ROX RESOURCES LIMITED

ABN 53 107 202 602

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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Corporate Directory

Directors:
Mr Stephen Dennis
Non-Executive Chairman

Dr John Mair
Non-Executive Director

Mr Alex Passmore
Managing Director

Company Secretary:
Mr Chris Hunt

Bank:
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Stock Exchange:
ASX Limited

Company Code:
RXL (Fully Paid Shares)

Capital Structure:

158,940,947	Fully paid ordinary shares
4,466,668	$0.433, 30 November 2022 options
1,333,333	$1.438, 31 December 2023 options
1,333,333	$1.813, 31 December 2023 options
1,333,333	$2.188, 31 December 2023 options
660,000	$0.763, 25 May 2024 options
10,476,190	$0.988, 26 March 2025 options

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Directors' Report

Your Directors present their report on the Group consisting of the Parent entity, Rox Resources Limited ("Company"), and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

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

Mr Stephen Dennis
Dr John Mair
Mr Alex Passmore

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

Review of Operations

The net loss after tax for the half-year ended 31 December 2021 was $7.9 million (2020: $6.3 million). This loss is predominantly attributable to expenditure on exploration and evaluation activities during the period totalling $5.5 million (2020: $3.7 million) and total corporate expenses of $0.6 million (2020: $0.4 million).

During the half-year, Teck Australia Pty Ltd ("Teck") agreed to bring forward a deferred cash settlement due to the Company from the sale of its interest in the Reward Zinc-Lead Project. The Company completed the sale of its interest in Reward Zinc-Lead Project in February 2017 and as part of the consideration $3.75m was due at the earlier of the completion of a Bankable Feasibility Study or 6 years, being 16 February 2023. The Company and Teck agreed to settle the deferred cash consideration for $3.1m, payable to Rox by 1 September 2021. The funds were received on 26 August 2021.

Projects

The Group has two advanced projects that are prospective for gold:

- Youanmi Gold Project; and
- Mt Fisher / Mt Eureka Gold Project

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

Youanmi Gold Project

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

The Youanmi Gold Project consists of four joint ventures with Venus Metals Corporation Limited (**VMC**) and 3 tenements wholly owned by Rox (figure 1). The joint ventures are:

1. The **OYG JV** (all minerals) - covers 65km^2, and surrounds the Youanmi Gold Mine and nearby extensions (Rox 70%);
2. The **VMC JV** (gold rights) - covers 302km^2 (Rox 50%);
3. The **Youanmi JV** (gold rights) - covers 270km^2 (Rox 45%); and
4. The **Currans Find JV** (all minerals) – covers 4km^2 (Rox 45%).

The Youanmi Project has produced an estimated 667,000 oz of gold (at 5.47 g/t Au) since discovery in 1901 during three main periods: 1908 to 1921, 1937 to 1942, and 1987 to 1997. The last parcel of ore mined underground at Youanmi (November 1997) was at 14.6 g/t Au.

The structure of the Youanmi Project is dominated by the north-trending Youanmi Fault Zone. The majority of the gold mineralisation found at the project is hosted within the north-northwest splays off the north-northeast trending Youanmi Fault.

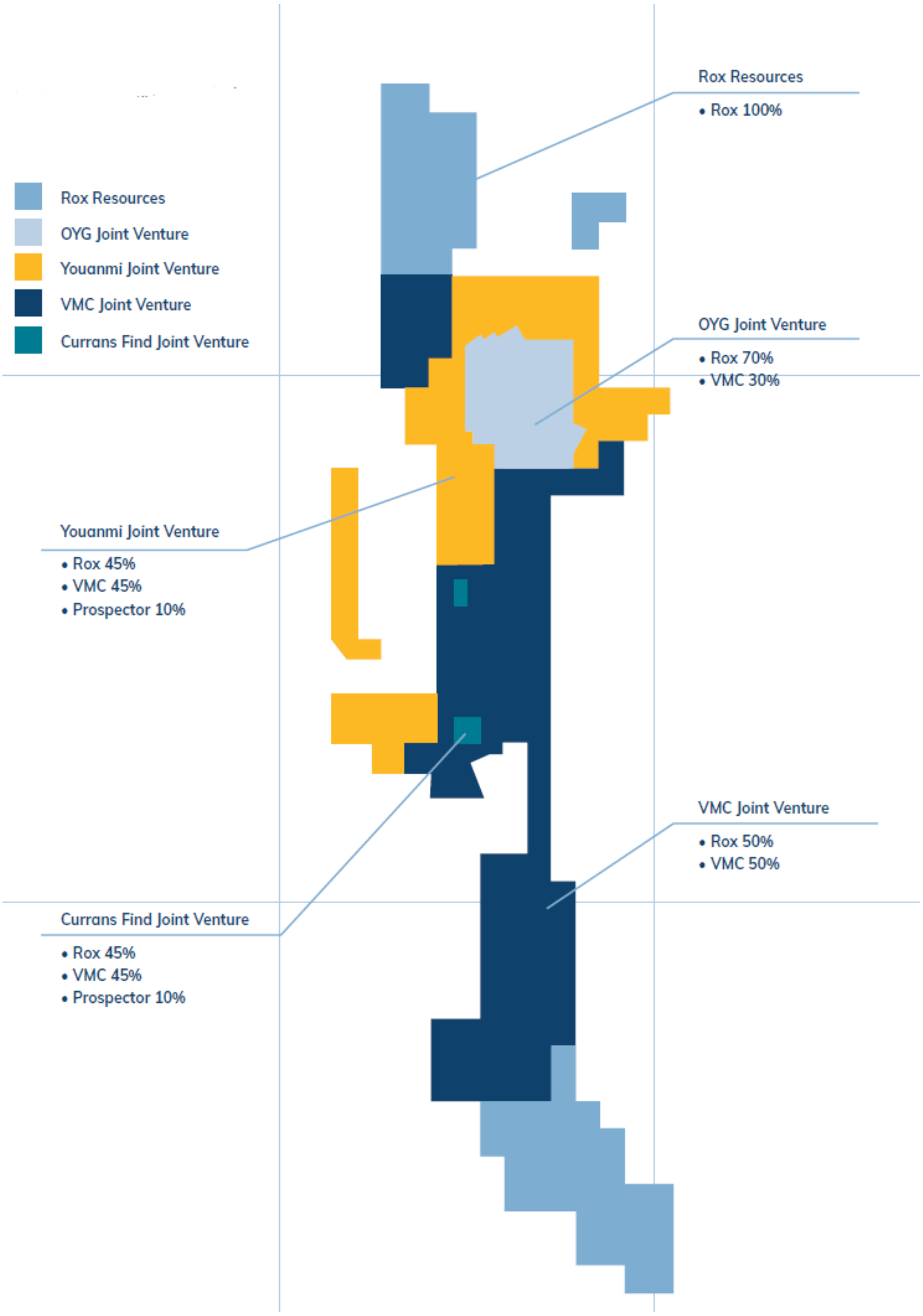

Figure 1: Youanmi Gold Project

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

During the half-year ended 31 December 2021 the Youanmi Gold Project was significantly advanced through continued exploration success, study activities and a significant Deeps Resource upgrade increasing the Youanmi Resource to 3 million ounces Au (see Matters Subsequent to the End of the Financial Period).

Exploration Drilling

Key results during the half-year ended 31 December 2021 include:

Link Prospect

- RXRC390: 3m @ 4.42g/t Au from 101m and 5m @ 5.96g/t Au from 138m, **including 2m @ 12.9g/t Au** from 138m
- RXDD018: 6.82m @ 11.98g/t Au from 264m, **including 2m @ 37.65g/t Au** from 269m and 4.92m @ 6.51g/t Au from 250m
- RXRC402: 17m @ 5.14g/t Au from 151m, **including 11m @ 7g/t Au** from 156m
- RXDD026: 7.25m @ 15.02g/t Au from 315.8m, **including 2.9m @ 22.37g/t Au** from 320.1m
- RXRC410: 12m @ 4.46g/t Au from 184m, **including 3m @ 7.73g/t Au** from 186m
- RXRC409: 7m @ 3.56g/t Au from 234m, **including 3m @ 6.45g/t Au** from 236m
- RXRC412: 8m @ 6.24g/t Au from 249m, **including 3m @ 12.1g/t Au** from 250m
- RXDD030: 0.5m @ 77.49g/t Au from 277.8m and 0.75m @ 19.66g/t Au from 270.9m
- RXDD019: 1m @ 11.05g/t Au from 389m
- RXDD021: 0.7m @ 11.06g/t Au from 289.35m
- RXRC430: 3m @ 9.35g/t Au from 182m, within 5m @ 6.33g/t Au from 180m
- RXRC428: 2m @ 7.93g/t Au from 279m within 9m @ 3.02g/t Au from 272m
- RXRC426: 2m @ 12.59g/t Au from 235m within 3m @ 8.61g/t Au from 235m
- RXRC406: 2m @ 7.81g/t Au from 234m, within 7m @ 2.82g/t Au from 230m
- RXRC437: 3m @ 7.23g/t Au from 131m, within 9m @ 4.27g/t Au from 128m
- RXRC436: 2m @ 8.16g/t Au from 183m, within 8m @ 4.17g/t Au from 178m
- RXRC438: 2m @ 6.78g/t Au from 127m, within 5m @ 4.33g/t Au from 122m

Hangingwall Lode (Midway Prospect)

- RXDD022: 4m @ 45.5g/t Au from 341m, **including 1.33m @ 129.3g/t Au from 341.75m**
- RXDD024: 16m @ 4.22g/t Au from 56m, **including 3m @ 16.4g/t Au from 66m and 3m @ 4.1g/t Au from 203m**
- RXDD046: 3.87m @ 9.9g/t Au from 328.33m, **including 2.45m @ 15.02 g/t Au from 328.8m**
- RXDD045: 3.62m @ 6.49g/t Au from 315.42m, **including 0.86m @ 21.03g/t Au from 315.42m**

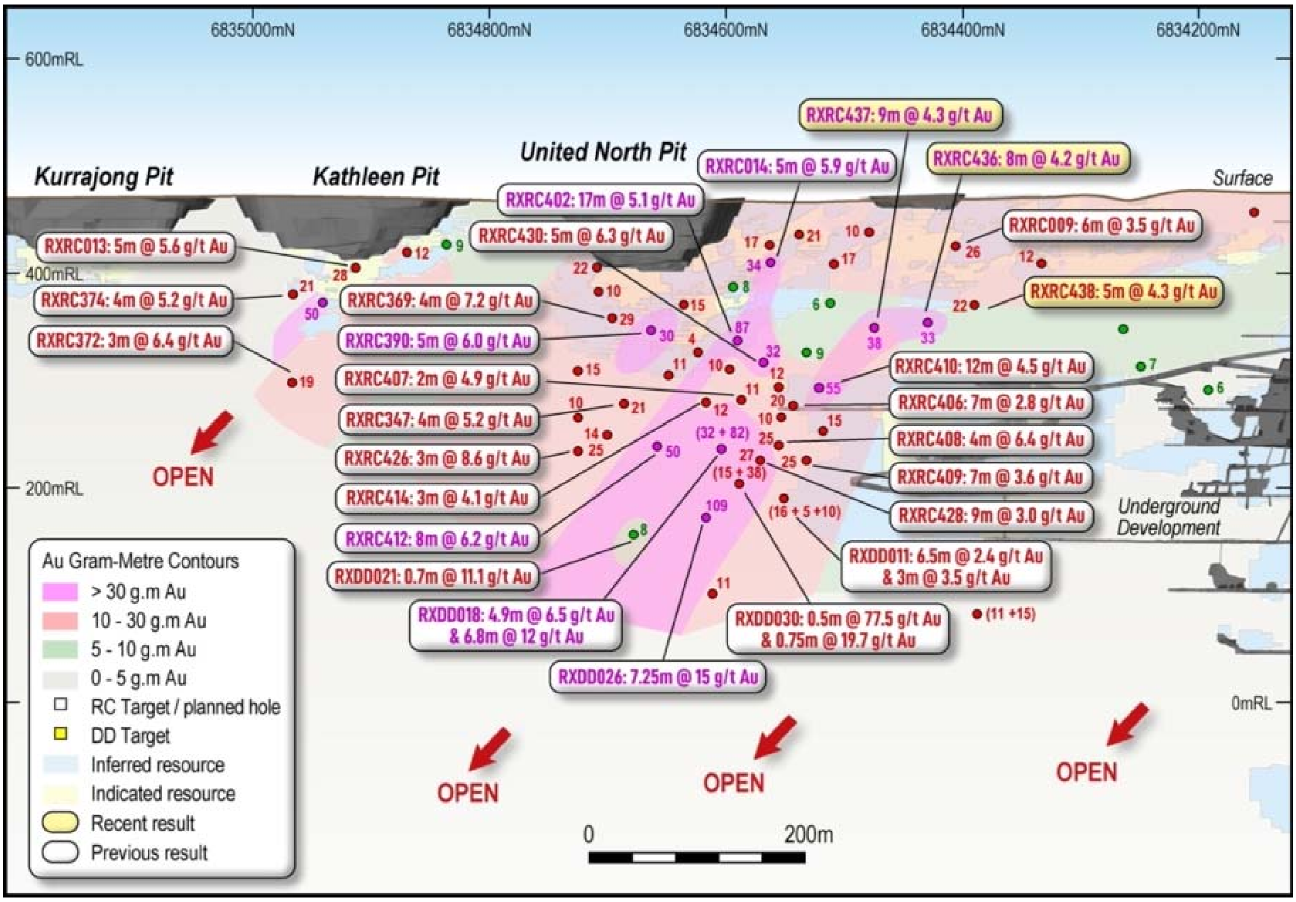

Figure 2: Link Prospect long section (ASX: 22 December 2021)

Metallurgical testwork

As a part of the ongoing studies underway into potential production at the Youanmi Gold Project, Rox has undertaken a series of metallurgical testwork programs aimed at optimising gold recovery prior to progressing toward more extensive and detailed testwork.

On 6 October 2021, Rox reported that using the pressure oxidation leach process (POX) had indicated an increase from 86.8% to 95.6% gold recovery.

The testwork demonstrated a well understood pathway to very high gold recoveries, something which was not achieved during historical mining.

On 23 December 2021, Rox announced that further testwork utilising the Albion process achieved an average of 92.2% gold extraction for the Youanmi Deeps mineralisation. Due to the capital efficiency of the process, the Albion process is the preferred recovery method for Youanmi Deeps ore, as it is likely to deliver the lowest capital and operating costs of methods evaluated to date. Rox intends to complete more detailed testwork which will incorporate larger sample volumes during calendar year 2022.

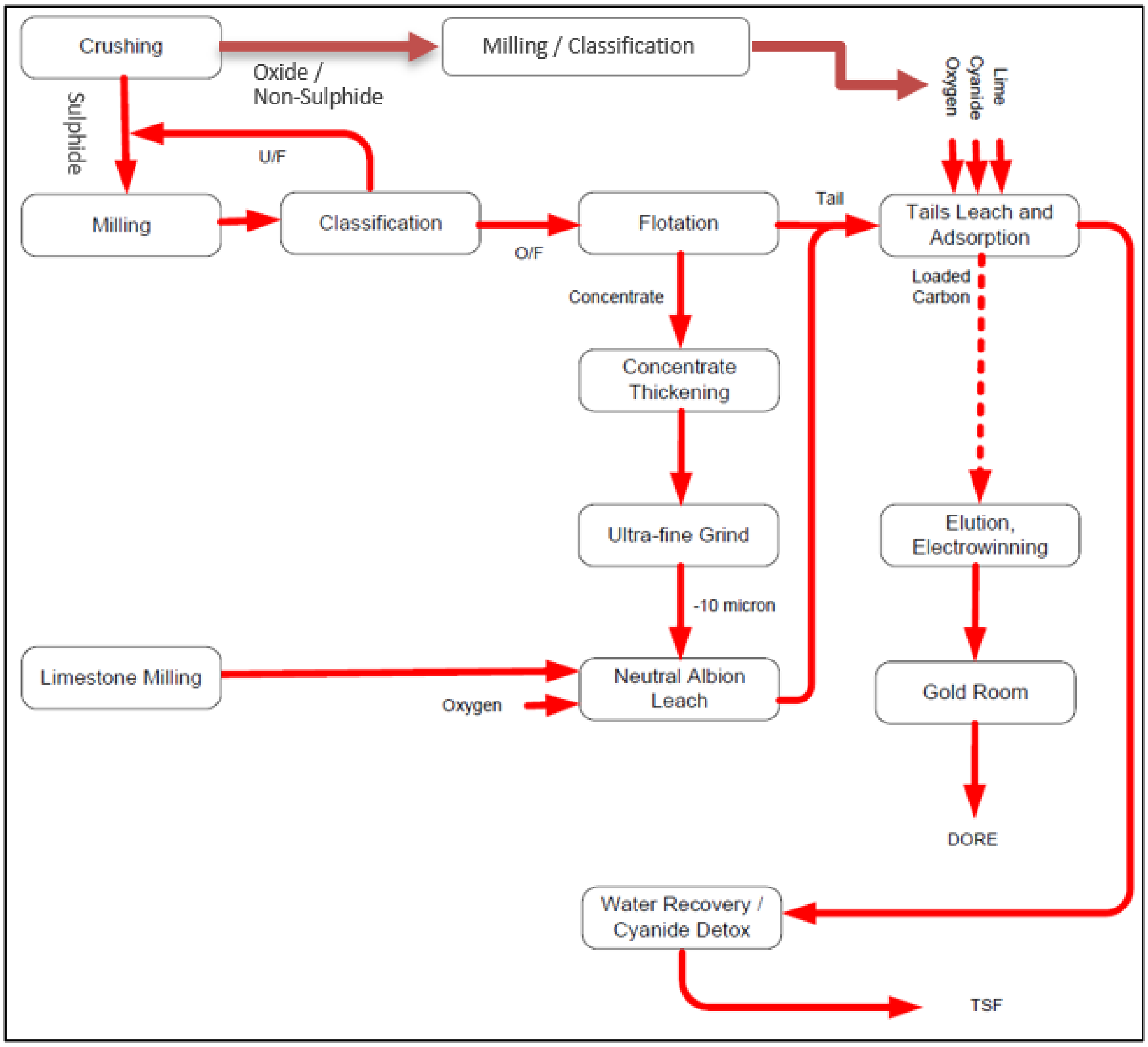

Figure 3: Indicative Conceptual Flow Sheet – Youanmi Non-Sulphide / Sulphide

Youanmi Regional Joint Ventures (VMC JV : Youanmi JV : Currans Find JV)

The Youanmi joint venture tenements cover approximately 80km of strike of the highly prospective Youanmi Shear Zone. The Youanmi Shear Zone is a major state scale feature and is the boundary between the Murchison and Southern Cross Domains of the Youanmi Terrane of the Yilgarn Craton. This major structure is a crustal-scale plumbing system and is likely the first-order fluid pathway for gold mineralisation in the region.

During the half-year ended 31 December 2021, Rox announced the commencement of an aircore drilling program which was completed by the end of the quarter, with 424 holes for 22,337m completed, with many assays over key targets still pending as at 31 December 2021.

The drilling occurred over 4 target areas (Figure 4) on the Youanmi Regional Joint Venture tenements. The first phase of drilling tested interpreted west-northwest trending secondary structures, including numerous demagnetised zones and untested helicopter-borne time-domain electromagnetic conductors (HTDEM) (VMC: ASX release 21 February 2018) that may represent sulphide-related gold mineralisation. Drill spacing is planned at 50-80m on 400m spaced lines with average hole depth expected to be 40m (approximating blade refusal). Drilling will penetrate below transported cover sequences to test in situ regolith where historical soil sampling and shallow RAB drilling was ineffective.

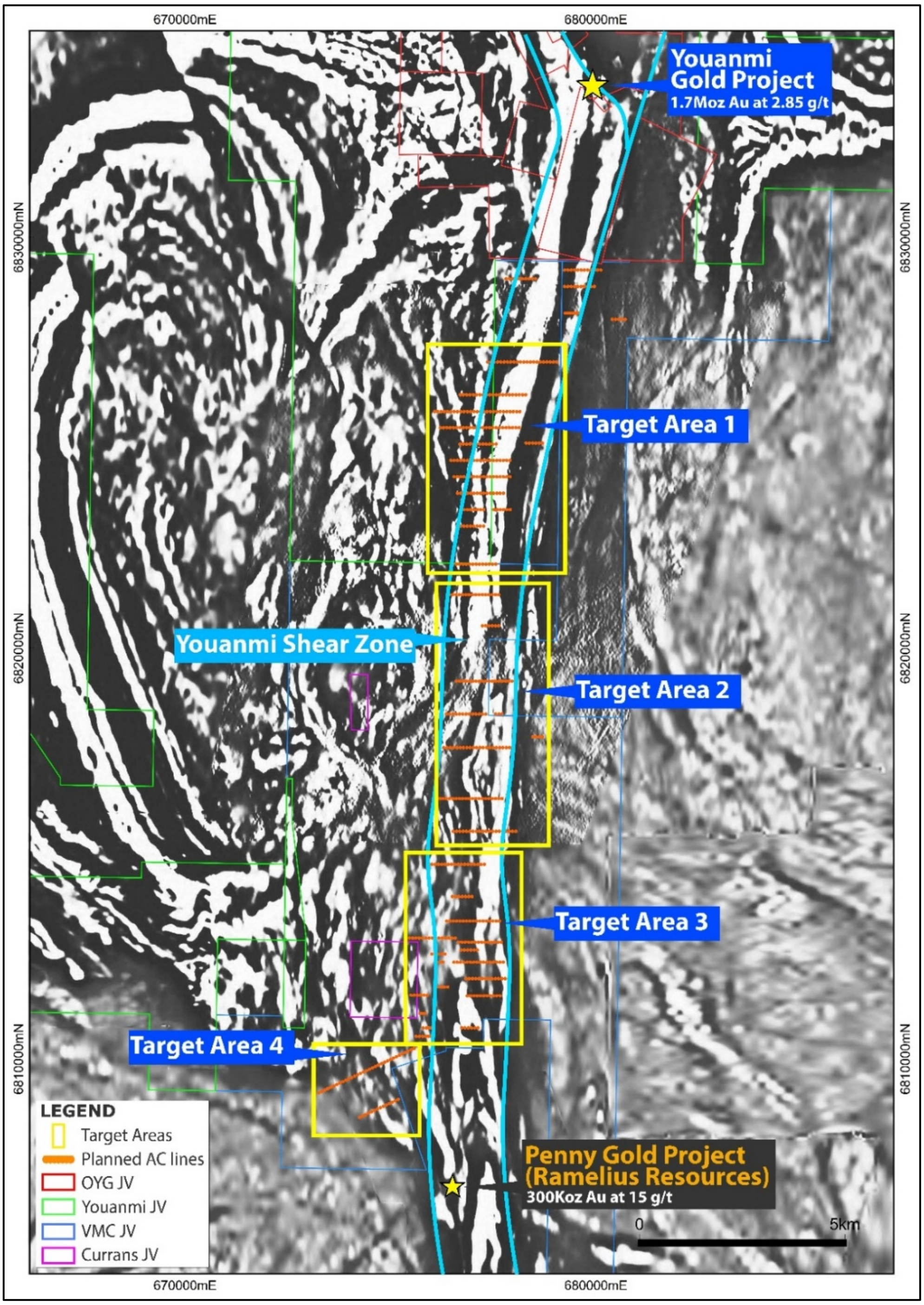

Figure 4: Youanmi regional aeromagnetics (RTP_1VD), target areas and first pass AC drilling (Orange Lines)

Mt Fisher/Mt Eureka Gold Project

The Mt Fisher-Mt Eureka Project is located in the Northern Goldfields, about 500km northeast of Kalgoorlie (about 120km east of Wiluna) within the underexplored Mt Eureka greenstone belt. This belt is located 40km east of the prolific Yandal greenstone belt, host of significant gold deposits including Jundee, Bronzewing and Mt McClure.

Rox holds 850km^2 of the Mt Fisher greenstone belt and surrounding prospective zones (Rox 100% 500km^2) and in the Mt Eureka area through the Cullen Resources Joint Venture, 350km^2 (Rox is currently earning up to 75%, Cullen Resources Limited 25%).

Following the demerger of the Fisher East Nickel Project in the half-year ended 31 December 2021, Rox renewed its focus on gold exploration in the belt and undertook an extensive project scale review. The Company planned immediate work to advance the project including a 160-hole, 7,000-metre aircore drilling program, a circa 4,000m RC program and a hi-resolution airborne magnetic survey targeting orogenic gold mineralisation and VMS-style mineralisation over recently defined key target areas. In addition, diamond drilling was undertaken to target a strong electromagnetic conductor related to pyrrhotite associated gold mineralisation.

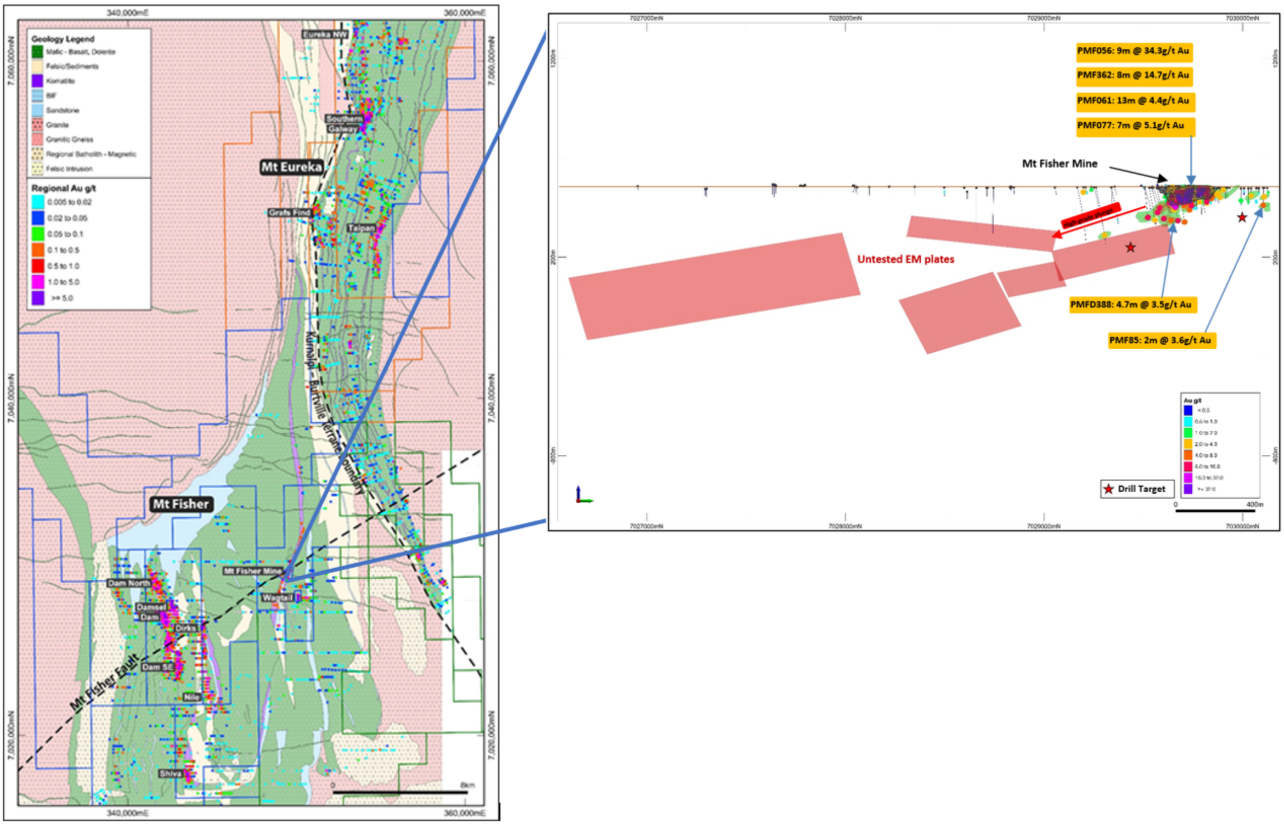

Figure 5: Mt Fisher – Mt Eureka Gold Project over interpreted bedrock geology and downhole Au grades

Significant Changes in State of Affairs

During the period, the Company demerged its nickel and base metals assets through its 100% owned subsidiary Cannon Resources Limited ("Cannon") by way of an Initial Public Offering ("IPO"). Cannon was admitted to the ASX on 10 August 2021 and commenced trading on 12 August 2021 (refer Note 21 for further details).

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

Matters Subsequent to the End of the Financial Period

On 20 January 2022, the Company announced an increase to the Youanmi Resource of 1.3 million ounces Au to 3.0 million ounces Au which was based on drilling up until October 2021. The upgrade was based on seven months of intensive infill and extensional drilling for around 35,000 metres, as well as defining new areas such as Link, Junction and mineralisation-parallel hanging-wall lodes. Additionally, as a result of increase in resources, the Au ounces per vertical metre significantly increased to 2,900 between surface and 750 metres below the surface. The Youanmi surface resource was not updated in this round with further updates pending.

On 31 January 2022, 1,333,333 options were exercised (expiry 31 January 2022) at $0.163 cents per share and converted to 1,333,333 ordinary shares.

On 25 February 2022 the Company received binding commitments for a $4.0 million placement (before costs) to institutional investors for 10.0 million shares at $0.40 per share. Hawkes Point participated in the placement on a pro-rata basis to their existing interests. Funds are expected to received in early March 2022.

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

Rounding of Amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor's Independence Declaration

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

Signed in accordance with a resolution of the Directors.

Alex Passmore
Managing Director
Perth, Western Australia
Date: 25 February 2022

Mineral Resources

Youanmi Gold Project, WA (Reported to the ASX on 20 January 2022)

Area	Classification	Cut-off (g/t Au)	Tonnes (dmt)	Grade (g/t Au)	Au Metal (oz)
Near Surface	Indicated	0.5[1]	7,470,000	1.81	434,000
Deeps	Indicated	3.0	3,060,000	7.55	744,000
			10,530,000	**3.48**	**1,178,000**
Near Surface	Inferred	0.5[1]	7,240,000	1.57	366,000
Deeps	Inferred	3.0	6,840,000	6.59	1,450,000
			14,080,000	**4.01**	**1,816,000**
Near Surface	Indicated + Inferred	0.5[1]	14,710,000	1.69	800,000
Deeps	Indicated + Inferred	3.0	9,900,000	6.89	2,194,000
Total			**24,610,000**	**3.78**	**2,994,000**

1. *Grace 1.5 g/t Au cut-off*

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

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

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

Competent Person Statements

Resource Statements

The information in this report that relates to gold Mineral Resources for the Youanmi project was reported to the ASX on 20 January 2022 (JORC 2012). Rox confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 20 January 2022, and that all material assumptions and technical parameters underpinning the estimates in the announcement of 20 January 2022 continue to apply and have not materially changed.

The information in this report that relates to gold Mineral Resources for the Mt Fisher Gold Project was reported to the ASX on 11 July 2018 (JORC 2012). Rox confirms that it is not aware of any new information or data that materially affects the information included in the announcement on 11 July 2018 and that all material assumptions and technical parameters underpinning the estimates in the announcement of 11 July 2018 continue to apply and have not materially changed.

Exploration Results

The information in this report that relates to previous Exploration Results, was either prepared and first disclosed under the JORC Code 2004 or under the JORC Code 2012 and has been properly and extensively cross-referenced in the text to the date of original announcement to ASX. In the case of the 2004 JORC Code Exploration Results and Mineral Resources, they have not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Condensed Interim Consolidated Financial Statements

Half-Year 2022

Condensed Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	31 Dec 2021 ($000's)	30 Jun 2021 ($000's)
Assets			
Current assets			
Cash and cash equivalents		**5,596**	11,913
Trade and other receivables	8	**174**	835
Prepayments		**81**	36
Total current assets		**5,851**	12,784
Non-current assets			
Trade and other receivables	8	**2,312**	1,109
Property, plant and equipment		**4,262**	4,236
Capitalised exploration and evaluation expenditure	9	**7,831**	10,885
Right of use assets		**377**	422
Investments in associates	10	**2,129**	-
Other financial assets	11	**-**	3,210
Total non-current assets		**16,911**	19,862
Total assets		**22,762**	32,646
Liabilities			
Trade and other payables		**1,381**	2,720
Provisions		**164**	127
Other financial liabilities	12	**148**	116
Total current liabilities		**1,693**	2,963
Non-current liabilities			
Provisions		**4,383**	4,381
Other financial liabilities	12	**401**	491
Total non-current liabilities		**4,784**	4,872
Total liabilities		**6,477**	7,835
Net assets		**16,285**	24,811
Equity			
Issued capital	13	**60,840**	70,596
Reserves	14	**14,775**	4,828
Accumulated losses		**(59,330)**	(50,613)
Total equity attributable to shareholders		**16,285**	24,811

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

Condensed Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2021

	Notes	31 Dec 2021 ($000's)	31 Dec 2020 ($000's)
Income			
Interest income	5	**1**	3
Other income	5	**9**	38
Expenses			
Corporate expenses		**(645)**	(373)
Short-term lease and occupancy related expenses		**(31)**	(171)
Salaries, wages and superannuation		**(605)**	(421)
Restructure expenses		**(32)**	(139)
Exploration and evaluation expenditure		**(5,461)**	(3,680)
Share based payments		**-**	(1,349)
Finance expense	6	**(621)**	(433)
Depreciation and amortisation		**(107)**	(12)
Fair value movement on financial instruments at fair value through profit or loss	7	**(110)**	230
Share of investments in associate's profit/(loss)	10	**(342)**	-
Loss before income tax		**(7,944)**	(6,307)
Income tax expense		**-**	-
Net loss after income tax		**(7,944)**	(6,307)
Other comprehensive income			
Other comprehensive income net of tax		**-**	-
Total comprehensive loss for the period		**(7,944)**	(6,307)
Loss per share for the period attributable to shareholders		cents	cents
Basic loss per share		**(5.04)**	(4.65)
Diluted loss per share		**(5.04)**	(4.65)

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

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2021

	Notes	31 Dec 2021 ($000's)	31 Dec 2020 ($000's)
Cash flows from operating activities			
Interest received		**1**	3
Government grants		**-**	37
Payments to suppliers and employees		**(1,630)**	(1,256)
Expenditure on mineral interests		**(8,163)**	(4,448)
Net cash used in operating activities		**(9,792)**	(5,664)
Cash flows from investing activities			
Proceeds from sale of investments	11	**3,100**	154
Purchase of mineral properties		**(148)**	-
Purchase of property, plant and equipment		**(88)**	(32)
Repayment of loan by Cannon Resources Limited		**665**	-
Net cash provided by investing activities		**3,529**	122
Cash flows from financing activities			
Repayment of lease liabilities		**(54)**	-
Proceeds from issue of ordinary shares		**-**	222
Net cash provided by/(used in) financing activities		**(54)**	222
Net decrease in cash and cash equivalents		**(6,317)**	(5,320)
Cash and cash equivalents at the beginning of the period		**11,913**	10,568
Cash and cash equivalents at the end of the period		**5,596**	5,248

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

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2021

	Issued capital ($000's)	Reserves ($000's)	Accumulated losses ($000's)	Total ($000's)
Balance as at 1 July 2020	57,783	3,445	(38,849)	22,379
Loss for the period	-	-	(6,307)	(6,307)
Total comprehensive loss for the period	-	-	(6,307)	(6,307)
Transactions with shareholders				
Issue of share capital	1,000	-	-	1,000
Exercise of options	1,059	(837)	-	222
Share-based payments	-	1,349	-	1,349
Balance as at 31 December 2020	59,842	3,957	(45,156)	18,643
Balance as at 1 July 2021	**70,596**	**4,828**	**(50,613)**	**24,811**
Loss for the period	**-**	**-**	**(7,944)**	**(7,944)**
Total comprehensive loss for the period	**-**	**-**	**(7,944)**	**(7,944)**
Transactions with shareholders				
Demerger of Cannon Resources Limited	**(9,756)**	**9,947**	**(773)**	**(582)**
Balance as at 31 December 2021	**60,840**	**14,775**	**(59,330)**	**16,285**

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

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2021

Note 1: Corporate information

Rox Resources Limited is a for profit company incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX). The condensed consolidated financial statements of Rox Resources Limited incorporate Rox Resources Limited (the Parent) as well as its subsidiaries (collectively, the Group) as outlined in Note 21. The financial statements of the Group for the half-year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 25 February 2022.

Note 2: Basis of preparation of the Half-Year Financial Report

Basis of Preparation

The interim condensed consolidated financial statements of the Group for the half-year ended 31 December 2021 are condensed consolidated general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

It is recommended that the half-year financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2021 and considered together with any public announcements made by Rox Resources Limited during the half-year ended 31 December 2021 in accordance with the continuous disclosure obligations of the ASX listing rules.

The Group's principal accounting policies adopted are consistent with the policies for the financial year ended 30 June 2021 unless otherwise stated.

During the period, Cannon Resources Limited (Cannon) became an investment in an associate following the demerger of Cannon (refer Note 21 for further details), with the following accounting treatment adopted:

Investment in associate

An associate is an entity over which the Group is able to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's interests in associates are accounted for using the equity method after initially being recognised at cost. Under the equity method, the Group's share of the profits or losses of the associate is recognised in the Group's profit or loss and the Group's share of other comprehensive income items is recognised in the Group's condensed consolidated statement of other comprehensive income.

Unrealised gains and losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate.

Comparatives

Certain prior half-year amounts have been reclassified for consistency with the current half-year presentation.

Rounding of Amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2021

Note 2: Significant accounting policies (continued)

Accounting standards issued but not yet effective

The Australian Accounting Standards Board (AASB) has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

AASB 2020-1 ***Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current,*** **AASB 2020-6** ***Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date***

AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It requires a liability to be classified as current when entities do not have a substantive right to defer settlement at the end of the reporting period.

AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022. They will first be applied by the Group in the financial year commencing 1 July 2023.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

AASB 2020-3 ***Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments***

(i) AASB 1 – simplifies the application by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

(ii) AASB 3 – updates references to the Conceptual Framework for Financial Reporting.

(iii) AASB 9 – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

(iv) AASB 116 – requires an entity to recognise the sales proceeds from selling items produced while preparing PP&E for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset.

(v) AASB 137 – specifies the costs that an entity includes when assessing whether a contract will be loss making.

(vi) AASB 141 – removes the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

AASB 2020-3 mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Group in the financial year commencing 1 July 2022.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

AASB 2020-3 mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Group in the financial year commencing 1 July 2022.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2021

Note 2: Significant accounting policies (continued)

AASB 2021-2: ***Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates***

(i) AASB 7 – clarifies that information about measurement bases for financial instruments is expected to be material to an entity's financial statements.

(ii) AASB 101 – requires entities to disclose their material accounting policy information rather than their significant accounting policies.

(iii) AASB 108 – clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates.

(iv) AASB 134 – to identify material accounting policy information as a component of a complete set of financial statements.

(v) AASB Practice Statement 2 – to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

AASB 2021-5 ***Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

AASB 2021-5 amends AASB 112 Income Taxes to clarify the accounting for deferred tax transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences.

This amending standard mandatorily apply to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the Group in the financial year commencing 1 July 2023.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

AASB 2014-10: ***Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*****, AASB 2015-10:** ***Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*** **and AASB 2017-5:** ***Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections***

AASB 2014-10 amends AASB 10: Consolidated Financial Statements and AASB 128: Investments in Associates and Joint Ventures to clarify the accounting for the sale or contribution of assets between an investor and its associate or joint venture by requiring:

a) a full gain or loss to be recognised when a transaction involves a business, whether it is housed in a subsidiary or not; and

b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

These amending standards mandatorily apply to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Group in the financial year commencing 1 July 2022.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2021

Note 2: Significant accounting policies (continued)

Going Concern

The interim condensed consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the half-year ended 31 December 2021 of $7.9 million (2020: $6.3 million) and experienced net cash outflows used in operating activities of $9.2 million (2020: $5.7 million). As at 31 December 2021, the Group had net current assets of $4.2 million (30 June 2021: $9.8 million) and cash and cash equivalents of $5.6 million (30 June 2021: $11.9 million).

The Directors believe there are sufficient funds to meet the Company's committed minimum expenditure requirements and as at the date of this report the Directors believe they can meet all liabilities as and when they fall due. 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.

Note 3: Significant accounting judgements, estimates and assumptions

The Group's significant accounting judgements, estimates and assumptions are consistent with the financial year ended 30 June 2021 except as follows:

Receivable from OYG JV Partner VMC - Expected credit loss

The Group's accounting policy for the impairment of financial assets is set out in its 30 June 2021 Annual Financial Report in note 2(d)(xvi) 'Financial Assets'. The determination of the lifetime expected credit less on the VMC receivable is a matter of judgement.

The provision applied by the Group is initially based on the historical observed default rates, however as at balance date for VMC no such rates have been observed by the Company given the nature of the arrangement in which the financial asset arises. Accordingly, the Group has regard to publicly available information (including credit reports and VMC's statutory filings) which may provide evidence of default. In addition, where forward looking information (such as a significant change in the economic conditions and the junior listed sector) may provide evidence of an increased likelihood of default, historical rates (if any) are adjusted. At every reporting date, the historical observed default rates (if any) are updated and changes in the forward-looking estimates are analysed. This includes consideration as to whether a Decision to Mine will be undertaken before 10 June 2025 beyond which requires the repayment of the loan through the proceeds of the mandated sale (as noted in Note 12 to the 30 June 2021 Annual Financial Report).

Accordingly based on the above analysis no expected credit loss has been applied, with the financial asset initially recognised at fair value and discounted by the time value of money.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2021

Note 3: Significant accounting judgements, estimates and assumptions (continued)

Rehabilitation

The Group makes full provision for the future cost of rehabilitating its mine site and related historical production facilities (mine properties) on a discounted basis, recognised initially on acquisition of the Group's interest in the Youanmi Project.

The rehabilitation provision represents the estimated present value of rehabilitation costs relating to the Group's mine properties as at balance date. Once the scoping study is completed the estimate will be updated for revised assumptions arising from the study. Once a decision to mine has been made, the estimate will be updated for rehabilitation costs, which are expected to be incurred over the life of mine, which is when the Group's mine properties are expected to cease operations. Assumptions based on the current economic environment have been made at balance date, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time.

Furthermore, the timing of rehabilitation is likely to depend on when the mine commences and ultimately (if a decision to mine made) ceases to produce at economically viable rates. This, in turn, will depend upon commodity prices, which are inherently uncertain.

Note 4: Operating Segments

Identification of Reportable Segments

The Group operates within the mineral exploration industry within Australia.

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

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

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

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

Note 5: Income

	31 Dec 2021 ($000's)	31 Dec 2020 ($000's)
Interest income		
Interest income	**1**	3
Other income		
Government grants	**-**	38
Other	**9**	-
Total	**9**	38

Note 6: Finance expense

	31 Dec 2021 ($000's)	31 Dec 2020 ($000's)
Unwind of discount (i)	**612**	433
Interest expense - finance lease	**9**	-
Total	**621**	433

(i) The non-current receivable from Venus Metals Corporation Limited (VMC) has been valued using the discounted cash flow method (see Note 8).

Note 7: Fair value movement on financial instruments at fair value through the profit or loss

	31 Dec 2021 ($000's)	31 Dec 2020 ($000's)
Unwind of discount (i)	**(110)**	143
Gain on the sale of investments	**-**	87
Total	**(110)**	230

(i) Unwind of the discount is in relation to the Teck Australia Pty Ltd receivable which was repaid 26 August 2021.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2021

Note 8: Trade and other receivables

	31 Dec 2021 ($000's)	30 Jun 2021 ($000's)
Current		
Other receivables (i)	**110**	293
Advances to JV partners (ii)		
Youanmi Joint Venture (RXL earn-in to 45%, VMC 90%, 10% Legendre)	**43**	-
Currans Find & Pincher Joint Venture (RXL 45%, VMC 45%, MER 10%)	**13**	-
Total advances to JV partners	**56**	-
Cannon Resources Limited (i)	**8**	542
Total	**174**	835
Non-current		
Amounts owing from JV partner (iii)	**2,312**	1,109

(i) Receivables, including from related parties, generally have 30-day terms and are unsecured.

(ii) During financial year 2021, Rox assumed the manager role for these projects.

(iii) Receivable from the OYG JV Partner, VMC.

The receivable has been discounted at 15% from 10 June 2025, which is the latest date to determine a decision to mine under the binding arrangement with VMC. Further details on the receivable from the VMC can be obtained from the Company's 30 June 2021 Annual Financial Report.

Note 9: Capitalised exploration and evaluation expenditure

	31 Dec 2021 ($000's)	30 Jun 2021 ($000's)
Areas of interest in exploration and evaluation phases:		
Balance at the beginning of the period	**10,885**	10,885
Demerger of Cannon Resources Limited (i)	**(3,054)**	-
Closing balance	**7,831**	10,885

(i) On 28 July 2021, the Company completed the demerger of Cannon Resources Limited (refer Note 22 for further details).

Note 10: Investments in associates

	31 Dec 2021 ($000's)	30 Jun 2021 ($000's)
Investment in Cannon Resources Limited:		
Balance at the beginning of the period	**-**	-
Initial value upon recognition	**2,471**	-
Share of investments in associate's profit/(loss)	**(342)**	-
Closing balance	**2,129**	-

(i) The Company had a 10.06% interest in Cannon Resources Limited as at 31 December 2021, which was reduced from 11.4% as at 25 October 2021 due to a capital raise which the Company did not participate in.

(ii) There have been no material changes to the share of commitments as disclosed in the Cannon Resources Limited 30 June 2021 Annual Financial Report.

(iii) The principal place of business for Cannon Resources Limited is Level 2, 87 Colin Street West Perth, Western Australia, 6005.

Note 11: Other financial assets

	31 Dec 2021 ($000's)	30 Jun 2021 ($000's)
Teck Australia Pty Ltd receivable:		
Balance at the beginning of the period	**3,210**	3,062
Fair value movement through profit or loss	**(110)**	148
Proceeds received	**(3,100)**	-
Closing balance	**-**	3,210

(i) In 2017, the Group sold the Reward Zinc-Lead project which included a deferred consideration component of $3,750,000 to be received at the earlier of the acquirer completing a bankable feasibility study or 6 years. The non-current receivable represents the net present value of that deferred consideration using a pre-tax nominal discount rate of 10%. Payment was received from Teck on 26 August 2021 as per the terms of the early settlement agreement, announced to the ASX on 20 July 2021.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2021

Note 12: Other financial liabilities

	31 Dec 2021 ($000's)	30 Jun 2021 ($000's)
Current		
Lease liability - office lease		
Opening balance	**116**	-
Additions	**-**	116
Other	**32**	-
Closing balance	**148**	116
Non-current		
Lease liability - office lease		
Opening balance	491	-
Additions	**-**	531
Repayments	**(54)**	(40)
Other	**(36)**	-
Closing balance	**401**	491

Note 13: Issued capital

	31 Dec 2021 ($000's)	30 Jun 2021 ($000's)
Issued and paid-up capital		
Ordinary shares fully paid	**60,840**	70,596

Movement in ordinary shares on issue	31 Dec 2021 (Number)	31 Dec 2021 ($000's)	31 Dec 2020 (Number)	31 Dec 2020 ($000's)
Ordinary shares				
Balance at beginning of period	**157,607,614**	**70,596**	1,989,100,903	57,783
Share issue	**-**	**-**	41,666,667	1,000
Options exercised	**-**	**-**	19,060,893	1,059
Demerger of Cannon Resources Limited (i)	**-**	**(9,756)**	-	-
Balance at end of period	**157,607,614**	**60,840**	2,049,828,463	59,842

(i) On 28 July 2021, the Company completed the demerger of Cannon Resources Limited (refer Note 22 for further details).

Terms and conditions of ordinary shares

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.

The Company completed a 15 to 1 share consolidation with an effective date of 28 June 2021, with the number of shares on issue decreasing from 2,364,114,177 to 157,607,614.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

Note 14: Reserves

	31 Dec 2021 ($000's)	30 Jun 2021 ($000's)
Share based payments reserve		
Balance at the beginning of the period	**4,828**	3,956
Options issued to Directors and employees	**-**	151
Options issued to Directors and employees of Cannon Resources Limited	**-**	721
Closing Balance	**4,828**	4,828
Equity reserve		
Balance at the beginning of the period	**-**	-
Gain on demerger of Cannon Resources Limited (i)	**9,947**	-
Closing Balance	**9,947**	-
Total	**14,775**	4,828

(i) On 28 July 2021, the Company completed the demerger of Cannon Resources Limited (refer Note 22 for further details).

Note 15: Share based payments

Total expenses arising from share-based payment transactions recognised during the half-year ended 31 December 2021 were nil (31 December 2020: $1.3 million).

(i) Share Options

For the half-year ended 31 December 2021 the Group did not issue any options (31 December 2020: 4,000,000).

The 4,000,000 (i) options issued in the half-year ending 31 December 2020 are exercisable on or before 30 December 2023 were issued to Canaccord Genuity (3 tranches of 1,333,333(i)) for services rendered in relation to the provision of on-going capital markets strategy. The options vested immediately. The fair value of these options granted was calculated using the Binomial option valuation methodology and applying the following inputs:

	Tranche 1	Tranche 2	Tranche 3
Weighted average exercise price (cents) (i) (ii)	150.0	187.5	225.0
Weighted average life of the option	3.35 years	3.35 years	3.35 years
Weighted average underlying share price (cents) (i)	81.0	81.0	81.0
Expected share price volatility	89.93%	89.93%	89.93%
Risk-free interest rate	0.27%	0.27%	0.27%
Number of options issued (i)	1,333,333	1,333,333	1,333,334
Fair value per option (cents) (i)	37.4	33.6	30.3

(i) The options have been converted post the 15:1 share consolidation which occurred on 28 June 2021.
(ii) The weighted average exercise prices have been reduced by $0.0619 cents per share following the demerger of Cannon Resources Limited (28 July 2021). Accordingly, the revised weighted average exercise prices post demerger are Tranche 1 $1.438, Tranche 2 $1.813 and Tranche 3 $2.188
(iii) 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.
(iv) The life of the options is based on historical exercise patterns, which may not eventuate in the future.
(v) No other features of options granted were incorporated into the measurement of fair value.

Note 15: Share based payments (continued)

(ii) Employee share incentive scheme – Cannon Resources Limited

An Employee Share Scheme (ESS) has been established where Cannon Resources Limited may, at the discretion of Directors, grant options over the ordinary shares of Cannon 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.

During the year ended 31 June 2021, 6,750,000 options were issued pursuant to the ESS and there are no other options on issue that have been issued under the plan.

Fair value of options granted under ESS

The fair value for options issued under the ESS were calculated using the Black-Scholes valuation methodology using the following parameters.

	31 Dec 2021	30 Jun 2021
Weighted average exercise price (cents)	-	30.0
Weighted average life of the option	-	3 years
Weighted average underlying share price (cents)	-	20.0
Expected share price volatility	-	100%
Risk-free interest rate	-	0.10%
Number of options issued	-	6,750,000
Fair value per option (cents)	-	10.7

Note 16: Commitments and contingencies

There are no material changes to the commitments and contingencies disclosed in the most recent Annual Financial Report.

Note 17: Events after the Balance Sheet date

On 20 January 2022, the Company announced an increase to the Youanmi Resource of 1.3 million ounces Au to 3.0 million ounces Au which was based on drilling up until October 2021. The upgrade was based on seven months of intensive infill and extensional drilling for around 35,000 metres, as well as defining new areas such as Link, Junction and mineralisation-parallel hanging-wall lodes. Additionally, as a result of increase in resources the Au ounces per vertical metre significantly increased to 2,900 between surface and 750 metres below the surface. The Youanmi surface resource was not updated in this round with further updates pending.

On 31 January 2022, 1,333,333 options were exercised (expiry 31 January 2022) at $0.163 cents per share and converted to 1,333,333 ordinary shares.

On 25 February 2022 the Company received binding commitments for a $4.0 million placement (before costs) to institutional investors for 10.0 million shares at $0.40 per share. Hawkes Point participated in the placement on a pro-rata basis to their existing interests. Funds are expected to received in early March 2022.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2021

Note 17: Events after the Balance Sheet date (continued)

No other matter or circumstance has arisen since the end of the financial period 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 18: Related party transactions

Coolform Investments Pty Ltd, a company in which Mr Dickson is a Director and shareholder, received nil fees for the half-year ended 31 December 2021 (31 December 2020: $118,900) for the provision of services.

No fees were paid to Azure Minerals Limited, a company of which Mr Dickson is an officer, for the provision of office accommodation for the half-year ended 31 December 2021 (31 December 2020: $67,841). The Company received nil fees from Azure Minerals Limited for the provision of office staff the half-year ended 31 December 2021 (31 December 2020: $23,267). All transactions were on normal commercial terms and conditions.

An amount of $542,564 was paid to LG Mining Pty Ltd for the half-year ended 31 December 2021 (2020: $183,684), a company of which Mr Passmore is a Director, for the provision of labour hire services, specifically geologists and field assistants. An amount of $65,878 was payable at 31 December 2021 (30 June 2021: $136,193). The transactions were on an arms-length basis and utilised by the Group, on a discretionary basis, for recruitment and labour hire of predominantly field staff which are in high demand in the current tight labour market. Other recruitment and labour hire firms are also utilised by the Company as required and including when terms are offered on an equal basis. Mr Passmore does not receive any remuneration from LG Mining Pty Ltd.

Subsidiary related transactions

The Company announced the demerger of its Fisher East and Collurabbie nickel and base metal assets to focus on the development of the Youanmi gold project. The Company structured the demerger as an in-specie distribution and a priority offer to Rox shareholders to raise $6m, into a new listed vehicle, Cannon Resources Limited ("Cannon"). Subsequent to 30 June 2021, the demerger was successfully completed with Cannon listing on the ASX on 12 August 2021. Prior to the demerger Rox funded all direct initial public offering and operating expenditure incurred by Cannon on interest-free terms. As at 30 June 2021, Rox had funded $542,009 in expenditure, which was paid on 20 August 2021 following Cannon's successful listing on the ASX.

During the half-year ended 31 December 2021, the Company funded $331,369 on behalf of Cannon. The balance outstanding as at 31 December 2021 was $8,354.

All amounts are excluding GST.

There were no other significant changes to the related party arrangements of the Group during the half-year ended 31 December 2021.

Note 19: Financial Instruments at Fair Value

As at 31 December 2021, there are nil financial instruments designated at fair value. The fair value of the Group's deferred consideration is classified as level 3, as it is measured using management's discounted cash flow analysis using significant unobservable inputs.

Assets measured at fair value

Financial assets	Note	Date of Valuation	Value ($000's)	Level 1[a] ($000's)	Level 2[b] ($000's)	Level 3[c] ($000's)
31 December 2021						
Other financial assets (non-current) - Deferred consideration	10	31 Dec 2021	-	-	-	-
30 June 2021						
Other financial assets (non-current) - Deferred consideration	10	30 Jun 2021	3,210	-	-	3,210

[a]Quoted prices in active markets; [b]Significant observable inputs; [c]Significant unobservable inputs.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2021

Note 19: Financial instruments at fair value (continued)

At 30 June 2021 the fair value of the Group's deferred consideration was classified as Level 3 and valued at $3.2 million. This balance was settled for $3.1 million during the period. Refer to Note 10 for further information.

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

For the year ended 30 June 2021, the fair value of the deferred consideration totalling $3.2m was valued using the discounted cash flow method. The significant unobservable inputs used in this method were as follows:

- Nominal amount due: $3.8m
- Date payment due: 15 February 2023 (being the earlier of the acquirer completing a bankable feasibility study or 6 years from the contract date); and
- Discount rate: 10% (pre-tax nominal).

Note 20: Joint operations

Youanmi Gold Project

In April 2019, the Company established four separate joint ventures with Venus Metals Corporation Limited (VMC) whereby the Group has purchased or may earn between a 45% and 70% interest set out below.

Joint control exists for all joint arrangements where the Company has purchased its rights, or met its earn-in requirements, with each being classified as joint operations under AASB 11 Joint Arrangements on the basis that the binding arrangements signed between the participants establish a contractually agreed sharing of control with decisions about the relevant activities requiring the unanimous consent of the parties sharing control.

Further considerations on management's assumptions in determining control of the OYG Joint Venture where the Company holds a majority percentage share interest are set out below.

In the 2019 financial year, the Company acquired a 50% interest in all minerals by the payment of $2.8m and the issue of 1.7m fully paid shares at a deemed price of $0.12 (a deemed $0.2m).

The Company was required to meet exploration expenditure of $2.0m over the two years to June 2021 and to cover the costs of holding and managing the project. Failure to meet the exploration expenditure of $2m would give rise to a debt due and payable to VMC, on demand, for the amount of the expenditure commitment that has not been incurred as at 30 June 2021.

Additionally, at any point up until 30 June 2021 and after the Company has contributed the $2.0m to exploration expenditure, the Group may elect to move to 70% ownership of the OYG Joint Venture (through delivery of an Exercise Notice) via, at VMC's election, either:

- the payment of $3.0m cash to VMC; or
- the payment of $1.5m cash and issuing to VMC the number of Rox shares equal to $1.5m divided by the volume weighted average price of Rox's ordinary shares on the ASX calculated over the 20 trading days immediately prior to the date the option is exercised.

The payment of cash and issuing of shares occurred on 30 July 2020 following shareholder approval at a General Meeting on 28 July 2020.

Joint Venture costs are then to be contributed in proportion to ownership, with VMC electing under the joint venture agreement for Rox to fund its 30% of costs by way of a joint venture loan secured over VMC's interests in the Joint Venture.

Note 20: Joint operations (continued)

OYG Joint Venture (Group 70%, VMC 30%)

As outlined in the prior year, on 8 June 2020, the parties agreed to amend the term sheet whereby the consideration for the additional 20% interest would be $2.0m within 2 business days of the Group delivering its Exercise Notice and either:

- issuing to VMC the number of shares equal to $1.0m divided by the deemed issue price of $0.36 (being 2.8m shares, post 15:1 share consolidation), with approval by shareholders at a meeting no later than 60 days following the Group delivering the Exercise Notice; or
- in the event that shareholder approval is not obtained, paying VMC $1.0m in cash within 2 business days of the date of the meeting, or expiry of the 60 day period.

On 10 June 2020, the Group met its $2.0m expenditure commitment and delivered the Exercise Notice, whereby exercising its option to acquire the Additional OYG Interest (increasing the Group's interest to 70%).

The Group paid VMC $2.0m on 10 June 2020. As at this date, and 30 June 2020, the remaining consideration to acquire the Additional OYG Interest represented a compound financial instrument with liability component and an equity component.

At 30 June 2020, with no influence over whether shareholders would approve the issue of shares, the Group valued the liability portion at $1.0 million with no value being attributed to the equity component.

On 28 July 2020, shareholders approved the issue of $2.8m shares to VMC in final settlement of the Additional OYG Interest.

Joint control

In determining whether the Group has control or joint control of the net assets comprising the Youanmi Project, judgement was applied. AASB 11 Joint Arrangements requires an investor to have contractually agreed the sharing of control when making decisions about the relevant activities (in other words requiring the unanimous consent of the parties sharing control). However, what these activities are is a matter of judgement. Alternatively, if joint control does not exist, then the Group must apply the general principles from other standards in recognising the controlled assets and liabilities acquired.

Under the binding arrangement with VMC, unless the parties agree otherwise, if a Decision to Mine has not been made by 10 June 2025 (being 5 years after the Group exercised its option to acquire the Additional OYG Interest) then the parties must use their best endeavours to sell all of their interests in the OYG Tenements on terms acceptable to both parties to a third party purchaser, with both parties agreeing that such interests must be sold in full together.

Neither the Group, or VMC, contractually under the agreement hold a pre-emption right to otherwise mitigate this event occurring.

Despite the Group holding substantive rights over relevant activities in accordance with their 70% contributing interest held given the significance of the above event requiring unanimous consent, joint control is considered to exist until such time that:

- A Decision to Mine is agreed by both participants (as defined in the binding agreement); or
- VMC, for any reason, gives up its substantive right to force the sale of the project if a Decision to Mine is not reached by 10 June 2025.

VMC Joint Venture (Group 50% and VMC 50%)

On 5 April 2019, the Group entered into an agreement whereby it may earn a 50% interest in the gold rights of the VMC Joint Venture by contributing the first $0.8 million of exploration expenditure on the project area across the Joint Venture to June 2021. Following the earn-in the joint ventures are standard contribute or dilute arrangements.

During financial year 2021, the Group earnt its interest and has been appointed manager of the Joint Venture.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2021

Note 20: Joint operations (continued)

Youanmi Joint Venture (Group 45%, VMC 45% and 10% Legendre)

On 5 April 2019, the Group entered into an agreement whereby it may earn a 45% interest in the gold rights of the Youanmi Joint Venture by contributing the first $0.2 million of exploration expenditure on the project area across the Joint Venture to June 2021. Following the earn-in the joint ventures are standard contribute or dilute arrangements.

During financial year 2021, the Group earnt into been appointed manager of the Joint Venture.

Currans Find & Pincher Joint Venture (Group 45%, VMC 45% and 10% MER)

On 12 April 2019, the Group entered into an agreement whereby it acquired a 45% interest in all minerals by the payment of $75,000 and the issue of 500,000 fully paid shares (post 15:1 share consolidation) at a deemed price of $0.15 (a deemed $75,000).

During financial year 2021, the Group earnt into been appointed manager of the Joint Venture.

Cullen Joint Venture (Group earning-in to 51% and Cullen currently 100%)

On 5 September 2019, the Group entered into an agreement with Cullen Resources Limited whereby it may earn up to a 75% interest in the Cullen joint venture. Key terms of the agreement are as follows:

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

As at the date of this report, the Group has not earnt in to the 51% target interest in the joint venture. As at 31 December 2021, the Group had contributed $920,667 to this arrangement (30 June 2021: $759,520).

Note 21: Group information

Information about subsidiaries

Entity	Principal activities	Country of incorporation	% Equity interest 31 Dec 2021	% Equity interest 30 Jun 2021
Rox (Mt Fisher) Pty Ltd	Mineral exploration	Australia	100	100
Rox (Murchison) Pty Ltd	Mineral exploration	Australia	100	100
Cannon Resources Limited	Mineral exploration	Australia	-	100

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2021

Note 22: Demerger of Cannon Resources Limited

During financial year 2021, the Group announced the demerger of its Fisher East and Collurabbie nickel and base metal assets to focus on the development of the Youanmi gold project. The Group structured the demerger as an in-specie distribution with a priority offer to Group shareholders to raise $6.0 million, in a new listed entity, Cannon Resources Limited (Cannon).

The Group successfully completed the demerger of its 100% owned subsidiary Cannon by way of an initial public offering. Cannon was admitted to the ASX on 10th August 2021 and commenced trading on 12th August 2021.

The Group also obtain a Class Ruling from the Australian Tax Office in relation to the demerger (CR 2021/63) which confirmed that:

- demerger tax relief is available for Australian tax resident Group shareholders who hold their Group shares on capital account; and
- receipt of Cannon shares is not an assessable dividend

The accounting impact of the demerger has been recorded in the half-year ended 31 December 2021 as follows:

	Debit ($000's)	Credit ($000's)
Issued capital	9,756	
Accumulated losses	773	
Investment in Cannon Resources Limited	2,471	
Equity reserve		9,947
Capitalised exploration and evaluation		3,053
Total	13,000	13,000

Directors' Declaration

For the half-year ended 31 December 2021

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

In the opinion of the Directors':

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

  (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and the performance for the half-year ended on that date; and

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

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

On behalf of the Board

ALEX PASSMORE
Managing Director
Perth, Western Australia
Date: 25 February 2022

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF ROX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

In relation to the independent review for the half-year ended 31 December 2021, to the best of my knowledge and belief there have been:

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

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

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

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

J C PALMER
Executive Director
Perth, 25 February 2022

ROX RESOURCES LIMITED
ABN 53 107 202 602

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF ROX RESOURCES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Rox Resources Limited, (the "Company") and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibility of the Directors for the Financial Report

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

ROX RESOURCES LIMITED
ABN 53 107 202 602

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF ROX RESOURCES LIMITED

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

J C PALMER
Executive Director
Perth, 25 Februrary 2022