



# **ROX RESOURCES LIMITED**

**ABN 53 107 202 602**

## **CONDENSED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

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## Corporate Directory

### Directors:

Mr Stephen Dennis  
*Non-Executive Chairman*

Dr John Mair  
*Non-Executive Director*

Mr Robert Ryan  
*Managing Director*

### Company Secretary:

Mr Chris Hunt

### Bank:

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

### Auditor:

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

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

### Solicitor:

Thomson Geer  
Level 27, Exchange Tower  
2 The Esplanade  
Perth WA 6000

Telephone: (08) 9404 9100  
Facsimile: (08) 9300 1338

### For shareholder information contact:

#### Share Registry:

Computershare Limited  
Level 11  
172 St George's Terrace  
Perth WA 6000

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

#### Stock Exchange:

ASX Limited

#### Company Code:

RXL (Fully Paid Shares)

#### Capital Structure:

224,354,260	Fully paid ordinary shares
1,333,333	\$1.438, 31 Dec 2023 options
1,333,333	\$1.813, 31 Dec 2023 options
1,333,333	\$2.188, 31 Dec 2023 options
660,000	\$0.763, 25 May 2024 options
10,476,190	\$0.988, 26 Mar 2025 options
1,000,000	\$0.720, 4 Mar 2026 options
7,500,000	31 Dec 2027 performance rights

### For information on the Company contact:

#### Principal & Registered Office:

Level 2, 87 Colin Street  
West Perth WA 6005

Telephone: (08) 9226 0044  
Facsimile: (08) 9322 6254  
Email: [admin@roxresources.com.au](mailto:admin@roxresources.com.au)  
Web: [www.roxresources.com.au](http://www.roxresources.com.au)

## Directors' Report

Your Directors present their report on the Group consisting of the Parent entity, Rox Resources Limited ("Rox", "the Company"), and the entities it controlled at the end of, or during, the half-year ended 31 December 2022, and independent review report thereon.

### 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 Robert Ryan
- Mr Alex Passmore (resigned 24 October 2022)

Mr Ryan, previously a Non-Executive Director, was appointed as Chief Executive Officer and Managing Director with effect from 24 October 2022, upon receipt of Mr Passmore's resignation on 24 October 2022. 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 2022 was \$3.0 million (2021: \$7.9 million). This loss is predominantly attributable to expenditure on exploration and evaluation activities during the period totalling \$3.0 million (2021: \$5.5 million) and total corporate expenses of \$0.9 million (2021: \$0.6 million), which is partly offset by the gain on the sale of the Company's investment in Cannon Resources Limited, \$2.3m.

### 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 due 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<sup>2</sup>, and surrounds the Youanmi Gold Mine and nearby extensions (Rox 70%);
2. The **VMC JV** (gold rights) - covers 302km<sup>2</sup> (Rox 50%);
3. The **Youanmi JV** (gold rights) - covers 270km<sup>2</sup> (Rox 45%); and
4. The **Currans Find JV** (all minerals) – covers 4km<sup>2</sup> (Rox 45%).

The Youanmi Gold Project 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 Gold 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.

# Directors' Report

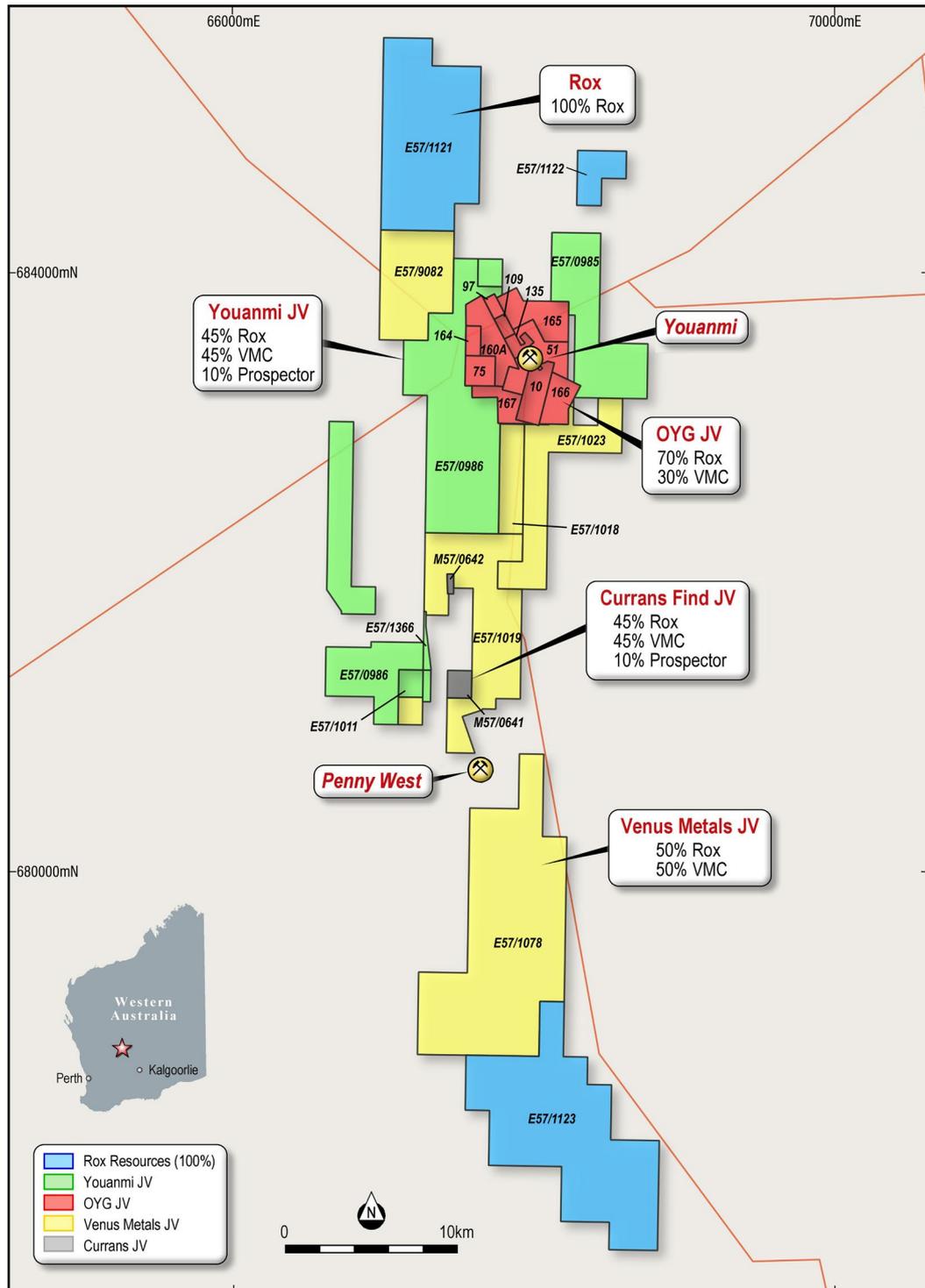


Figure 1: Youanmi Gold Project

## Directors' Report

### Youanmi Gold Project (continued)

During the half-year ended 31 December 2022 the Company released its Scoping Study for the Youanmi Gold Project. The Scoping Study highlights included:

- Average annual gold production target of approximately **71koz per annum** with average gold head grade of 5.0g/t Au for a total gold production target of approximately **569koz over an 8-year life of mine ("LOM")**:
  - First three years of the production target underpinned by 79% / 21% Indicated to Inferred Resource Material in the production target plan
  - Dewatering infrastructure in place and well understood with contingency for greater inflows than expected
  - Mine plan rapidly opens up high grade and high confidence resource areas
- Over the **LOM All-In Sustaining Cost ("AISC") average of approximately \$1,538/oz** (payable Au):
  - Consistently <\$1,600/oz AISC unit costs once the production target is ramped up, higher in earlier periods
  - LOM Mining: \$690/oz
  - LOM Processing: \$395/oz
  - LOM Concentrate related: \$238/oz
  - LOM G&A: \$35/oz
- Combination of gold-in-concentrate and carbon-in-leach (CIL) bullion production target is considered the optimum commercialisation strategy for initial cashflow generation at Youanmi.
- Total pre-production capital expenditure, working capital and assumed financing charges of approximately \$134m:
  - Capital cost of 480ktpa processing plant and site infrastructure of approximately \$99m;
  - Working capital and other costs (i.e. financing charges) of approximately \$35m; and
  - Capital intensity of approximately \$1,386/oz based on average annual gold production target given high margin production target and long-life cash flows
- Compelling financial outcomes reflecting the high grade and low capital intensity of the Youanmi Gold Project:
  - Project life of 8 years
  - Cumulative EBITDA of approximately \$577m over the life of the Project
  - Pre-tax undiscounted free cash flow of approximately \$418m over the life of the Project
  - Pre-tax and unleveraged Net Present Value (**NPV<sub>5%</sub>**) of approximately \$303m
  - Pre-tax and unleveraged Internal Rate of Return (**IRR**) of approximately 45%
  - Pre-tax and unleveraged payback of approximately 3.0 years (from commencing the production target)

## Directors' Report

### Mt Fisher/Mt Eureka Gold Project

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

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

The Company undertook reverse circulation (RC) during the half-year ended 31 December 2022 with high gold grades intercepted across broad widths at the Damsel prospect. High-grade results from Mt Fisher included:

- MFRC098: 11m @ 2.74g/t Au from 40m, including 4m @ 6g/t Au from 45m
- MFRC089: 15m @ 1.89g/t Au from 140m, including 6m @ 2.84g/t Au from 142m
- MFRC099: 8m @ 2.55g/t Au from 53m, including 5m @ 3.17g/t Au from 53m
- MFRC100: 8m @ 2.28g/t Au from 17m, including 2m @ 7.86g/t Au from 20m
- MFRC095: 11m @ 1.58g/t Au from 41m, including 1m @ 7.52g/t Au from 45m
- MFRC091: 10m @ 1.68g/t Au from 106m, including 3m @ 3.25g/t Au from 106m and 1m @ 3.71g/t Au from 115m
- MFRC088: 5m @ 3.18 g/t Au from 37m and 2m @ 4.64g/t Au from 70m
- MFRC101: 4m @ 2.81g/t Au from 42m, including 1m @ 8.03g/t Au from 44m and 8m @ 1.82g/t Au from 49m including 2m @ 4.68g/t Au from 54m
- MFRC097: 1m @ 5.36g/t Au from 18m and 1m @ 10.8g/t Au from 24m
- MFRC102: 13m @ 0.79g/t Au from 79m and 5m @ 1.71 g/t Au from 108m
- MFRC090: 2m @ 4.33g/t Au from 71m

Subsequently, the Company upgraded its Mt Fisher/Mt Eureka Gold Resource by 98koz to 187koz Au. The resource upgrade incorporated 6,700m of RC drilling completed over 12 months and delivered a 110% increase in contained gold (see Mineral Resources section for further information).

The Company is focussed on follow up RC drilling at key prospects as well as advancing several options to realise value from the Mt Fisher/Mt Eureka Gold Project.

## Directors' Report

### Corporate

During the half-year ended 31 December 2022, and following the completion of the Youanmi Gold Project Scoping Study, Mr Alex Passmore decided to step down as the Company's Chief Executive Officer and Managing Director. The Company's Non-Executive Director, Mr Robert Ryan, was appointed as the Company's Chief Executive Officer and Managing Director.

During November 2022, the Company launched a \$4.0m Placement and \$1.0m Share Purchase Plan ("SPP").

The Placement raised \$4.52m before costs, comprised of \$3.34m from eligible existing shareholders (Tranche 1) and \$1.18m from Hawke's Point (Tranche 2). The Placement to Hawke's Point enabling the retainment of their 13.12% interest in the Company was approved at a shareholder meeting on 10 February 2023 (See Matters Subsequent to the end of the Financial Period).

The SPP which was initially targeted to raise \$1.0m (before costs) was strongly supported and completed at \$4.44m (before costs).

In December the Company received \$3.8m from Kedalion Nickel Pty Ltd ("Kedalion") for its full investment in Cannon Resources Limited ("Cannon") as a result of an off-market takeover of Cannon by Kedalion.

Funds from the Placement, SPP and sale of Cannon shares will be utilised to progress resource drilling, near mine exploration and feasibility studies at the Youanmi Gold Project.

## Directors' Report

### Significant Changes in State of Affairs

During the period, the Company received \$3.8m from Kedalion Nickel Pty Ltd for its full investment in Cannon Resources Limited as a result of an off-market takeover of Cannon by Kedalion.

Mr Alex Passmore decided to step down as the Company's Chief Executive Officer and Managing Director. The Company's Non-Executive Director, Mr Robert Ryan was appointed as the Company's Chief Executive Officer and Managing Director.

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 10 February 2023 shareholders approved the issue of 7,156,412 shares at \$0.165 to raise \$1.18m to Hawke's Point, the Company's largest shareholder as part of the November 2022 Placement.

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 instrument 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.



**Robert Ryan**  
**Managing Director**  
Perth, Western Australia  
Date: 7 March 2023

## Mineral Resources

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

Area	Classification	Cut-off (g/t Au)	Tonnes (dmt)	Grade (g/t Au)	Au Metal (oz)
Near Surface	Indicated	0.5 <sup>1</sup>	9,070,000	1.89	552,000
Underground	Indicated	3.0	3,060,000	7.55	744,200
<b>Sub-total</b>	<b>Indicated</b>		<b>12,130,000</b>	<b>3.32</b>	<b>1,296,000</b>
Near Surface	Inferred	0.5 <sup>1</sup>	8,930,000	1.58	453,000
Underground	Inferred	3.0	6,840,000	6.59	1,450,000
<b>Sub-total</b>	<b>Inferred</b>		<b>15,770,000</b>	<b>3.75</b>	<b>1,903,000</b>
Near Surface	Indicated + Inferred	0.5 <sup>1</sup>	18,000,000	1.74	1,004,000
Underground	Indicated + Inferred	3.0	9,900,000	6.89	2,194,000
<b>Total</b>	<b>Indicated + Inferred</b>		<b>27,900,000</b>	<b>3.57</b>	<b>3,199,000</b>

1. Grade 1.5 g/t cutoff.

### Mt Fisher / Mt Eureka Gold Project, WA (Reported to the ASX on 2 November 2022)

Area	Classification	Tonnes (dmt)	Grade (g/t Au)	Au Metal (oz)
Mt Fisher	Indicated	944,100	2.22	67,300 <sup>2</sup>
Mt Eureka	Indicated	488,400	1.32	20,800
<b>Sub Total</b>	<b>Indicated</b>	<b>1,432,500</b>	<b>1.91</b>	<b>88,100</b>
Mt Fisher	Inferred	988,300	1.78	56,700
Mt Eureka	Inferred	1,098,400	1.19	42,200
<b>Sub Total</b>	<b>Inferred</b>	<b>2,086,700</b>	<b>1.47</b>	<b>98,900</b>
Mt Fisher	Indicated + Inferred	1,932,400	2.00	124,000
Mt Eureka	Indicated + Inferred	1,586,800	1.23	63,000
<b>Total</b>	<b>Indicated + Inferred</b>	<b>3,519,200</b>	<b>1.65</b>	<b>187,000</b>

2. Includes measured resource of 6,400oz @ 3.79g/t Au

## Competent Person Statements

### Resource Statements

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

The information in this report that relates to gold Mineral Resources for the Mt Fisher/Mt Eureka Gold Project was reported to the ASX on 2 November 2022 (JORC 2012). Rox confirms that it is not aware of any new information or data that materially affects the information included in the 2 November 2022 announcement and that all material assumptions and technical parameters underpinning the estimates in the 2 November 2022 announcement 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 2023**

## Condensed Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	31 Dec 2022 (\$'000's)	30 Jun 2022 (\$'000's)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		10,533	4,441
Trade and other receivables	8	175	55
Inventory		19	28
<b>Total current assets</b>		<b>10,727</b>	<b>4,524</b>
<b>Non-current assets</b>			
Trade and other receivables	8	3,860	3,012
Property, plant and equipment		691	624
Capitalised exploration and evaluation expenditure	9	11,283	10,970
Right of use assets		287	332
Investments in associates	10	-	1,776
<b>Total non-current assets</b>		<b>16,121</b>	<b>16,714</b>
<b>Total assets</b>		<b>26,848</b>	<b>21,238</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		1,535	863
Provisions	11	116	199
Other financial liabilities	12	149	149
<b>Total current liabilities</b>		<b>1,800</b>	<b>1,211</b>
<b>Non-current liabilities</b>			
Provisions	11	5,771	5,358
Other financial liabilities	12	282	342
<b>Total non-current liabilities</b>		<b>6,053</b>	<b>5,700</b>
<b>Total liabilities</b>		<b>7,853</b>	<b>6,911</b>
<b>Net assets</b>		<b>18,995</b>	<b>14,327</b>
<b>Equity</b>			
Issued capital	13	72,475	64,830
Reserves	14	14,834	14,834
Accumulated losses		(68,314)	(65,337)
<b>Total equity attributable to shareholders</b>		<b>18,995</b>	<b>14,327</b>

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 2022

	Notes	31 Dec 2022 (\$000's)	31 Dec 2021 (\$000's)
<b>Income</b>			
Interest income	5	11	1
Gain on disposal of investments	5	2,262	-
Gain on disposal of property, plant and equipment	5	143	-
Other income	5	1	9
<b>Expenses</b>			
Corporate expenses		(916)	(645)
Short-term lease and occupancy related expenses		4	(31)
Salaries, wages and superannuation		(865)	(605)
Restructure expenses		-	(32)
Exploration and evaluation expenditure		(2,959)	(5,461)
Share based payments	13	(186)	-
Finance expense	6	(150)	(621)
Depreciation and amortisation		(134)	(107)
Fair value movement on financial instruments at fair value through profit or loss	7	-	(110)
Share of investments in associate's profit/(loss)	10	(188)	(342)
<b>Loss before income tax</b>		<b>(2,977)</b>	<b>(7,944)</b>
Income tax expense		-	-
<b>Net loss after income tax</b>		<b>(2,977)</b>	<b>(7,944)</b>
<b>Other comprehensive income</b>			
Other comprehensive income net of tax		-	-
<b>Total comprehensive loss for the period</b>		<b>(2,977)</b>	<b>(7,944)</b>
<b>Loss per share for the period attributable to shareholders</b>			
		<b>Cents</b>	<b>Cents</b>
Basic loss per share		(1.68)	(5.04)
Diluted loss per share		(1.68)	(5.04)

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 2022

	Notes	31 Dec 2022 (\$000's)	31 Dec 2021 (\$000's)
<b>Cash flows from operating activities</b>			
Interest received		11	1
Payments to suppliers and employees		(1,395)	(1,630)
Expenditure on mineral interests		(3,773)	(8,163)
<b>Net cash used in operating activities</b>		<b>(5,157)</b>	<b>(9,792)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments	5	3,850	3,100
Purchase of mineral properties		-	(148)
Purchase of property, plant and equipment		(155)	(88)
Proceeds from the sale of property, plant and equipment		43	-
Repayment of loan by Cannon Resources Limited		-	665
<b>Net cash provided by investing activities</b>		<b>3,738</b>	<b>3,529</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares		7,777	-
Share issue costs		(221)	-
Repayment of lease liabilities		(45)	(54)
<b>Net cash provided by/(used in) financing activities</b>		<b>7,511</b>	<b>(54)</b>
Net increase/ (decrease) in cash and cash equivalents		6,092	(6,317)
Cash and cash equivalents at the beginning of the period		4,441	11,913
<b>Cash and cash equivalents at the end of the period</b>		<b>10,533</b>	<b>5,596</b>

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 2022

	Issued capital (\$000's)	Reserves (\$000's)	Accumulated losses (\$000's)	Total (\$000's)
<b>Balance as at 1 July 2021</b>	70,596	4,828	(50,613)	24,811
Loss for the period	-	-	(7,944)	(7,944)
Other comprehensive income or (loss)	-	-	-	-
Total comprehensive loss for the period	-	-	(7,944)	(7,944)
<b>Transactions with shareholders</b>				
Demerger of Cannon Resources Limited	(9,756)	9,947	(773)	(582)
<b>Balance as at 31 December 2021</b>	60,840	14,775	(59,330)	16,285
<b>Balance as at 1 July 2022</b>	<b>64,830</b>	<b>14,834</b>	<b>(65,337)</b>	<b>14,327</b>
Loss for the period	-	-	(2,977)	(2,977)
Other comprehensive income or (loss)	-	-	-	-
Total comprehensive loss for the period	-	-	(2,977)	(2,977)
<b>Transactions with shareholders</b>				
Issue of share capital	7,777	-	-	7,777
Share issue costs	(318)	-	-	(318)
Share-based payments	186	-	-	186
<b>Balance as at 31 December 2022</b>	<b>72,475</b>	<b>14,834</b>	<b>(68,314)</b>	<b>18,995</b>

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 2022

## 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”). The financial statements of the Group for the half-year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 7 March 2023.

## Note 2: Significant accounting policies

### Basis of Preparation

The interim condensed consolidated financial statements of the Group for the half-year ended 31 December 2022 are condensed consolidated general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

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 2022 and considered together with any public announcements made by Rox Resources Limited during the half-year ended 31 December 2022 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 2022 unless otherwise stated.

### 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 2022

## 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 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 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.

AASB 2021-2 mandatorily applies 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 January 2023.

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

#### **AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards**

AASB 2022-7 makes editorial corrections to various Australian Accounting Standards and AASB Practice Statement 2 *Making Materiality Judgements*. The corrections include corrections made by the IASB to IFRS Standards since June 2021. The standard also formally repeals a number of superseded and redundant standards.

AASB 2022-7 mandatorily applies 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.

# Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

## Note 2: Significant accounting policies (continued)

### Accounting standards issued but not yet effective

#### **AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current**

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.

A liability will be classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. Meaning of settlement of a liability is also clarified.

AASB 2020-1 mandatorily applies to annual reporting periods beginning on or after 1 January 2024 (as amended by AASB 2022-6 and AASB 2020-6). The amendment will first be applied by the Group in the financial year commencing 1 July 2024.

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

#### **AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants**

AASB 2022-6 amends AASB 101 *Presentation of Financial Statements* to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.

Practice Statement 2 *Making Materiality Judgements* is also amended regarding assessing whether information about covenants is material for disclosure.

AASB 2022-6 also amends AASB 2020-1 by deferring the application date by 12 months.

This amending standard mandatorily applies to annual reporting periods commencing on or after 1 January 2023 regarding the deferred application date of AASB 2020-1 and the remaining amendments to disclosures apply to annual reporting periods commencing on or after 1 January 2024. This amendment to disclosures will be first applied by the Group in the financial year commencing 1 July 2024.

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 2022

## 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 2022 of \$3.0 million (2021: \$7.9 million) and experienced net cash outflows used in operating activities of \$5.2 million (2021: \$9.8 million). As at 31 December 2022, the Group had net current assets of \$8.9 million (30 June 2022: \$3.3 million) and cash and cash equivalents of \$10.5 million (30 June 2022: \$4.4 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 2022.

## 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 2022

### Note 5: Income

	31 Dec 2022 (\$000's)	31 Dec 2021 (\$000's)
Interest income	11	1
Other income	1	9
Gain on disposal of investments (i)	2,262	-
Gain on disposal of property, plant and equipment	143	-

(i) Cannon is an ASX Listed Company (ASX: CNR). During the half-year ended 31 December 2022 the Company disposed of its interest in Cannon to Kedalion as part of the takeover offer from Kedalion to all Cannon shareholders, receiving gross proceeds of \$3.85 million.

### Note 6: Finance expense

	31 Dec 2022 (\$000's)	31 Dec 2021 (\$000's)
Unwind of discount (i)	(36)	(612)
Accretion of rehabilitation liability	(101)	-
Interest expense - finance lease	(13)	(9)
<b>Total</b>	<b>(150)</b>	<b>(621)</b>

(i) The non-current receivable from Venus Metals Corporation Limited has been measured at amortised cost (see Note 8).

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

	31 Dec 2022 (\$000's)	31 Dec 2021 (\$000's)
Unwind of discount (i)	-	(110)

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

## Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

### Note 8: Trade and other receivables

	31 Dec 2022 (\$000's)	30 Jun 2022 (\$000's)
<b>Current (i)</b>		
Venus Metals Corporation Limited – Regional JV expenditure	5	9
Pearl Gull Iron Limited – rent & financial services	33	-
Cannon Resources Limited – rent & financial services	26	45
Trade and other receivables	111	1
Total current trade and other receivables	<b>175</b>	55
<b>Non-current</b>		
Amounts owing from JV partner (ii)	<b>3,860</b>	3,012

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

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

Details on the receivable from VMC can be obtained from the Company's 30 June 2022 Annual Financial Report.

### Note 9: Capitalised exploration and evaluation expenditure

	31 Dec 2022 (\$000's)	30 Jun 2022 (\$000's)
<b>Areas of interest in exploration and evaluation phases:</b>		
Balance at the beginning of the period	10,970	10,885
Demerger of Cannon Resources Limited	-	(3,053)
Adjustment to rehabilitation provision (i)	313	3,089
Stamp duty on OYG acquisition	-	49
Closing balance	<b>11,283</b>	10,970

(i) For the year ended 30 June 2022, the adjustment to capitalised exploration and evaluation expenditure is due to an independent assessment of the Group's rehabilitation provision following the commencement of the scoping study. This independent assessment resulted in an increase to the rehabilitation provision as at 30 June 2022 of \$2.24 million.

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

## Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

### Note 10: Investments in associates

	31 Dec 2022 (\$000's)	30 Jun 2022 (\$000's)
<b>Investment in Cannon Resources Limited:</b>		
Balance at the beginning of the period	1,776	-
Initial value upon recognition	-	2,471
Share of investments in associate's profit/(loss)	(188)	(695)
Divestment of Cannon Resources Limited	(1,588)	-
Closing balance	-	1,776

- (i) Cannon is an ASX Listed Company (ASX: CNR). The Company sold its full interest in Cannon to Kedalion Nickel Pty Ltd as part of the takeover offer to all Cannon shareholders, receiving gross proceeds of \$3.85 million.
- (ii) There were no material changes to the share of commitments as disclosed in the Cannon Resources Limited 30 June 2022 Annual Financial Report up until the divestment date of 20 December 2022.

### Note 11: Provisions

	31 Dec 2022 (\$000's)	30 Jun 2022 (\$000's)
<b>Current</b>		
Employee benefits - annual Leave	116	158
Employee benefits - long service leave	-	40
<b>Total</b>	<b>116</b>	<b>199</b>
<b>Non-current</b>		
<b>Rehabilitation</b>		
Carrying amount at the beginning of the year	5,358	4,345
Increase in rehabilitation liability	312	-
Accretion of rehabilitation liability (finance expense)	101	-
Adjustment to the rehabilitation provision	-	1,013
Carrying amount at the end of the year	5,771	5,358

### Note 12: Other financial liabilities

	31 Dec 2022 (\$000's)	30 Jun 2022 (\$000's)
<b>Current</b>		
Lease liability - office lease	149	149
<b>Total</b>	<b>149</b>	<b>149</b>
<b>Non-current</b>		
<b>Lease liability - office lease</b>		
Opening balance	342	491
Finance charges	7	4
Repayments	(67)	(153)
<b>Total</b>	<b>282</b>	<b>342</b>

## Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

### Note 13: Issued capital

			31 Dec 2022 (\$000's)	31 Dec 2021 (\$000's)
<b>Issued and paid-up capital</b>				
Ordinary shares fully paid			<b>72,475</b>	64,830
<b>Movement in ordinary shares on issue</b>				
	31 Dec 2022 (Number)	31 Dec 2022 (\$000's)	31 Dec 2021 (Number)	31 Dec 2021 (\$000's)
<b>Ordinary shares</b>				
Balance at beginning of period	<b>168,940,947</b>	<b>64,830</b>	157,607,614	70,596
Demerger of Cannon (28 Jul 21)	-	-	-	(9,756)
Share placement (16 Nov 22)	<b>20,247,864</b>	<b>3,341</b>	-	-
Placement costs (16 Nov 22)	-	<b>(220)</b>	-	-
Share purchase plan (8 Dec 22)	<b>26,884,791</b>	<b>4,436</b>	-	-
Share purchase plan costs (8 Dec 22)	-	<b>(98)</b>	-	-
Share based payments (14 Dec 22 <sup>i</sup> )	<b>1,124,246</b>	<b>186</b>	-	-
Balance at end of period	<b>217,197,848</b>	<b>72,475</b>	157,607,614	60,840

- (i) The share based payments on 14 December 2022 are in relation to the employee incentive scheme for the financial year ended 30 June 2022 and are subject to a 6 month voluntary escrow.

### Note 14: Reserves

	31 Dec 2022 (\$000's)	30 Jun 2022 (\$000's)
<b>Share based payments reserve</b>		
Balance at the beginning of the period	<b>4,887</b>	4,828
Options issued to unrelated parties	-	59
Closing Balance	<b>4,887</b>	4,887
<b>Equity reserve</b>		
Balance at the beginning of the period	<b>9,947</b>	-
Gain on demerger of Cannon Resources Limited	-	9,947
Closing Balance	<b>9,947</b>	9,947
Total	<b>14,834</b>	14,834

## Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2022

### Note 15: Commitments and contingencies

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

### Note 16: Events occurring after the report date

On 10 February 2023 shareholders approved the issue of 7,156,412 shares at \$0.165 to raise \$1.18m to Hawke's Point, the Company's largest shareholder and the issue of 7,500,000 Performance Rights to Directors.

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.

### Note 17: Related party transactions

Mr Passmore resigned as the Chief Executive Officer and Managing Director of Rox on 24 October 2022. As at 24 October 2022, Mr Passmore remained a Director of LG Mining Pty Ltd, Cannon Resources Limited and Pearl Gull Iron Limited, all of which engaged in arms-length transactions with Rox during the period. The amounts quoted below are for the period 1 July 2022 through 24 October 2022 and are GST exclusive unless otherwise stated:

- An amount of \$151,172 (31 December 2021: \$542,564) was incurred from LG Mining Pty Ltd for the provision of labour hire services, specifically geologists and field assistants. An amount of \$29,150 was payable as at 24 October 2022 (31 December 2021: \$65,878). The transactions were on an arms-length basis and utilised by Rox, 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.
- An amount of \$148,488 (31 December 2021: \$38,000) was invoiced to Cannon Resources Limited for Company Secretarial, Financial and Geological services provided by Rox and for the sub-lease of office space during the period. All fees were paid by Cannon as at 24 October 2022 (31 December 2021: \$20,000). Mr Passmore received director fees from Cannon during the period for his role as Cannon's Chairman.
- An amount of \$36,000 (31 December 2021: \$10,000) was invoiced to Pearl Gull Iron Limited for Company Secretarial and Financial services provided by Rox and for the sub-lease of office space during the period. All fees were paid by Pearl Gull as at 24 October 2022 (31 December 2021: \$2,000). Mr Passmore received director fees from Pearl Gull during the period for his role as a Director.
- An amount of \$15,833 was incurred from Pearl Gull Iron Limited for the purchase of a light vehicle. No amounts were payable as at 24 October 2022.

### Note 18: Group information

Entity	Principal activities	Country of incorporation	% Equity interest	
			December 2022	June 2022
Rox (Mt Fisher) Pty Ltd	Mineral exploration	Australia	100	100
Rox (Murchison) Pty Ltd	Mineral exploration	Australia	100	100
Cannon Resources Limited (i)	Mineral exploration	Australia	-	-

- (i) Cannon Resources Limited demerged from the Company on 28 July 2021 and accordingly was no longer a subsidiary as at 30 June 2022. The Company recorded Cannon Resources Limited as an investment in associate as at 30 June 2022.

During the period, the Company sold its full interest in Cannon to Kedalion Nickel Pty Ltd as part of the takeover offer to all Cannon shareholders, receiving gross proceeds of \$3.85 million.

## Directors' Declaration

### For the half-year ended 31 December 2022

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 2022 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



**Robert Ryan**  
**Managing Director**  
Perth, Western Australia  
Date: 7 March 2023

## AUDITOR'S INDEPENDENCE DECLARATION

### TO THE DIRECTORS OF ROX RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

In relation to the independent auditor's review for the half-year ended 31 December 2022, 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



MICHAEL LIPRINO  
Director  
Perth, 7 March 2023

## 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 2022, 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 2022 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.

#### *Responsibility of the Directors for the Financial Report*

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

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

*Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 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



MICHAEL LIPRINO  
Director  
Perth, 7 March 2023