ROX RESOURCES LIMITED

ABN 53 107 202 602

ANNUAL REPORT

2014

CONTENTS

CORPORATE DIRECTORY

Directors:

Mr Jeffrey Gresham
Non-Executive Chairman

Mr Ian Mulholland
Managing Director

Mr Brett Dickson
Finance Director

Company Secretary:

Mr Brett Dickson

Banker:

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

Auditor:

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Ernst & Young Building
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Perth WA 6000

Telephone: (08) 9429 2222
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Solicitor:

K & L Gates
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44 St Georges Terrace
Perth WA 6000

Telephone: (08) 9216 0900
Facsimile: (08) 9216 0601

Stock Exchange:

ASX Limited

Company Code:
RXL (Fully Paid Shares)

Issued Capital:

745,010,304	Fully paid ordinary shares
550,000	4.7 cent, 30 November 2014 options
6,000,000	2.5 cent, 30 November 2015 options
1,250,000	5.7 cent, 28 February 2017 options
21,437,301	8.0 cent, 31 March 2017 options

For shareholder information contact:

Share Registry:

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Perth WA 6000

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

For information on your company contact:

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Web: www.roxresources.com.au

CHAIRMAN'S REVIEW

Dear Shareholder

This year has seen continued outstanding exploration success for the Company following the significant discoveries made last year at our Mt Fisher project in Western Australia and at the Reward project in the Northern Territory.

At Mt Fisher, following major resource definition drilling programs, a significant nickel sulphide resource has been defined at the Camelwood and Musket prospects. Additional drilling is planned for later this year to further expand the resource base. This will then allow the Company to consider possible development options. In addition to the resource definition drilling, regional work has defined a number of other nickel sulphide targets that will require testing by deeper drilling. Our continued work at Mt Fisher suggests the area has the potential to develop into a major new nickel province.

At the Reward zinc-lead project our joint venture partner, Teck Australia Pty Ltd, drilled 4 holes in 2013 all of which intersected significant zinc-lead mineralisation over substantial downhole thicknesses. The spacing of these holes indicated a mineralised zone with a strike length of over 1.0 km. Drilling has just recommenced at Teena and preliminary results from the first hole have extended the mineralised zone to 1.5km. The drilling results to date at Teena indicate the potential for the project to contain significant zinc mineralisation.

An airborne VTEM survey was flown over the Bonya copper project in the Northern Territory and follow up ground EM surveys defined a number of anomalies possibly indicative of copper sulphide mineralisation. One of the anomalies has associated surface copper mineralisation. The geology of the project area is similar to that of the area to the east that hosts the Jervois copper deposits where recent drilling has significantly upgraded the resources. Drilling has recently commenced to test the EM anomalies.

The continued exploration success has seen the Company's share price considerably outperform the Small Resources Index although we do not believe the share price adequately reflects the underlying and potential value of the assets of the Company. However it has allowed us continue to raise capital under difficult market conditions to pursue our exploration programs. There has been strong support from both new investors and existing shareholders which has been very pleasing.

Despite the high level of exploration activity during the last 2 years we have maintained a small but very focussed exploration team. This strategy has seen us commit approximately 80% of our funds directly to our exploration work - a very pleasing outcome. I would like to thank our Managing Director, Ian Mulholland and our staff for their ongoing efforts to create value for our shareholders.

Jeffrey Gresham
Chairman

PROJECTS

INTRODUCTION

It has been another successful year for the Company with significant progress made on all projects.

At the Fisher East Nickel Project at Mt Fisher in Western Australia, a mineral resource has been estimated for the Camelwood nickel sulphide deposit and a new nickel sulphide discovery was made at the Musket prospect, just 2km south of Camelwood. Following a recent mineral resource estimate for Musket, total mineral resources for the project now stand at 3.6 million tonnes grading 2.0% nickel for 72,100 tonnes of contained nickel. The potential for further discoveries at Fisher East is very high.

Work on the Teena zinc discovery continued at the Reward project in the Northern Territory with geochemical and geophysical surveys completed and a drilling program planned for the second half of 2014. Indications continue that this is the most significant new zinc discovery in Australia in the last 20 years with mineralisation now defined for over 1.5km along strike.

In addition the company conducted geophysical and geochemical exploration programs at the Bonya project in the Northern Territory with several copper sulphide drill targets generated.

The Marqua phosphate project was relinquished.

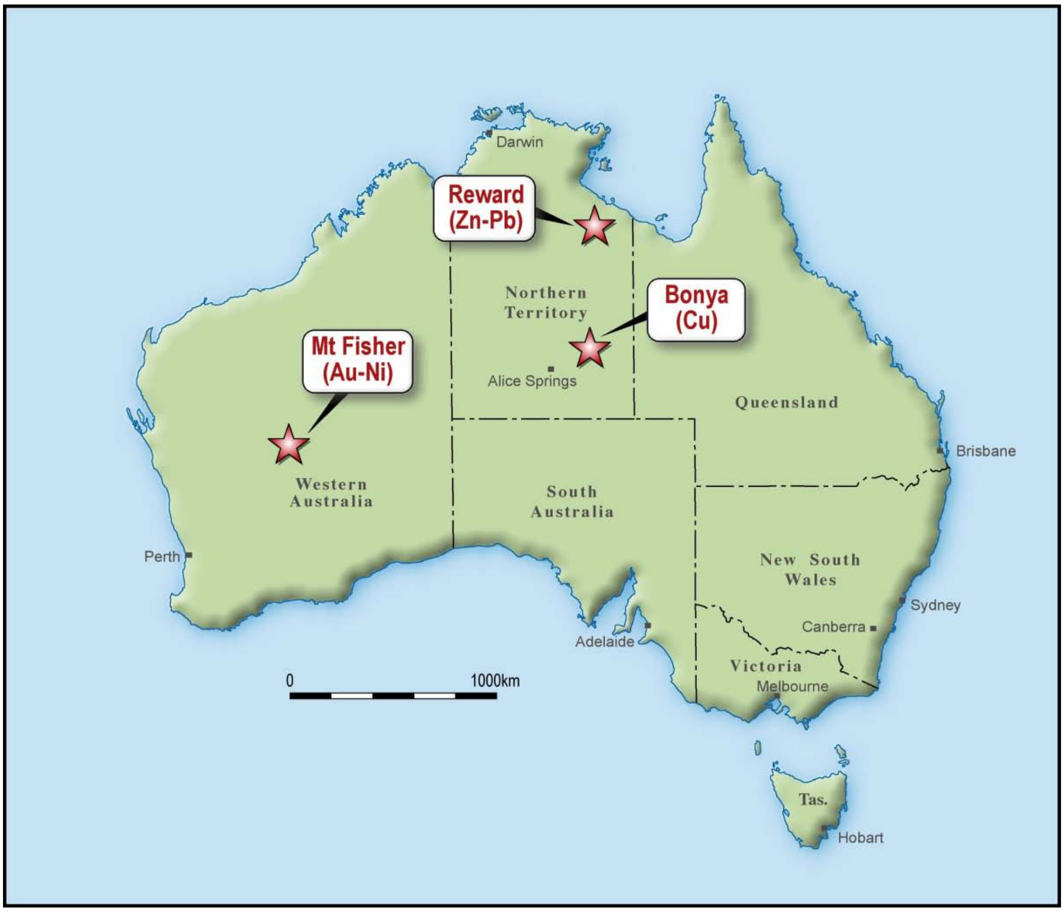


Figure 1: Rox Project Locations

MT FISHER GOLD-NICKEL PROJECT, WA

Work on exploring the exciting new nickel sulphide discoveries at Mt Fisher continued (Figure 2). Due to the number of nickel sulphide deposits and prospects now being defined, this part of the project has been termed the Fisher East Nickel Project.

The nickel sulphide deposits at Fisher East are typical Archaean greenstone, komatiite-hosted, nickel sulphide type, similar to Kambalda and Cosmos. The nickel sulphide mineralisation occurs at the basal contact of a komatiitic (ultramafic) lava flow and shows high electro-magnetic (EM) conductivity. These deposits types are typically variable in grade and thickness and occur as shoots and lenses in the ultramafic lava channels. The nickel sulphide mineralisation occurs as two main types, massive and disseminated. The massive ore assays between 4 and 20% nickel, while the disseminated ore is usually between 1.5 and 3.5% nickel.

After completing over 20,000 metres of drilling at Camelwood, a mineral resource of 1.6 million tonnes grading 2.2% nickel (Ni) containing 34,600 tonnes of nickel was estimated at a 1% nickel cut-off (Table 1).

Further exploration along strike to the south discovered the Musket and Cannonball prospects where significant nickel sulphide drill intercepts were made in late 2013. A 10,000 metre drilling campaign in early 2014 has enabled a mineral resource of 2.1 million tonnes grading 1.8% nickel containing 37,500 tonnes of nickel to be recently estimated at a 1% nickel cut-off (Table 1).

The total mineral resource on the project (Camelwood and Musket deposits) is now **3.6 million tonnes grading 2.0% nickel containing 72,100 tonnes of nickel** at a 1% nickel cut-off (Table 1).

Significantly there is a high grade section of the Musket deposit of 100,000 tonnes grading 10.1% nickel that lies within 150 metres of surface and could be easily accessed early in any proposed mine life.

Strong potential to increase the mineral resources exists, with both the Camelwood and Musket deposits still open at depth, untested downhole electromagnetic targets, and high grade drill intercepts at Cannonball (e.g. 3m @ 4.7% Ni) still untested at depth (Figures 4 and 5).

In addition, exploration along strike to the south of Musket has identified a new target zone from aircore drilling called the Cutlass prospect (Figure 6). Similar geochemical results to those originally found at Camelwood and Musket occur at Cutlass, with detailed ground electromagnetics and then follow-up drilling planned for the second half of 2014.

Metallurgical testwork has commenced with highly encouraging results being received from the massive sulphide ore at Camelwood with a metal recovery of 91 - 95% to a nickel concentrate grading 14 - 17% nickel with low magnesium oxide (MgO) values (2.6 - 2.8%), high iron (Fe) to MgO ratio (15 - 16) and low arsenic (As) values (<100 ppm). This would be a readily saleable and sought after concentrate. Testwork is continuing on the Camelwood and Musket disseminated ores.

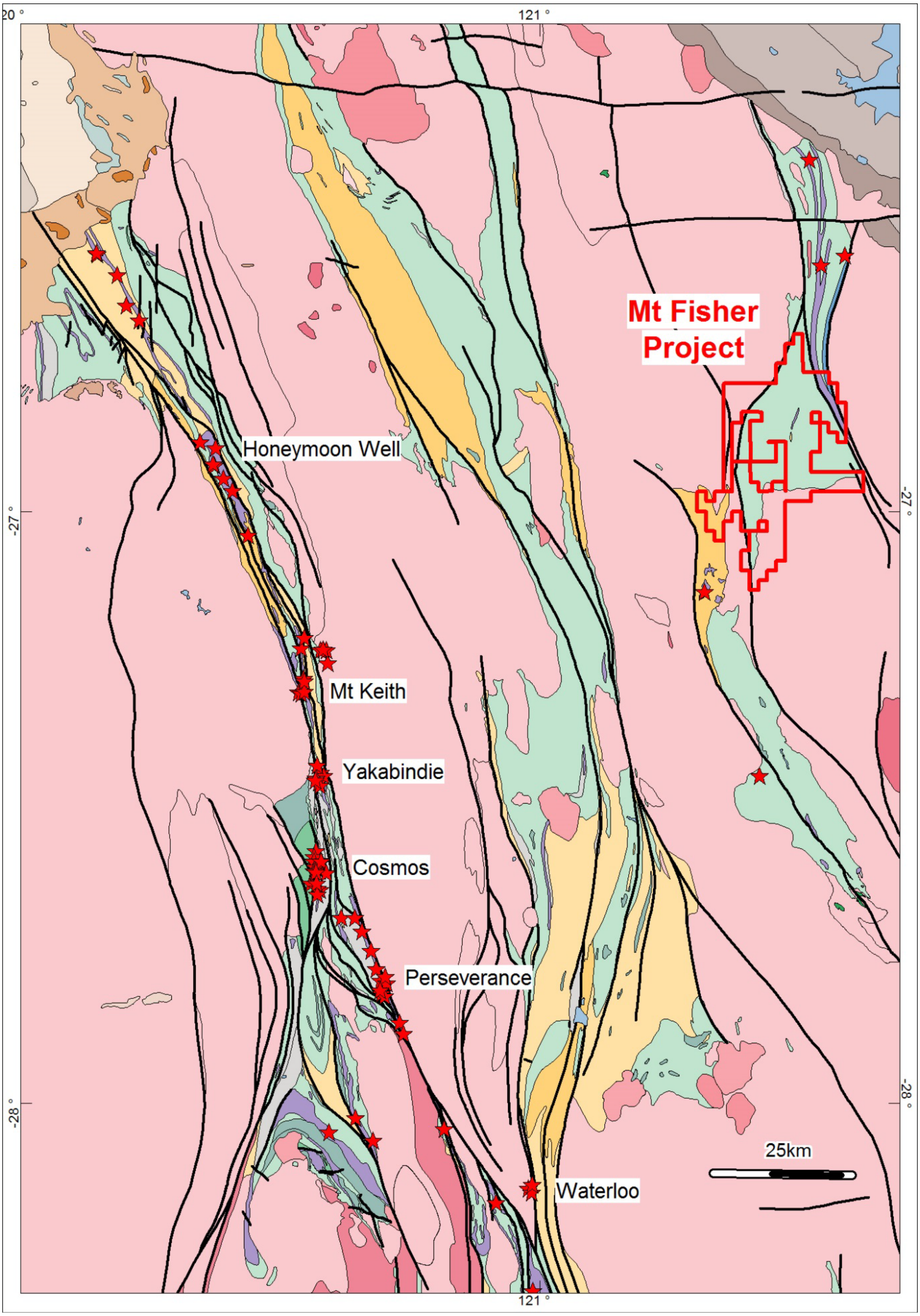


Figure 2: Location of the Mt Fisher Project

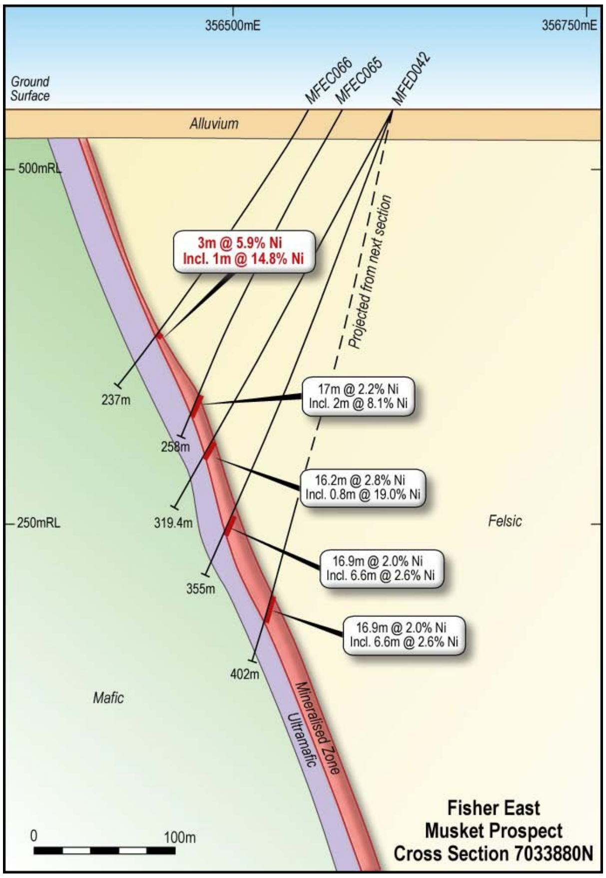


Figure 3: Musket Drill Cross Section (east-west section looking north)

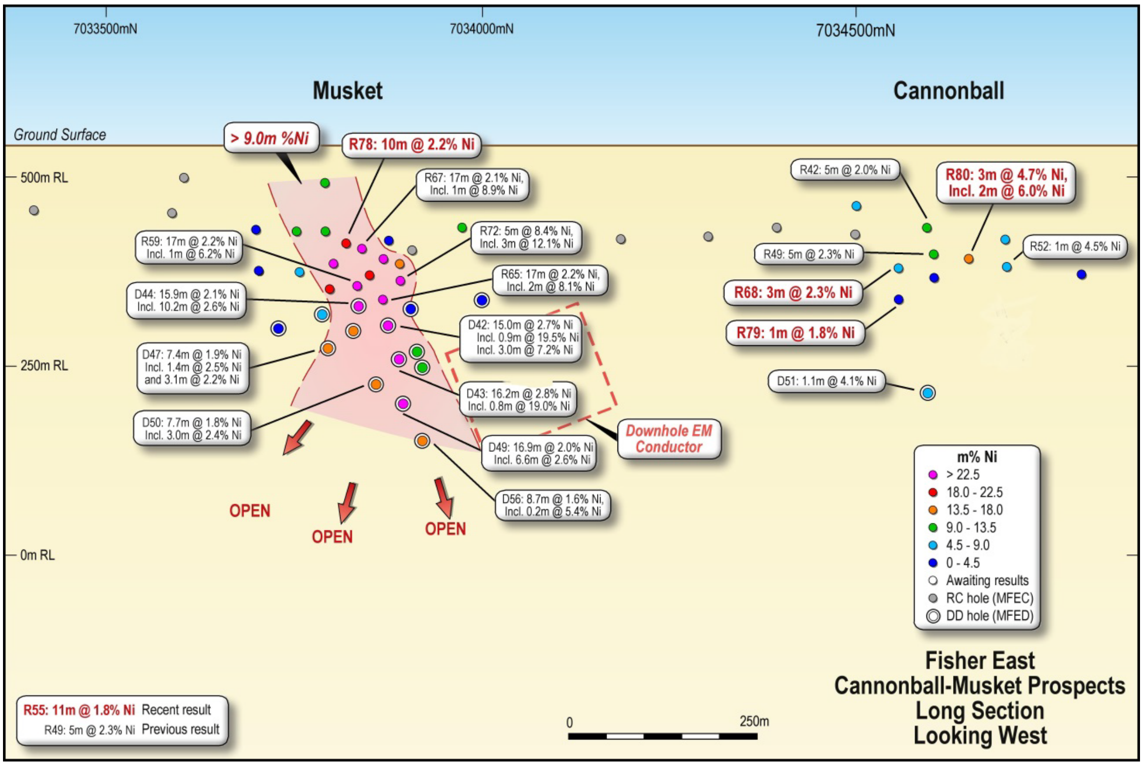


Figure 4: Musket-Cannonball Long Section

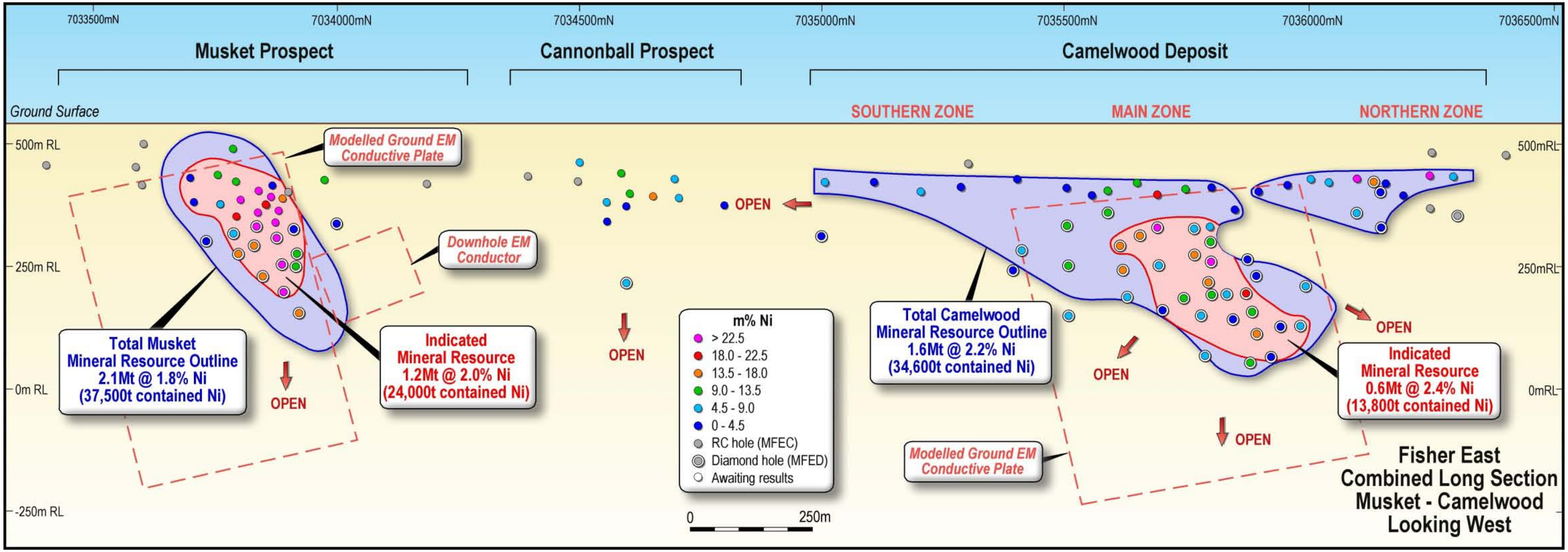


Figure 5: Long Section from Musket (south) to Camelwood (north)

PROJECTS

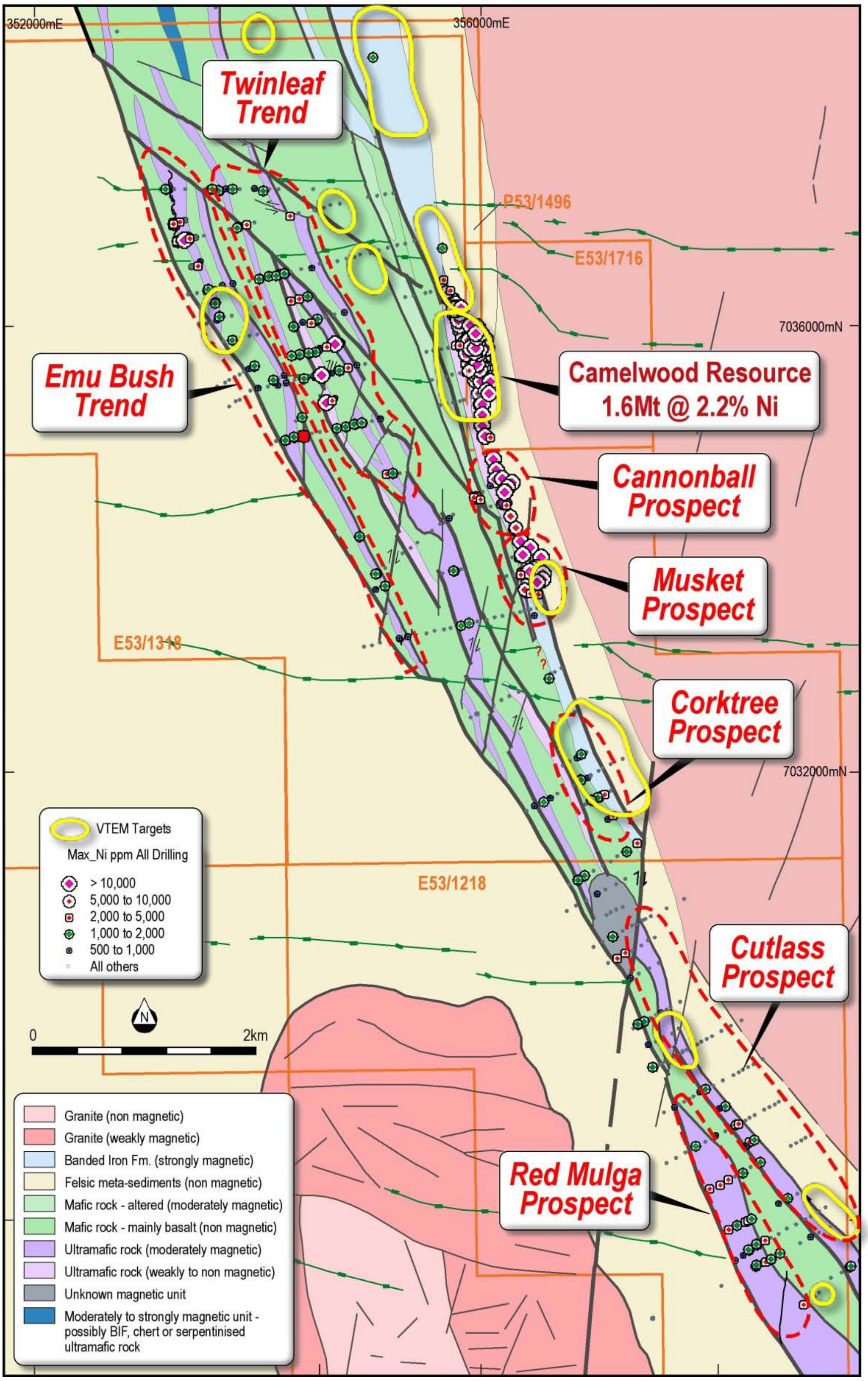


Figure 6: Regional Geology and targets

Table 1: Combined Camelwood-Musket Mineral Resource Estimate at 1.0% Cut-Off Grade

Deposit	Category	Tonnes (Mt)	Grade	Contained Metal
			Ni%	Nickel (kt)
Musket	Indicated	1.2	2.0	24.0
	Inferred	0.9	1.5	13.5
	Total	**2.1**	**1.8**	**37.5**
Camelwood	Indicated	0.6	2.4	13.8
	Inferred	1.0	2.1	20.8
	Total	**1.6**	**2.2**	**34.6**
TOTAL	Indicated	1.8	2.1	37.8
	Inferred	1.9	1.8	34.3
	Total	**3.6**	**2.0**	**72.1**

Note: Figures may not add up exactly due to rounding differences.
Detailed figures can be found in the tables at the end of this section.

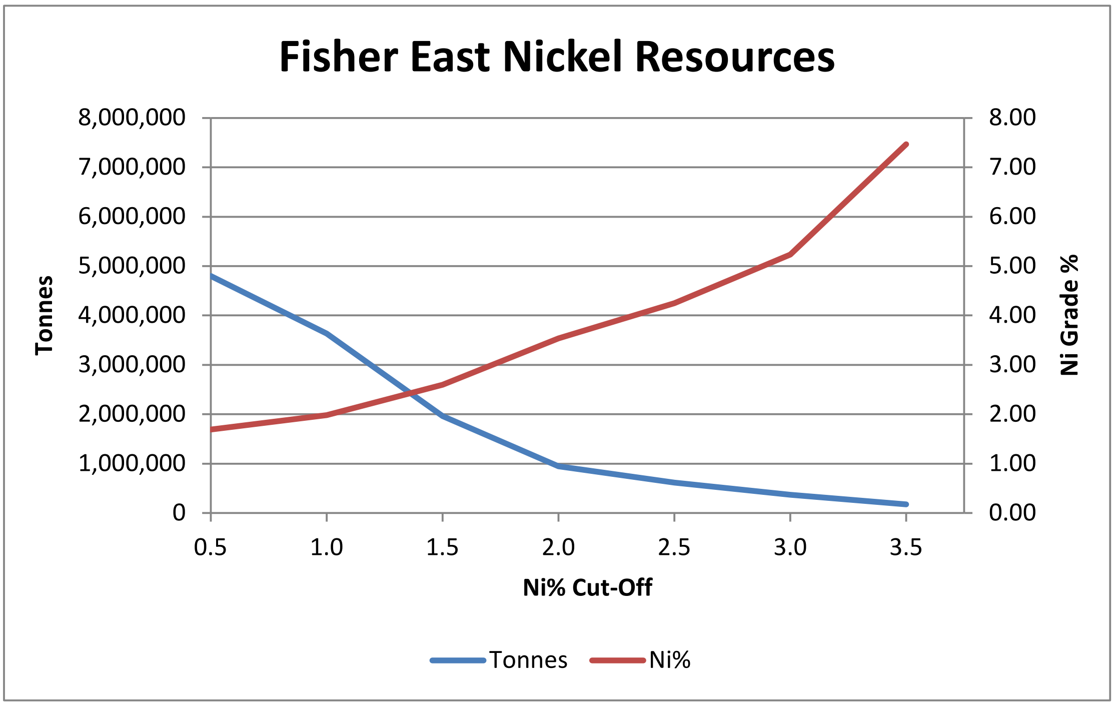


Figure 7: Tonnage-Grade Curve for Combined Resources

Further exploration also took place on several gold targets at Mt Fisher, with one diamond core drill hole completed at the Dam Central prospect and several aircore holes drilled at the Dirks prospect.

The diamond core hole was targeted to intersect an interpreted gold-bearing structure which had been modelled from existing drilling data, and intersected a number of gold-bearing zones (Figure 8).

The aircore drilling also produced a number of significant results for further follow-up in due course (Figure 9).

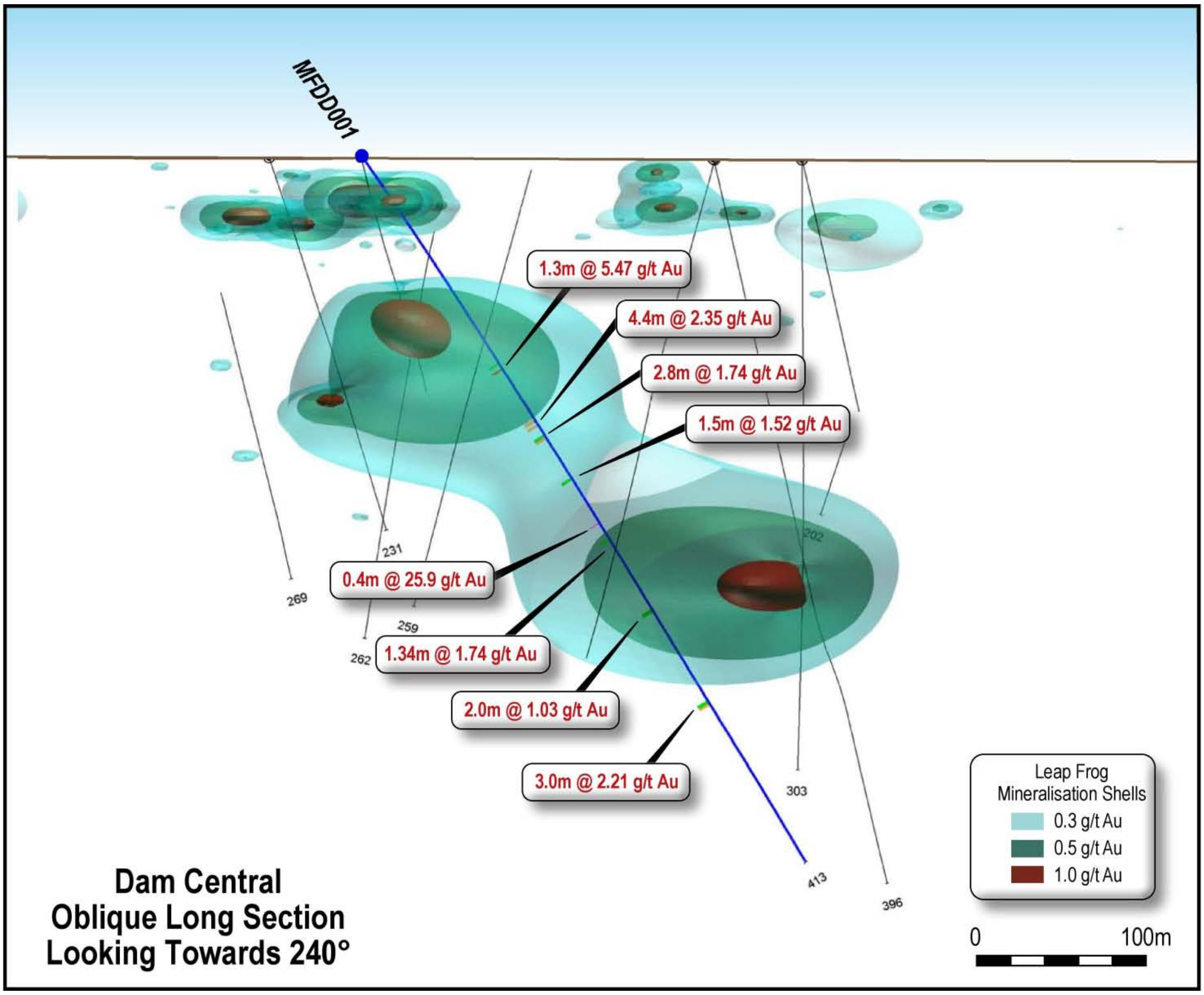


Figure 8: Dam Central Oblique Long Section showing Diamond Drill Hole Results. Leapfrog is a predictive modelling software that can be used to suggest trends in data. In this case Leapfrog was used to model the previous drilling data at 0.3 g/tAu, 0.5 g/tAu and 1.0 g/tAu levels. The Leapfrog "shells" suggested a possible structurally controlled mineralised structure plunging to the north-west, which was tested by the diamond drill hole MFDD001.

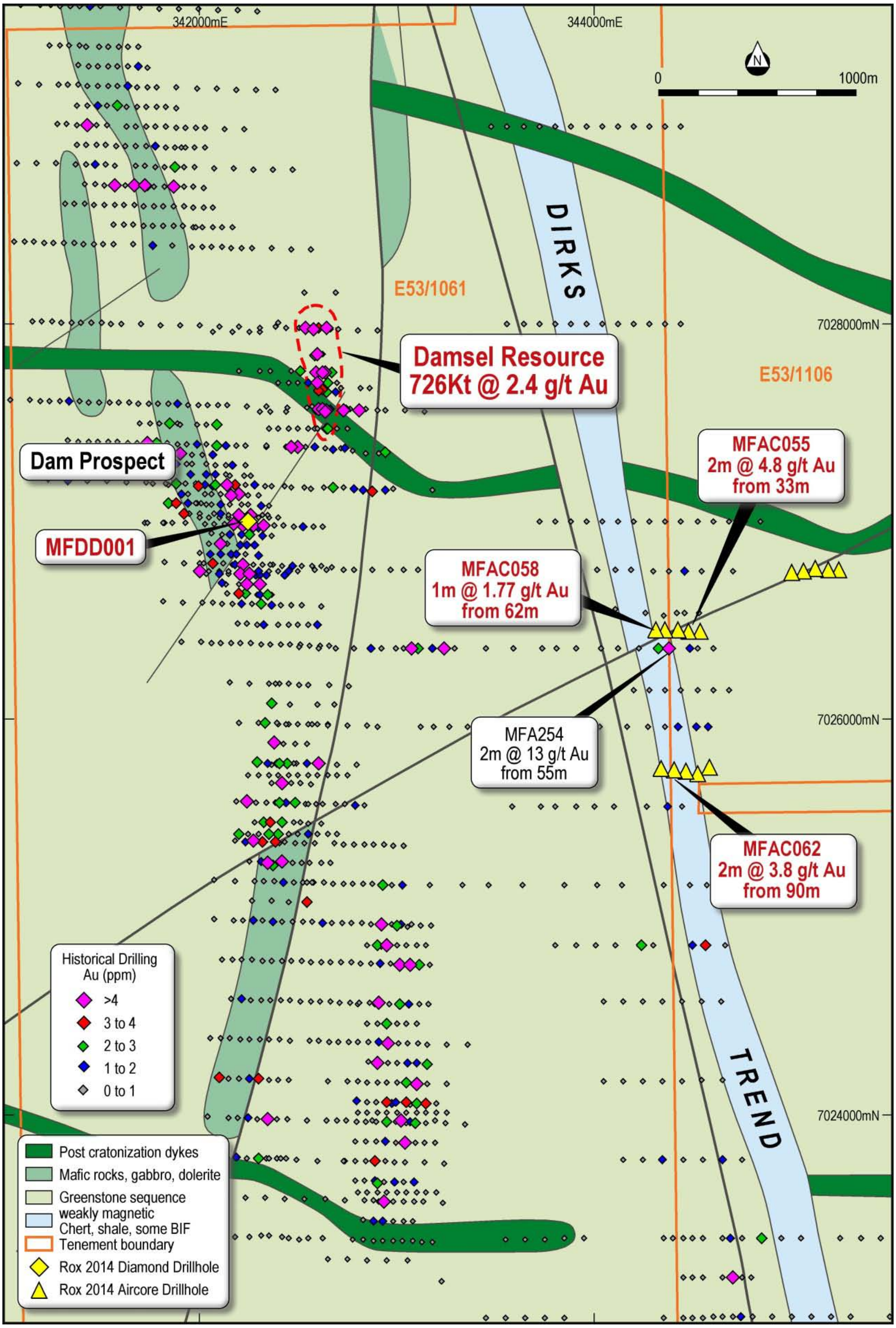


Figure 9: Dam-Damsel-Dirks Prospects Regional Geochemistry based on RAB and aircore drilling showing recent hole locations

PROJECTS

REWARD ZINC-LEAD PROJECT, NT

The Reward project is located in the McArthur River region of the Northern Territory, adjacent to the McArthur River zinc-lead mine (Figure 1). Rox owns a 670 km^2 tenement area (Figure 10) which is subject to an Earn-in and Joint Venture Agreement with Teck Australia Pty Ltd (“Teck”), a subsidiary of Teck Resources Limited, Canada’s largest diversified resource company. Teck has earned a 51% interest in the project and has elected to increase its interest to 70% by expenditure of a total of $15 million by 31 August 2018. As of 30 June 2014 Teck had spent approximately $7.4 million.

During 2013 Teck conducted a drilling program at the Teena prospect located just 8km west of the McArthur River zinc-lead mine (Figure 10). Four holes were drilled and each intersected significant zinc-lead mineralisation (Figure 11). With a current drilled strike length of over 1.5km, Teena is one of the most significant new zinc discoveries in the last 20 years in Australia.

There are two main lenses of mineralisation defined by the drilling so far (Figure 12), with the intersections from the uppermost Lens 2 shown on Figure 11.

Lens 2 (uppermost)
26.4m @ 13.3% Zn+Pb from 1060.1m in hole TNDD009
20.1m @ 15.0% Zn+Pb from 944.3m in hole TNDD010
20.3m @ 13.9% Zn+Pb from 901.0m in hole TNDD011
14.9m @ 10.4% Zn+Pb from 676.0m in hole TNDD012

Lens 1 (lowermost)
6.9m @ 8.9% Zn+Pb from 1121.0m in hole TNDD009
7.8m @ 8.7% Zn+Pb from 988.8m in hole TNDD010
5.7m @ 8.6% Zn+Pb from 937.3m in hole TNDD011
4.3m @ 8.9% Zn+Pb from 697.3m in hole TNDD012

During 2014 Teck conducted a number of geophysical and geochemical exploration programs that allowed prioritisation of drilling targets. A 4,000 metre program of diamond core drilling commenced recently and initial results have been encouraging, with the first step-out hole at Teena, TNDD013 intersecting mineralisation in both Lens 1 and 2 similar to hole TNDD012 located approximately 300m to the east.

Infrastructure in the area is excellent, with an all-weather bitumen road, gas pipeline, airport and port facilities all within close proximity.

There are a number of other prospects on the tenements still to be investigated by Teck’s rigorous exploration approach.

PROJECTS

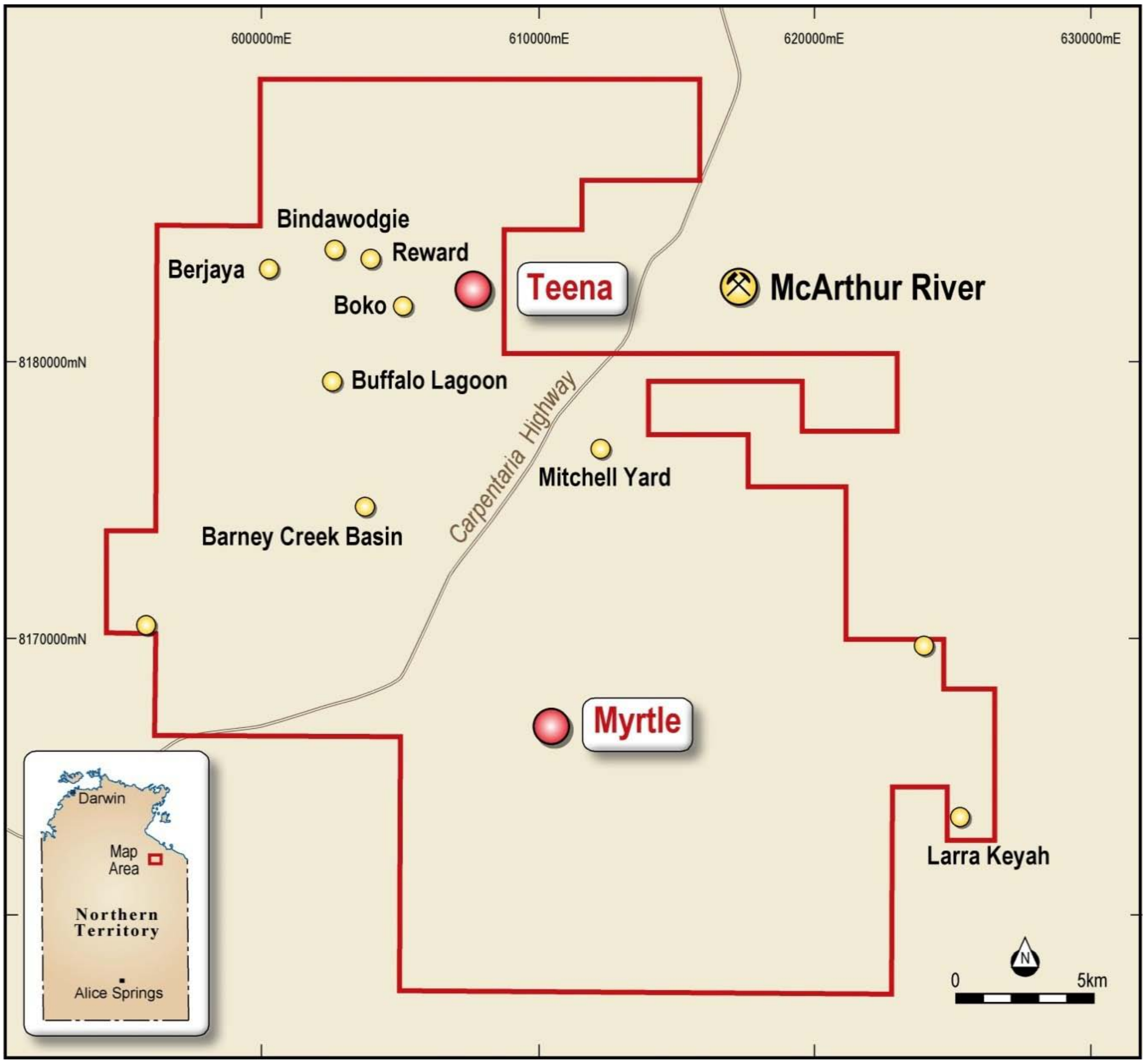


Figure 10: Reward Project Tenement Plan showing prospect locations

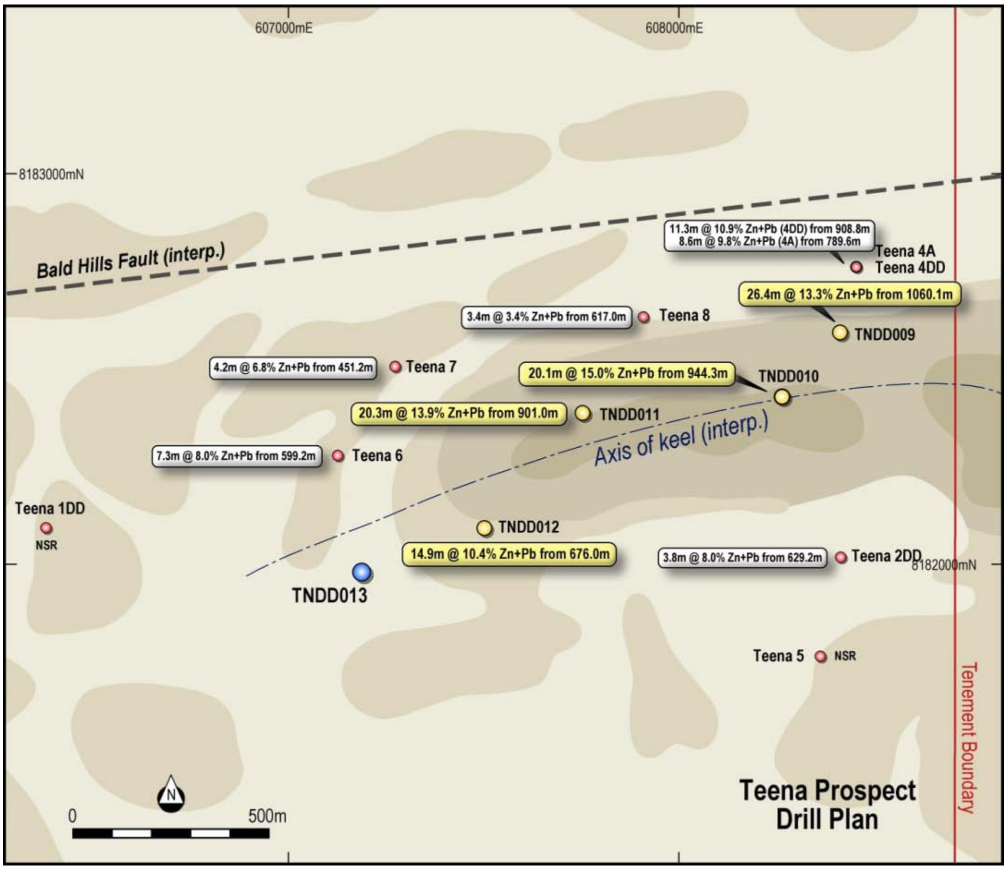


Figure 11: Teena Prospect Drill Plan showing location of hole TNDD013

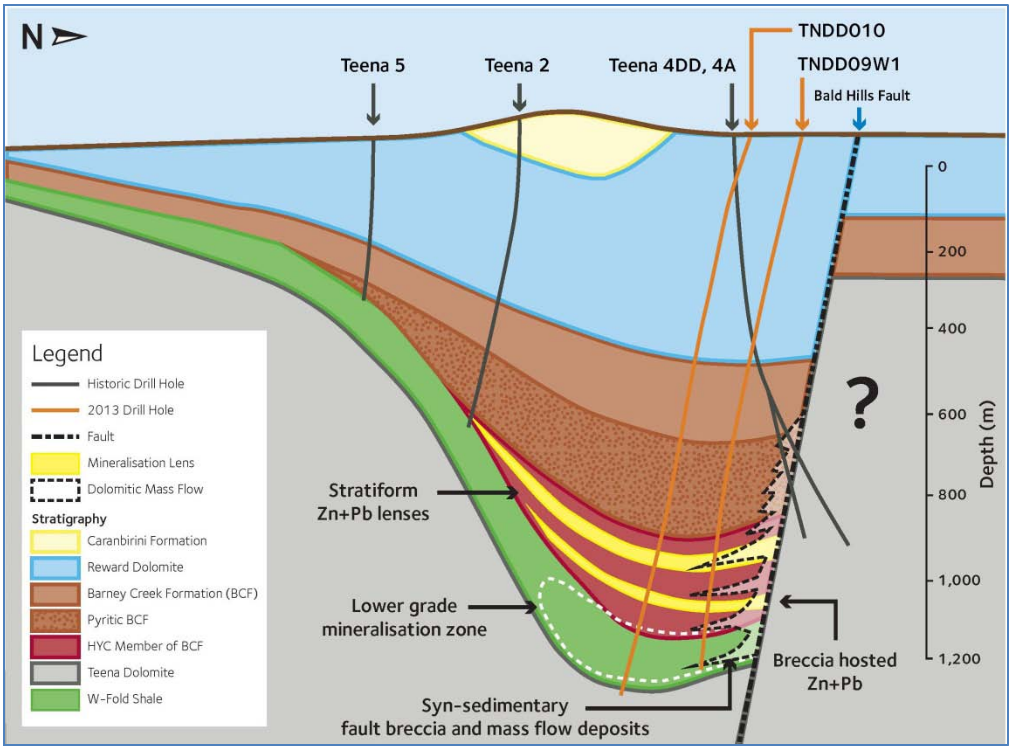


Figure 12: Teena Prospect Cross Section showing holes TNDD009 and TNDD010 (north-south section looking west)

PROJECTS

BONYA COPPER PROJECT, NT

Rox is farming-in to the Bonya project tenements in the Northern Territory (Figure 1). Rox can earn a 51% interest by spending $500,000 over two years (to 10 December 2014) having met the minimum expenditure commitment of $150,000 in the first year. The Company can then elect to increase its interest to 70% by spending an additional $1 million by 10 December 2016. Arafura Resources Limited is the current owner of the tenements.

The project is located adjacent to the Jervois copper deposits (currently under Feasibility Study) and there is evidence for a similar style of copper mineralisation to Jervois on the Bonya project tenements, with numerous outcrops of copper oxides and carbonates in the host Bonya Schist unit.

The Company conducted a number of exploration programs at the Bonya project during the year, including airborne electromagnetics, surface geochemistry and geological mapping and interpretation (Figure 13). Three airborne EM anomalies were followed up with ground EM. From these surveys three EM anomalies at the Bonya mine prospect have been prioritised for RC drill testing in the second half of 2014. The target is copper sulphide mineralisation similar in style to the nearby Jervois deposits.

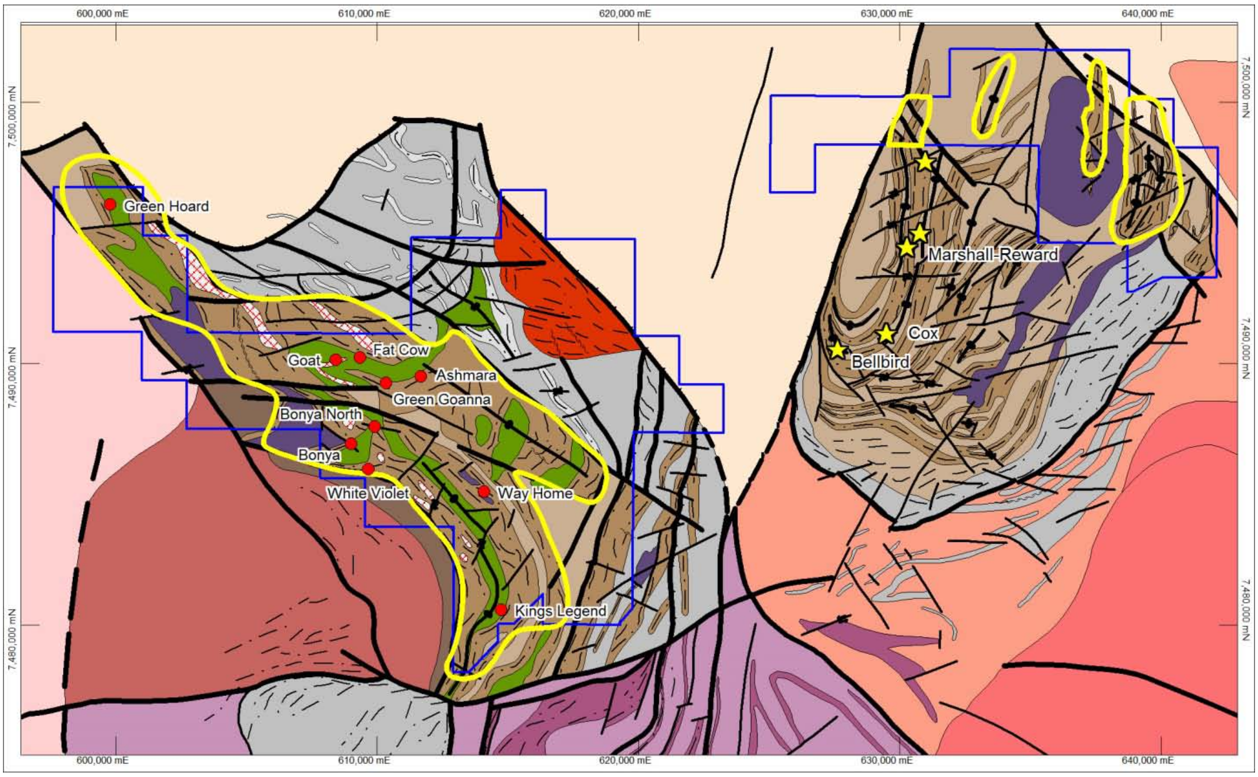


Figure 13: Bonya Project Tenements and Prospect Locations. Jervois deposits shown with yellow stars and Bonya geochemical anomalies shown with red dots.

MINERAL RESOURCES

Fisher East Nickel, WA

Ni% cut-off	Category	Tonnes (Mt)	Grade	Contained Metal
			Ni%	Nickel (t)
0.5	Indicated	1.98	2.01	39,700
	Inferred	2.82	1.47	41,400
	Total	**4.80**	**1.69**	**81,100**
1	Indicated	1.76	2.15	37,900
	Inferred	1.87	1.83	34,200
	Total	**3.64**	**1.98**	**72,100**
1.5	Indicated	1.05	2.75	29,000
	Inferred	0.91	2.43	22,000
	Total	**1.96**	**2.60**	**51,000**
2	Indicated	0.50	3.85	19,400
	Inferred	0.45	3.18	14,200
	Total	**0.95**	**3.54**	**33,600**
2.5	Indicated	0.32	4.82	15,300
	Inferred	0.30	3.64	11,000
	Total	**0.62**	**4.25**	**26,300**
3	Indicated	0.20	6.00	12,200
	Inferred	0.17	4.32	7,300
	Total	**0.37**	**5.23**	**19,500**
3.5	Indicated	0.13	7.55	9,800
	Inferred	0.05	7.24	3,500
	Total	**0.18**	**7.47**	**13,300**

The resources tabulated above are combined mineral resource for Camelwood and Musket. Reported to the ASX on 3 October 2013 (Camelwood) and 4 September 2014 (Musket). In addition, the resources are partially located on a tenement over which Rox holds an Option to Purchase expiring 30 June 2015 with $2.5 million remaining to be paid to exercise the option. (note that this is the same Option to Purchase as for gold deposits below).

PROJECTS

Mt Fisher Gold, WA

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

These resources were reported to the ASX on 10 February 2012. 0.8 g/tAu cut-off.

* This resource is located on a tenement over which Rox holds an Option to Purchase expiring 30 June 2015 with $2.5 million remaining to be paid to exercise the option (note that this is the same Option to Purchase as for nickel deposits above).

Myrtle Zinc-Lead, NT

Cut-off Zn+Pb%	Category	Tonnes (Mt)	Zn %	Pb %	Zn+Pb %	Zn kt	Pb kt	Zn+Pb kt	Rox Share**
3	Indicated	5.8	3.56	0.90	4.45	205	52	257	
3	Inferred	37.8	4.17	0.95	5.12	1,575	361	1,936	
TOTAL		**43.6**	**4.09**	**0.95**	**5.03**	**1,780**	**412**	**2,193**	**49%**
5	Indicated	1.2	5.38	1.42	6.80	64	17	81	
5	Inferred	14.1	5.45	1.39	6.85	768	196	965	
TOTAL		**15.3**	**5.45**	**1.40**	**6.84**	**833**	**213**	**1,046**	**49%**

Reported to the ASX on 15 March 2010.

** Teck Australia have earned a 51% interest by expending $5 million by 31 August 2014, and have elected to earn a 70% interest by expending a total of $15 million by 31 August 2018.

PROJECTS

Competent Person Statements

The information in this report that relates to nickel Exploration Results for the Mt Fisher Project is based on, and fairly represents information and supporting documentation compiled by Mr Ian Mulholland BSc (Hons), MSc, FAusIMM, FAIG, FSEG, MAICD, who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists. Mr Mulholland has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Mulholland is a full time employee and Managing Director of the Company and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to nickel Mineral Resources for the Mt Fisher project was reported to the ASX on 3 October 2013 and 4 September 2014. Rox confirms that it is not aware of any new information or data that materially affects the information included in the announcements of 3 October 2013 and 4 September 2014, and that all material assumptions and technical parameters underpinning the estimates in the announcements of 3 October 2013 and 4 September 2014 continue to apply and have not materially changed.

The information in this report that relates to Exploration Results and Mineral Resources for the Reward Zinc-Lead and Bonya Copper projects and for the gold Mineral Resource defined at Mt Fisher, was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported, and is based on information compiled by Mr Ian Mulholland BSc (Hons), MSc, FAusIMM, FAIG, FSEG, MAICD, who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists. Mr Mulholland has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Mulholland is a full time employee of the Company and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DIRECTORS REPORT

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, Qualifications, Experience and Special Responsibilities

Mr Jeffrey Gresham *(Non-Executive Chairman, appointed 1/10/2006)* - B.Sc. (Hons), MAusIMM, MGSA, MAICD

Mr Gresham is a geologist with a distinguished industry career of varied exploration, operational and corporate experience both in Australia and internationally spanning more than 40 years.

Previously he was Managing Director of Titan Resources, an active nickel explorer in Western Australia, and roles prior to that have included Managing Director of gold miner Wiluna Mines Limited, General Manager – Exploration for Homestake Gold of Australia, and several senior executive roles with Western Mining Corporation (WMC) including Chief Geologist of the Kambalda Nickel Operations, and Executive Vice President Exploration for WMC's Canadian subsidiary Westminster Canada Ltd.

Mr Gresham's extensive professional experience covers numerous mineral deposit types and he has authored a number of technical and professional papers on the Kambalda nickel deposits and the Olympic Dam copper-uranium deposit, and has a B.Sc (Hons) degree from the Victoria University, Wellington, New Zealand.

During the past three years Mr Gresham has also served as a Director of Breakaway Resources (appointed 01/10/2006)

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

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

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

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

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

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

Mr Dickson has over 20 years experience in the financial management of companies, principally companies in early stage development of its resource or production, and offers broad financial management skills. He has been Company Secretary and Chief Financial Officer (CFO) for a number of successful resource companies listed on the ASX, and in addition to Rox Resources currently also acts as Company Secretary and CFO for Azure Minerals Limited.

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

Interest in the Share and Options of the Company

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

	Ordinary Shares	Listed Options	Unlisted Options
J Gresham	2,528,251	-	-
I Mulholland	12,549,458	-	2,500,000
B Dickson	5,718,750	-	2,500,000

LOSS PER SHARE

Basic and Diluted Loss per share 2014: (0.90 cents) 2013: (1.14 cents)

DIVIDENDS

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

OPERATING AND FINANCIAL REVIEW

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

Nature of Operations and Principal Activities

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

Results from Operations and Financial Position

During the period the Company has incurred a net loss after tax for the year ended 30 June 2014 of $5,871,214 (2013 $5,606,108). The loss includes exploration expenditure charged direct to the profit and loss account of $4,671,513 (2013: $4,560,459). Net cash outflows from operating activities were $5,965,044 (2013: $4,376,005).

At 30 June 2014 the Company had cash on hand of $2,558,066 (2013: $2,963,670) The Directors believe the Company maintains a sound capital structure and is in a good position to progress its projects.

Review of Operations

During the year the company focussed its exploration activities on the Mt Fisher project in Western Australia where it discovered the Camelwood and Musket nickel deposits. In addition Teck Australia Pty Ltd completed a drilling program at the Teena prospect.

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

Employees

At 30 June 2014 the Company had four fulltime and two casual employees (2013: four fulltime employees).

RISK MANAGEMENT

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

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

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

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

DIRECTORS' MEETINGS

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

	Directors' Normal Meetings		Directors' Audit Meetings		Directors' Remuneration Meetings		Directors' Nomination	
	No. Eligible	No. Attended	No. Eligible	No. Attended	No. Eligible	No. Attended	No. Eligible	No. Attended
J Gresham	10	10	2	2	1	1	-	-
I Mulholland	10	10	2	2	1	1	-	-
B Dickson	10	10	2	2	1	1	-	-

Committee Membership

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following cash changes occurred during the year:

- $2,266,163 (net of transaction costs) was raised through the completion of a share purchase plan at $0.032.
- $2,675,472 (net of transaction costs) was raised through the issue of 77,025,560 shares at $0.045 each.
- $62,500 was raised through the exercise of 2,500,000 options at $0.025 each.

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year the company has reached agreement with Bell Potter Securities Limited to raise $4.5 million. As at the date of this report $4,104,637 has been received.

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

ENVIRONMENTAL ISSUES

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company will continue to explore its mineral tenements, with particular focus on the Fisher East nickel area. It is the Company's current intention to exercise its option to acquire 100% ownership of the mineral concessions over the Fisher East nickel area that it currently does not own. Its joint operation earn-in partner, Teck Australia Pty Ltd, will continue to fund zinc exploration at the Reward project. Given the nature of exploration the results of those activities cannot be predicted.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

INDEMNIFICATION OF AUDITORS

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

SHARE OPTIONS

At the reporting date there were 21,437,301 unlisted options exercisable at $0.08, 550,000 unlisted options exercisable at $0.047, 6,000,000 unlisted options exercisable at $0.025 and 1,250,000 unlisted options exercisable at $0.057. During the year 2,500,000 options were exercised. Refer to note 18 of the Financial Statements for further details on options outstanding.

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

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the *Corporations Act 2001* requires the Company's Auditors to provide the Directors of Rox Resources Limited with an Independence Declaration in relation to the audit of the full-year financial report. This report has been received and is attached to the Directors Report at page 29.

NON AUDIT SERVICES

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

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

Tax compliance services	$10,000

REMUNERATION REPORT (AUDITED)

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

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

Details of Key Management Personnel

Jeffrey Gresham	Non-executive Chairman (*appointed 1 October 2006)*
Ian Mulholland	Managing Director (*appointed 27 November 2003)*
Brett Dickson	Executive Director and Company Secretary *(appointed director 31 March 2010)*

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

Remuneration Committee

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

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

Remuneration Philosophy

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

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

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

Remuneration Structure

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

Non-Executive Director Remuneration

Objective

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

Structure

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

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

Each Director receives a fee for being a Director of the Company. The remuneration of Non-Executive Directors for the years ended 30 June 2014 and 30 June 2013 is detailed later in this report.

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

Senior Manager and Executive Director Remuneration

Objective

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

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

Structure

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

Remuneration consists of the following key elements:

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

Fixed Remuneration

Objective

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

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

Structure

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

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

Variable Remuneration – Short Term Incentive ("STI")

Objective

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

Structure

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

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

STI bonus for 2013 and 2014 financial years

For the calendar year ended 31 December 2013 the following key performance indicators were agreed for senior management, with the relative weighting of each shown in brackets.

1. Maintain significant (>$1M p.a.) third party funding for exploration on Reward zinc project. (5%)
2. Secure funding for continued progression of Marqua phosphate project, either through JV or other corporate activity. (5%)
3. Demonstrate potential for >500,000 ounce gold endowment at Mt Fisher project. (10%)
4. Demonstrate potential for copper resources at Bonya. (10%)
5. Demonstrate potential for nickel resources at Fisher East of >50,000t contained nickel. (20%)
6. Secure sufficient funding for ongoing company exploration programs. (20%)
7. Continued share price appreciation and market capitalisation, outperforming the "peer group share price index" by 20%. (30%)

For the calendar year ended 31 December 2014 the following key performance indicators were agreed for senior management, with the relative weighting of each shown in brackets.

1. Maintain significant (>$1.6M p.a.) third party funding for exploration on Reward zinc project. (5%)
2. Secure funding to continue to grow the Market Capitalisation of the Company to >$50M. (10%)
3. Demonstrate potential for >200,000 ounce gold endowment at Mt Fisher project. (10%)
4. Demonstrate potential for copper resources at Bonya. (10%)
5. Demonstrate potential for nickel resources at Fisher East of >60,000t contained nickel. (20%)
6. Secure sufficient funding for ongoing company exploration programs. (15%)
7. Continued share price appreciation and market capitalisation, outperforming the "peer group share price index" by 30%. (30%)

The minimum amount payable for 2014 assuming executives fail to meet their KPI's is nil and the maximum amount payable if all KPI's are met is $75,000. There have been no alterations to the STI bonus plans since their grant date.

Variable Remuneration – Long Term Incentive ("LTI")

Objective

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

Structure

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

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

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

Employment Contracts

The Managing Director, Mr Mulholland is employed under contract. The current employment contract expires on 1st January 2015, at which time the Company may choose to commence negotiation to enter into a new employment contract with Mr Mulholland. Under the terms of the present contact:

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

The Company Secretary, Mr Dickson is employed under a service contract. The current contract terminates on 1 January 2015, at which time the Company may choose to commence negotiation to enter into a new service contract with Mr Dickson. Under the terms of the present contact:

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

Remuneration of Key Management Personnel

		SHORT TERM		LONG TERM	POST EMPLOYMENT	SHARE BASED PAYMENTS	TOTAL	PERCENTAGE PERFORMANCE RELATED
2014	**Salary & Fees $**	**Bonus $**	**Other [1] $**	**AL & LSL $**	**Superannuation $**	**Options $**	**$**	**%**
DIRECTORS								
J Gresham	52,500	-	-	-	23,975	-	76,475	-
I Mulholland	275,229	33,750	-	5,000	25,461	-	339,440	10.0
B Dickson	-	16,875	144,330	-	-	-	161,205	10.5
TOTAL	327,729	50,625	144,330	5,000	49,436	-	577,120	8.8
2013								
DIRECTORS								
J Gresham	70,000	-	-	-	6,300	-	76,300	-
I Mulholland	275,000	35,625	-	5,000	25,000	18,770	359,395	15.1
B Dickson	-	17,812	144,000	-	-	9,385	171,197	15.9
TOTAL	345,000	53,437	144,000	5,000	31,300	28,155	606,892	13.4

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

Compensation options: Granted and vested during the year

During the year no options were issued to directors (2013: 7,500,000). 3,750,000 options vested during the year and 2,500,000 options held by Mr Mulholland were exercised.

	GRANTED		TERMS AND CONDITIONS FOR EACH GRANT					VESTED	
	Number	**Date**	**Fair value $**	**Exercise Price $**	**Expiry date**	**First exercise date**	**Last exercise date**	**Number**	**%**
Directors									
J Gresham	-	-	-	-	-	-	-	-	-
I Mulholland	5,000,000	3 Dec 12	0.009	0.025	30/11/15	1/12/13	30/11/15	2,500,000*	-
B Dickson	2,500,000	3 Dec 12	0.009	0.025	30/11/15	1/12/13	30/11/15	1,250,000	-
Total	7,500,000							3.750.000	-

*These options were exercised during the current financial year

Value of Options granted as part of Remuneration

There were no options granted as remuneration during the 2014 period. During the 2013 financial year 7,500,000 options were issued to directors. For details of options granted and exercised during the 2013 and 2014 years refer to Note 18 of the Financial Statements.

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

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

Share holdings of Key Management Personnel

2014	Balance at 1 July 2013	Granted as Remuneration	Purchased	Net Change/ Other	Shares Issued on Exercise of Options	Balance at 30 June 2014
I Mulholland	11,080,708	-	468,750	(1,500,000)	2,500,000	12,549,458
J Gresham	2,059,501	-	468,750	-	-	2,528,251
B Dickson	5,250,000	-	468,750	-	-	5,718,750
	18,390,209	-	1,406,250	(1,500,000)	2,500,000	20,796,459
2013						
I Mulholland	10,080,708	-	1,000,000	-	-	11,080,708
J Gresham	1,059,501	-	1,000,000	-	-	2,059,501
B Dickson	4,250,000	-	1,000,000	-	-	5,250,000
	15,390,209	-	3,000,000	-	-	18,390,209

Options holdings of Key Management Personnel

2014	Balance at 1 July 2013	Granted as Remuneration	Options Exercised	Options Lapsed	Balance at 30 June 2014
J Gresham	-	-	-	-	-
I Mulholland	5,000,000	-	2,500,000	-	2,500,000
B Dickson	2,500,000	-	-	-	2,500,000
	7,500,000	-	2,500,000	-	5,000,000

During the year one half of the options held vested after 30 November 2013, the balance will vest after 30 November 2014.

2013	Balance at 1 July 2012	Granted as Remuneration	Options Exercised	Options Expired/Sold/ Lapsed	Balance at 30 June 2013
J Gresham	-	-	-	-	-
I Mulholland	2,500,000	5,000,000	-	(2,500,000)	5,000,000
B Dickson	1,250,000	2,500,000	-	(1,250,000)	2,500,000
	3,750,000	7,500,000	-	(3,750,000)	7,500,000

At 30 June 2013 no options held by directors were vested.

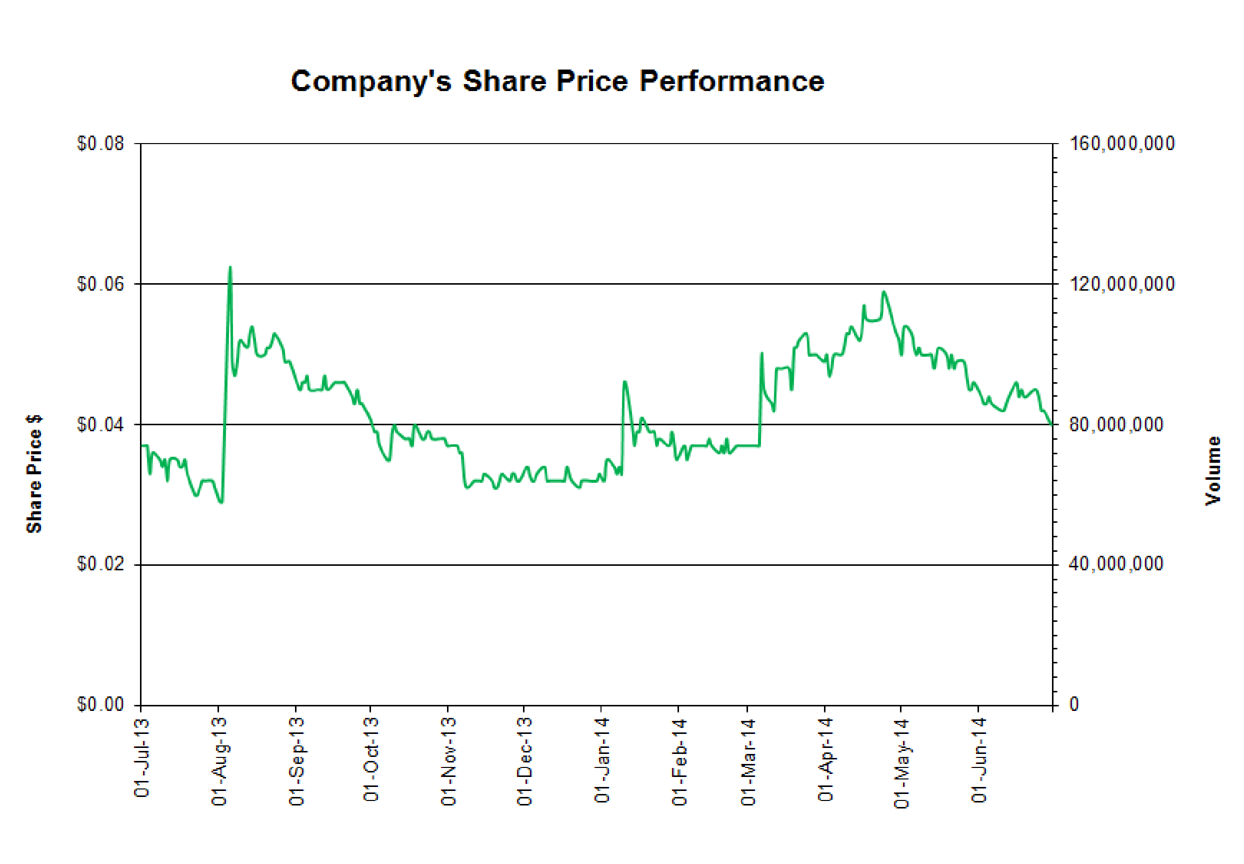
Company's Performance

Company's share price performance

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

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

The graph below shows the Company's share price performance during the financial year ended 30 June 2014.



Loss per share

Below is information on the Company's loss per share for the previous four financial years and for the current year ended 30 June 2014.

	2014	2013	2012	2011	2010
Basic loss per share (cents)	(0.90)	(1.1)	(0.9)	(0.5)	(0.6)

END OF REMUNERATION REPORT

Signed in accordance with a resolution of the Directors.

J Gresham
Chairman
Perth, 26 September 2014

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

In relation to our audit of the financial report of Rox Resources Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Fiona Drummond
Partner
26 September 2014

CORPORATE GOVERNANCE

Approach to Corporate Governance

Rox Resources Limited (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to ASX Corporate Governance Council Principles and Recommendations 2nd edition (**Principles & Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained it reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

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

Charters

Board
Audit Committee
Nomination Committee
Remuneration Committee

Policies and Procedures

Policy and Procedure for Selection and (Re) Appointment of Directors
Process for Performance Evaluations
Policy on Assessing the Independence of Directors
Diversity Policy (summary)
Code of Conduct (summary)
Policy on Continuous Disclosure (summary)
Compliance Procedures (summary)
Procedure for the Selection, Appointment and Rotation of External Auditor
Shareholder Communication Policy
Risk Management Policy (summary)
Policy for Trading in Company Securities
Whistleblower Policy (summary)

The Company reports below on whether it has followed each of the recommendations during the 2013/2014 financial year (**Reporting Period**). The information in this statement is current at 26 September 2014.

CORPORATE GOVERNANCE

Board

Roles and responsibilities of the Board and Senior Executives
(Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter, which is disclosed on the Company's website.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair or the lead independent director, as appropriate.

Skills, experience, expertise and period of office of each Director
(Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report on page 18.

The mix of skills and diversity for which the Board is looking to achieve in membership of the Board is represented by the Board's current composition. While the Company is at exploration stage, it does not wish to increase the size of the Board, and considers that the Board, which includes directors with geological qualifications, exploration and mining industry experience and accounting and finance qualifications, is an appropriate mix of skills and expertise relevant to the Company.

Director independence
(Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board does not have a majority of directors who are independent. The Board considers that the current composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise relevant to the Company's business. As noted above, while the Company is at exploration stage, it does not wish to increase the size of the Board.

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The Board has agreed on the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.

- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The sole independent director of the Company is Jeff Gresham, the Chairman of the Board. Mr Gresham is independent as he is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgment.

The non-independent directors of the Company are the Company's executive directors, Ian Mulholland (Managing Director) and Brett Dickson (Finance Director).

Independent professional advice
(Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Selection and (Re)Appointment of Directors
(Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience, expertise and diversity of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills and diversity that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. An election of directors is held each year. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and Re (Appointment) of Directors is disclosed on the Company's website.

Board committees

Nomination Committee
(Recommendations: 2.4, 2.6)

The Board has not established a separate Nomination Committee. The size and composition of the Board does not make the establishment of a separate Nomination Committee practical, and the Board believes that there would be no efficiencies or other benefits gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board did not officially convene as a Nomination Committee during the Reporting Period.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Nomination Committee. The Company's Nomination Committee Charter is disclosed on the Company's website.

Audit Committee
(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has not established a separate Audit Committee, and therefore it is not structured in accordance with Recommendation 4.2. The composition of the Board does not allow the Board to form an audit committee that complies with the structural requirements of Recommendation 4.2 as the Board comprises a majority of non-independent executive directors and the Chair of the Board is the only independent director on the Board. The Board believes that the composition of the Board is not suitable for the formation of a separate Audit Committee, and that there would be no efficiencies gained by establishing a separate Audit Committee. Accordingly, the Board performs the role of Audit Committee. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the director with conflicting interests is not party to the relevant discussions. Mr Gresham (the independent Chair of the Audit Committee) is available to meet separately with the external auditor should this be considered necessary.

The Company has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee.

The full Board met in its capacity as the Audit Committee twice during the Reporting Period. Details of director attendance at meetings of the full Board, in its capacity as the Audit Committee, during the Reporting Period are set out in a table in the Directors' Report on page 20.

Details of each of the director's qualifications are set out in the Directors' Report on page 18. All Board members have substantial industry knowledge and experience and consider themselves to be financially literate. Further, Brett Dickson is a Certified Practising Accountant with a Bachelor degree in Economics and Finance.

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and Procedure for Selection, Appointment and Rotation of External Auditor are disclosed on the Company's website.

Remuneration Committee
(Recommendations: 8.1, 8.2, 8.3, 8.4)

The Board has not established a separate Remuneration Committee, and therefore it is not structured in accordance with Recommendation 8.2. The composition of the Board does not allow the Board to form a Remuneration Committee that complies with the structural requirements of Recommendation 8.2 as the Board comprises a majority of non-independent executive directors and the Chair of the Board is the only independent director on the Board. The Board believes that the composition of the Board is not suitable for the formation of a separate Remuneration Committee, and that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board met in the capacity of the Remuneration Committee once during the Reporting Period. Details of director attendance at meetings of the full Board, in its capacity as the Remuneration Committee, during the Reporting Period are set out in a table in the Directors' Report on page 20.

To assist the Board fulfil its function as the Remuneration Committee, the Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report and commences on page 22. The Company's policy on remuneration clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-executive directors have long been encouraged by the Board to hold shares in the Company (purchased by the director on market). It is considered good governance for directors to have a stake in the Company whose board he or she sits. From time to time the Company may grant options to non-executive directors. The grant of options is designed to attract and retain suitably qualified non-executive directors.

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

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

In determining the level and make-up of executive remuneration, the Board may engage an external consultant to provide independent advice detailing market levels of remuneration for comparable executive roles.

Remuneration consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration – Long Term Incentive. Long term incentives are delivered in the form of options.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company's Remuneration Committee Charter is disclosed on the Company's website.

Performance evaluation

Senior executives
(Recommendations: 1.2, 1.3)

The Managing Director is responsible for evaluating the performance of senior executives. The evaluations are performed by conducting interviews with the senior executives as required. During the interview key performance indicators are set and agreed on, which will form the basis for the following years' review.

The Chair, at least annually, evaluates the performance of the Managing Director by formal interview. In reviewing the performance of the Managing Director, performance against pre-determined budgets and performance criteria set the previous year (if any) is assessed.

During the Reporting Period an evaluation of the Managing Director and other senior executives took place in accordance with the process disclosed above.

Board, its committees and individual directors
(Recommendations: 2.5, 2.6)

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors.

The Chair evaluates the Board and, when deemed appropriate, Board committees and individual directors by utilising questionnaires which are completed by each director. The Chair, in consultation with the Company Secretary, then reviews the questionnaires and holds round table discussions with the Board to discuss the questionnaires. The Chair holds discussions with individual directors, if required.

During the Reporting Period an evaluation of the Board and individual directors took place in accordance with the process disclosed above.

The Company's Process for Performance Evaluation is disclosed on the Company's website.

Ethical and responsible decision making

Code of Conduct
(Recommendations: 3.1, 3.5)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has also established a Whistleblower Policy, the aim of which is to ensure that directors, officers and employees comply with the Company's Code of Conduct. The Whistleblower Policy encourages reporting of violations (or suspected violations) and provides effective protection to those reporting by implementing systems for confidentiality and report handling.

A summary of the Company's Code of Conduct and Whistleblower Policy are disclosed on the Company's website.

Diversity

(Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company has established a Diversity Policy. However, the Diversity Policy provides that the Board may establish measurable objectives for achieving gender diversity that are appropriate for the Company. If established, the Board will assess annually both the objectives and progress towards achieving them. The Board has not set measurable objectives for achieving gender diversity. Given the Company's stage of development as an exploration company, and the number of employees, the Board considers that it is not practical to set measurable objectives for achieving gender diversity at this time.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board are set out in the following table:

	Proportion of women
Whole organisation	1 out of 3 (33%)
Senior Executive positions	0 out of 2 (0%)
Board	0 out of 3 (0%)

A summary of the Company's Diversity Policy is disclosed on the Company's website.

Continuous Disclosure

(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company's website.

Shareholder Communication

(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is disclosed on the Company's website.

Risk Management

Recommendations: 7.1, 7.2, 7.3, 7.4)

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

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Company's system to manage its material business risks includes the preparation of a risk register by management to identify the Company's material business risks, analyse those risks, evaluate those risks (including assigning a risk owner to each risk) and treat those risks. Risks and their management are to be monitored and reviewed at least half yearly by senior management. The risk register is to be updated and a report submitted to the Managing Director. The Managing Director is to provide a risk report at least half yearly to the Board and an annual review of the risk profile is to be undertaken to ensure relevancy. Specific areas of risk that were identified in the report included operational activities, asset management (including title to exploration and mining leases), funding and staff.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

The Managing Director and the Finance Director have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

A summary of the Company's Risk Management Policy is disclosed on the Company's website.

CORPORATE GOVERNANCE

ASX Corporate Governance Council recommendations checklist

The following table sets out the Company's position with regard to adoption of the Principles & Recommendations as at the date of this statement:

Recommendation		Comply
Principle 1:	**Lay solid foundations for management and oversight**	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	☑
1.2	Companies should disclose the process for evaluating the performance of senior executives.	☑
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1:	☑
Principle 2:	**Structure the board to add value**	
2.1	A majority of the board should be independent directors.	☒
2.2	The chair should be an independent director.	☑
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	☑
2.4	The board should establish a nomination committee.	☒
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	☑
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2:	☑
Principle 3:	**Promote ethical and responsible decision-making**	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	☑
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	☒
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	☒
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	☑
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3:	☑
Principle 4:	**Safeguard integrity in financial reporting**	
4.1	The board should establish an audit committee.	☒
4.2	The audit committee should be structured so that it: consists only of non-executive directors; consists of a majority of independent directors; is chaired by an independent chair, who is not chair of the board; and has at least three members.	☒
4.3	The audit committee should have a formal charter.	☑
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4:	☑
Principle 5:	**Make timely and balanced disclosure**	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	☑
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5:	☑
Principle 6:	**Respect the rights of shareholders**	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of the policy.	☑
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6:	☑
Principle 7:	**Recognise and manage risk**	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	☑
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	☑
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks..	☑
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7:	☑

Principle 8:	Remunerate fairly and responsibly	
8.1	The board should establish a remuneration committee.	☒
8.2	The remuneration committee should be structured so that it: consists of a majority of independent directors; is chaired by an independent chair; and has at least three members.	☒
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	☑
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8:	☑

STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Notes	2014 ($)	2013 ($)
ASSETS			
Current Assets			
Cash and cash equivalents	10(a)	**2,558,066**	2,963,670
Receivables		**15,008**	41,008
Prepayments		**3,540**	3,453
Other financial assets	13	**40,447**	18,390
Total Current Assets		**2,617,061**	3,026,521
Non-Current Assets			
Available for sale investments	11	**-**	-
Equipment	12	**70,321**	86,605
Capitalised exploration expenditure	14	**1,027,000**	1,027,000
Total Non-Current Assets		**1,097,321**	1,113,605
TOTAL ASSETS		**3,714,382**	4,140,126
LIABILITIES			
Current Liabilities			
Trade and other payables	15	**1,003,736**	1,200,750
Provisions	16	**84,315**	60,668
Total Current Liabilities		**1,088,051**	1,261,418
TOTAL LIABILITIES		**1,088,051**	1,261,418
NET ASSETS		**2,626,331**	2,878,708
EQUITY			
Contributed equity	17(i)	**30,795,616**	25,791,480
Reserves	17(ii)	**1,879,842**	1,265,141
Accumulated losses	19	**(30,049,127)**	(24,177,913)
TOTAL EQUITY		**2,626,331**	2,878,708

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

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2014

	Notes	2014 ($)	2013 ($)
Other revenue		**50,456**	69,212
Corporate expenses		**(554,032)**	(462,279)
Occupancy and related expenses		**(167,531)**	(150,392)
Salaries, wages and superannuation		**(474,970)**	(446,754)
Exploration expenditure expensed		**(4,671,513)**	(4,560,459)
Loss on investments		**-**	(5,852)
Share based payments to employees		**(37,340)**	(35,776)
Depreciation		**(16,284)**	(13,808)
Loss before income tax		**(5,871,214)**	(5,606,108)
Income tax benefit/(expense)	6	**-**	-
Loss after income tax		**(5,871,214)**	(5,606,108)
Other Comprehensive Income			
Items that may be re-classified subsequently to profit or Loss:			
Transfer from available-for-sale asset reserve to profit and loss upon derecognition of available-for-sale assets		**-**	3,750
Other comprehensive income net of tax		**-**	3,750
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		**(5,871,214)**	(5,602,358)
Loss per share for loss for the year attributable to ordinary equity holders:			
basic loss per share (cents)	7	**(0.90)**	(1.14)
diluted loss per share (cents)		**(0.90)**	(1.14)

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

STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2014

	Note	2014 ($)	2013 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		**50,456**	69,212
Payments to suppliers and employees		**(1,202,304)**	(976,568)
Expenditure on mineral interests		**(4,813,196)**	(3,568,649)
Net cash (used in) operating activities	10(b)	**(5,965,044)**	(4,476,005)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment		**-**	(25,962)
Proceeds on sale of investments		**-**	54,148
Security deposits		**(22,057)**	-
Net cash (used in) investing activities		**(22,057)**	28,186
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		**5,918,250**	6,487,100
Share issue costs		**(336,753)**	(385,158)
Net cash provided by financing activities		**5,581,497**	6,101,942
Net increase/(decrease) in cash and cash equivalents		**(405,604)**	1,654,123
Cash and cash equivalents at beginning of period		**2,963,670**	1,309,547
Cash and cash equivalents at end of period	10(a)	**2,558,066**	2,963,670

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

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2014

	Issued Share Capital ($)	Share Option Reserve ($)	Available for sale Asset Reserve ($)	Accumulated (Losses) ($)	Total ($)
At 1 July 2013	25,791,480	1,265,141	-	(24,177,913)	2,878,708
Loss for period	-	-	-	(5,871,214)	(5,871,214)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(5,871,214)	(5,871,214)
Transactions with owners in their capacity as owners					
Issue of share capital	5,918,250	-	-	-	5,918,250
Share issue costs	(914,114)	-	-	-	(914,114)
Share-based payments	-	614,701	-	-	614,701
Balance as at 30 June 2014	30,795,616	1,879,842	-	(30,049,127)	2,626,331
At 1 July 2012	19,689,538	1,229,365	(3,750)	(18,571,805)	2,343,348
Loss for period	-	-	-	(5,606,108)	(5,606,108)
Net fair value gains on available for-sale investments	-	-	3,750	-	3,750
Total comprehensive loss for the year	-	-	3,750	(5,606,108)	(5,602,358)
Transactions with owners in their capacity as owners					
Issue of share capital	6,487,100	-	-	-	6,487,100
Share issue costs	(385,158)	-	-	-	(385,158)
Share-based payments	-	35,776	-	-	35,776
Balance as at 30 June 2013	25,791,480	1,265,141	-	(24,177,913)	2,878,708

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

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30th June 2014

NOTE 1 CORPORATE INFORMATION

The financial report of Rox Resources Limited ('the Company') for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 26 September 2014.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for available for sale investments which are measured at fair value. The financial report is presented in Australian dollars.

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

Going Concern

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

The Company has incurred a net loss after tax for the year ended 30 June 2014 of $5,871,214 (2013: $5,606,108) and experienced net cash outflows from operating activities of $5,965,044 (2013: $4,376,005). At 30 June 2014, the Company had net current assets of $1,529,010 (30 June 2013: net current assets of $1,765,103).

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

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

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

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

(a) Compliance statement

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

(b) New accounting standards and interpretations

The Company has adopted all new and amended Australian Accounting Standards and AASB interpretations from 1 July 2012 mandatory for annual reporting periods beginning on or after 1 July 2012. The adoption of these new and amended Standards and Interpretations, set out below, did not have any effect on the financial position and performance of the Company.

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

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

Reference & Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 10 Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7.	1 January 2013	The application of this standard will have no impact on the Company	1 July 2013
AASB 12 Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	The application of this standard will result in some increases in disclosures by the Company	1 July 2013
AASB 13 Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	The application of this standard will have no impact on the Company	1 July 2013

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

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

Reference & Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 119 Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	The application of this standard will have no impact on the Company	1 July 2013
AASB 11 Joint Arrangements	AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.	1 January 2013	The application of this standard will result in some increases in disclosures required by the Company	1 July 2013

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

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

Reference & Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvement 2099-11 cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following: • repeat application of AASB 1 is permitted (AASB 1); and • clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).	1 January 2013	The application of this standard will have no impact on the Company	1 July 2013
AASB 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this Standard) (b) The Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local Governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11 and 2012-1.	1 July 2013	The Company has been assessed as a Tier 1 entity for the purposes of this standard	1 July 2013

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

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

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ended 30 June 2014.

Reference & Title	Summary	Application date of standard*	Application date for Group*
AASB 2012-3 Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclo sures for Non-Financial Assets*	AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	1 July 2014
AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.	^^	^^

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

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

Reference & Title	Summary	Application date of standard*	Application date for Group*
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle.* Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: ► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ► AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. ► AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ► AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ► AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.	1 July 2014	1 July 2014
AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: ► AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. ► AASB40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.	1 July 2014	1 July 2014

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

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

Reference & Title	Summary	Application date of standard*	Application date for Group*
Amendments to IAS 16 and IAS 38***** Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016

Reference & Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 9 - *Financial Instruments*	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.	1 January 2015	The application of this standard has not yet been assessed	1 July 2015

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

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

Reference & Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 9 - *Financial Instruments* *(continued)*	(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI). • The remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10	1 January 2015	The application of this standard has not yet been assessed	1 July 2015

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

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

Reference & Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
Interpretation 21 - Levies	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation	1 January 2014	The application of this standard will have no impact on the Company	1 July 2014

^^ The application dates of AASB 2013-9 are as follows:

Part A –periods ending on or after 20 Dec 2013 Application date for the Group: period ending 30 June 2014
Part B - periods beginning on or after 1 January 2014 Application date for the Group: period beginning 1 July 2014
Part C - reporting periods beginning on or after 1 January 2015 Application date for the Group: period beginning 1 July 2015

*****These IFRS amendments have not yet been adopted by the AASB. In order to claim compliance with IFRS, these amendments should be noted in the financial statements.

(c) Summary of significant accounting policies

(i) Operating Segment reporting – refer Note 5

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors when determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

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

The Company aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services
- Nature of the production processes
- Type or class of customer for the products and services
- Methods used to distribute the products or provide the services; and where applicable
- Nature of the regulatory environment

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

(ii) Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

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

(iii) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the Statement of Comprehensive income and the assets and liabilities are presented separately on the face of the Statement of Financial Position.

(iv) Deferred exploration and evaluation expenditure

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

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

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

(v) Trade and other payables

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

(vi) Issued capital

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

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

(vii) Income tax

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

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

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

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

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

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

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

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

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

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

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

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

(viii) Trade and other receivables

Trade receivables generally have 30 day terms and are initially recognised at fair value and transaction costs and carried at amortised cost less an allowance for impairment. An impairment allowance is recognised when there is objective evidence that the collection of the full amount is no longer probable. Financial difficulties of the debtor are an example of objective evidence. Bad debts are written off when identified.

(ix) Equipment

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

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

(ix) Equipment (continued)

Depreciation

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

	2014	2013
Computers	3 years	3 years
Office Equipment	3-4 years	3-4 years
Field Equipment	10 years	10 years

Impairment

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

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

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

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

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

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

(x) Employee benefits

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

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

(xi) Revenue recognition

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

Interest

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

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

(xii) Leases

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

Operating leases

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

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

(xiii) Impairment of non-financial assets

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

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

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

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

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

(xiv) Goods and service tax (GST)

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

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

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

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

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

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

(xv) Earnings/loss per share

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

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

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

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

(xvi) Share based payment transactions

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

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

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

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

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

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon non vesting and market conditions.

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

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

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

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

(xvii) Foreign currency

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

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

(xiii) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

Impairment
If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the profit or loss. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through the Statement of Comprehensive Income if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in the Statement of Comprehensive Income.

NOTE 3 FINANCIAL RISK MANAGEMENT AND POLICIES

Overview

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

- credit risk
- liquidity risk
- market risk
- price risk

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

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

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's investment securities. For the Company it arises from receivables due from subsidiaries, if any.

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

Cash and cash equivalents

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

Trade and other receivables

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

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

Other financial assets

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

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
	Note	**2014**	**2013**
Cash and cash equivalents	10	**2,558,066**	2,963,670
Receivables		**15,008**	41,008
Other financial assets	13	**40,447**	18,390
Available for sale investments	11	**-**	-
Total		**2,613,521**	3,023,068

None of the Company's trade and other receivables are past due (2013: nil). At 30 June 2014 the Company does not have any collective impairments on its other receivables (2013: nil).

Guarantees

Company policy is to provide financial guarantees only to wholly-owned subsidiaries. At the date of this report there are no outstanding guarantees. There were no financial guarantees at the end of the prior financial year.

Liquidity risk

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

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

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	**6 months or less**
30 June 2014		
Trade and other payables	1,003,736	1,003,736
30 June 2013		
Trade and other payables	1,200,750	1,200,750

There are no outstanding guarantees at year-end.

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

Market Risk

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

Currency risk

The Company is exposed to currency risk on investments and purchases that are denominated in a currency other than the respective functional currency of the Company, being the Australian dollar (AUD).

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

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

Exposure to currency risk

The Company's exposure to foreign currency risk at balance date was Nil (2013: Nil).

Price Risk

Equity securities price risk arises from investments in equity securities. The Company does not actively invest in equity securities and its exposure to price risk is minimal, though from time to time it will acquire holdings in equity securities as a result of dealings in its exploration interests. The Company reviews its portfolio at least each quarter. The equity investments held by the Company are publicly traded on the ASX (Australian Securities Exchange) and as such there is a ready market for the investments at most times.

There were no financial instruments exposed to movements in equity prices at either the current year or prior year end.

Interest rate risk

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

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount	
	2014	**2013**
Variable rate instruments		
Cash and cash equivalents	2,558,066	2,963,670

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not carry any derivative or hedging instruments.

The Company holds financial assets subject to variable interest rates and fluctuating interest rates would affect the Company's profit and equity. A change of 1% (2013: 1%) in variable interest rates would have increased or decreased the Company's equity and profit by $25,560 (2013: $29,637), and would have had the same effect on cash flow. The difference between 2014 and 2013 reflects the difference in value of financial assets subject to variable interest rates. The difference in interest rates during this and the previous financial period have had no material impact on the results of the Company. The 1% sensitivity is based on reasonable possible movements over a financial year, after observation of a range of actual historical rate movement over the past five years.

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

Capital Management

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

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

	2014	**2013**
Equity	2,626,331	2,878,708

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

Fair Values

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

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

Level 1 – the fair value is calculated using quoted prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

NOTE 4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTMATES AND ASSUMPTIONS

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

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

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

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

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

NOTE 5 SEGMENT INFORMATION

Identification of Reportable Segments

The Company operates within the mineral exploration industry within Australia.

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

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

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

NOTE 6 INCOME TAX INCOME

	2014 ($)	2013 ($)
The major components of income tax expenses are:		
Income Statement		
Current Income Tax		
Current income tax charge/(benefit)	-	-
Deferred Income Tax	-	
Relating to origination and reversal of temporary differences	-	-
Income tax expense/(benefit) reported in the statement of comprehensive income	-	-
Accounting loss before tax from continuing operations	(5,871,214)	(5,606,107)
At the Company's statutory income tax rate of 30%	(1,761,364)	(1,681,832)
Other	5,453	123
Share based payments	11,202	10,733
Share registry costs	(68,295)	(37,585)
Prior year adjustment to deferred tax balances	(241,145)	(8,702)
Deferred tax assets not brought to account (gross)	2,054,149	1,699,859
Income tax expense/(benefit) reported in the statement of Comprehensive Income	-	-

NOTE 6 INCOME TAX (cont'd)

	STATEMENT OF FINANCIAL POSITION		STATEMENT OF COMPREHENSIVE INCOME	
	2014 $	2013 $	2014 $	2013 $
Deferred Income Tax				
Deferred income tax at 30 June relates to the following				
Deferred tax liabilities				
Prepayments	(42)	(1,178)	1,135	(1,151)
Plant & equipment	(12,302)	(13,296)	994	7,462
Deferred tax assets				
Accruals	16,763	10,200	6,563	300
Provision for employee entitlements	25,295	18,200	7,094	1,154
Revenue tax losses	7,365,474	5,327,143	2,038,363	1,692,094
Deferred tax assets not brought to account as realisation is not probable	(7,395,188)	(5,341,069)		
	-	-		
Deferred tax assets not recognised			(2,054,149)	(1,699,859)
Deferred tax (income)/expense			-	-

Potential future income tax benefits attributable to gross tax losses of $23,240,137 (2013: $18,594,053) carried forward have not been brought to account at 30 June 2014 because Directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. These benefits will only be obtained if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the losses and deductions to be released;

(ii) the Company continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses

Tax losses carried forward have no expiry date.

	2014 $	2013 $
NOTE 7 LOSS PER SHARE		
The following reflects the income and share data used in the calculation of basic and diluted earnings per share		
Net loss	(5,871,214)	(5,606,108)
Weighted average number of ordinary shares used in calculating basic earnings per share	654,219,506	490,855,300
Effect of dilutive securities:		
- Share options (i)	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	654,219,506	490,855,300

NOTE 7 LOSS PER SHARE (cont'd)

(i) Share options are not dilutive as their exercise would have the impact of decreasing loss per share.

There were a total of 29,237,301 share options that were potentially dilutive to shares on issue at 30 June 2014 (2013: 9,050,000).

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

Conversion, calls, subscriptions or issues after 30 June 2014

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

NOTE 8 DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

Jeffrey Gresham	Non-executive Chairman (*appointed 1 October 2006)*
Ian Mulholland	Managing Director (*appointed 27 November 2003)*
Brett Dickson	Executive Director *(appointed 31 March 2010)* Company Secretary (*appointed 27 November 2003)*

(b) Compensation of Key Management Personnel by Category

	2014 ($)	**2013 ($)**
Short Term	522,684	542,437
Long Term	5,000	5,000
Post Employment	49,436	31,300
Share-Based Payments	-	28,155
	577,120	606,892

NOTE 9 AUDITOR'S REMUNERATION	**Notes**	**2014 ($)**	**2013 ($)**
Remuneration of the auditor of the Company, Ernst & Young (Australia) for:			
Auditing and reviewing the financial report		49,440	50,440
Taxation services		10,000	10,000
		59,440	60,440

NOTE 10 CASH AND CASH EQUIVALENTS

		2014 ($)	2013 ($)
(a)	Cash and cash equivalents	2,558,066	2,963,670
	Cash at bank earns interest at floating rates based on daily deposit rates		
(b)	Reconciliation of net loss after income tax to net cash flow from operations:		
	Net loss after Income Tax	5,871,214	5,606,108
	Adjustments for reconcile profit before tax to net operating cash flows		
	- Depreciation	(16,284)	(13,808)
	- Share based payments	(37,340)	(35,776)
	- Loss on investments	-	(5,852)
	Changes in assets and liabilities		
	- Increase (decrease) in prepayments	87	(472)
	- (Increase) decrease in provisions	(23,647)	(3,847)
	- (Increase) decrease in payables	197,014	(1,111,356)
	- Increase (decrease) in receivables	(26,000)	41,008
	Cash out-flow from operations	5,965,044	4,476,005

(c) There were no non-cash financing and investing activities in the 2013 or 2014 financial years.

(d) The Company does not have any credit standby arrangements, used or unused loan facilities.

NOTE 11 NON-CURRENT ASSETS - AVAILABLE FOR SALE INVESTMENTS

	2014 ($)	2013 ($)
At fair value		
Shares – listed (a)	-	-

Available for sale investments consists of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

(a) Movements in available for sale assets

Balance at 1 July	-	56,250
Sales	-	(56,250)
Unrealised gain/(loss) on available for sale investments transferred to /(from) equity	-	-
Balance at 30 June	-	-

(b) Listed shares

The fair value of listed available for sale investments has been determined directly by reference to published price quotations in an active market.

	2014 ($)	2013 ($)
NOTE 12 EQUIPMENT		
Equipment at cost	145,723	175,927
Accumulated depreciation	(75,402)	(89,322)
	70,321	86,605
(a) Movements in plant and equipment		
- At 1 July, net of accumulated depreciation	86,605	74,451
- Additions	-	25,962
- Depreciation	(16,284)	13,808
At 30 June, net of accumulated depreciation	70,321	86,605

NOTE 13 OTHER FINANCIAL ASSETS

Current

Security deposits	40,447	18,390

NOTE 14 EXPLORATION AND EVALUATION

Areas of interest in exploration and evaluation phases:		
Balance at beginning of period	1,027,000	1,027,000
Acquisition	-	-
	1,027,000	1,027,000

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

NOTE 15 TRADE AND OTHER PAYABLES

Trade creditors and accruals (a)	1,003,736	1,200,750

(a) Terms and Conditions

Creditors, including related parties, are non-interest bearing and generally on 30 day terms.

NOTE 16 PROVISIONS

Employee benefits – annual leave	33,436	14,790
Employee benefits - long service leave	50,879	45,878
	84,315	60,668

NOTE 17 CONTRIBUTED EQUITY AND RESERVES

(i) **Contibuted Equity**

(a) Issued and paid up capital

Ordinary shares fully paid	30,795,616	25,791,480

(b) Movement in shares on issue

Issued and paid up capital – Ordinary shares fully paid		
Ordinary shares at beginning of period – 590,809,744 (2013: 398,336,377)	25,791,480	19,689,538
Issue of 74,675,000 shares at $0.032 per share (net of share issue costs)	2,266,163	-
Exercise of 2,500,000 options at $0.025 each	62,500	-
Issue of 77,025,560 shares at $0.045 each (net of share issue costs)	2,675,473	-
Issue of 92,473,367 shares at $0.015 per share (net of share issue costs)	-	1,338,642
Issue of 10,000,000 shares at $0.015 per share	-	150,000
Issue of 90,000,000 shares at $0.055 per share (net of share issue costs)	-	4,613,300
At reporting date: 745,010,304 shares	30,795,616	25,791,480

Effective 1 July 1998, the corporation's legislation in place abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued shares.

(c) Share Options

During the year 2,500,000 options were exercised at $0.025 each.

During the year 21,437,301 options with an exercise price of $0.08 and an expiry date of 31 March 2017 and 1,250,000 options with an exercise price of $0.057 and an expiry date of 28 February 2017 were issued. No other options were issued during the year and no other options have been exercised up to the date of this financial report.

At the end of the financial year there were 29,237,201 (2013: 9,050,000) unissued ordinary shares in respect of which options were outstanding.

(d) Terms and Conditions of Contributed Equity

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

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

NOTE 17 CONTRIBUTED EQUITY AND RESERVES (cont'd)

(ii) Reserves

	2014 ($)	2013 ($)
Reserves	1,879,842	1,265,141
(a) Share Option Reserve		
Movements		
Balance at beginning of year	1,265,141	1,229,365
Options issued - employees	37,340	35,776
Options issued – other (refer note 18B)	577,361	-
Balance at end of year	1,879,842	1,265,141

	2014 ($)	2013 ($)
(b) Available for Sale Reserve		
Movements		
Balance at beginning of year	-	(3,750)
Transfer to profit or loss	-	3,750
Unrealised gain	-	-
Balance at end of year	-	-

Nature and Purpose of Reserves

Share Option Reserve

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

Available For Sale reserve

This reserve is used to record the unrealised gains and losses on available for sale investments.

NOTE 18 SHARE BASED PAYMENTS

A. Directors and Employees

(i) Employee Share Incentive Scheme

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

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

No options were issued during the year. During 2012 550,000 options with an exercise price of $0.047 and expiry of 30 November 2014 were issued and remain outstanding at year end.

NOTE 18 SHARE BASED PAYMENTS (cont'd)

A. Directors and Employees (cont'd)

(i) Employee Share Incentive Scheme (cont'd)

Set out below is a summary of options issued.

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year (number)	Granted during the year (number)	Exercised during the year (number)	Forfeited during the year (number)	Balance at end of the year (number)	Vested and exercisable at end of the year (number)
2014									
21/11/11	30/11/14	4.7	2.3	550,000	-	-	-	550,000	550,000
				550,000	-	-	-	550,000	550,000
Weighted average exercise price				$0.047	-	-	-	$0.047	$0.047
2013									
21/11/11	30/11/14	4.7	2.3	550,000	-	-	-	550,000	550,000
				550,000	-	-	-	550,000	550,000
Weighted average exercise price				$0.047				$0.047	$0.047

The weighted average remaining contractual life of share options outstanding at the end of the year was 0.4 years. (2013: 1.4 years)

Fair value of options granted

No options were granted during the 2013 or 2014 financial year.

(ii) Other Share Options

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

2014

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year (number)	Granted during the year (number)	Exercised during the year (number)	Expired during the year (number)	Balance at end of the year (number)	Vested and exercisable at end of the year (number)
27/2/14	28/2/17	5.7	2.6	-	1,250,000	-	-	1,250,000	-
3/12/13	30/11/15	2.5	0.9	8,500,000	-	2,500,000	-	6,000,000	3,000,000
				8,500,000	1,250,000	2,500,000	-	7,250,000	3,000,000
Weight average exercise price				$0.025	$0.057	$0.025	-	$0.031	$0.25

2013

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year (number)	Granted during the year (number)	Exercised during the year (number)	Forfeited during the year (number)	Balance at end of the year (number)	Vested and exercisable at end of the year (number)
3/12/12	30/11/15	2.5	0.9	-	8,500,000	-	-	8,500,000	-
26/11/09	26/11/12	3.8	0.9	3,750,000	-	-	3,750,000	-	-
				3,750,000	8,500,000	-	-	8,500,000	-
Weight average exercise price				$0.038	$0.025		$0.038	$0.025	$0.025

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.6 years (2013: 2.4 years).

NOTE 18 SHARE BASED PAYMENTS (cont'd)

A. Directors and Employees (cont'd)

(ii) Other Share Options (cont'd)

Fair value of options granted

The fair value for 2014 was calculated by using the Binomial Option valuation methodology using the following parameters.

	2014
Weighted average exercise price (cents)	5.7
Weighted average life of the option (years)	3.0
Weighted average underlying share price (cents)	3.7
Expected share price volatility	130%
Risk free interest rate	2.86%

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

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

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

B. Unrelated Parties

There were no options issued to unrelated parties during 2013. Options issued to unrelated parties during the current year are set out below.

2014

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year (number)	Granted during the year (number)	Exercised during the year (number)	Expired during the year (number)	Balance at end of the year (number)	Vested and exercisable at end of the year (number)
25/03/14	31/03/17	8.0	2.7	-	8,294,862	-	-	8,294,862	8,294,862
4/04/14	31/03/17	8.0	2.7	-	13,142,439			13,142,439	13,142,439
				-	21,437,301	-	-	21,437,301	21,437,301
Weight average exercise price					$0.08			$0.08	$0.08

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.8 years (2013: Nil).

No options were granted in the 2013 financial year. For the 2014 financial year the weighted average fair value of the options granted was 2.7 cents. The fair value for 2014 was calculated by using the Binomial Option valuation methodology using the following parameters.

	2014
Weighted average exercise price (cents)	8.0
Weighted average life of the option (years)	3.0
Weighted average underlying share price (cents)	5.0
Expected share price volatility	100%
Risk free interest rate	3.0%

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

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

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

NOTE 19 ACCUMULATED LOSSES

	2014 ($)	2013 ($)
Balance at beginning of year	24,177,913	18,571,805
Net loss attributable to members of Rox Resources Limited	5,871,214	5,606,108
Balance at end of year	30,049,127	24,177,913

No dividends were paid during or since the financial year. There are no franking credits available (2013: nil).

NOTE 20 EXPENDITURE COMMITMENTS

(a) Exploration Commitments

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

	2014 $	2013 $
Not later than one year	575,920	842,368
Later than one year and not later than five years	-	-
	575,920	842,368

(b) Remuneration Commitments

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

Not later than one year	222,000	444,000
Later than one year and not later than five years	-	222,000
	222,000	666,000

NOTE 21 CONTINGENT LIABILITIES

At the financial reporting date there are no contingent liabilities.

NOTE 22 EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year the company has reached agreement with Bell Potter Securities Limited to raise $4.5 million. As at the date of this report $4,104,637 has been received.

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

NOTE 23 RELATED PARTY TRANSACTIONS

(a) Other Director Related Transactions

Coolform Investments Pty Ltd, a company in which Mr Dickson is a Director and shareholder, received fees totalling $144,330 (2013: $161,812) for the provision of services. An amount of Nil (2013: Nil) is payable at year end.

During the year the Company paid fees totalling $126,280 (2013: $98,406) (including GST) to Azure Minerals Limited, a company of which Mr Dickson is an officer, for the provision of office accommodation. The Company also received fees totalling $31,856 (2013: $28,327) (including GST) from Azure Minerals Limited being reimbursement for the provision of office secretarial support.

The above transactions were entered into on normal commercial terms.

(b) Subsidiaries

At Balance date the company does not have any subsidiaries.

(c) Ultimate Parent

Rox Resources Limited is the ultimate Australian parent entity.

NOTE 24 JOINT OPERATIONS – REWARD PROJECT

The Company has entered into an agreement with Teck Australia Pty Ltd. (“Teck”) to explore its highly prospective 670km^2 Myrtle/Reward zinc-lead tenements, located 700km south-east of Darwin, Northern Territory, adjacent to the McArthur River zinc-lead mine.

The project contains the Myrtle zinc-lead deposit and recent exploration by Teck at the Teena zinc-lead prospect has defined significant high grade zinc-lead mineralisation over a strike length of at least 1.5km.

Under the terms of the Agreement Teck could spend $5 million on exploration to earn a 51% interest in the project, with Rox holding the remaining 49%. Teck has meet that expenditure requirement and now hold a 51% interest in the project. In addition Teck has elected to increase its interest in the project to 70% by spending an additional A$10m (A$15m in total) by 31 August 2018.

DIRECTORS DECLARATION

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

1. In the opinion of the Directors':

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

      (i) giving a true and fair view of the Company's financial position as at 30 June 2014 and its performance for the year ended on that date; and
      (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a); and

   (c) subject to the achievement of the matters as set out in Note 2, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

   (d) This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2014.

On behalf of the Board

J Gresham
Chairman
Perth, 26 September 2014.

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Independent auditor's report to the members of Rox Resources Limited

Report on the financial report

We have audited the accompanying financial report of Rox Resources Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion:

a. the financial report of Rox Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial report in relation to principal conditions that raise doubt about the company's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the remuneration report

We have audited the Remuneration Report included in pages 22 to 28 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Rox Resources Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Fiona Drummond
Partner
Perth
26 September 2014

MINING TENEMENTS

Project	Tenement Number	Interest	Interest Held
Reward, NT	EL10316	All Minerals	49%
	EL27541	All Minerals	49%
	EL26406	All Minerals except Diamonds	49%
	EL30042	All Minerals except Diamonds	49%

Teck Australia Pty Ltd is earning a 70% interest in all of the Reward project tenements

Mt Fisher, WA	E53/1061	All Minerals	100%
	E53/1106	All Minerals	100%
	E53/1218	All Minerals	100%
	E53/1219	All Minerals	100%
	E53/1250	All Minerals	100%
	E53/1386	All Minerals	100%
	E53/1716	All Minerals	100%
	M53/09	All Minerals	100%

Rox Resources holds an option to acquire the following Mt Fisher tenements

	E53/1318	All Minerals	-
	E53/1319	All Minerals	-
	E53/1465	All Minerals	-
	P53/1496	All Minerals	-
	P53/1497	All Minerals	-
	M53/127	All Minerals	-

Bonya	EL29701*	Cu, Pb, Zn, Au, Ag, Bi, PGE'S	-
	EL29599	All Minerals	100%

* Rox may earn up to a 70% interest in this tenement

OTHER INFORMATION

The following information was applicable as at 10 September 2014.

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

Ordinary Fully Paid Shares

	Name	Number of Shares	% of Issued Share Capital
1	National Nominees Limited	27,942,084	3.75
2	Mr Ram Shanker Kangatharan	16,200,000	2.17
3	Mr Ian Robert Mulholland	12,549,458	1.68
4	Tattersfield Securities Limited	11,000,000	1.48
5	Mr T W Kahler + Mrs S Kahler <Kahler Super Fund>	10,000,000	1.34
6	Teck Australia Pty. Ltd.	10,000,000	1.34
7	Amalgamated Dairies Limited	9,599,765	1.29
8	Mr G J Munyard + Mrs M A Munyard + Miss C H Munyard	8,320,000	1.12
9	Bell Potter Nominees Ltd <BB Nominees A/C>	6,695,364	0.90
10	Haydos Corporation	6,500,000	0.87
11	Chin Nominees Pty Ltd <Chin Super Fund A/C>	5,695,000	0.76
12	Mr Brian Collins + Mrs Britt Collins	5,555,555	0.75
13	Mr B D Dickson & Mrs G F Dickson <Dickson Super Fund>	4,968,750	0.67
14	Mr Siat Yoon Chin	4,779,192	0.64
15	Troca Enterprises Pty Ltd <Coulson Super A/C>	4,597,957	0.62
16	J P Morgan Nominees Australia Limited	4,490,366	0.60
17	Mr Gregory James Street <Street S/F A/C>	4,300,000	0.58
18	Mr Stephen John Halpin + Dr Wendy Joy Gunthorpe	4,000,000	0.54
19	Commsec Nominees Pty Limited	3,842,957	0.52
20	Stephentim Pty Ltd	3,500,000	0.47
		164,536,448	22.09

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

No substantial shareholders

(b) Distribution of Shareholders Number

Category (size of Holding)	Number of holders	Number of Shares
1 – 1,000	139	17,402
1,001 – 5,000	89	322,242
5,001 - 10,000	332	2,914,218
10,001 - 100,000	2,017	96,390,115
100,001 and over	1,165	645,366,327
Total	3,742	745,010,304
Holding less than a marketable parcel	574	3,396,742

There is a total of 590,809,744 fully paid ordinary shares on issue, all of which are listed on the ASX. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(c) Restricted Securities

There are no restricted securities