

ROX RESOURCES LIMITED

ABN 53 107 202 602

REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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Corporate Directory

Directors:

Mr Stephen Dennis
Non-Executive Chairman

Mr Alex Passmore
Managing Director

Dr John Mair
Non-Executive 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:

2,049,828,463 Fully paid ordinary shares

Un-Listed Securities:

20,000,000 1.5 cent, 31 January 2022 options
67,000,000 3.3 cent, 30 November 2022 options
20,000,000 1.0 cent, 30 December 2023 options
20,000,000 1.25 cent, 30 December 2023 options
20,000,000 1.5 cent, 30 December 2023 options

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

ROX RESOURCES LIMITED

ABN 53 107 202 602

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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 2020.

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
Mr Alex Passmore
Mr Brett Dickson (Resigned on 16 October 2020)

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 net loss after tax for the half-year ended 31 December 2020 was \$6,307,421 (2019: \$4,126,973). This loss is predominantly attributable to expenditure on exploration activities during the period totalling \$3,679,781 (2019: \$2,505,218), share based payments (non-cash) of \$1,348,860 (2019: \$688,900), and total corporate expenses of \$372,960 (2019: \$423,398).

Projects

Rox Resources Limited (**Rox**) has a suite of advanced projects that are prospective for either nickel or gold.

Gold Projects	Nickel Projects
Youanmi Gold Project	Fisher East Nickel
Mt Fisher Gold Project	Collurabbie Nickel Project

All projects contain JORC mineral resource estimates and are located in Western Australia.

Youanmi Gold Project

The Youanmi Gold Project is located 480 km to the northeast of Perth, Western Australia, accessed by the sealed Great Northern Highway for a distance of 418 km from Perth to Paynes Find and then for 150 km by the unsealed Paynes Find to Sandstone Road.

The Youanmi Gold Project consists of four joint ventures with Venus Metals Corporation Limited (**VMC**) and tenements 100% owned by Rox (figure 1). The joint ventures are:

1. The **OYG JV** (all minerals) - covers 65km², and surrounds the Youanmi Gold Mine and nearby extensions;
2. the **VMC JV** (gold rights) - covers 302km²;
3. the **Youanmi JV** (gold rights) - covers 270km²; and
4. the **Currans Find JV** (all minerals) - covers 4km².

The Youanmi Mining Centre has produced an estimated 667,000 oz of gold (at 5.47 g/t Au) since discovery in 1901 during three main periods: 1908 to 1921, 1937 to 1942, and 1987 to 1997. Most of the gold was produced from the Youanmi Mine with an estimated 96,000oz produced from Youangarra, Penny West, Columbia-Magenta, Currans and other minor prospects.

The Youanmi Project area lies within the Youanmi greenstone belt and is focussed on the north-trending Youanmi Shear Zone and associated splays. Most of the gold mineralisation seen at the project is hosted within north-northwest splays adjacent to, and within the Youanmi granite.

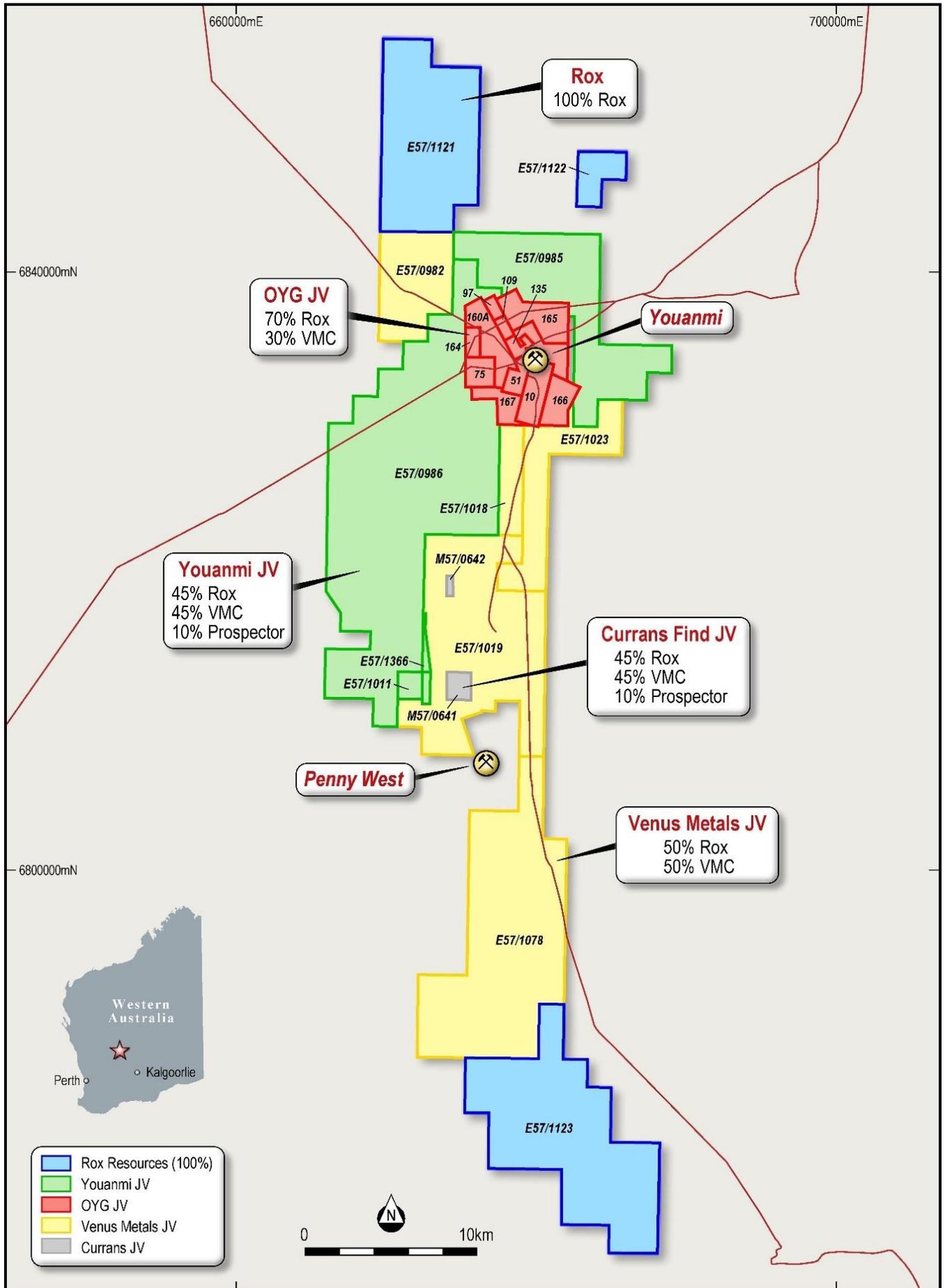


Figure 1 - Youanmi Gold Project

OYG JV (Rox 70%, VMC 30% all minerals)

The December half-year was a particularly busy period for the Company with some 74 RC holes drilled for 14,000m, 9 Diamond holes drilled for 1,192m and 325 AC holes for 15,865m. In addition, Sub-Audio Magnetic (SAM) and High-Resolution Aeromagnetic surveys were completed over the Youanmi granite.

These activities and a recent geological review has increased the Company's understanding of the geological controls on mineralisation at Youanmi and provided compelling evidence for underexplored targets at Youanmi.

Drilling in 2021, which commenced in early February 2021, will principally focus on delineating and extending the high-grade shoots at Link and Junction (Figure 2) with the aim of adding to the near-mine resource and substantially increase lateral resource ounces.

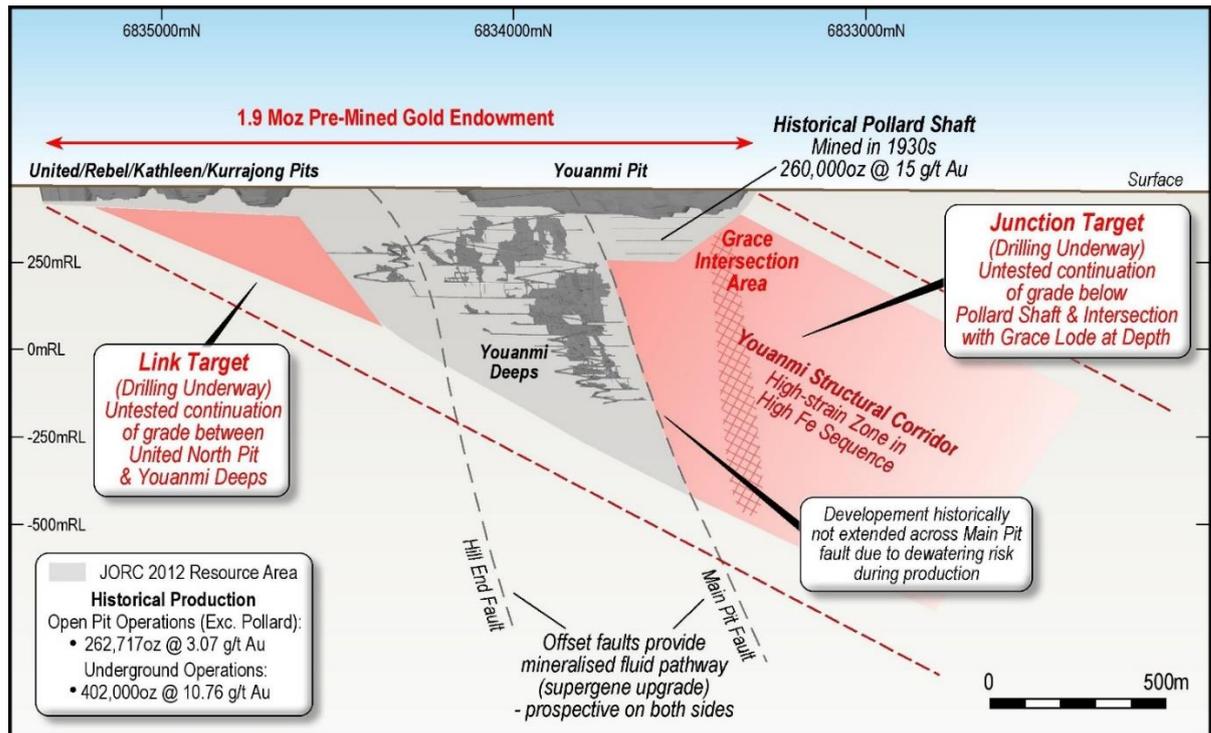


Figure 2 - The Grace-Mine shear zone intersection below the southern half of Main Pit i.e. "Junction Target".

RC Drilling

The RC drilling during the period produced some very encouraging intercepts with some of the better results being (ASX: 28 Jul, 1 Sep and 7 Oct 2020):

- RXRC194: **3m @ 10.7g/t Au** from 19m (Grace North)
- RXRC201: **1m @ 63.68g/t Au** from 49m to end of hole (Grace North)
- RXRC239: **13m @ 60.49g/t Au** from 177m, including **4m @ 191.56g/t Au** from 181m (Grace North)
- RXRC292: **2m @ 12.31g/t Au** from 195m and **4m @ 5.01g/t Au** from 173m within an impressive broader **49m mineralised zone** comprising **25m @ 2.36g/t Au** from 173m and **24m @ 1.04g/t Au** from 145m (Grace)
- RXRC294: **7m @ 6.87g/t Au** from 118m (Grace)
- RXRC305: **3m @ 10.26g/t Au** from 107m (Grace North)
- RXRC308: **3m @ 22.67g/t Au** from 10m (Grace)
- RXRC310: **4m @ 18.53g/t Au** from 88m (Grace)
- RXRC312: **3m @ 5.72g/t Au** from 217m at EOH (Grace North)
- RXRC314: **2m @ 13.96g/t Au** from 114m (Grace North)
- RXRC316: **4m @ 3.79g/t Au** from 166m

Aircore Drilling

Aircore drilling over the Youanmi granite and along the granite margin delineated ten large >250ppb Au anomalous areas. Five of these are greater than 500m in strike length. The best result was returned from RXAC022, showing **4m @ 15.95g/t Au** from 36m in granite 3km north of the Youanmi Mine and the Grace zone.

Aircore drilling in the Bunker area produced some encouraging high-grade results, located 400m north along strike (N-S) from the Bunker Pit in a newly identified structure. Those results included:

RXAC462: **8m @ 1.35g/t Au** from 32m to 40m within a broader zone of mineralisation of **24m @ 0.73g/t Au** from 20m to 44m

RXAC465: **8m @ 1.31g/t Au** from 24m to 32m within a broader zone of mineralisation of **28m @ 0.59g/t Au** from 24m to 52m

VMC JV (Rox 50%, VMC 50%, gold rights only)

The Sovereign Gold Prospect is located along the Penny West-Youanmi Shear Zone, approximately 5km north of the Penny gold deposits. Drilling tested a target based on interpreted ground magnetic data. Bedrock gold mineralisation was intersected approximately 70m-120m southwest of previous gold intercepts (refer ASX releases 10 December and 18 September 2020). This result indicates a continuation of bedrock mineralisation and along the newly identified southwest target trend.

Best results from this round of drilling were:

YSRC037 **2m @ 4.87g/t Au** from 75m, including **1m @ 8.55 g/t Au** from 75m

YSRC039 **2m @ 1.71g/t Au** from 116m

Youanmi JV (Rox 45%, VMC 45%, Prospector 10%, gold rights only)

First-pass RC drilling beneath historical shallow reconnaissance drilling and soil anomalies intersected gold mineralisation (Hope Gold Prospect) along the western granite-greenstone contact approximately 2km north of the Youanmi Mining Leases (in fresh granite near the granite-greenstone contact).

Best results received were:

YSRC026: **1m @ 9.30 g/t Au** from 103m

YSRC020: **3m @ 1.53 g/t Au** from 45m

Currans Find JV (Rox 45%, VMC 45%, Prospector 10% all minerals)

RC drilling followed up on an earlier discovery of high-grade, near-surface gold mineralisation at the Taylor's Reef prospect. The results increased the strike extent of previously delineated mineralisation. Best results were:

CFRC087 **3m @ 4.29 g/t Au** from 132m, including **1m @ 7.98 g/t Au** from 132m

CFRC089 **1m @ 5.10 g/t Au** from 12m

CFRC090 **2m @ 3.09 g/t Au** from 47m

Nickel Projects

On 28 January 2021, Rox advised that it is pursuing a strategy to unlock the value of its nickel portfolio, given the Company's priority focus on the Youanmi Gold Project.

Following a considered process over recent months and with increasingly positive investor sentiment surrounding the nickel sector, the Company is investigating either a sale of the assets to another corporate in the sector, or alternatively, a spin out of the nickel portfolio to its shareholders in a new corporate vehicle.

With due diligence and preparatory documentation now significantly progressed for both restructuring options, the Company anticipates being able to update the market on its preferred path (being guided by the best outcome for shareholders) by late March.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the period, the Company announced the resignation of Mr Brett Dickson as a Finance Director.

The following shares were issued during the reporting period:

- 9,250,000 shares were issued following the exercise of 9,250,000 options at \$0.024 each to raise \$222,000;
- 9,810,893 shares were issued from the exercise of 16,000,000 options issued under the Employee Share Option Plan ("Plan"). Those options were exercised utilising the Plan's Cashless Exercise Facility. No funds were raised from the exercise of the options; and
- 41,666,667 shares were issued as part consideration for the Company's acquisition of an additional 20% interest in the OYG joint venture at the Youammi mining centre.

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: 25 February 2021

Competent Person Statements:

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.

MINERAL RESOURCES

Youanmi Gold Project, WA (Reported to the ASX on 17 April 2019)

Deposit	Category	Tonnes (Mt)	Grade Au (g/t)	Contained Gold (oz)
Near Surface Deposits (cut-off 0.5 g/t Au)	Indicated	4.72	1.76	266,200
	Inferred	5.36	1.55	266,500
	TOTAL	10.07	1.65	532,700

Deposit	Category	Tonnes (Mt)	Grade Au (g/t)	Contained Gold (oz)
Deeps (cut-off 4.0 g/t Au)	Indicated	0.81	8.1	210,200
	Inferred	1.60	8.7	447,700
	TOTAL	2.41	8.5	657,900

Mt Fisher Gold, WA (Reported to the ASX on 11 July 2018, 0.8 g/tAu cut-off)

Deposit	Category	Tonnes	Uncut		Cut		
			Grade (g/tAu)	Metal (Ozs)	Grade (g/tAu)	Metal (Ozs)	Value (g/tAu)
Damsel	Inferred	591,820	2.29	43,627	2.23	42,339	30
	Indicated	151,464	2.33	11,358	2.27	11,060	30
	Measured	23,712	2.80	2,135	2.59	1,974	30
	TOTAL	766,997	2.32	57,120	2.25	55,373	30
Mt Fisher	Inferred	40,934	3.44	4,528	3.41	4,494	50
	Indicated	59,533	3.63	6,948	3.63	6,948	50
	Measured	125,605	3.73	15,045	3.61	14,569	50
	TOTAL	226,073	3.65	26,521	3.58	26,011	50
Moray Reef	Inferred	1,242	3.87	155	3.87	155	80
	Indicated	4,930	6.09	966	5.95	943	80
	Measured	25,521	10.92	8,960	8.02	6,577	80
	TOTAL	31,693	9.89	10,081	7.53	7,675	80
TOTAL	Inferred	633,997	2.37	48,309	2.31	46,987	
	Indicated	215,928	2.78	19,273	2.73	18,951	
	Measured	174,838	4.65	26,140	4.11	23,121	
	TOTAL	1,024,762	2.84	93,721	2.70	89,059	

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
	TOTAL	2.0	1.9	39.0
Cannonball	Indicated	0.24	2.9	7.0
	Inferred	0.02	1.9	0.3
	TOTAL	0.26	2.8	7.3
Musket	Indicated	1.8	1.7	30.0
	Inferred	0.1	1.5	1.6
	TOTAL	1.9	1.7	31.6
TOTAL	Indicated	3.7	1.9	71.0
	Inferred	0.5	1.5	7.0
	TOTAL	4.2	1.9	78.0

Collurabbie Nickel, WA (Reported to the ASX 18 August 2017)

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.

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.

ROX RESOURCES LIMITED

ABN 53 107 202 602

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 (\$)	31 December 2019 (\$)
Other revenue	3a	40,137	3,878
Finance income	3b	143,649	130,756
Corporate expenses		(372,960)	(423,398)
Short-term lease and occupancy related expenses		(170,639)	(97,938)
Salaries, wages and superannuation		(420,589)	(422,260)
Restructure expenses		(139,294)	-
Exploration expenditure expensed		(3,679,781)	(2,505,218)
Share-based payments	9	(1,348,860)	(688,900)
Finance loss	3c	(433,190)	-
Fair value movement on equity instruments at fair value through profit or loss		86,722	(114,617)
Depreciation		(12,616)	(9,276)
Loss before income tax		(6,307,421)	(4,126,973)
Income tax expense		-	-
Net Loss for the period after income tax		(6,307,421)	(4,126,973)
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		(6,307,421)	(4,126,973)
- Basic and diluted loss per share from operations attributable to the ordinary equity holders of the parent (cents)		(0.31)	(0.30)

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

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	31 December 2020 (\$)	30 June 2020 (\$)
ASSETS			
Current Assets			
Cash and cash equivalents		5,248,457	10,567,910
Receivables		109,388	205,848
Prepayments		42,607	14,103
Other financial assets	4	-	67,886
Total Current Assets		5,400,452	10,855,747
Non-Current Assets			
Other financial assets	4	3,565,333	3,037,528
Plant and equipment		3,899,132	3,879,559
Capitalised exploration and evaluation	5	10,884,673	10,736,273
Total Non-Current Assets		18,349,138	17,653,360
Total Assets		23,749,590	28,509,107
LIABILITIES			
Current Liabilities			
Trade and other payables		666,122	698,163
Other financial liabilities	6	-	1,000,000
Provisions		97,065	87,980
Total Current Liabilities		763,187	1,786,143
Non-Current Liabilities			
Provisions		4,344,949	4,344,949
Total Non-Current Liabilities		4,344,949	4,344,949
Total Liabilities		5,108,136	6,131,092
NET ASSETS		18,641,454	22,378,015
EQUITY			
Contributed equity	7	59,842,238	57,783,306
Reserves	8	3,956,550	3,444,622
Accumulated losses		(45,157,334)	(38,849,913)
TOTAL EQUITY		18,641,454	22,378,015

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

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Note	Contributed Equity (\$)	Reserves (\$)	Accumulated (Losses) (\$)	Total (\$)
At 1 July 2020		57,783,306	3,444,622	(38,849,913)	22,378,015
Loss for period		-	-	(6,307,421)	(6,307,421)
Total comprehensive loss for the half year		-	-	(6,307,421)	(6,307,421)
Issue of share capital	7	1,000,000	-	-	1,000,000
Share issue costs		-	-	-	-
Exercise of options	8	1,058,932	(836,932)	-	222,000
Share-based payments	9	-	1,348,860	-	1,348,860
Balance as at 31 December 2020		59,842,238	3,956,550	(45,157,334)	18,641,454
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)
Total comprehensive loss for the half year		-	-	(4,126,973)	(4,126,973)
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

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

ROX RESOURCES LIMITED

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Note	31 December 2020 \$	31 December 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		2,637	12,119
Government grants		37,500	-
Payments to suppliers and employees		(1,255,865)	(1,212,598)
Expenditure on exploration and evaluation		(4,448,143)	(2,757,828)
Net cash flows used in operating activities		(5,663,871)	(3,958,307)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration leases		-	(45,296)
Payments for property, plant and equipment		(32,190)	(8,069)
Proceeds from sale of financial assets	4	154,608	-
Proceeds from sale of plant and equipment		-	199
Net cash flows provided by/(used in) investing activities		122,418	(53,166)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	7	222,000	4,000,000
Payments for capital raising fees		-	(251,427)
Net cash flows from financing activities		222,000	3,748,573
Net decrease in cash and cash equivalents		(5,319,453)	(262,900)
Cash and cash equivalents at beginning of period		10,567,910	3,912,742
Cash and cash equivalents at end of period		5,248,457	3,649,842

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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 2020 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 2020 and considered together with any public announcements made by Rox Resources Limited during the half-year ended 31 December 2020 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 2020, except for the adoption of new standards effective as of 1 July 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2020, including the following:

AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business

AASB 2018-6 amends AASB 3 *Business Combinations* to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments:

- a) clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- b) remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- c) add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- d) narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- e) add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The application of AASB 2018-6 has not materially impacted the financial statements of the Group.

ROX RESOURCES LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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

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

Other amendments and interpretations relevant to the Group include:

- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*; and
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*.

The amendments and interpretations above, all of which apply to the Group as at 1 July 2020 have not had a material impact on the transactions and balances recognised in the financial statements.

1.3 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 2020 of \$6,307,421 (2019: \$4,126,973) and experienced net cash outflows used in operating activities of \$5,663,871 (2019: \$3,958,307). At 31 December 2020, the Group had net current assets of \$4,637,265 (30 June 2020: \$9,069,604).

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 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.

However, if the Group is unable to obtain additional funding, there is material 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.

ROX RESOURCES LIMITED

ABN 53 107 202 602

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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 Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income information that is prepared in accordance with Australian Accounting Standards therefore there is no additional information to disclose.

The Consolidated Statement of Financial Position and Consolidated 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.

	31 December 2020	31 December 2019
	\$	\$

NOTE 3a: 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:

Interest revenue	2,637	3,878
Government grants	37,500	-
	<u>40,137</u>	<u>3,878</u>

NOTE 3b: FINANCE INCOME

Unwind of discount – Teck Australia Pty Ltd	<u>143,649</u>	<u>130,756</u>
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In 2017, the Group sold its interest in the Reward Zinc-Lead Project which included a deferred cash payment of \$3,750,000 to be received at the earlier of the acquirer 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 other financial assets (Note 4b).

NOTE 3c: FINANCE LOSS

Loss on initial designation of financial asset – VMC	<u>(433,190)</u>	<u>-</u>
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The non-current receivable from Venus Metals Corporation Limited (VMC) has been discounted to its present value and recognised as a non-current receivable, refer other financial assets (Note 4c).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 4: OTHER FINANCIAL ASSETS

	31 December 2020	30 June 2020
	\$	\$
Current assets		
Financial investments at fair value through profit or loss (a)	-	67,886
Non-current assets		
Deferred consideration – Teck Australia Pty Ltd (b)	3,062,170	2,918,521
Loan receivable – VMC (c)	503,163	119,007
	3,565,333	3,037,528

- (a) During the period, the Group sold its financial investments for total proceeds, net of costs, of \$154,608. Upon sale, a fair value gain was recognised in the Consolidated Statement of Comprehensive Income as part of fair value movement on equity instruments at fair value through profit or loss.
- (b) The present value of a \$3,062,170 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.
- (c) The present value of \$503,163 receivable from Venus Metals Corporation Limited which is a limited recourse loan and will be repayable solely from:
- i) The sale proceeds from any sale of any property of the OYG JV, including gold produced;
 - ii) The sale proceeds from any sale by OYG to a third party of all or part of its interest in the OYG JV and its interest in the OYG Tenements; and
 - iii) The portion of the sale proceeds to which OYG is entitled from a sale and incorporated in the price provided by Rox, such that the forgiveness of any funds contributed by Rox will be deemed to increase the price of Rox 's offer by that amount.

The impact of discounting the receivable to its' fair value on initial recognition is recognised in the Consolidated Statement of Comprehensive Income as part of finance loss.

NOTE 5: CAPITALISED EXPLORATION & EVALUATION

	31 December 2020	30 June 2020
	\$	\$
Non-Current Assets		
Areas of interest in exploration and evaluation phases	10,884,673	10,736,273

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 6: OTHER FINANCIAL LIABILITIES

	31 December 2020	30 June 2020
	\$	\$
Compound financial liability	-	1,000,000

On 8 June 2020, the parties agreed to amend the term sheet whereby the consideration for the additional 20% interest would be \$2,000,000 with 2 business days of the Group delivering its Exercise Notice and either:

- i) Issuing to VMC the number of Rox Shares equal to \$1,000,000 divided by the deemed issue price of \$0.024 (being 41,666,667 Rox Shares), with approval by shareholders at a meeting no later than 60 days following the Group delivering the Exercise Notice; or
- ii) In the event that shareholder approval is not obtained, paying VMC \$1,000,000 in cash within 2 business days of the date of the meeting, or expiry of the 60 day period.

On 10 June 2020, the Group exercised its option to acquire the Additional OYG Interest (increased to 70%) and paid VMC \$2,000,000 on 10 June 2020. As at this date, and 30 June 2020, the remaining consideration to acquire the Additional OYG Interest represents a compound financial instrument with liability component and an equity component.

At 30 June 2020, with no influence over whether shareholders would approve the issue of shares, the Group valued the liability portion at \$1,000,000 (measured first) at fair value with no value being attributed to the equity component.

On 28 July 2020, shareholders approved the issue of 41,666,667 shares to VMC. \$1,000,000 was recognised as equity, refer to share capital (Note 7).

NOTE 7: CONTRIBUTED EQUITY

	Shares	\$
Balance at 1 July 2019	1,291,280,571	42,041,933
- Share issue	166,666,667	4,000,000
- Share issue costs	-	(251,427)
Balance at 31 December 2019	1,457,947,238	45,790,506
Balance at 30 June 2020	1,989,100,903	57,783,306
Balance at 1 July 2020	1,989,100,903	57,783,306
- Share issue (i)	41,666,667	1,000,000
- Options exercised	19,060,893	1,058,932
- Share issue costs	-	-
Balance as at 31 December 2020	2,049,828,463	59,842,238

On 30 July 2020, the Group issued 41,666,667 ordinary fully paid shares to Venus Metals Corporation Limited as part consideration for an additional 20% interest in the Youanmi gold project. The shares were issued at a deemed price of \$0.024 per share for a total value of \$1,000,000. Refer other financial liabilities (Note 6).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 8: RESERVES

	31 December 2020	31 December 2019
	\$	\$
Balance at beginning of period	3,444,622	2,755,722
- Options issued (refer to note 9)	1,348,860	688,900
- Options exercised (i)	(836,932)	-
Balance as at end of period	3,956,550	3,444,622

- i) During the period the following options were exercised
- 9,250,000 ordinary fully paid shares were issued following the exercise of 9,250,000 options at \$0.024 (with an expiry date of 30 November 2020) each to raise \$222,000.
 - 9,810,893 ordinary fully paid shares were issued following the exercise of 16,000,000 options issued at \$0.033 (with an expiry date of 30 November 2022) under the Employee Share Option Plan ("Plan"). Those options were exercised utilising the Plan's Cashless Exercise Facility which has the following key terms:
 - (a) The Cashless Exercise Facility entitles a Participant to set-off the Exercise Price against the number of Shares which the Participant is entitled to receive on the exercise of the Participant's Options. By using the Cashless Exercise Facility, the Participant will receive the Shares to the value of the surplus after the Exercise Price has been set-off.
 - (b) If the Participant elects to use the Cashless Exercise Facility, the Participant will (instead of paying the Exercise Price) only be issued that number of Shares (rounded down to the nearest whole number) calculated in accordance with the following formula:

$$S = NO \times [(MV-EP) \div MV]$$
 where:
 - S** is the number of Shares to be issued on the exercise of the Options;
 - NO** equals the number of Options being exercised;
 - MV** is the market value of Shares (calculated using the volume weighted average price at which Shares were traded on the ASX over the 5 trading days immediately prior to the date of exercise; and
 - EP** equals the Exercise Price.
 - (c) If the difference between the Exercise Price otherwise payable for the Options and the then market value of the Shares at the time of exercise (calculated in accordance with clause 6(c)) is zero or negative, then a Participant will not be entitled to use the Cashless Exercise Facility.

No funds were raised from the exercise of the options and \$836,932 was transferred from the reserve to contributed equity.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 9: SHARE-BASED PAYMENTS

During the financial period, 60,000,000 options exercisable on or before 30 December 2023 were issued to Canaccord Genuity (3 tranches of 20,000,000) for services rendered in relation to the provision of on-going capital markets strategy. The options vested immediately. The fair value of these options granted was calculated by using the Binomial option valuation methodology and applying the following inputs:

Number of Options	20,000,000	20,000,000	20,000,000
Weighted average exercise price (cents)	10.0	12.5	15.0
Weighted average life of options (years)	3.35	3.35	3.35
Weighted average underlying share price (cents)	5.4	5.4	5.4
Expected share price volatility	89.93%	89.93%	89.93%
Risk free interest rate	0.27%	0.27%	0.27%
Fair value per option (cents)	2.49	2.24	2.02

During the prior 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%
Fair value per option (cents)	0.83

Total expenses arising from share-based payment transactions recognised during the period were \$1,348,860 (2019: \$688,900).

NOTE 10: COMMITMENTS AND CONTINGENCIES

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

NOTE 11: 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.

ROX RESOURCES LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 12: RELATED PARTY TRANSACTIONS

Coolform Investments Pty Ltd, a company in which Mr Dickson is a director and shareholder, received fees totalling \$118,900 (2019: \$90,750) for the provision of services during the financial period.

During the financial period, the Group paid fees totalling \$74,625 (including GST) (2019: \$52,186) 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 \$25,594 (including GST) (2019: \$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 2020.

NOTE 13: FINANCIAL INSTRUMENTS

As at 31 December 2020, 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. Any financial instruments that are not traded on an active market and are based on significant observable inputs are classified as level 2. The fair value of the Group's deferred consideration is classified as level 3, as it is measured using management's discounted cash flow analysis using significant unobservable inputs.

Assets measured at fair value			Quoted prices in active markets (Level 1) \$	Significant observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$
31 December 2020	Date of valuation	Total \$			
Other financial assets – deferred consideration (Note 4)	31 Dec 2020	3,062,170	-	-	3,062,170
30 June 2020					
Other financial assets – shares in listed company (Note 4)	30 June 2020	67,886	67,886	-	-
Other financial assets – deferred consideration (Note 4)	30 June 2020	2,918,521	-	-	2,918,521

Valuation techniques and significant unobservable inputs used in level 3 fair value measurements

31 December 2020	Fair Value \$	Valuation Technique	Description of Valuation Technique and Inputs Used
Other financial assets – deferred consideration (Note 4(b))	3,062,170	Net present value calculation	The fair value of the deferred consideration is calculated using discounted cash flow analysis
Significant unobservable inputs used in calculating the deferred consideration are as follows:			
<ul style="list-style-type: none"> - Nominal amount due: \$3,750,000 - Payment due date: 15 February 2023 (being the earlier of the acquirer completing a bankable feasibility study date, or 6 years) - Discount rate: 10% (pre-tax nominal) 			

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 14: JOINT OPERATIONS

YOUANMI GOLD PROJECT

At Youanmi Gold Project the Group established four separate joint ventures with Venus Metals Corporation Limited (VMC) whereby the Group has purchased or may earn between a 70% and 45% interest as follows:

OYG Joint Venture

The Group has acquired a 70% interest in all minerals.

Joint Venture costs are contributed in proportion to ownership, although VMC has elected to have Rox to fund its 30% of costs by way of a joint venture loan secured over VMC's interests in the Joint Venture. As at 31 December 2020, that loan stood at \$936,353 with a fair value at 31 December 2020 of \$503,163.

VMC Joint Venture

During the period the group earned a 50% interest in the gold rights of the VMC Joint Venture by contributing the first \$0.8 million of exploration expenditure on the project area. Following this earn-in the joint ventures are standard contribute or dilute arrangements. As at 31 December 2020, the Group had contributed \$0.91 million toward the earn-in.

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. As at 31 December 2020, the Group had contributed \$0.19 million toward the earn-in.

Currans Find & Pincher Joint Venture

The Group has a 45% interest in all minerals. Joint Venture costs are to be contributed in proportion to ownership.

Cullen Joint Venture

The Group may earn a 51% interest in the Cullen Joint Venture by contributing the first \$1.0 million of exploration expenditure on the project area to September 2022. As at 31 December 2020, the Group has contributed \$0.42 million toward the earn-in.

For further information on the Group's joint operations, refer to the 30 June 2020 annual financial report.

NOTE 15: GROUP INFORMATION

The consolidated financial statements of the Group include:

Name	Principal Activities	Country of incorporation	% equity interest	
			31 December 2020	30 June 2020
Rox (Mt Fisher) Pty Ltd	Mineral exploration	Australia	100	100
Rox (Murchison) Pty Ltd	Mineral exploration	Australia	100	100
Cannon Resources Limited (i)	Mineral exploration	Australia	100	-

- i) During the period, on 25 November 2020, the Group incorporated 100% owned subsidiary Cannon Resources Limited.

ROX RESOURCES LIMITED

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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 Group's financial position as at 31st December 2020 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 Group 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: 25 February 2021

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the 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 2020, 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, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.3 to the half-year financial report, which indicates that the Group incurred a net loss of \$6,307,421 and a net cash outflow used in operating activities of \$5,663,871 for the half-year ended 31 December 2020 and, as at that date, had net current assets of \$4,637,265. These conditions, along with other matters set forth in Note 1.3 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.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the 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.

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2020 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*.

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.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD



JOANNE PALMER
Executive Director
Perth, 25 February 2021

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 2020, 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, 25 February 2021