ROX RESOURCES LIMITED

ABN 53 107 202 602

REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Contents

Corporate Directory

Directors:

Mr Stephen Dennis
Non-Executive Chairman

Mr Alex Passmore
Managing Director

Dr John Mair
Non-Executive Director

Mr Brett Dickson
Finance Director

Company Secretary:

Mr Brett Dickson

Bankers:

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

Auditor:

Pitcher Partners BA&A Pty Ltd
Level 11
12-14 The Esplanade
Perth WA 6000

Telephone: (08) 9322 2022
Facsimile: (08) 9322 1262

Solicitor:

K & L Gates
Level 32, St Martins Tower
44 St George's Terrace
Perth WA 6000

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

For shareholder information contact:

Share Registry:

Computershare Registry Services Pty Ltd
Level 11, 172 St George's Terrace
Perth WA 6000

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

Stock Exchange:

Australian Securities Exchange

Company Code:
RXL (Fully Paid Shares)

Listed Securities:

1,457,947,238 Fully paid ordinary shares

Un-Listed Securities:

22,250,000 2.4 cent, 30 November 2020 options
20,000,000 1.5 cent, 31 January 2022 options
83,000,000 3.3 cent, 30 November 2022 options

For information on your company contact:

Principal & Registered Office:

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West Perth WA 6005

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

ROX RESOURCES LIMITED
ABN 53 107 202 602

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Your directors submit the financial report on the consolidated entities (referred to as the Group) consisting of the Parent entity, Rox Resources Limited (Rox or the Company), and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

DIRECTORS

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

Mr Stephen Dennis
Dr John Mair (Appointed 24 October 2019)
Mr Alex Passmore
Mr Brett Dickson

Directors have been in office since the start of the financial period to the date of the report, unless otherwise stated.

REVIEW OF OPERATIONS

The loss for the half-year ended 31 December 2019 was $4,126,973 (2018: $1,298,619). This loss is predominantly attributable to expenditure on exploration activities during the period totalling $2,505,218 (2018: $943,065) and total corporate expenses of $423,398 (2018: $232,657).

Projects

Youanmi Gold Project (50%, ability to earn up to 70%)

The Youanmi mine area greenstone belt consists of mafic and felsic volcanics, volcaniclastics, minor banded iron formations, cherts and both syn- and post- mineralisation dolerite dykes. The sequence is bounded to the west by the Rifle Range Fault and also a large circular layered mafic intrusion which is considered to be younger than the mine sequence. To the east the greenstone belt abuts the Youanmi Granite which shows both sheared and intrusive margins with the greenstone. The granite and the greenstone belt are sheared and faulted by the Main Lode Shear Zone which trends north-west from the larger north-east trending Youanmi Shear Zone at the southern end of the Youanmi Granite.

Displacement on the Main Lode Shear Zone is predominantly strike-slip sinistral (and dip-slip reverse) and is considered to be a very important control in relation to gold mineralisation at Younami. Areas of relatively low-pressure during displacement (i.e. "pressure shadows" or dilation zones) along the granite / greenstone contact, in proximity to the shear zone are particularly prospective. Much of the historical mineralisation at Youanmi is located in these zones where the granite/greenstone is oriented more east-west than north-south, thereby supporting the thesis.

Rox completed a circa 16,000m RC drilling program during the period which has significantly enhanced the Company's understanding of gold mineralisation at Youanmi and provided a clear demonstration of the exploration upside. This program returned a series of significant results outside currently defined resource envelopes (ASX 24/12/2019, ASX 19/11/2019, ASX 07/11/2019, ASX 24/09/2019).

Confirmation of a new discovery came late in the period when the Company announced high-grade results from scissor holes drilled below an earlier shallow intercept in MLRC020. This new zone of mineralisation, now named the Grace Prospect, is located in the footwall rocks (Granite) to the main lode mineralisation.

Results from the scissor holes (ASX 24/12/2019) included:

RXRC114: **14m @ 31.31 g/t Au** from 1m
Including: **5m @ 77.03 g/t Au** from 1m
RXRC111: **4m @ 32.51 g/t Au** from 6m
Including: **2m @ 57.25g/t Au** from 7m

In January 2020 additional assay results were received that demonstrated down-dip continuity of high-grade mineralisation, providing confidence to the interpretation of the Grace Prospect being primary, structurally controlled gold mineralisation. (ASX 20/01/2020).

Highlights from this drilling include:

RXRC135: **8m @ 37.25 g/t Au** from 44m (Grace)
Including: **4m @ 73.81 g/t Au** from 48m (Grace)
4m @ 9.96 g/t Au from 4m (new HW zone)
RXRC133: **4m @ 18.06 g/t Au** from 16m (Grace)
RXRC132: **4m @ 11.20 g/t Au** from 48m (new FW zone)
4m @ 5.13 g/t Au from 12m (new FW zone)

These results indicate that gold mineralisation at Grace is continuous / semi-continuous and occurs as a series of quartz hosted gold lodes in granite. This drilling has identified new veins which are yet to be tested both above and below the main lode previously identified in recent drilling.

In addition to the Grace discovery, over the course of the period the Company has announced high-grade results from several prospects including (ASX: 09/09/2019, ASX 24/09/2019 and 24 September 2019).

Youanmi South:
RXRC024: **4m @ 8.17 g/t Au** from 96m
RXRC063: **12m @ 12.7 g/t Au** from 80m
RXRC064: **12m @ 8.5 g/t Au** from 44m
RXRC053: **4m @ 11.2 g/t Au** from 110m
RXRC066: **4m @ 7.6 g/t Au** from 76m

Commonwealth:
RXRC050: **2m @ 23.67 g/t Au** from 76m
RXRC049**: 4m @ 6.57 g/t Au** from 64m

United North:
RXRC013: **5m @ 5.59 g/t Au** from 81m including an intersection of **1m @ 23 g/t Au**
RXRC014: **9m @ 3.77 g/t Au** from 58m including an intersection of **5m @ 5.93 g/t Au**.

Plant Zone:
RXRC038: **4m @ 5.6 g/t Au** from 24m
RXRC047: **30m @ 1.0 g/t Au** from 96m
RXRC046: **14m @ 1.7 g/t Au** from 70m

Currans Find (45%)

Rox and its JV partner, Venus Metals, each hold a 45% interest in the high-grade historic Currans Find Gold Prospect located in the centre of the Youanmi Gold Project (ASX: 10 April 2019).

Venus will be the manager of the joint venture until Rox elects to move to 70% ownership of the OYG Joint Venture covering the Youanmi Gold Mine.

RC drilling confirmed the presence of two stacked lodes at Currans North and shows an increase in gold grade and width in the Upper Lode. The results also demonstrate that the gold mineralisation remains open at depth and down-plunge.

Significant high-grade gold intersections from the drilling undertaken during the period (ASX 13/06/2019, ASX 24/06/2019, ASX 05/08/2019, ASX 27/08/2019, ASX 05/09/2019, ASX 04/11/2019, ASX 28/11/2019) include:

Currans North Prospect:

CFRC14: **2m @ 13.34 g/t Au** from 61m including 1m @ 25.38 g/t Au from 61m

CFRC16: **3m @ 27.5 g/t Au** from 39m including 1m @ 72.67 g/t Au from 39m

CFRC26: **3m @ 32.58 g/t Au** from 115m including 1m @ 76.03 g/t Au from 115m

CFRC31: **3m @ 25.00 g/t Au** from 109m including 1m @ 57.15 g/t Au from 110m

CFRC32: **1m @ 39.61 g/t Au** from 94m

CFRC42: **4m @ 9.25 g/t Au** from 46m including 2m @ 16.05 g/t Au from 48m

CFRC46: **1m @ 13.32 g/t Au** from 110m and 2m @ 3.84 g/t Au from 128m

CFRC47: **4m @ 5.28 g/t Au** from 90m including 1m @15.30 g/t Au from 92m
and **2m @ 5.05 g/t Au** from 111m

Sovereign Prospect:

VRAC151: **4m @ 7.02 g/t Au** from 24m, and
5m @ 2.41 g/t Au from 60m to EOH

VRAC161: **4m @ 0.94 g/t Au** from 32m

VRAC173: **8m @ 1.92 g/t Au** from 28m

YSRC05: **3m @ 6.61 g/t Au** from 78m

Mt Fisher Gold Project (100%)

Results from the June quarter drilling program have been analysed with several targets to follow up. A further drilling program commenced in February 2020.

The Mt Fisher gold project is located close to several gold plants which are currently underutilised and seeking additional ore sources. The Company is investigating the potential for resources to meet that demand.

Fisher East Nickel Project (100%)

Drill planning continued with geophysical and other data being reinterpreted. Several untested VTEM anomalies and areas of the prospective basal contact horizon (i.e. basal contact) are to be tested by drilling set to commence early in 2020.

Rox-Cullen Mt Eureka JV - Nickel and Gold Tenure Expanded

During the period, Rox entered into a binding terms sheet with Cullen Exploration Pty Ltd (a subsidiary of Cullen Resources Limited ("Cullen"), ASX: CUL) which allows Rox to earn up to a 75% interest in Cullen's Mt Eureka tenements. Completion under the term sheet has seen a short delay due to the assignment of third-party agreements taking longer than expected. Completion is expected in March 2020.

The Mt Eureka Nickel and Gold Project is located in the Northern Goldfields, about 600km northeast of Kalgoorlie (about 120km east of Wiluna) and immediately to the north of Rox's Mt Fisher Gold and Fisher East Nickel Projects.

The Mt Eureka Greenstone belt represents the northernmost 40 strike km of the contiguous Mt Fisher – Mt Eureka belt. The strike length of prospective ultramafic stratigraphy on the Mt Eureka Group of tenements is extensive with the prospective basal contact unit extended from Rox's tenure onto the Mt Eureka tenure.

Key terms of the agreement are as follows:

- Rox may earn a 51% interest by spending $1m on exploration expenditure within a three-year period from satisfaction of certain Conditions Precedent (Stage 1 Earn In).
- Cullen to receive an upfront cash payment of $40,000.
- If Rox earns the 51% interest, it can elect to earn a further 24% interest by expending a further $1 million on exploration expenditure over a three-year period, commencing at the end of the Stage 1 Earn In.
- Rox must spend a minimum of $333,334 and ensure the Cullen tenements are in good standing on a daily pro rata basis before it may withdraw.
- Upon Rox earning 51% or, if it earns the additional 24%, upon Rox earning 75%, the parties will be associated in an unincorporated Joint Venture in relation to the Joint Venture Tenements, which will include certain Rox tenements and applications.
- If Rox earns 75%, Cullen will be free carried, with no liability for any Joint Venture costs, until completion of a Pre-Feasibility Study.
- If Rox only earns 51%, or earns 75% and completes a Pre-Feasibility Study, thereafter Cullen must contribute to Joint Venture costs pro-rata or dilute under a standard dilution formula.
- If a Participant's interest falls to 10% or less, that Participant's interest will be converted to a Net Smelter Return Royalty of 1% on those Cullen tenements already subject to a royalty and 2.5% on the balance of the Joint Venture Tenements.

Collurabbie (100%)

No significant field activity undertaken during the quarter. The Company is intending to divest the project during 2020.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the period, the Company announced the appointment of Dr John Mair as a non-executive independent director.

A total of 166,666,667 fully paid ordinary shares were issued at a price of $0.024 to raise $4 million, before expenses of the issue.

No other significant change in the Group's state of affairs occurred during the reporting period.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

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

ROUNDING OF AMOUNTS TO NEAREST DOLLAR

In accordance with ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, Pitcher Partners, to provide the directors of Rox Resources Limited with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is attached to the Independent Review Report to Members.
Signed in accordance with a resolution of the Directors.

Alex Passmore
Managing Director
Perth, Western Australia
Date: 11 March 2020

Competent Person Statements:

Resource Statements

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 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 gold Mineral Resources for the Mt Fisher project was reported to the ASX on 11 July 2018 (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 28 March 2018, and that all material assumptions and technical parameters underpinning the estimates in the announcement of 28 March 2018 continue to apply and have not materially changed.

The information in this report that relates to gold Mineral Resources for the Youanmi project was reported to the ASX on 17 April 2019 (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 17 April 2019, and that all material assumptions and technical parameters underpinning the estimates in the announcement of 17 April 2019 continue to apply and have not materially changed.

Exploration Results

The information in this report that relates to previous Exploration Results, was either prepared and first disclosed under the JORC Code 2004 or under the JORC Code 2012 and has been properly and extensively cross-referenced in the text to the date of original announcement to ASX. In the case of the 2004 JORC Code Exploration Results and Mineral Resources, 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.

ROX RESOURCES LIMITED

ABN 53 107 202 602

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 ($)	31 December 2018 ($)
Other revenue	3	134,634	565,705
Corporate expenses		(423,398)	(232,657)
Occupancy and related expenses		(97,938)	(100,963)
Salaries, wages and superannuation		(422,260)	(259,242)
Exploration expenditure expensed		(2,505,218)	(943,065)
Preparation costs for IPO of Helios Gold		-	(285,405)
Share based payments to employees	11	(688,900)	(17,865)
Fair value movement on equity instruments at fair value through profit or loss		(114,617)	(16,827)
Depreciation	5	(9,276)	(8,300)
Loss before income tax		**(4,126,973)**	**(1,298,619)**
Income tax expense		-	-
Net Loss for the period after income tax		**(4,126,973)**	**(1,298,619)**
Other comprehensive income:			
Items that may be re-classified subsequently to profit or loss			
Other comprehensive income for the period, net of tax		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**(4,126,973)**	**(1,298,619)**
- Basic and diluted loss per share from operations attributable to the ordinary equity holders of the parent (cents)		(0.30)	(0.10)

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

ROX RESOURCES LIMITED

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	31 December 2019 ($)	Restated^ 30 June 2019 ($)
ASSETS			
Current Assets			
Cash and cash equivalents	4	3,649,842	3,912,742
Receivables		160,622	45,065
Financial investments at fair value through profit or loss		116,218	230,835
Other		32,002	3,473
Total Current Assets		**3,958,684**	4,192,115
Non-Current Assets			
Plant and equipment	5	2,785,528	2,786,735
Receivables	6	2,783,064	2,652,508
Capitalised exploration & evaluation	7	7,634,859	7,441,142
Total Non-Current Assets		**13,203,451**	12,880,385
Total Assets		**17,162,135**	17,072,500
LIABILITIES			
Current Liabilities			
Trade and other payables		260,951	483,560
Provisions		69,827	68,083
Total Current Liabilities		**330,778**	551,643
Non-Current Liabilities			
Provisions	14	3,103,535	3,103,535
Total Non-Current Liabilities		**3,103,535**	3,103,535
Total Liabilities		3,434,313	3,655,178
NET ASSETS		**13,727,822**	13,417,322
EQUITY			
Issued capital		45,790,506	42,041,933
Reserves		3,444,622	2,755,722
Accumulated losses		(35,507,306)	(31,380,333)
TOTAL EQUITY		**13,727,822**	13,417,322

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

^ Certain amounts shown here do not correspond to the 30 June 2019 financial statements and reflect adjustments disclosed in note 14.

ROX RESOURCES LIMITED

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Issued Share Capital	Share Option Reserve	Accumulated (Losses)	Total
	($)	($)	($)	($)
At 1 July 2019	42,041,933	2,755,722	(31,380,333)	13,417,322
Loss for period	-	-	(4,126,973)	(4,126,973)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half year	-	-	(4,126,973)	(4,126,973)
Transactions with owners in their capacity as owners				
Issue of share capital	4,000,000	-	-	4,000,000
Share issue costs	(251,427)	-	-	(251,427)
Share-based payments	-	688,900	-	688,900
Balance as at 31 December 2019	**45,790,506**	**3,444,622**	**(35,507,306)**	**13,727,822**
At 1 July 2018	41,766,933	2,658,257	(28,589,517)	15,835,673
Loss for period	-	-	(1,298,619)	(1,298,619)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half year	-	-	(1,298,619)	(1,298,619)
Transactions with owners in their capacity as owners				
Share-based payments	-	17,865	-	17,865
Balance as at 31 December 2018	**41,766,933**	**2,676,122**	**(29,888,136)**	**14,554,919**

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

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 $	31 December 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		12,119	112,915
Payments to suppliers and employees		(1,212,598)	(607,246)
Expenditure on mineral interests		(2,757,828)	(985,999)
Net cash flows used in operating activities		**(3,958,307)**	**(1,480,330)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Preparation costs for IPO of Helios Gold		-	(354,590)
Payments for exploration leases		(45,296)	(638,720)
Payments for property, plant and equipment	5	(8,069)	(14,900)
Proceeds from sale of plant and equipment		199	-
Security bonds refunded		-	13,271
Net cash flows used in investing activities		**(53,166)**	**(994,939)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		4,000,000	-
Payments for capital raising fees		(251,427)	-
Net cash flows from financing activities		**3,748,573**	**-**
Net decrease in cash and cash equivalents		(262,900)	(2,475,269)
Cash and cash equivalents at beginning of period		3,912,742	10,378,334
Cash and cash equivalents at end of period	4	**3,649,842**	**7,903,065**

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

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

1.1 Basis of Preparation

The interim consolidated financial statements of the Group for the half year ended 31 December 2019 are condensed consolidated general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim condensed consolidated financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half-year financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2019 and considered together with any public announcements made by Rox Resources Limited during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations of the ASX listing rules.

1.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019, except for the adoption of new standards effective as of 1 July 2019 and the changes in accounting policies per Note 1.3. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

A number of new and amended accounting standards are effective for the current reporting period, however, the change to the Group's accounting policies arising from these standards has not required the Group to make retrospective adjustments as a result of adopting these standards. The adoption of the new and amended accounting standards has therefore had no material impact on the Group for the half-year ended 31 December 2019.

AASB 16 Leases

AASB 16 Leases ('AASB 16') became mandatorily effective on 1 January 2019. Accordingly, this standard applies for the first time to this set of financial statements. AASB 16 replaces AASB 117 Leases and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis.

Subsequent to initial recognition:

a) Right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:

    i. Investment property, the lessee applies the fair value model in AASB 140 Investment Property to the right-of-use asset; or

    ii. Property, plant or equipment, the applies the revaluation model in AASB 116 Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and

b) Lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

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

1.2 New standards, interpretations and amendments adopted by the Group (continued)

AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117.

The adoption of AASB 16 for the half-year ending 31 December 2019 did not have any impact on the transactions and balances recognised in the Half-Year Financial Report. The existing lease arrangement at 30 June 2019 expires within 12 months. As a result, the Company has adopted the exemption available in respect of short-term (less than 12 months) leases and was not required to recognise these at the date of transition of 1 July 2019 and the previously disclosed lease commitments all related to leases that expired within 12 months of transition.

Other amendments and interpretations relevant to the Group include:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of Business with effective date 1 January 2020;
- Interpretations 23 Uncertainty Over Income Tax Treatments – Effective date of Interpretation 23 Uncertainty over Income Tax Treatments with effective date 1 January 2019; and
- Annual Improvements to IFRS Standards 2015-2017 Cycle – Effective date on amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs with effective date 1 January 2019.

The amendments and interpretations above, all of which apply to the group as at 1 July 2019 have not had a material impact on the transactions and balances recognised in the financial statements.

1.3 Changes in Accounting Policies

This note discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

(a) Joint arrangements

The Group undertakes a number of business activities through joint arrangements. A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint operation (JO) is a type of joint arrangement in which the parties with joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. In relation to its interests in JOs, the financial statements of the Group include:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

All such amounts are measured in accordance with the terms of each arrangement which are in proportion to the Group's interest in each asset and liability, income and expense of the JO.

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

1.3 Changes in Accounting Policies (continued)

(b) Rehabilitation and mine closure provisions

Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of, the Group's facilities and mine properties. The Group assesses its mine rehabilitation provision at each reporting date. The Group recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities include: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognised as part of the related inventory item. Additional disturbances that arise due to further development/construction at the mine are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to the restoration of site damage (subsequent to the start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of profit or loss and other comprehensive income.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs.

1.4 Significant accounting judgements, estimates 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 new 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.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the 30 June 2019 financial statements.

(a) Rehabilitation and mine closure provisions

Rehabilitation and mine closure costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of the mine's life. In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing these expected future costs (largely dependent on the life of the mine), and the future level of inflation.

The ultimate cost of decommissioning and rehabilitation is uncertain, and the costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in the reserves or to production rates.

Changes to any of these estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

1.5 Going Concern

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

The Group has incurred a net loss after tax for the period ended 31 December 2019 of $4,126,973 (2018: $1,298,619) and experienced net cash outflows used operating activities of $3,958,307 (2018: $1,480,330). At 31 December 2019, the Group had net current assets of $3,627,906 (30 June 2019: $3,640,472).

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

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

1.5 Going Concern (continued)

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

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

NOTE 2: OPERATING SEGMENTS

Identification of Reportable Segments

The Group operates within the mineral exploration industry within Australia.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 3: OTHER REVENUE

Net loss from ordinary activities before income tax expense includes the following revenue amounts whose discussion is relevant in explaining the financial performance of the entity:

	31 December 2019 $	31 December 2018 $
(a) Other revenue		
Interest revenue	3,878	98,365
Finance income	130,756	118,687
Gain on sale of project	-	348,653
	134,634	**565,705**

NOTE 4: CASH AND CASH EQUIVALENTS

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

	31 December 2019 $	30 June 2019 $
Cash at bank and in hand	3,649,842	3,912,742

NOTE 5: PLANT AND EQUIPMENT

Reconciliation of movements in plant and equipment

Balance at 1 July 2018	**37,701**
Additions^	2,768,160
Disposals	(3,861)
Depreciation expense	(15,265)
Restated balance at 30 June 2019^	**2,786,735**
Balance at 1 July 2019	**2,786,735**
Additions	8,069
Depreciation expense	(9,276)
Balance as at 31 December 2019	**2,785,528**

^ Certain amounts shown here do not correspond to the 30 June 2019 financial statements and reflect adjustments disclosed in note 14.

NOTE 6: RECEIVABLES

The non-current receivable represents the present value of a $3,750,000 receivable due from Teck Australia Pty Ltd which is due and payable by 15 February 2023. The periodic unwinding of the discount is recognised in the Consolidated Statement of Comprehensive Income as part of finance income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	31 December 2019 $	Restated^ 30 June 2019 $
NOTE 7: CAPITALISED EXPLORATION & EVALUATION		
Non-Current Assets		
Areas of interest in exploration and evaluation phases	7,634,859	7,441,142
	7,634,859	7,441,142

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas.

^ Certain amounts shown here do not correspond to the 30 June 2019 financial statements and reflect adjustments disclosed in note 14.

NOTE 8: SHARE CAPITAL

	Shares	$
Balance at 31 December 2018	1,258,780,571	41,766,933
Balance at 30 June 2019	1,291,280,571	42,041,933
Balance at 1 July 2019	**1,291,280,571**	**42,041,933**
- 26 September 2019 Share Issue	166,666,667	4,000,000
- Share Issue costs	-	(251,427)
Balance as at 31 December 2019	**1,457,947,238**	**45,790,506**

NOTE 9: COMMITMENTS AND CONTINGENCIES

The Group, as part of acquiring a 50% interest in the OYG Joint Venture, have an expenditure commitment of $2,000,000 ("the OYG Expenditure Commitment") to meet by 30 June 2021. Failure to meet the expenditure commitment will give rise to a debt due and payable to its joint venture partner, Venus Metals, on demand for the amount of the expenditure commitment that has not been incurred as at 30 June 2021. At 31 December 2019, the outstanding OYG Expenditure Commitment was $728,618. Refer Note 15 for further information.

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

NOTE 10: EVENTS AFTER THE BALANCE SHEET DATE

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

NOTE 11: SHARE BASED PAYMENTS

During the financial period 83,000,000 options exercisable at 3.3 cents on or before 30 November 2022 were issued to directors and employees as part of their long-term incentive remuneration. The options vested immediately and although there were no performance hurdles, the exercise price was set at a 50% premium to the 30-day VWAP leading up to the award of the options. The fair value of these options granted was calculated as 0.83 cents each by using the Binomial option valuation methodology and applying the following inputs:

Weighted average exercise price (cents)	3.3
Weighted average life of options (years)	3.0
Weighted average underlying share price (cents)	2.0
Expected share price volatility	82.90%
Risk free interest rate	0.70%

Total expenses arising from share-based payment transactions recognised during the period were $688,900 (2018: $17,865).

NOTE 12: RELATED PARTY TRANSACTIONS

For details of related party arrangements refer to 30 June 2019 financial statements. During the period options exercisable at $0.033 each which expire at 30 November 2022 were issued and short-term incentive bonuses were paid as follows:

Options Issued			Bonus Paid
Issued to	*Number Issued*	*Fair Value of Options*	*$*
Alex Passmore – Managing Director	40,000,000	$332,000	-
Stephen Dennis – Non-Executive Chairman	10,000,000	$83,000	-
John Mair – Non-Executive Director	10,000,000	$83,000	-
Brett Dickson – Finance Director & Company Secretary	15,000,000	$124,500	-

Coolform Investments Pty Ltd, a company in which Mr Dickson is a director and shareholder, received fees totalling $ 90,750 (2018: $90,750) for the provision of services during the financial period.
During the financial period the Group paid fees totalling $52,186 (including GST) (2018: $64,345) to Azure Minerals Limited, a company of which Mr Dickson is an officer, for the provision of office accommodation. The Group also received fees totalling $24,090 (including GST) (2018: $24,090) from Azure Minerals Limited being reimbursement for the provision of office secretarial support.
There were no other significant changes to the related party arrangements of the Group during the half-year ended 31 December 2019.

NOTE 13: FINANCIAL INSTRUMENTS

As at 31 December 2019, all financial instruments are recognised at carrying amounts that are approximately equal to their fair values. Financial investments at fair value through profit and loss included investments in listed equity shares. Fair values are classified as level 1, such that these equity shares are determined by reference to published price quotations in an active market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 14: RESTATEMENT OF PRIOR PERIOD BALANCES

Rox, while preparing the financial statements of the Group for the half-year ended 31 December 2019 identified, that due to an oversight, no value had been attributed to the plant and equipment or the rehabilitation provision arising from the acquisition of a 50% interest in the OYG Joint Venture in the year ended 30 June 2019. This resulted in restatement of the following line items for the year ended 30 June 2019:

- Capitalised exploration expenditure was increased by $353,535;
- Plant and equipment was increased by $2,750,000; and
- Non-current provisions were increased by $3,103,535.

As the plant and equipment and rehabilitation provision were acquired/assumed as part of the Group's purchase of a 50% stake in the OYG Joint Venture, which was completed on 21 June 2019, there is no impact on the opening balance at 1 July 2018.

There is no impact on net assets as at 30 June 2019, nor on the consolidated statement of comprehensive income as at 30 June 2019.

The above adjustment had the following impact on the 30 June 2019 consolidated statement of financial position:

Financial report line item / balance affected	**Actual 30 June 2019**	**Adjustment**	**Restated Actual 30 June 2019**
	$	**$**	**$**
Consolidated Statement of Financial Position extract			
Non-Current assets			
Plant and equipment	36,735	2,750,000	2,786,735
Capitalised exploration expenditure	7,087,607	353,535	7,441,142
Total non-current assets	**9,776,850**	**3,103,535**	**12,880,385**
Total assets	**13,968,965**	**3,103,535**	**17,072,500**
Non-Current liabilities			
Provisions	-	3,103,535	3,103,535
Total non-current liabilities	**-**	**3,103,535**	**3,103,535**
Total liabilities	**551,643**	**3,103,535**	**3,655,178**
Net assets	**13,417,322**	**-**	**13,417,322**

NOTE 15: JOINT OPERATIONS

YOUANMI GOLD PROJECT

At Youanmi Gold Project the Group established four separate joint ventures with Venus Metals Corporation Ltd (**VMC**) whereby the Group has purchased or may earn between a 45% and 50% interest as follows:

OYG Joint Venture

The Group acquired a 50% interest in all minerals by the payment of $2,800,000 and the issue of 25,000,000 fully paid shares at a deemed price of $0.008 (a deemed $200,000).

The Group is also required to meet exploration expenditure of $2,000,000 over the two years to June 2021 and to cover the costs of holding and managing the project. Failure to meet the exploration expenditure of $2,000,000 will give rise to a debt due and payable to VMC, on demand, for the amount of the expenditure commitment that has not been incurred as at 30 June 2021. At 31 December 2019, the outstanding expenditure commitment was $728,618.

Additionally, at any point up until June 2021 and after it has contributed the $2,000,000 to exploration expenditure, the Group may elect to move to 70% ownership of the OYG Joint Venture via, at VMC's election, either:

1. the payment of $3,000,000 cash to VMC; or
2. the payment of $1,500,000 cash and issuing to VMC the number of Rox shares equal to $1,500,000 divided by the volume weighted average price of Rox's ordinary shares on the ASX calculated over the 20 trading days immediately prior to the date the option is exercised.

Joint Venture costs are then to be contributed in proportion to ownership, although if VMC elects it can require Rox to fund its 30% of costs by way of a joint venture loan secured over VMC's interests in the Joint Venture.

Venus Joint Venture

The Group may earn a 50% interest in the gold rights of the Venus Joint Venture by contributing the first $0.8 million of exploration expenditure on the project area across the Joint Venture to June 2021. Following the earn-in the joint ventures are standard contribute or dilute arrangements.

Youanmi Joint Venture

The Group may earn a 45% interest in the gold rights of the Youanmi Joint Venture by contributing the first $0.2 million of exploration expenditure on the project area across the Joint Venture to June 2021. Following the earn-in the joint ventures are standard contribute or dilute arrangements.

Currans Find & Pincher Joint Venture

The Group acquired a 45% interest in all minerals by the payment of $75,000 and the issue of 7,500,000 fully paid shares at a deemed price of $0.010 (a deemed $75,000).

Joint Venture costs are to be contributed in proportion to ownership.

ROX RESOURCES LIMITED

ABN 53 107 202 602

DECLARATION BY DIRECTORS

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

In the opinion of the directors

(a) The financial statements and notes of Rox Resources Limited are in accordance with the *Corporations Act 2001*, including:

   (i) Giving a true and fair view of the consolidated entity's financial position as at 31st December 2019 and the performance for the half-year ended on that date; and

   (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

ALEX PASSMORE
Managing Director
Perth, Western Australia
Date: 11 March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ROX RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Rox Resources Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ROX RESOURCES LIMITED

Material Uncertainty Related to Going Concern

We draw attention to Note 1.5 to the half-year financial report, which indicates that the Group incurred a net loss of $4,126,973 and a net cash outflow used in operating activities of $3,958,307 for the half-year ended 31 December 2019 and, as at that date, had net current assets of $3,627,906. These conditions, along with other matters set forth in Note 1.5 to the half-year financial report, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in this respect.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

JOANNE PALMER
Executive Director
Perth, 11 March 2020

PITCHER PARTNERS

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF ROX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

In relation to the independent review for the half-year ended 31 December 2019, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards).*

This declaration is in respect of Rox Resources Limited and the entities it controlled during the period.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

JOANNE PALMER
Executive Director
Perth, 11 March 2020