------------------|-----------|----|
|                  | Number     | Date            | Fair value<br>\$ | Total Fair Value | Exercise Price<br>\$                | Expiry date | First exercise date | Last exercise date | Number    | %  |
| <i>Directors</i> |            |                 |                  |                  |                                     |             |                     |                    |           |    |
| S Dennis         | 3,000,000  | 11 Dec 15       | \$0.008          | \$24,000         | \$0.027                             | 30 Nov 18   | 1 Dec 16            | 30 Nov 18          | 1,500,000 | 50 |
| I Mulholland     | 10,000,000 | 11 Dec 15       | \$0.008          | \$80,000         | \$0.027                             | 30 Nov 18   | 1 Dec 16            | 30 Nov 18          | 5,000,000 | 50 |
| B Dickson        | 5,000,000  | 11 Dec 15       | \$0.008          | \$40,000         | \$0.027                             | 30 Nov 18   | 1 Dec 16            | 30 Nov 18          | 2,500,000 | 50 |
| Total            | 18,000,000 |                 |                  | \$144,000        |                                     |             |                     |                    | 9,000,000 | 50 |

For details of options granted and exercised during the 2016 and 2017 years refer to Note 19 of the Financial Statements.

There were no alterations to the terms and conditions of options granted as remuneration since their grant.

The Company's remuneration policy prohibits directors and executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements. To ensure compliance with this policy Directors and executives are required to disclose all dealings in company securities, whether vested or not.

# DIRECTORS' REPORT

## Share holdings of Key Management Personnel

| 2017         | Balance at<br>1 July 2016 | Granted as<br>Remuneration | Purchased | Net<br>Change/<br>Other | Shares<br>Issued on<br>Exercise<br>of Options | Balance at<br>30 June<br>2017 |
|--------------|---------------------------|----------------------------|-----------|-------------------------|---|-------------------------------|
| I Mulholland | 15,033,103                | -                          | -         | -                       | -   | 15,033,103                    |
| S Dennis     | 2,200,000                 | -                          | -         | -                       | -   | 2,200,000                     |
| B Dickson    | 7,775,000                 | -                          | -         | -                       | -   | 7,775,000                     |
|              | 25,008,103                | -                          | -         | -                       | -   | 25,008,103                    |
| <b>2016</b>  |                           |                            |           |                         |   |                               |
| J Gresham    | 3,778,251                 | -                          | -         | -                       | -   | 3,778,251 <sup>1</sup>        |
| I Mulholland | 13,666,458                | -                          | 1,366,645 | -                       | -   | 15,033,103                    |
| S Dennis     | -                         | -                          | 2,200,000 | -                       | -   | 2,200,000                     |
| B Dickson    | 7,750,000                 | -                          | 25,000    | -                       | -   | 7,775,000                     |
|              | 25,194,709                | -                          | 3,591,645 | -                       | -   | 28,786,354                    |

1. Represents balance held at time of retirement on 25 November 2015.

## Options holdings of Key Management Personnel

| 2017         | Balance at 1<br>July 2016 | Granted as<br>Remuneration | Options<br>Exercised | Options<br>Lapsed | Balance at 30<br>June 2017 |
|--------------|---------------------------|----------------------------|----------------------|-------------------|----------------------------|
| S Dennis     | 3,000,000                 | 3,000,000                  | -                    | -                 | 6,000,000                  |
| I Mulholland | 20,000,000                | 10,000,000                 | -                    | -                 | 30,000,000                 |
| B Dickson    | 10,000,000                | 5,000,000                  | -                    | -                 | 15,000,000                 |
|              | 33,000,000                | 18,000,000                 | -                    | -                 | 51,000,000                 |

One half of the options held at the beginning of the year vested on 30 November 2016 with the balance vesting after 30 November 2017. One half of the options granted as remuneration during the year will vest after 30 November 2017 and the balance will vest after 30 November 2018.

## Other Transactions with Key Management personnel

Coolform Investments Pty Ltd, a company which Mr. Dickson is a Director and shareholder, received fees totalling \$145,200 (2016: \$158,400) for the provision of services. An amount of \$13,200 (2016: Nil) is payable at year end

During the year the Company paid fees totalling \$90,309 (2016:\$117,972 including GST) 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 \$109,035 (2016: \$49,282 including GST) from Azure Minerals Limited being reimbursement for the provision of office staff support. An amount of \$12,759 (2016: \$45,014) is receivable at year end.

The above transactions were entered into on normal commercial terms.

## Company's Performance

### Company's share price performance

The Company's share price performance shown in the below graph is a reflection of the Company's performance during the year.

The variable components of the executives' remuneration including short-term and long-term incentives are indirectly linked to the Company's share price performance.

The graph below shows the Company's share price performance during the financial year ended 30 June 2017.

# DIRECTORS' REPORT

## Company's Share Price Performance



### Loss per share

Below is information on the Company's profit (loss) per share for the previous four financial years and for the current year ended 30 June 2017.

|                                       | 2017 | 2016   | 2015   | 2014   | 2013  |
|---------------------------------------|------|--------|--------|--------|-------|
| Basic profit (loss) per share (cents) | 1.09 | (0.22) | (0.75) | (0.90) | (1.1) |
| Share Price (cents)                   | 1.4  | 2.1    | 1.9    | 4.0    | 3.4   |

### END OF REMUNERATION REPORT

Signed in accordance with a resolution of the Directors.

**I Mulholland**

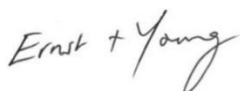
Managing Director

Perth, 28 September 2017

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

As lead auditor for the audit of Rox Resources Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Ernst & Young



T S Hammond  
Partner  
28 September 2017

# CORPORATE GOVERNANCE

## Corporate Governance Statement

Rox Resources Limited ACN 107 202 602 (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3<sup>rd</sup> edition. The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at <http://www.roxresources.com.au/about-rox-resources/corporate-governance/>

### Charters

Board

Audit and Risk Committee

Nomination Committee

Remuneration Committee

### Policies and Procedures

Policy and Procedure for the Selection and (Re)Appointment of Directors

Process for Performance Evaluations

Securities Trading Policy

Shareholder Communication and Investor Relations Policy

Code of Conduct (summary)

Compliance Procedures (summary)

Procedure for the Selection, Appointment and Rotation of External Auditor

Policy on Continuous Disclosure (summary)

Diversity Policy (summary)

Induction Program

The Company reports below on whether it has followed each of the recommendations during the 2016/2017 financial year (**Reporting Period**). The information in this statement is current at 27 September 2017. This statement was approved by a resolution of the Board on 27 September 2017.

## Principle 1 – Lay solid foundations for management and oversight

### Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management and has documented this in its Board Charter, which is disclosed on the Company's website.

### Recommendation 1.2

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company provided shareholders with all material information in relation to the re-election of Mr Brett Dickson as a director at its 2016 Annual General Meeting.

### Recommendation 1.3

The Company has a written agreement with each director and senior executive setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Managing Director, any of its directors, and any other

# CORPORATE GOVERNANCE

person or entity who is related party of the Managing Director or any of its directors has been disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

## Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board as outlined in the Company's Board Charter. The Company's Secretary's role is also outlined in the consultancy agreement between the Company Secretary and the Company.

## Recommendation 1.5

The Company has a Diversity Policy. However, the Diversity Policy does not include requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. Nor has the Board set measurable objectives for achieving gender diversity. Given the Company's stage of development as an exploration company and the number of employees, the Board considers that it is not practical to set measurable objectives for achieving gender diversity at this time.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation as at the date of this statement are set out in the following table. "Senior executive" for these purposes means a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the Company's financial standing. For the Reporting Period, this included the Managing Director and the Finance Director:

|  | Proportion of women |
|--|---------------------|
| Whole organisation (including the Board) | 1 out of 5 (20%)    |
| Senior executive positions               | 0 out of 2 (0%)     |
| Board                                    | 0 out of 3 (0%)     |

## Recommendation 1.6

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The evaluations are undertaken in accordance with the Company's Process for Performance Evaluations, which is disclosed on the Company's website.

During the Reporting Period an evaluation of the Board, its committees, and individual directors took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

## Recommendation 1.7

The Managing Director is responsible for evaluating the performance of senior executives in accordance with the process disclosed in the Company's Process for Performance Evaluations.

During the Reporting Period an evaluation of the Finance Director took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

The Chair is responsible for evaluating the Managing Director in accordance with the process disclosed in the Company's Process for Performance Evaluations.

During the Reporting Period an evaluation of the Managing Director took place in accordance with the process disclosed in the Company's Process for Performance Evaluations.

## Principle 2 – Structure the board to add value

### Recommendation 2.1

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee.

# CORPORATE GOVERNANCE

Although the Board has not established a separate Nomination Committee, it has adopted a Nomination Committee Charter, which describes the role, composition and responsibilities of the full Board in its capacity as the Nomination Committee. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. Separate meetings of the full Board in its capacity as the Nomination Committee are held, and minutes of those meetings are taken. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

Details of director attendance at meetings of the full Board, in its capacity as the Nomination Committee, during the Reporting Period, are set out in a table in the Directors' Report on page 17.

## **Recommendation 2.2**

The mix of skills and diversity for which the Board is looking to achieve in its membership is represented by the Board's current composition. While the Company is at exploration stage, it does not wish to significantly increase the size of the Board and considers that the Board, which includes directors with geological qualifications, exploration and mining industry experience, experience in the development and operation of mining projects in Australia and accounting and finance qualifications, is an appropriate mix of skills and expertise relevant to the Company. The Company was progressing towards bringing the Fisher East nickel sulphide project into production however, this is now on hold until the nickel price reaches levels close to what could support the development of the project. Once the Company moves into this next stage of development, it intends to review its Board size and composition.

## **Recommendation 2.3**

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations. The sole independent director of the Company is Mr Stephen Dennis, Chairman of the Company.

The length of service of each director is set out in the Directors' Report on page 15.

## **Recommendation 2.4**

During the Reporting Period, the Board did not have a majority of directors who are independent. The Board considered that the composition of the Board was adequate for the Company's size and operations, and included an appropriate mix of skills and expertise relevant to the Company's business.

As noted above, the Company was progressing towards bringing the Fisher East nickel sulphide project into production however, this is now on hold until the nickel price reaches levels close to what could support the development of the project. Once the Company moves into this next stage of development, it intends to review its Board size and composition, including the balance of independence on the Board.

## **Recommendation 2.5**

The independent Chair of the Board is Mr Stephen Dennis, who is also not the Managing Director.

## **Recommendation 2.6**

The Company has an induction program that it uses when new directors join the Board and when new senior executives are appointed. The goal of the program is to assist new directors to participate fully and actively in Board decision-making at the earliest opportunity and to assist senior executives to participate fully and actively in management decision-making at the earliest opportunity. The Company's Induction Program is disclosed on the Company's website.

The Board regularly reviews whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively using a Board skills matrix. Where any gaps are identified, the Board considers what training or development should be undertaken to fill those gaps. In particular, the Board ensures that any director who does not have specialist accounting skills or knowledge has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Company's financial statements. Directors also receive ongoing education on developments in accounting standards.

# CORPORATE GOVERNANCE

## **Principle 3 – Act ethically and responsibly**

### **Recommendation 3.1**

The Company has established a Code of Conduct for its directors, senior executives and employees, which is disclosed on the Company's website.

## **Principle 4 – Safeguard integrity in corporate reporting**

### **Recommendation 4.1**

The Board has not established a separate Audit Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Accordingly, the Board performs the role of Audit and Risk Committee.

Although the Board has not established a separate Audit and Risk Committee, it had adopted an Audit and Risk Committee Charter. When the Board convenes as the Audit and Risk Committee it carries out those functions which are delegated to it in the Company's Audit and Risk Committee Charter. Separate meetings of the full Board in its capacity as the Audit and Risk Committee are held, and minutes of those meetings are taken. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit and Risk Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The Company has also established a Procedure for the Selection, Appointment and Rotation of its External Auditor, which is disclosed on the Company's website. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

Details of director attendance at meetings of the full Board, in its capacity as the Audit and Risk Committee, held during the Reporting Period, are set out in a table in the Directors' Report on page 17.

### **Recommendation 4.2**

Before the Board approved the Company financial statements for the half year ended 31 December 2017 and the full-year ended 30 June 2017, it received from the Managing Director and the Finance Director a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively (**Declaration**).

The Board did not receive a Declaration for each of the quarters ending 30 September 2016, 31 December 2016, 31 March 2017 and 30 June 2017 because in the Board's view its quarterly reports are not financial statements to which the Declaration can be appropriately given.

### **Recommendation 4.3**

Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, and must arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company writes to the Company's auditor to inform them of the date of the Company's annual general meeting. In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chair allows a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chair also allows a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

# CORPORATE GOVERNANCE

A representative of the Company's auditor, Ernst & Young attended the Company's annual general meeting held on 24 November 2016.

## **Principle 5 – Make timely and balanced disclosure**

### **Recommendation 5.1**

The Company has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company's website.

## **Principle 6 – Respect the rights of security holders**

### **Recommendation 6.1**

The Company provides information about itself and its governance to investors via its website at [www.roxresources.com.au](http://www.roxresources.com.au) as set out in its Shareholder Communication and Investor Relations Policy.

### **Recommendation 6.2**

The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the Company's Shareholder Communication and Investor Relations Policy.

### **Recommendation 6.3**

The Company has in place a Shareholder Communication and Investor Relations Policy which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders.

### **Recommendation 6.4**

Shareholders are given the option to receive communications from, and send communications to, the Company and its share registry electronically. The Company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the Company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Computershare Investor Services Pty Ltd at [www.computershare.com.au](http://www.computershare.com.au)

## **Principle 7 – Recognise and manage risk**

### **Recommendation 7.1**

The Board has not established a separate Risk Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Risk Committee. As noted above, the Board performs the role of an Audit and Risk Committee. Please refer to the disclosure above under Recommendation 4.1 in relation to the Audit and Risk Committee.

### **Recommendation 7.2**

The Board reviews the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board. The Board carried out these reviews during the Reporting Period.

### **Recommendation 7.3**

The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

# CORPORATE GOVERNANCE

## Recommendation 7.4

As the Company is not in production, the Company has not identified any material exposure to any environmental and/or social sustainability risks. However, the Company does have a material exposure to the following economic risks:

- Market risk – movements in commodity prices. The Company manages its exposure to market risk by monitoring market conditions, and making decisions based on industry experience.
- Future capital risk – cost and availability of funds to meet the Company's business requirements. The Company manages this risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The Board has adopted a Risk Management Policy and Risk Management Procedures. Under the Risk Management Policy, the Board oversees the processes by which risks are managed. This includes defining the Company's risk appetite, monitoring of risk performance and those risks that may have a material impact to the business. Management is responsible for the implementation of the risk management and internal control system to manage the Company's risk and to report to the Board whether those risks are being effectively managed.

The Company's system to manage its material business risks includes the preparation of a risk register by management to identify the Company's material business risks, analyse those risks, evaluate those risks (including assigning a risk owner to each risk) and treat those risks. Risks and their management are to be monitored and reviewed at least annually by senior management. The risk register is to be updated and a report submitted to the Managing Director. The Managing Director is to provide a risk report at least annually to the Board.

## Principle 8 – Remunerate fairly and responsibly

### Recommendation 8.1

The Board has not established a separate Remuneration Committee. Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Although the Board has not established a separate Remuneration Committee, it has adopted a Remuneration Committee Charter, which describes the role, composition and responsibilities of the full Board in its capacity as the Remuneration Committee. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. Separate meetings of the full Board in its capacity as the Remuneration Committee are held, and minutes of those meetings are taken. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

Details of director attendance at meetings of the full Board, in its capacity as the Remuneration Committee, during the Reporting Period, are set out in a table in the Directors' Report on page 17.

### Recommendation 8.2

Details of remuneration, including the Company's policy on remuneration and "clawback policy" regarding the lapsing of performance-based remuneration in the event of fraud or serious misconduct and the clawback of the performance-based remuneration in the event of a material misstatement in the Company's financial statements, are contained in the "Remuneration Report" which forms part of the Directors' Report and commences at page 20 of the Company's Annual Report for year ended 30 June 2017.

### Recommendation 8.3

The Company established an Employee Share Option Plan during the Reporting Period. The Company's Securities Trading Policy includes a statement on the Board's policy that participations in the Company's equity based remuneration schemes are prohibited from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

# STATEMENT OF FINANCIAL POSITION

## As at 30 June 2017

|                                     | Notes  | 2017<br>(\$)      | 2016<br>(\$)     |
|-------------------------------------|--------|-------------------|------------------|
| <b>ASSETS</b>                       |        |                   |                  |
| <b>Current Assets</b>               |        |                   |                  |
| Cash and cash equivalents           | 11(a)  | 13,883,065        | 595,760          |
| Receivables                         | 12     | 312,429           | 145,772          |
| Prepayments                         |        | 2,850             | 3,179            |
| Other financial assets              | 14     | 17,436            | 43,695           |
| <b>Total Current Assets</b>         |        | <b>14,215,780</b> | <b>788,406</b>   |
| <b>Non-Current Assets</b>           |        |                   |                  |
| Receivables                         | 12     | 2,192,156         | -                |
| Equipment                           | 13     | 55,691            | 58,100           |
| Capitalised exploration expenditure | 15     | 3,073,887         | 3,327,000        |
| <b>Total Non-Current Assets</b>     |        | <b>5,321,734</b>  | <b>3,385,100</b> |
| <b>TOTAL ASSETS</b>                 |        | <b>19,537,514</b> | <b>4,173,506</b> |
| <b>LIABILITIES</b>                  |        |                   |                  |
| <b>Current Liabilities</b>          |        |                   |                  |
| Trade and other payables            | 16     | 561,474           | 144,683          |
| Provisions                          | 17     | 404,910           | 103,074          |
| <b>Total Current Liabilities</b>    |        | <b>966,384</b>    | <b>247,757</b>   |
| <b>TOTAL LIABILITIES</b>            |        | <b>966,384</b>    | <b>247,757</b>   |
| <b>NET ASSETS</b>                   |        | <b>18,571,130</b> | <b>3,925,749</b> |
| <b>EQUITY</b>                       |        |                   |                  |
| Contributed equity                  | 18(i)  | 41,436,933        | 40,491,063       |
| Reserves                            | 18(ii) | 2,483,768         | 2,211,648        |
| Accumulated losses                  | 20     | (25,349,571)      | (38,776,962)     |
| <b>TOTAL EQUITY</b>                 |        | <b>18,571,130</b> | <b>3,925,749</b> |

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

# STATEMENT OF COMPREHENSIVE INCOME

## For the Year Ended 30 June 2017

|   | Notes | 2017<br>(\$)      | 2016<br>(\$)       |
|---|-------|-------------------|--------------------|
| Other income  | 6     | 17,105,032        | 13,295             |
| Corporate expenses  |       | (1,312,436)       | (511,134)          |
| Occupancy and related expenses  |       | (152,804)         | (148,626)          |
| Salaries and wages  |       | (804,960)         | (446,482)          |
| Superannuation  |       | (83,163)          | (72,897)           |
| Exploration expenditure expensed  |       | (1,141,027)       | (1,106,959)        |
| Share based payments to employees   |       | (167,120)         | (196,758)          |
| Depreciation  |       | (16,131)          | (17,124)           |
| <b>Profit (Loss) before income tax</b>  |       | <b>13,427,391</b> | <b>(2,486,685)</b> |
| Income tax benefit/(expense)  | 7     | -                 | -                  |
| <b>Profit (Loss) after income tax</b>   |       | <b>13,427,391</b> | <b>(2,486,685)</b> |
| <b>Other Comprehensive Income</b>   |       |                   |                    |
| Other comprehensive income net of tax   |       | -                 | -                  |
| <b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>                         |       | <b>13,427,391</b> | <b>(2,486,685)</b> |
|   |       |                   |                    |
| Loss per share for loss for the year attributable to ordinary equity holders: |       |                   |                    |
| Basic profit (loss) per share (cents)   | 8     | 1.09              | (0.22)             |
| Diluted profit (loss) per share (cents)                                       |       | 1.09              | (0.22)             |

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

# STATEMENT OF CASH FLOWS

## For the Year Ended 30 June 2017

|  |       | 2017<br>(\$)             | 2016<br>(\$)          |
|--|-------|--------------------------|-----------------------|
|  | Note  |                          |                       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>          |       |                          |                       |
| Interest received                                    |       | 17,105                   | 13,295                |
| Payments to suppliers and employees                  |       | (1,854,345)              | (1,295,465)           |
| Expenditure on mineral interests                     |       | (1,012,471)              | (1,192,578)           |
| Net cash (used in) operating activities              | 11(b) | <u>(2,849,711)</u>       | <u>(2,474,748)</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>          |       |                          |                       |
| Sale of mineral properties (net of expenses)         |       | 15,207,273               | -                     |
| Purchase of mineral properties                       |       | (28,887)                 | (2,300,000)           |
| Purchase of equipment                                |       | (13,722)                 | (3,960)               |
| Sale of equity investments                           |       | 223                      | -                     |
| Security deposits                                    |       | 26,259                   | (17,836)              |
| Net cash (used in) investing activities              |       | <u>15,191,146</u>        | <u>(2,321,796)</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>          |       |                          |                       |
| Proceeds from issue of ordinary shares               |       | 1,000,000                | 2,027,774             |
| Share issue costs                                    |       | (54,130)                 | (230,126)             |
| Net cash provided by financing activities            |       | <u>945,870</u>           | <u>1,797,648</u>      |
| Net increase/(decrease) in cash and cash equivalents |       | 13,287,305               | (2,998,896)           |
| Cash and cash equivalents at beginning of period     |       | 595,760                  | 3,594,656             |
| Cash and cash equivalents at end of period           | 11(a) | <u><u>13,883,065</u></u> | <u><u>595,760</u></u> |

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

# STATEMENT OF CHANGES IN EQUITY

## For the Year Ended 30 June 2017

|   | Issued<br>Share<br>Capital | Share<br>Based<br>Payments<br>Reserve | Accumulated<br>(Losses) | Total             |
|---|----------------------------|---------------------------------------|-------------------------|-------------------|
|   | (\$)                       | (\$)                                  | (\$)                    | (\$)              |
| <b>At 1 July 2016</b>   | 40,491,063                 | 2,211,648                             | (38,776,962)            | 3,925,749         |
| Profit (Loss) for period  | -                          | -                                     | 13,427,391              | 13,427,391        |
| Other comprehensive income                                      | -                          | -                                     | -                       | -                 |
| Total comprehensive profit ( loss)<br>for the year              | -                          | -                                     | 13,427,391              | 13,427,391        |
| <b>Transactions with owners in their<br/>capacity as owners</b> |                            |                                       |                         |                   |
| Issue of share capital  | 1,000,000                  | -                                     | -                       | 1,000,000         |
| Share issue costs   | (54,130)                   | -                                     | -                       | (54,130)          |
| Acquisition of Collurabbie Project                              | -                          | 105,000                               | -                       | 105,000           |
| Share-based payments  | -                          | 167,120                               | -                       | 167,120           |
| <b>Balance as at 30 June 2017</b>                               | <b>41,436,933</b>          | <b>2,483,768</b>                      | <b>(25,349,571)</b>     | <b>18,571,130</b> |
| <b>At 1 July 2015</b>   | 38,693,415                 | 2,014,890                             | (36,290,277)            | 4,418,028         |
| Loss for period   | -                          | -                                     | (2,486,685)             | (2,486,685)       |
| Other comprehensive income                                      | -                          | -                                     | -                       | -                 |
| Total comprehensive loss for the<br>year                        | -                          | -                                     | (2,486,685)             | (2,486,685)       |
| <b>Transactions with owners in their<br/>capacity as owners</b> |                            |                                       |                         |                   |
| Issue of share capital  | 2,027,774                  | -                                     | -                       | 2,027,774         |
| Share issue costs   | (230,126)                  | -                                     | -                       | (230,126)         |
| Share-based payments  | -                          | 196,758                               | -                       | 196,758           |
| <b>Balance as at 30 June 2016</b>                               | <b>40,491,063</b>          | <b>2,211,648</b>                      | <b>(38,776,962)</b>     | <b>3,925,749</b>  |

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

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 1 CORPORATE INFORMATION

The financial report of Rox Resources Limited ('the Company') for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 27 September 2017.

Rox Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange. The Company is a for-profit entity.

The nature of the operations and principal activities of the Company are described in the Directors Report.

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis. The financial report is presented in Australian dollars.

As a result of the uncertainties inherent in business and other activities, certain items in a financial report cannot be measured with precision but can only be estimated. The estimation process involves best estimates based on the latest information available.

#### (a) Compliance statement

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

#### (b) New accounting standards and interpretations

The Company has adopted all new and amended Australian Accounting Standards and AASB interpretations from 1 July 2016 mandatory for annual reporting periods beginning before 1 July 2016. The adoption of these new and amended Standards and Interpretations did not have any effect on the financial position and performance of the Company.

The following standards and interpretations have been issued by the AASB but are not yet effective for the year ending 30 June 2017:

| Reference | Title                 | Summary   | Application date of standard* | Application date for Company* |
|-----------|-----------------------|---|-------------------------------|-------------------------------|
| AASB 9    | Financial Instruments | <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments</p> <p><i>Classification and measurement</i></p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.</p> <p>The main changes are described below.</p> <p><i>Financial assets</i></p> <p>a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> | 1 January 2018                | 1 July 2018                   |

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (b) New accounting standards and interpretations (cont'd)

| Reference          | Title                             | Summary   | Application date of standard* | Application date for Company* |
|--------------------|-----------------------------------|---|-------------------------------|-------------------------------|
| AASB 9<br>(Cont'd) | Financial Instruments<br>(Cont'd) | <p>b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p><i>Financial liabilities</i></p> <p>Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> <li>▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</li> <li>▶ The remaining change is presented in profit or loss</li> </ul> <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.</p> <p><i>Impairment</i></p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p> <p><i>Hedge accounting</i></p> <p>Amendments to AASB 9 (December 2009 &amp; 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> |                               |                               |

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (b) New accounting standards and interpretations (cont'd)

| Reference       | Title                                 | Summary   | Application date of standard* | Application date for Company* |
|-----------------|---------------------------------------|---|-------------------------------|-------------------------------|
| AASB 9 (Cont'd) | Financial Instruments (Cont'd)        | The Company does not have any hedging relationships and therefore does not expect to be impacted by AASB 9 hedge accounting. The Company is currently still assessing the impact of IFRS 9 classification and measurement on their financial assets, the impact of which is not expected to be material.  |                               |                               |
| AASB 15         | Revenue from Contracts with Customers | <p>AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ul style="list-style-type: none"> <li>(a) Step 1: Identify the contract(s) with a customer</li> <li>(b) Step 2: Identify the performance obligations in the contract</li> <li>(c) Step 3: Determine the transaction price</li> <li>(d) Step 4: Allocate the transaction price to the performance obligations in the contract</li> <li>(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</li> </ul> <p>The Company does not have any continuing revenue and therefore does not expect to be impacted by AASB 15.</p> | 1 January 2018                | 1 July 2018                   |
| AASB 16         | Leases                                | <p>The key features of AASB 16 are as follows:</p> <p><b>Lessee accounting</b></p> <ul style="list-style-type: none"> <li>• Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</li> <li>• A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.</li> <li>• Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.</li> </ul>   | 1 January 2019                | 1 July 2019                   |

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (b) New accounting standards and interpretations (cont'd)

| Reference              | Title   | Summary  | Application date of standard* | Application date for Company* |
|------------------------|---|--|-------------------------------|-------------------------------|
| AASB 16<br>(Cont'd)    | Leases<br>(Cont'd)  | <ul style="list-style-type: none"> <li>AASB 16 contains disclosure requirements for lessees.</li> </ul> <p><b>Lessor accounting</b></p> <ul style="list-style-type: none"> <li>AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</li> <li>AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.</li> </ul> <p>AASB 16 supersedes:</p> <ul style="list-style-type: none"> <li>(a) AASB 117 Leases</li> <li>(b) Interpretation 4 Determining whether an Arrangement contains a Lease</li> <li>(c) SIC-15 Operating Leases—Incentives</li> <li>(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease</li> </ul> <p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.</p> <p>The Company currently does not have any material lease arrangements and therefore does not expect to be impacted by AASB 16.</p> |                               |                               |
| IFRS 2<br>(Amendments) | Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2) | <p>This standard amends to IFRS 2 <i>Share-based Payment</i>, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:</p> <ul style="list-style-type: none"> <li>▶ The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments</li> <li>▶ Share-based payment transactions with a net settlement feature for withholding tax obligations</li> <li>▶ A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled</li> <li>▶ The current share-based payment arrangements entered into by the Company are outlined in Note 18. The impact of this standard is not expected to be material</li> </ul>  | 1 January 2018                | 1 July 2018                   |

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (c) Summary of significant accounting policies

(i) Operating Segment reporting – refer Note 5

Operating segments have been identified based on the information provided to chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria of AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to the users of the financial statements.

(ii) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position and Statement of Cash Flows comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

(iii) Deferred exploration and evaluation expenditure

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(iv) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(v) Issued capital

Ordinary share capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction, net of tax, of the share proceeds received.

(vi) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (c) Summary of significant accounting policies (cont'd)

##### (vi) Income tax (Cont'd)

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint operations, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint operations, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the preferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

##### (vii) Trade and other receivables

Trade receivables are initially recognised at fair value (including transaction costs) and substantially carried at amortised cost less an allowance for impairment. An impairment allowance is recognised when there is objective evidence that the collection of the full amount is no longer probable. Financial difficulties of the debtor are an example of objective evidence. Bad debts are written off when identified.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (c) Summary of significant accounting policies (cont'd)

##### (viii) Equipment

All classes of equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

##### *Depreciation*

Depreciation is provided on a straight-line basis over the estimated useful life of the specific asset as follows:

|           | <b>2017</b> | <b>2016</b> |
|-----------|-------------|-------------|
| Equipment | 3-10 years  | 3-10 years  |

##### *Impairment*

The carrying values of equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying values of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

The recoverable amount of equipment is the greater of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

##### *Derecognition*

Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Comprehensive Income in the period the item is derecognised.

##### (ix) Employee benefits

Provision is made for the employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits expected to be settled within 12 months of the reporting date are measured at the nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national corporate bonds, which have terms to maturity approximating the terms of the related liability, are used.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (c) Summary of significant accounting policies (cont'd)

##### (x) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### *Interest*

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

##### (xi) Leases

Leases are classified at the inception as either operating or finance leases, based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

##### *Operating leases*

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

##### (xii) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs of disposal and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (c) Summary of significant accounting policies (cont'd)

##### (xiii) Goods and service tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

##### (xiv) Earnings/loss per share

Basic earnings/loss per share is calculated by dividing the profit/loss from ordinary activities after related income tax expense by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings/loss per share is calculated as net profit/loss attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average of ordinary shares and dilutive potential ordinary shares adjusted for any bonus element.

##### (xv) Share based payment transactions

The Company provides benefits to employees (including Directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the shares at the grant date.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Rox Resources Limited ('market conditions').

The cost of equity-settled transactions is recognised in the Statement of Comprehensive Income, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (c) Summary of significant accounting policies (cont'd)

##### (xv) Share based payment transactions (Cont'd)

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transactions a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

##### (xvi) Foreign currency

The functional currency of the Company is measured using the currency of the primary economic environment in which it operates, being Australia. The financial statements are presented in Australian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate.

### NOTE 3 FINANCIAL RISK MANAGEMENT AND POLICIES

#### Overview

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

The Company Entity has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk exposure arises principally from the Company's receivables, including receivables from related parties, security deposits and cash and cash equivalents.

#### *Cash and cash equivalents*

The Company's cash and cash equivalents are maintained in banks with strong credit ratings at year-end.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 3 FINANCIAL RISK MANAGEMENT AND POLICIES (cont'd)

#### *Trade and other receivables*

As the Company operates in the mining exploration sector its receivables generally relate to GST receivable from the Australian Taxation Authority and as it is a statutory body has a very low credit risk.

Presently, the Company undertakes exploration and evaluation activities in Australia. At the balance sheet date there were no significant concentrations of credit risk.

#### *Other financial assets*

At financial year end, there is a risk from the Northern Territory Department of Resources not refunding the security deposits.

#### *Exposure to credit risk*

The carrying amount of the Company's financial assets represents the Company's maximum credit exposure. None of the Company's trade and other receivables are past due (2016: nil). At 30 June 2017 the Company does not have any collective impairments on its other receivables (2016: nil).

#### *Guarantees*

At the date of this report there are no outstanding guarantees (2016: Nil).

#### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The Company's liquidity risk arises from trade and other payables that mature within 6 months or less.

#### **Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### *Currency risk*

The Company considers that its exposure to currency risk is minimal and has not developed any policies or procedures to manage such risk.

The Company has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

#### *Exposure to currency risk*

The Company's exposure to foreign currency risk at reporting date was Nil (2016: Nil).

#### **Interest rate risk**

The Company is exposed to interest rate risk. The Company considers that its exposure to interest risk is minimal, however it has a policy of monitoring interest rates offered by competing financial institutions to ensure it is aware of market trends and it receives competitive interest rates.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 3 FINANCIAL RISK MANAGEMENT AND POLICIES (cont'd)

#### *Profile*

At the reporting date the Company's only exposure to interest rate risk is related to the balance of its cash and cash equivalents. The following table represents the Company's exposure to interest rate risk:

|                                  | Carrying amount |         |
|----------------------------------|-----------------|---------|
|                                  | 2017            | 2016    |
| <b>Variable rate instruments</b> |                 |         |
| Cash and cash equivalents        | 13,883,065      | 595,760 |

A change of 1% (2016: 1%) in variable interest rates would have increased or decreased the Company's equity and profit by \$138,830 (2016: \$5,958), and would have had the same effect on cash. The 1% sensitivity is based on reasonable possible movements over a financial year, after observation of a range of actual historical rate movement over the past five years.

#### **Capital Management**

When managing capital, managements objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Company.

The Company will raise equity through the issue of shares from time to time as the board sees fit to ensure it meets its objective of continuing as a going concern. The Company does not have any borrowings and has no current plans to obtain any debt facilities, as a result the Company's total capital is defined as shareholders' equity, and at 30 June stood at:

|        | 2017       | 2016      |
|--------|------------|-----------|
| Equity | 18,766,130 | 3,925,749 |

The Company is not subject to any externally imposed capital requirements.

#### **Fair Values**

At the end of the current and prior year the net fair value of assets and liabilities approximates their carrying value because of their short term to maturity.

The Company uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

### NOTE 4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTMATES AND ASSUMPTIONS (cont'd)

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

#### *Exploration and Evaluation*

The Company's accounting policy for exploration and evaluation is set out in note 2 to the accounts. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under our policy, we conclude that we are unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the Statement of Comprehensive Income.

#### *Share options*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the binominal formula. For options issued in this financial year, the assumptions detailed as per Note 18 were used.

### NOTE 5 SEGMENT INFORMATION

#### 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 Board of Directors currently receive Statement of Financial Position and Statement of Comprehensive Income information that is prepared in accordance with Australian Accounting.

The Statement of Financial Position and Statement of Comprehensive Income information received by the Board of Directors 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.

### NOTE 6 OTHER INCOME

Profit on sale of the Reward Project (a)  
Other

|  | 2017<br>(\$)      | 2016<br>(\$) |
|--|-------------------|--------------|
| Profit on sale of the Reward Project (a) | 16,862,429        | -            |
| Other                                    | 242,603           | -            |
|  | <u>17,105,032</u> | <u>-</u>     |

(a) During the year the Company sold its interest in the Reward Zinc-Lead Project for \$[insert value] in cash and a further deferred cash payment of \$3,750,000 to be received at the earlier of the aquirer completing a bankable feasibility study or six years. The deferred cash payment has been discounted to its present value and recognised as a non-current receivable (refer Note12).

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 7 INCOME TAX INCOME

|  | 2017<br>(\$)       | 2016<br>(\$) |
|--|--------------------|--------------|
| The major components of income tax expenses are:                               |                    |              |
| <b>Income Statement</b>  |                    |              |
| <i>Current Income Tax</i>  |                    |              |
| Current income tax charge/(benefit)  | -                  | -            |
| <i>Deferred Income Tax</i>   | -                  | -            |
| Relating to origination and reversal of temporary differences                  | -                  | -            |
| Income tax expense/(benefit) reported in the statement of comprehensive income | -                  | -            |
| Accounting profit (loss) before tax from continuing operations                 | <b>13,427,391</b>  | (2,486,685)  |
| At the Company's statutory income tax rate of 27.5 % (FY16 28.5%)              | <b>3,692,533</b>   | (708,705)    |
| Other  | <b>249,335</b>     | 2,232        |
| Share based payments   | <b>45,958</b>      | 59,027       |
| Share registry costs   | <b>(85,232)</b>    | (88,763)     |
| Prior year adjustment to deferred tax balances                                 | -                  | (14,235)     |
| Utilisation of tax losses not previously brought to account (gross)            | <b>(3,902,594)</b> | -            |
| Deferred tax assets not brought to account (gross)                             | -                  | 750,444      |
| Income tax expense/(benefit) reported in the Statement of Comprehensive Income | -                  | -            |

|   | STATEMENT OF<br>FINANCIAL POSITION |             | STATEMENT OF<br>COMPREHENSIVE<br>INCOME |            |
|---|------------------------------------|-------------|---|------------|
|   | 2017<br>\$                         | 2016<br>\$  | 2017<br>\$                              | 2016<br>\$ |
| <b>Deferred Income Tax</b>  |                                    |             |   |            |
| Deferred income tax at 30 June relates to the following                   |                                    |             |   |            |
| <i>Deferred tax liabilities</i>   |                                    |             |   |            |
| Prepayments   | <b>8,345</b>                       | 5,037       | <b>3,287</b>                            | (990)      |
| Plant & equipment   | <b>(6,117)</b>                     | (12,518)    | <b>6,401</b>                            | 1,913      |
| <i>Deferred tax assets</i>  |                                    |             |   |            |
| Accruals  | <b>17,521</b>                      | 9,000       | <b>8,521</b>                            | (7,098)    |
| Provision for employee entitlements                                       | <b>28,850</b>                      | 22,880      | <b>5,970</b>                            | (8,060)    |
| Revenue tax losses  | <b>5,904,780</b>                   | 9,683,824   | <b>(3,779,044)</b>                      | 764,679    |
| Deferred tax assets not brought to account as realisation is not probable | <b>(5,953,379)</b>                 | (9,708,223) | <b>3,754,865</b>                        | (750,444)  |
| Deferred tax assets not recognised  | -                                  | -           | -                                       | -          |

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 7 INCOME TAX (cont'd)

Deferred tax (income)/expense

Potential future income tax benefits attributable to gross tax losses of \$21,471,927 (2016: \$31,674,075) carried forward have not been brought to account at 30 June 2017 because Directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. These benefits will only be obtained if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the losses and deductions to be released;
- (ii) the Company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses

Tax losses carried forward have no expiry date.

|  | 2017 | 2016 |
|--|------|------|
|  | \$   | \$   |

### NOTE 8 EARNINGS PER SHARE

The following reflects the income and share data used in the calculation of basic and diluted earnings per share

|  |               |               |
|--|---------------|---------------|
| Net profit (loss)  | 13,427,391    | (2,486,685)   |
| Weighted average number of ordinary shares used in calculating basic earnings per share            | 1,231,409,947 | 1,127,498,342 |
| Effect of dilutive securities:   |               |               |
| - Share options (i)  | -             | -             |
| Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share | 1,231,409,947 | 1,127,498,342 |

### NOTE 8 PROFIT (LOSS) PER SHARE (cont'd)

(i) Share options are not dilutive as their exercise price is greater than the average share price of the company over the financial year.

There were a total of 61,100,000 share options that were potentially dilutive to shares on issue at 30 June 2017 (2016: 62,037,301).

The above weighted average number of shares incorporates an adjustment to the calculation to incorporate the effects of bonus elements (if any) in relation to rights issues in the current and previous financial year.

### Conversion, calls, subscriptions or issues after 30 June 2017

There have been no conversions to, calls of, or subscriptions for ordinary shares since the reporting date and before the completion of this financial report.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 9 DIRECTOR AND EXECUTIVE DISCLOSURES

#### (a) Details of Key Management Personnel

|                |   |
|----------------|---|
| Stephen Dennis | Non-executive Chairman ( <i>appointed 1 August 2015</i> ) |
| Ian Mulholland | Managing Director ( <i>appointed 27 November 2003</i> )   |
| Brett Dickson  | Executive Director ( <i>appointed 31 March 2010</i> )     |
|                | Company Secretary ( <i>appointed 27 November 2003</i> )   |
| Jeff Gresham   | Non-executive ( <i>retired 25 November 2015</i> )         |

#### (b) Compensation of Key Management Personnel by Category

|                      | 2017<br>(\$)   | 2016<br>(\$)   |
|----------------------|----------------|----------------|
| Short Term           | 690,200        | 454,484        |
| Long Term            | 10,577         | 30,885         |
| Post Employment      | 41,650         | 69,667         |
| Share-Based Payments | 116,201        | 157,175        |
|                      | <u>858,628</u> | <u>712,211</u> |

### NOTE 10 AUDITOR'S REMUNERATION

Remuneration of the auditor of the Company, Ernst & Young (Australia) for:

|   |               |               |
|---|---------------|---------------|
| Auditing and reviewing the financial report | 45,320        | 50,470        |
| Taxation services                           | 16,489        | 25,000        |
|   | <u>61,809</u> | <u>75,470</u> |

### NOTE 11 CASH AND CASH EQUIVALENTS

|                               |                   |                |
|-------------------------------|-------------------|----------------|
| (a) Cash and cash equivalents | <u>13,883,065</u> | <u>595,760</u> |
|-------------------------------|-------------------|----------------|

Cash at bank earns interest at floating rates based on daily deposit rates

#### (b) Reconciliation of net loss after income tax to net cash flow from operations:

|   |                    |                    |
|---|--------------------|--------------------|
| Net profit (loss) after Income Tax                                      | 13,427,391         | (2,486,685)        |
| Adjustments for reconcile profit before tax to net operating cash flows |                    |                    |
| - Depreciation  | 16,131             | 17,124             |
| - Share based payments  | 167,120            | 196,758            |
| - Profit on sale of Reward project                                      | (16,862,429)       | -                  |
| - Marindi Metals Limited Settlement (Net)                               | 149,777            | -                  |
| Changes in assets and liabilities                                       |                    |                    |
| - (Increase) decrease in prepayments                                    | 329                | 191                |
| - Increase (decrease) in provisions                                     | 1,836              | (61)               |
| - Increase (decrease) in trade payables/accruals                        | 416,791            | (87,849)           |
| - (Increase) decrease in receivables                                    | (166,657)          | (114,226)          |
| Cash out-flow from operations   | <u>(2,849,711)</u> | <u>(2,474,748)</u> |

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 11 CASH AND CASH EQUIVALENTS (cont'd)

- (c) There were no non-cash financing and investing activities in the 2016 or 2017 financial years.
- (d) The Company does not have any credit standby arrangements, used or unused loan facilities.

|                            | 2017<br>(\$)     | 2016<br>(\$)   |
|----------------------------|------------------|----------------|
| <b>NOTE 12 RECEIVABLES</b> |                  |                |
| <b>Current</b>             |                  |                |
| Trade receivables (a)      | 299,670          | 100,758        |
| Other related parties (a)  | 12,759           | 45,014         |
|                            | <u>312,429</u>   | <u>145,772</u> |
| <b>Non-Current</b>         |                  |                |
| Trade receivables (b)      | <u>2,192,156</u> | <u>-</u>       |

- (a) Trade receivables, including from related parties, generally have 30 day terms and are unsecured.
- (b) During the financial year the company sold the Reward Project which included a deferred consideration component of \$3,750,000 payable on completion of a bankable feasibility study, or the expiry of 6 years, whichever comes first. The non-current receivable represents the net present value of that deferred consideration using a discount rate of 10%. The fair value of the receivable approximates its carrying value.

### NOTE 13 EQUIPMENT

|  |               |               |
|--|---------------|---------------|
| Equipment at cost                            | 170,428       | 156,707       |
| Accumulated depreciation                     | (114,737)     | (98,607)      |
|  | <u>55,691</u> | <u>58,100</u> |
| (a) Movements in plant and equipment         |               |               |
| - At 1 July, net of accumulated depreciation | 58,100        | 71,264        |
| - Additions                                  | 13,722        | 3,960         |
| - Depreciation                               | (16,131)      | (17,124)      |
| At 30 June, net of accumulated depreciation  | <u>55,691</u> | <u>58,100</u> |

### NOTE 14 OTHER FINANCIAL ASSETS

#### Current

|                   |               |               |
|-------------------|---------------|---------------|
| Security deposits | <u>17,436</u> | <u>43,695</u> |
|-------------------|---------------|---------------|

The fair value of the security deposit approximates its carrying value

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

|   | 2017<br>(\$)      | 2016<br>(\$)      |
|---|-------------------|-------------------|
| <b>NOTE 15 CAPITALISED EXPLORATION AND EVALUATION</b>   |                   |                   |
| Areas of interest in exploration and evaluation phases:   |                   |                   |
| Balance at beginning of period  | 3,327,000         | 3,327,000         |
| Acquisition   | 133,887           | -                 |
| Disposal  | (387,000)         | -                 |
|   | <u>3,073,887</u>  | <u>3,327,000</u>  |
| Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas.   |                   |                   |
| <b>NOTE 16 TRADE AND OTHER PAYABLES</b>   |                   |                   |
| Trade payables  | 497,762           | 114,683           |
| Accruals  | 63,712            | 30,000            |
| Total trade and other payables (a)  | <u>561,474</u>    | <u>144,683</u>    |
| <b>(a) Terms and Conditions</b>   |                   |                   |
| Creditors, including related parties, are non-interest bearing and generally on 30 day terms.   |                   |                   |
| <b>NOTE 17 PROVISIONS</b>   |                   |                   |
| Employee benefits – annual leave  | 46,560            | 46,127            |
| Employee benefits - long service leave  | 58,350            | 56,947            |
| Mirindi Metals Limited settlement (a)   | 300,000           | -                 |
|   | <u>404,910</u>    | <u>103,074</u>    |
| (a) Subsequent to year end, Marindi Metals Limited agreed to discontinue the Supreme Court proceedings it commenced against the Company. Under the settlement terms a payment of \$300,000 cash was made to Marindi Metals Limited by the Company, being the equivalent of the Break Fee in the original Marindi offer. |                   |                   |
| <b>NOTE 18 CONTRIBUTED EQUITY AND RESERVES</b>  |                   |                   |
| <b>(i) Contributed Equity</b>   |                   |                   |
| <b>(a) Issued and paid up capital</b>   |                   |                   |
| Ordinary shares fully paid  | <u>41,436,933</u> | <u>40,491,063</u> |
| <b>(b) Movement in shares on issue</b>  |                   |                   |
| Issued and paid up capital – Ordinary shares fully paid   |                   |                   |
| Ordinary shares at beginning of period – 1,180,725,015 (2016: 1,045,540,095)  | 40,491,063        | 38,693,415        |
| Issue of 135,184,920 shares at \$0.015 per share (net of share issue costs)   |                   | 1,797,648         |
| Issue of 55,555,556 shares at \$0.018 per share (net of share issue costs)  | 945,870           | -                 |
| At reporting date: 1,236,280,571 shares (2016: 1,180,725,015)   | <u>41,436,933</u> | <u>40,491,063</u> |

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 18 CONTRIBUTED EQUITY AND RESERVES (cont'd)

#### (i) Contributed Equity (cont'd)

#### (c) Share Based Payment Reserve

During the year 21,750,000 options with an exercise price of \$0.026 and an expiry date of 30 November 2019 were issued. No other options were issued during the year and no other options have been exercised during the year and up to the date of this financial report.

At the end of the financial year there were 61,100,000 (2016: 62,037,301) unissued ordinary shares in respect of which options were outstanding.

#### (d) Terms and Conditions of Contributed Equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting on the Company.

|  | 2017<br>(\$)     | 2016<br>(\$) |
|--|------------------|--------------|
| <b>(ii) Reserves</b>                           |                  |              |
| <b>Reserves</b>                                | <b>2,483,768</b> | 2,211,648    |
| <b>(a) Share Based Payments Reserve</b>        |                  |              |
| <i>Movements</i>                               |                  |              |
| Balance at beginning of year                   | 2,211,648        | 2,014,890    |
| Options issued - employees ( refer note 19A)   | 167,120          | 196,758      |
| Shares issued for Collurabbie (refer note 19B) | 105,000          | -            |
| Balance at end of year                         | <b>2,483,768</b> | 2,211,648    |

#### Nature and Purpose of Reserves

##### *Share Based Payment Reserve*

This reserve is used to record the value of equity benefits provided to employees and unrelated parties for services and the acquisition of mineral exploration projects.

### NOTE 19 SHARE BASED PAYMENTS

#### A. Directors and Employees

##### (i) *Employee Share Incentive Scheme*

An Employee Share Scheme (ESS) has been established where Rox Resources Limited may, at the discretion of Directors, grant options over the ordinary shares of Rox Resources Limited to Directors, executives and employees of the Company. The plan is designed to provide long-term incentives for employees and to deliver long term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive guaranteed benefits. In addition, under the Plan, the Board determines the terms of the options including exercise price, expiry date and vesting conditions, if any. One half of the options granted as remuneration during the year will vest after 30 November 2017 and the balance will vest after 30 November 2018.

Options granted under the plan are unlisted and carry no dividend or voting rights. When exercised, each option is convertible into an ordinary share of the Company with full dividend and voting rights.

3,750,000 options were issued during the year (2016: Nil) and there are no other options on issue that have been issued under the plan.

Set out below is a summary of options issued.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 19 SHARE BASED PAYMENTS (cont'd)

#### A. Directors and Employees (cont'd)

##### 2017

| Grant Date                      | Expiry Date | Exercise Price (cents) | Value per option at grant date (cents) | Balance of the start of the year (number) | Granted during the year (number) | Exercised during the year (number) | Forfeited during the year (number) | Balance at end of the year (number) | Vested and exercisable at end of the year (number) |
|---------------------------------|-------------|------------------------|--|---|----------------------------------|------------------------------------|------------------------------------|-------------------------------------|--|
| 19 Dec 16                       | 30 Nov 19   | 2.6                    | 0.8                                    | -   | 3,750,000                        | -                                  | -                                  | 3,750,000                           | -  |
|                                 |             |                        |  | -   | 3,750,000                        | -                                  | -                                  | 3,750,000                           | -  |
| Weighted average exercise price |             |                        |  | \$0.026                                   | \$0.026                          | -                                  | -                                  | \$0.026                             | -  |

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.4 years (2016: Nil).

#### *Fair value of options granted*

The fair value for options issued was calculated by the Binomial Option valuation methodology using the following parameters.

##### 2017

|   |      |
|---|------|
| Weighted average exercise price (cents)         | 2.6  |
| Weighted average life of the option (years)     | 2.9  |
| Weighted average underlying share price (cents) | 1.5  |
| Expected share price volatility                 | 100% |
| Risk free interest rate                         | 2.0% |

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

No other features of options granted were incorporated into the measurement of fair value.

#### *(ii) Other Share Options*

Options issued to Directors and employees other than through the ESS are set out below.

##### 2017

| Grant Date                    | Expiry Date | Exercise Price (cents) | Value per option at grant date (cents) | Balance of the start of the year (number) | Granted during the year (number) | Exercised during the year (number) | Expired during the year (number) | Balance at end of the year (number) | Vested and exercisable at end of the year (number) |
|-------------------------------|-------------|------------------------|--|---|----------------------------------|------------------------------------|----------------------------------|-------------------------------------|--|
| 27 Feb 14                     | 28 Feb 17   | 5.7                    | 2.6                                    | 1,250,000                                 | -                                | -                                  | 1,250,000                        | -                                   | -  |
| 1 Dec 14                      | 30 Nov 17   | 5.6                    | 1.4                                    | 17,500,000                                | -                                | -                                  | -                                | 17,500,000                          | 17,500,000   |
| 11 Dec 15                     | 30 Nov 18   | 2.7                    | 0.8                                    | 21,850,000                                | -                                | -                                  | -                                | 21,850,000                          | 10,925,000   |
| 19 Dec 16                     | 30 Nov 19   | 2.6                    | 0.8                                    | -   | 18,000,000                       | -                                  | -                                | 18,000,000                          | -  |
|                               |             |                        |  | 40,600,000                                | 18,000,000                       | -                                  | 1,250,000                        | 57,350,000                          | 28,425,000   |
| Weight average exercise price |             |                        |  | \$0.040                                   | \$0.026                          | -                                  | \$0.057                          | \$0.035                             | \$0.056  |

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.4 years (2016: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 19 SHARE BASED PAYMENTS (cont'd)

#### A. Directors and Employees (cont'd)

##### (ii) Other Share Options (cont'd)

#### 2016

| Grant Date                    | Expiry Date | Exercise Price (cents) | Value per option at grant date (cents) | Balance of the start of the year (number) | Granted during the year (number) | Exercised during the year (number) | Expired during the year (number) | Balance at end of the year (number) | Vested and exercisable at end of the year (number) |
|-------------------------------|-------------|------------------------|--|---|----------------------------------|------------------------------------|----------------------------------|-------------------------------------|--|
| 3 Dec 12                      | 30 Nov 15   | 2.5                    | 0.9                                    | 5,133,000                                 | -                                | -                                  | 5,133,000                        | -                                   | -  |
| 27 Feb 14                     | 28 Feb 17   | 5.7                    | 2.6                                    | 1,250,000                                 | -                                | -                                  | -                                | 1,250,000                           | 1,250,000  |
| 1 Dec 14                      | 30 Nov 17   | 5.6                    | 1.4                                    | 17,500,000                                | -                                | -                                  | -                                | 17,500,000                          | 8,750,000  |
| 11 Dec 15                     | 30 Nov 18   | 2.7                    | 0.8                                    | -   | 21,850,000                       | -                                  | -                                | 21,850,000                          | -  |
|                               |             |                        |  | 23,883,000                                | 21,850,000                       | -                                  | 5,133,000                        | 40,600,000                          | 10,000,000   |
| Weight average exercise price |             |                        |  | \$0.049                                   | \$0.027                          | -                                  | \$0.025                          | \$0.040                             | \$0.056  |

#### Fair value of options granted

The fair value for 2017 and 2016 was calculated by using the Binomial Option valuation methodology using the following parameters.

|   | 2017 | 2016  |
|---|------|-------|
| Weighted average exercise price (cents)         | 2.6  | 2.7   |
| Weighted average life of the option (years)     | 2.9  | 3.0   |
| Weighted average underlying share price (cents) | 1.5  | 1.5   |
| Expected share price volatility                 | 100% | 100%  |
| Risk free interest rate                         | 2.0% | 2.17% |

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

No other features of options granted were incorporated into the measurement of fair value.

#### B. Unrelated Parties

The Company acquired the Collurrabie Nickle-Copper-PGE – Project during the year ended 30 June 2017. This transaction has been accounted for as an asset acquisition. The consideration paid is to be settled via an issue of fully paid ordinary shares in the Company.

In accordance with AASB 2 Share Based Payments, there is a rebuttable presumption that the fair value of goods or services received can be estimated reliably for transactions with parties other than employees. This presumption has been rebutted given that the fair value of the underlying asset (being exploration and evaluation asset) could not be reliably measured. Accordingly, the asset acquired has been recorded based on the fair value of the shares issued.

There were no other options issued to unrelated parties during the 2016 or 2017 financial years. Options issued to unrelated parties during the previous financial years are set out below.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 19 SHARE BASED PAYMENTS (cont'd)

#### B. Unrelated Parties (cont'd)

##### 2017

| Grant Date                    | Expiry Date | Exercise Price (cents) | Value per option at grant date (cents) | Balance of the start of the year (number) | Granted during the year (number) | Exercised during the year (number) | Expired during the year (number) | Balance at end of the year (number) | Vested and exercisable at end of the year (number) |
|-------------------------------|-------------|------------------------|--|---|----------------------------------|------------------------------------|----------------------------------|-------------------------------------|--|
| 25 Mar 14                     | 31 Mar 17   | 8.0                    | 2.7                                    | 8,294,862                                 | -                                | -                                  | (8,294,862)                      | -                                   | -  |
| 4 Apr 14                      | 31 Mar 17   | 8.0                    | 2.7                                    | 13,142,439                                | -                                | -                                  | (13,142,439)                     | -                                   | -  |
|                               |             |                        |  | 21,437,301                                | -                                | -                                  | (21,437,301)                     | -                                   | -  |
| Weight average exercise price |             |                        |  | \$0.08                                    | -                                | -                                  | \$0.08                           | -                                   | -  |

The weighted average remaining contractual life of share options outstanding at the end of the year was nil (2016:0.8).

##### 2016

| Grant Date                    | Expiry Date | Exercise Price (cents) | Value per option at grant date (cents) | Balance of the start of the year (number) | Granted during the year (number) | Exercised during the year (number) | Expired during the year (number) | Balance at end of the year (number) | Vested and exercisable at end of the year (number) |
|-------------------------------|-------------|------------------------|--|---|----------------------------------|------------------------------------|----------------------------------|-------------------------------------|--|
| 25 Mar 14                     | 31 Mar 17   | 8.0                    | 2.7                                    | 8,294,862                                 | -                                | -                                  | -                                | 8,294,862                           | 8,294,862  |
| 4 Apr 14                      | 31 Mar 17   | 8.0                    | 2.7                                    | 13,142,439                                | -                                | -                                  | -                                | 13,142,439                          | 13,142,439   |
|                               |             |                        |  | 21,437,301                                | -                                | -                                  | -                                | 21,437,301                          | 21,437,301   |
| Weight average exercise price |             |                        |  | \$0.08                                    | -                                | -                                  | -                                | \$0.08                              | \$0.08   |

**2017**  
**(\$)**

**2016**  
**(\$)**

### NOTE 20 ACCUMULATED LOSSES

|  |                     |            |
|--|---------------------|------------|
| Balance at beginning of year                                       | <b>38,776,962</b>   | 36,290,277 |
| Net profit (loss) attributable to members of Rox Resources Limited | <b>(13,427,391)</b> | 2,486,685  |
| Balance at end of year   | <b>25,349,571</b>   | 38,776,962 |

No dividends were paid during or since the financial year. There are no franking credits available (2016: nil).

# NOTES TO THE FINANCIAL STATEMENTS

## For the year Ended 30<sup>th</sup> June 2017

### NOTE 21 EXPENDITURE COMMITMENTS

#### (a) Exploration Commitments

The Company has entered into certain obligations to perform minimum work on mineral tenements held. The Company is required to meet tenement lease rentals and minimum expenditure requirement which are set out below. These may be varied or deferred on application and are expenditures expected to be met in the normal course of business.

|   | 2017<br>\$     | 2016<br>\$     |
|---|----------------|----------------|
| Not later than one year                           | 900,920        | 411,000        |
| Later than one year and not later than five years | -              | -              |
|   | <b>900,920</b> | <b>411,000</b> |

#### (b) Remuneration Commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognized as liabilities, payable:

|   |                  |                |
|---|------------------|----------------|
| Not later than one year                           | 448,400          | 244,200        |
| Later than one year and not later than five years | 732,600          | -              |
|   | <b>1,181,000</b> | <b>244,200</b> |

### NOTE 22 CONTINGENT LIABILITIES

At the financial reporting date there are no contingent liabilities.

### NOTE 23 EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year Marindi Metals Limited agreed to discontinue the Supreme Court proceedings it commenced against the Company. Under the settlement terms a payment of \$300,000 cash was made to Marindi Metals Limited by the Company. This has been provided for at 30 June 2017 (Refer Note 17).

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.

### NOTE 24 RELATED PARTY TRANSACTIONS

#### (a) Director Related Transactions

Coolform Investments Pty Ltd, a company in which Mr Dickson is a Director and shareholder, received fees totalling \$145,200 (2016: \$158,400) for the provision of services. An amount of \$13,200 (2016: Nil) is payable at year end.

During the year the Company paid fees totalling \$90,309 (2016: \$ 117,972 including GST) to Azure Minerals Limited, a company of which Mr Dickson is an officer, for the provision of office accommodation. An amount of \$ 25,498 (2016: \$22,992) is payable at year end. The Company also received fees totalling \$109,035 (2016: \$49,282 including GST) from Azure Minerals Limited being reimbursement for the provision of office secretarial support. An amount of \$12,759 (2016: 45,014) is receivable at year end.

The above transactions were entered into on normal commercial terms.

# **NOTES TO THE FINANCIAL STATEMENTS**

## **For the year Ended 30<sup>th</sup> June 2017**

### **NOTE 25 JOINT OPERATIONS**

#### **REWARD PROJECT**

During the financial year, the Company sold its interest in this project.

#### **BONYA PROJECT**

During the 2016 financial year Rox earned a 51% interest in the Bonya project and elected to increase its interest to 70% by spending an additional \$1,000,000 by 10 December 2016. During 2016, Rox sought and was granted an extension of time to 10 December 2017 to complete this expenditure. In June 2017, Rox advised Arafura Resources that it would not complete the expenditure requirement to increase its interest to 70%. Accordingly the investment is accounted for as a joint Operation with Rox having a 51% interest and Arafura 49%.

#### **MT FISHER PROJECT – DORAY MINERALS FARM-IN**

In May 2016 the Company entered into a joint venture agreement with Doray Minerals Limited (Doray) to explore the gold project tenements at Mt Fisher. The agreement specifically excludes the Fisher East nickel sulphide tenements.

Under the terms of the agreement Doray were required to spend a minimum of \$1 million by 30 June 2017 before it could withdraw.

Doray met its minimum expenditure commitment and has subsequently withdrawn from the project.

# **DIRECTORS' DECLARATION**

## **For the year Ended 30<sup>th</sup> June 2017**

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

1. In the opinion of the Directors':

- (a) The financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2017.

On behalf of the Board



**I Mulholland**  
Managing Director  
Perth, 28 September 2017.

# Independent Auditor's Report to the Members of Rox Resources Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Rox Resources Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## Exploration and Evaluation Assets

### Why significant

As disclosed in Note 15, the Company held assets for capitalised exploration and evaluation of \$3,073,887 as at 30 June 2017.

The carrying value of exploration and evaluation assets is subjective as it is based on the Company's ability, and intention, to continue to explore the asset. The carrying value may also be impacted by the results of exploration work and evaluation indicating that the mineral resources may not be commercially viable for extraction.

### How our audit addressed the key audit matter

We evaluated the Company's assessment of the carrying value of exploration and evaluation assets. In performing our procedures, we:

- ▶ considered the Company's right to explore in the relevant exploration area, which included obtaining and assessing supporting documentation such as Farm-in agreements and correspondence with relevant government agencies.
- ▶ considered the Company's intention to carry out significant exploration and evaluation activity in the relevant exploration area, which included an assessment of the Company's cash-flow forecast models, and enquiries with senior management and Directors as to the intentions and strategy of the Company.
- ▶ assessed recent exploration and evaluation activity in the relevant licence area to determine if there are any negative indicators that would suggest a potential impairment of the asset.
- ▶ assessed the Company's ability to finance any planned future exploration and evaluation activity.

## Sale of Reward Project

### Why significant

As disclosed in Note 6, during the year the Company completed the sale of its 51% interest in the Reward Project for which it recognised a net profit on sale of \$16,862,429.

Consideration included both a cash component and deferred consideration. The value recognised for the deferred consideration is disclosed in Note 12. The calculation of the deferred consideration is based on the Company's estimate including in relation to the timing of when the amount will be recovered and the determination of an appropriate rate to discount the amount to net present value.

### How our audit addressed the key audit matter

We evaluated the Company's treatment of the sale of the Reward Project. In performing our procedures, we:

- ▶ recalculated the underlying carrying value of the held for sale asset prior to the sale.
- ▶ obtained and read the executed sale agreement.
- ▶ assessed the timing of the recognition of the sale.
- ▶ assessed the Company's estimate of the timing of when the consideration will be recovered.
- ▶ assessed the mathematical accuracy of the calculations for the deferred consideration and the discount rate used.
- ▶ assessed the disclosure included in the financial report in respect of the Company's sale of its interest in the Reward Project.

## Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Audit of the Remuneration Report

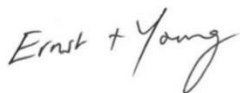
### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 27 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Rox Resources Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



T S Hammond

Partner

Perth

28 September 2017

# MINING TENEMENTS

| Project                | Tenement Number       | Interest                      | Interest Held |
|------------------------|-----------------------|-------------------------------|---------------|
| <b>Mt Fisher, WA</b>   | E53/1061              | All Minerals                  | 100%          |
|                        | E53/1106              | All Minerals                  | 100%          |
|                        | E53/1218              | All Minerals                  | 100%          |
|                        | E53/1219              | All Minerals                  | 100%          |
|                        | E53/1250              | All Minerals                  | 100%          |
|                        | E53/1318              | All Minerals                  | 100%          |
|                        | E53/1319              | All Minerals                  | 100%          |
|                        | E53/1465              | All Minerals                  | 100%          |
|                        | E53/1716              | All Minerals                  | 100%          |
|                        | E53/1836              | All Minerals                  | 100%          |
|                        | E53/1884              | All Minerals                  | 100%          |
|                        | E53/1885              | All Minerals                  | 100%          |
|                        | E53/1886              | All Minerals                  | 100%          |
|                        | E53/1887              | All Minerals                  | 100%          |
|                        | E53/1910              | All Minerals                  | 100%          |
|                        | E53/1950              | All Minerals                  | Application   |
|                        | M53/09                | All Minerals                  | 100%          |
|                        | M53/127               | All Minerals                  | 100%          |
|                        | P53/1496              | All Minerals                  | 100%          |
|                        | P53/1497              | All Minerals                  | 100%          |
|                        | P53/1625              | All Minerals                  | 100%          |
|                        | E53/1788 <sup>1</sup> | All Minerals                  | -             |
|                        | E53/1802 <sup>1</sup> | All Minerals                  | -             |
| <b>Collurabbie, WA</b> | E38/2009              | All Minerals                  | 100%          |
|                        | E38/2912              | All Minerals                  | 100%          |
|                        | E38/3193              | All Minerals                  | Application   |
|                        | P38/4256              | All Minerals                  | Application   |
|                        | P38/4264              | All Minerals                  | Application   |
| <b>Bonya, NT</b>       | EL 29599              | All Minerals                  | 100%          |
|                        | EL 29701              | Cu, Pb, Zn, Au, Ag, Bi, PGE'S | 51%           |

The sale of the Reward project tenements to Teck Australia Pty Ltd was completed during the quarter.

<sup>1</sup> Rox Resources holds an option to acquire 100% of this tenement

## OTHER INFORMATION

The following information was applicable as at 22 September 2017.

(a) Top 20 shareholders of each class of listed security

*Ordinary Fully Paid Shares*

|    | Name   | Number of<br>Shares | % of Issued<br>Share Capital |
|----|--|---------------------|------------------------------|
| 1  | HSBC Custody Nominees (Australia) Limited              | 42,548,542          | 3.42                         |
| 2  | Ramco Investments Pty Ltd <Ramco Family A/C>           | 38,855,333          | 3.12                         |
| 3  | Lido Trading Ltd                                       | 33,333,333          | 2.68                         |
| 4  | Mr Ian Robert Mulholland                               | 15,033,103          | 1.21                         |
| 5  | Citicorp Nominees Pty Ltd                              | 13,134,596          | 1.06                         |
| 6  | Crescent Nominees                                      | 12,250,000          | 0.98                         |
| 7  | Nalmor Pty Ltd John Chappell Superfund A/C             | 12,000,000          | 0.96                         |
| 8  | Mr T W Kahler + Mrs S Kahler <Kahler Super Fund>       | 11,500,000          | 0.92                         |
| 9  | Nirvana Now Pty Ltd <Ray Walker Family A/C>            | 11,000,000          | 0.88                         |
| 10 | Mr David Graham Webb                                   | 10,664,900          | 0.86                         |
| 11 | Mr G J Blight + Mr S M Blight <Gregory Blight S/F A/C> | 10,000,000          | 0.80                         |
| 12 | Goldrich Holdings Pty Ltd                              | 10,000,000          | 0.80                         |
| 13 | Mr Ram Shanker Kangatharan                             | 10,000,000          | 0.80                         |
| 14 | Teck Australia Pty Ltd                                 | 10,000,000          | 0.80                         |
| 15 | Jetosea Pty Ltd  | 9,737,789           | 0.78                         |
| 16 | Amalgamated Dairies Limited                            | 9,599,765           | 0.77                         |
| 17 | Leet Investments Pty Limited                           | 8,000,000           | 0.64                         |
| 18 | Treble Summ Pty Limited <Treble Sum Super Fund A/C>    | 7,500,000           | 0.60                         |
| 19 | Treble Summ Pty Limited <Treble Sum A/C>               | 7,250,000           | 0.58                         |
| 20 | Mr B Dickson + Mrs G Dickson <Dickson Superfund A/C>   | 7,000,000           | 0.56                         |
|    |  | <u>289,407,361</u>  | <u>23.27</u>                 |

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

No substantial shareholders

(b) Distribution of Shareholders Number

| Category (size of Holding) | Number of<br>holders | Number of<br>Shares  |
|----------------------------|----------------------|----------------------|
| 1 – 1,000                  | 173                  | 21,550               |
| 1,001 – 5,000              | 82                   | 285,793              |
| 5,001 - 10,000             | 220                  | 1,903,434            |
| 10,001 - 100,000           | 1,479                | 72,627,909           |
| 100,001 and over           | 1,523                | 1,168,941,885        |
| <u>Total</u>               | <u>3,477</u>         | <u>1,243,780,571</u> |

|                                       |       |            |
|---------------------------------------|-------|------------|
| Holding less than a marketable parcel | 1,093 | 15,369,159 |
|---------------------------------------|-------|------------|

There is a total of 1,243,780,571 fully paid ordinary shares on issue, all of which are listed on the ASX. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(c) Restricted Securities

There are no restricted securities