

Rox Resources
Annual Report 2015



ROX
RESOURCES

CORPORATE DIRECTORY

DIRECTORS:

Mr Jeffrey Gresham
Non-Executive Chairman

Mr Stephen Dennis
Non-Executive Director

Mr Ian Mulholland
Managing Director

Mr Brett Dickson
Finance Director

COMPANY SECRETARY:

Mr Brett Dickson

BANKER:

Westpac Banking Corporation
40 St Georges Terrace
Perth WA 6000

AUDITOR:

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FOR SHAREHOLDER INFORMATION CONTACT:

Share Registry:

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Level 11, 172 St Georges Terrace
Perth WA 6000

Telephone: 1300 787 272

SOLICITOR:

K & L Gates
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Perth WA 6000

Telephone: (08) 9216 0900
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STOCK EXCHANGE:

ASX Limited

COMPANY CODE:

RXL (Fully Paid Shares)

ISSUED CAPITAL:

1,045,540,095	Fully paid ordinary shares
5,133,000	2.5 cent, 30 November 2015 options
1,250,000	5.7 cent, 28 February 2017 options
21,437,301	8.0 cent, 31 March 2017 options

FOR INFORMATION ON YOUR COMPANY CONTACT:

Principal & Registered Office:

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

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Annual Report 2015

ROX
RESOURCES

CHAIRMAN'S REVIEW

Dear Shareholder

This year has seen continued exploration success for the Company at our Fisher East nickel sulphide project in Western Australia, the Reward zinc project and the Bonya copper project in the Northern Territory.

At Fisher East, we completed a Scoping Study which indicated a technically low risk project, and then we followed that up with further drilling to expand resources. The Company continues to consider possible development options, but the recent fall in the nickel price and the general market malaise has made progressing the project difficult in the short term. We have commenced some pre-feasibility level studies to determine exactly what can be mined, and this will enable an economic assessment to be completed. Regional exploration continues to define new nickel sulphide targets that will require further drill testing. Our continued work at Fisher East indicates the area is a new nickel sulphide province.

At the Reward zinc-lead project our joint venture partner, Teck Australia Pty Ltd, drilled 6 holes in 2014, four of which intersected significant zinc-lead mineralisation over substantial downhole thicknesses at the Teena prospect. The spacing of these holes indicate a mineralised zone with a strike length of 1.9 km. Drilling has just recommenced at Teena and preliminary results from the first hole have extended the high grade zone (>13% Zn+Pb) to at least 1.3km. The drilling results to date at Teena indicate that the project contains a substantial and highly significant body of zinc mineralisation.

Reverse Circulation (RC) drilling at the Bonya copper project in the Northern Territory intersected good grades and thicknesses of copper sulphide mineralisation. Several geophysical targets were tested, each returning copper sulphide mineralisation, but the results from the historic Bonya mine were the most impressive. The drilling tested below the observed surface copper mineralisation, and intersected zones such as 38m grading 4.4% copper. The geology of the project area is similar to that of the area to the east that hosts the Jervois copper deposits.

The continued exploration success has not seen the Company's share price increase, and we do not believe the current share price adequately reflects the underlying and potential value of the assets of the Company. We have continued to raise capital under difficult market conditions to pursue our exploration programs, and we thank our shareholders and investors for that.

Despite our high level of exploration activity we have maintained a small but very focussed exploration team. This strategy has seen us commit approximately 80% of our funds directly to our exploration work – a very pleasing outcome. I would like to thank our Managing Director, Ian Mulholland and our staff for their ongoing efforts to create value for our shareholders. I remain confident that in the medium to longer term this value will be realised.



Jeffrey Gresham
Chairman

PROJECTS

INTRODUCTION

The Company continued its exploration success during the year with a new copper discovery at the Bonya project in the Northern Territory and further drilling success at both the Teena zinc prospect in the Northern Territory and the Fisher East nickel sulphide project in Western Australia (Figure 1).

At Bonya the Company carried out the first ever drilling at the historic Bonya Mine prospect and intersected a thick zone of high grade copper mineralisation, including results such as **11 metres grading 4.4% copper** from 30 metres depth, **38 metres grading 4.4% copper** from 60 metres depth and **9 metres grading 3.8% copper** from 97 metres depth (ASX:RXL 20 October 2014, 5 November 2015). This was the first of several targets that the Company has identified, with more drilling planned over the next year.

Drilling at Teena continued to extend the high grade zone of mineralisation (greater than 13% zinc + lead) to a strike length of at least 1.1 km, with the whole deposit now shown to be at least 1.9 km long and 800 metres wide. With these impressive dimensions, the size potential of Teena is very large. Other targets on the tenements continue to be evaluated by our earn-in partner, Teck Australia.

The completion of a Scoping Study on the Fisher East nickel sulphide project was an important milestone for the Company, showing that the project is low technical risk and financially robust at consensus forecast future nickel prices. Drilling continued to expand known resources, and discover new orebodies, such as Sabre. Pre-feasibility level studies have now commenced.

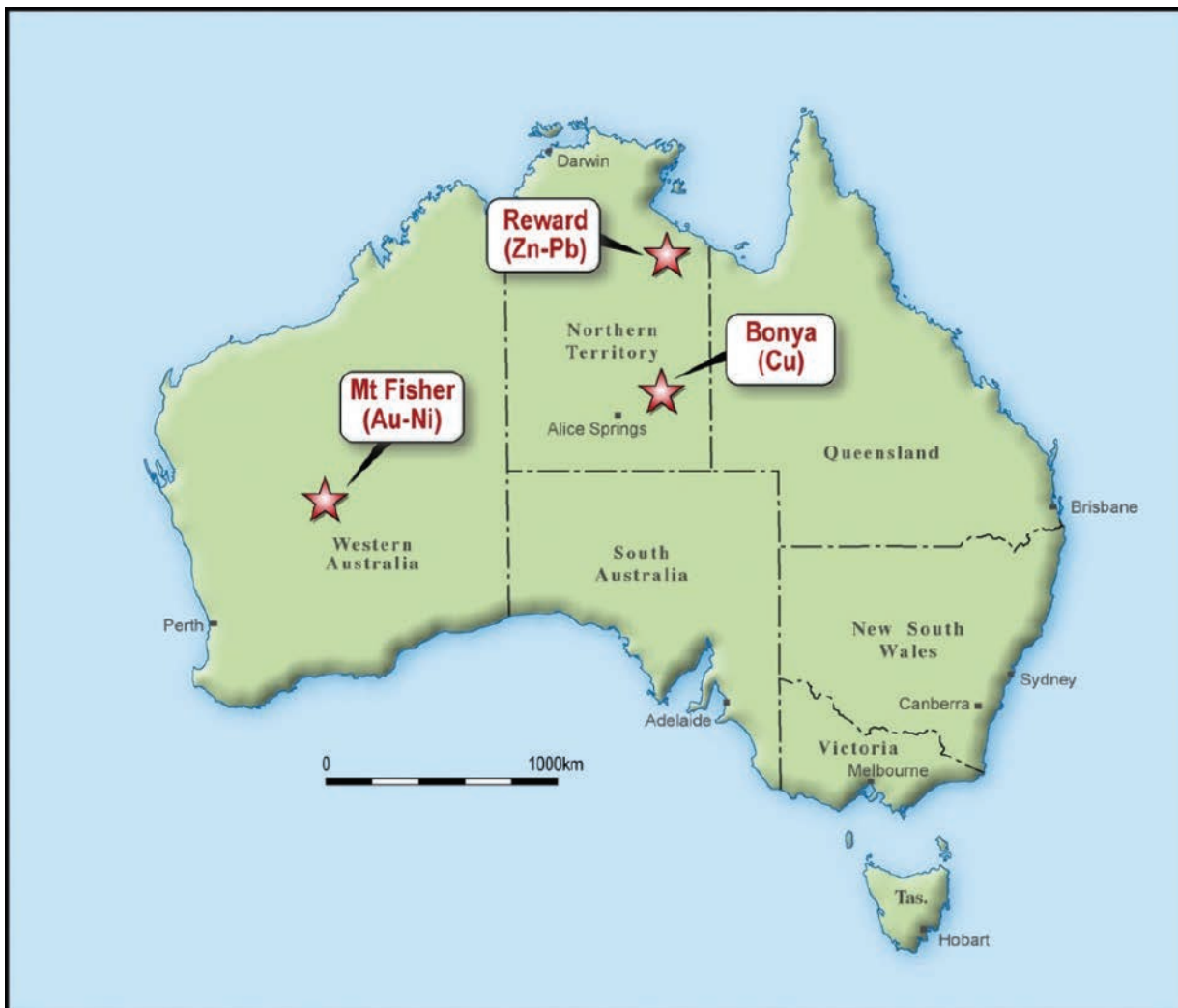


Figure 1: Rox Project Locations

PROJECTS

FISHER EAST NICKEL PROJECT, WA

Exploration work continued at Fisher East (Figure 2), with aircore drilling defining new geochemical targets, and RC and diamond drilling delineating additional mineral resources. The project is located in the north-eastern Goldfields, some 500km north of Kalgoorlie.

Aircore drilling defined a number of new geochemically anomalous zones south of the known deposits at Camelwood, Cannonball and Musket, and follow-up RC and diamond drilling defined a new nickel sulphide discovery at the Sabre prospect (Figures 3 and 5). Drilling is at an early stage at Sabre, but the potential looks similar to that already defined at Camelwood.

RC and diamond drilling at Musket and Cannonball (Figure 4) extended the known mineralisation and new mineral resource estimates are being undertaken incorporating this new drill data.

Following acquisition of a further 75 km² option tenement, another round of aircore drilling testing airborne EM anomalies has defined further targets at the Mt Tate and Horatio prospects (Figure 5). Nickel sulphides were intersected at Mt Tate in one of the aircore holes, and follow-up RC drilling is planned.

A high level Scoping Study was completed for the project which concluded that it was technically low risk and financially robust at consensus forecast future nickel prices. The Scoping Study involved creation of a high level mining plan using standard underground mining techniques common in Western Australia, with a box cut and decline accessing the orebodies at about 100m depth below surface (Figure 6). Metallurgical testwork (Figure 7) conducted by the Company indicated that a saleable nickel concentrate could be produced, grading 12-14% nickel, with low arsenic, high iron and low magnesium oxide.

Other aspects examined by the Scoping Study included toll milling at a nearby processing facility, or building a process plant on site. Transport logistics for each option were examined and likely operating and capital costs estimated.

As a result of the positive outcomes from the Scoping Study several aspects were highlighted for optimisation that could make a difference to the project. The Company has therefore commenced pre-feasibility studies starting with an optimisation of mine planning and scheduling. Other aspects of the project will follow. Baseline environmental studies are also underway, since these are critical path items in procuring mining approvals.

Although current nickel prices are low, the Company has a view that the nickel price will recover allowing the Company to bring the project into production to catch the next upswing in the nickel price cycle.

PROJECTS

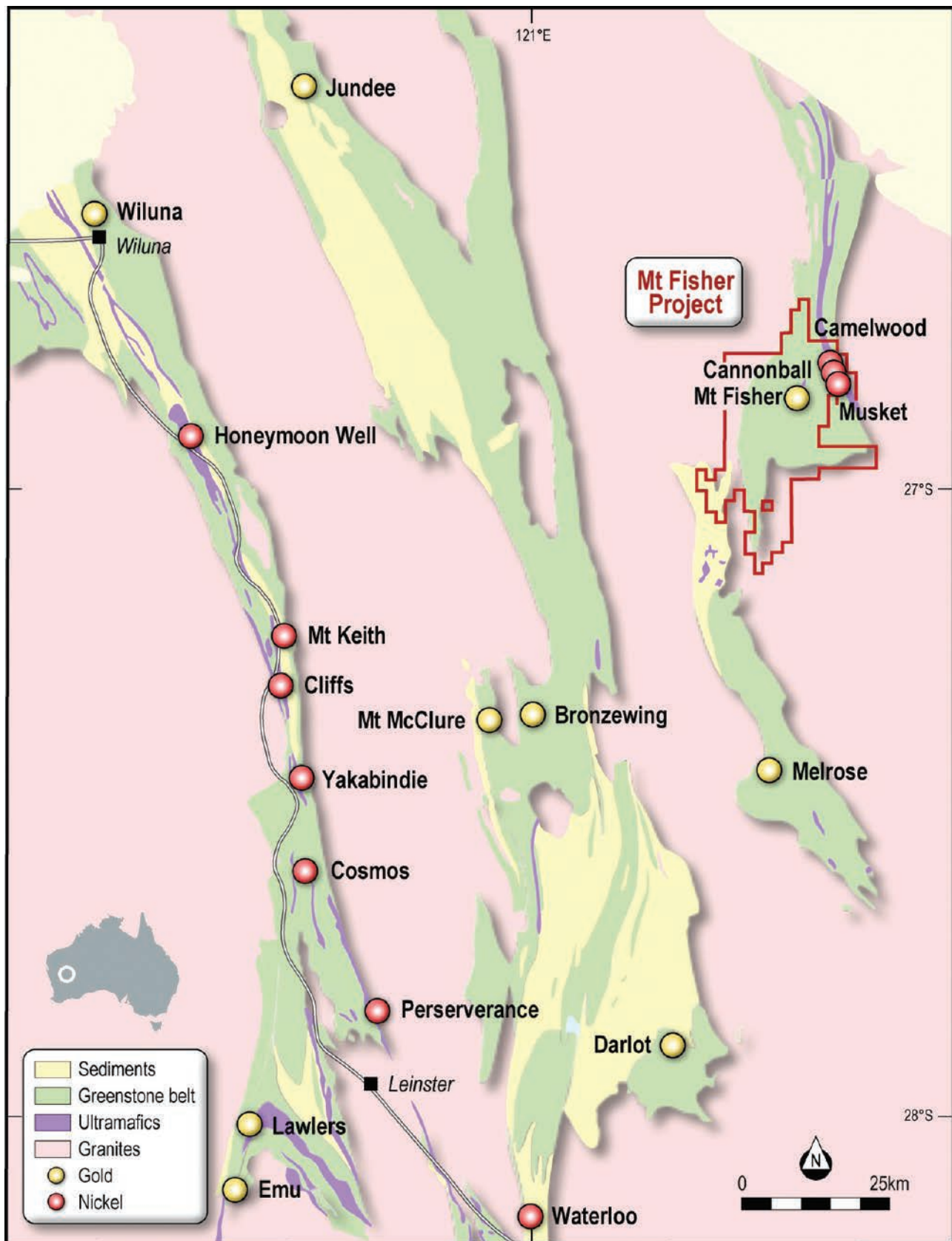


Figure 2: Fisher East Project Location

PROJECTS

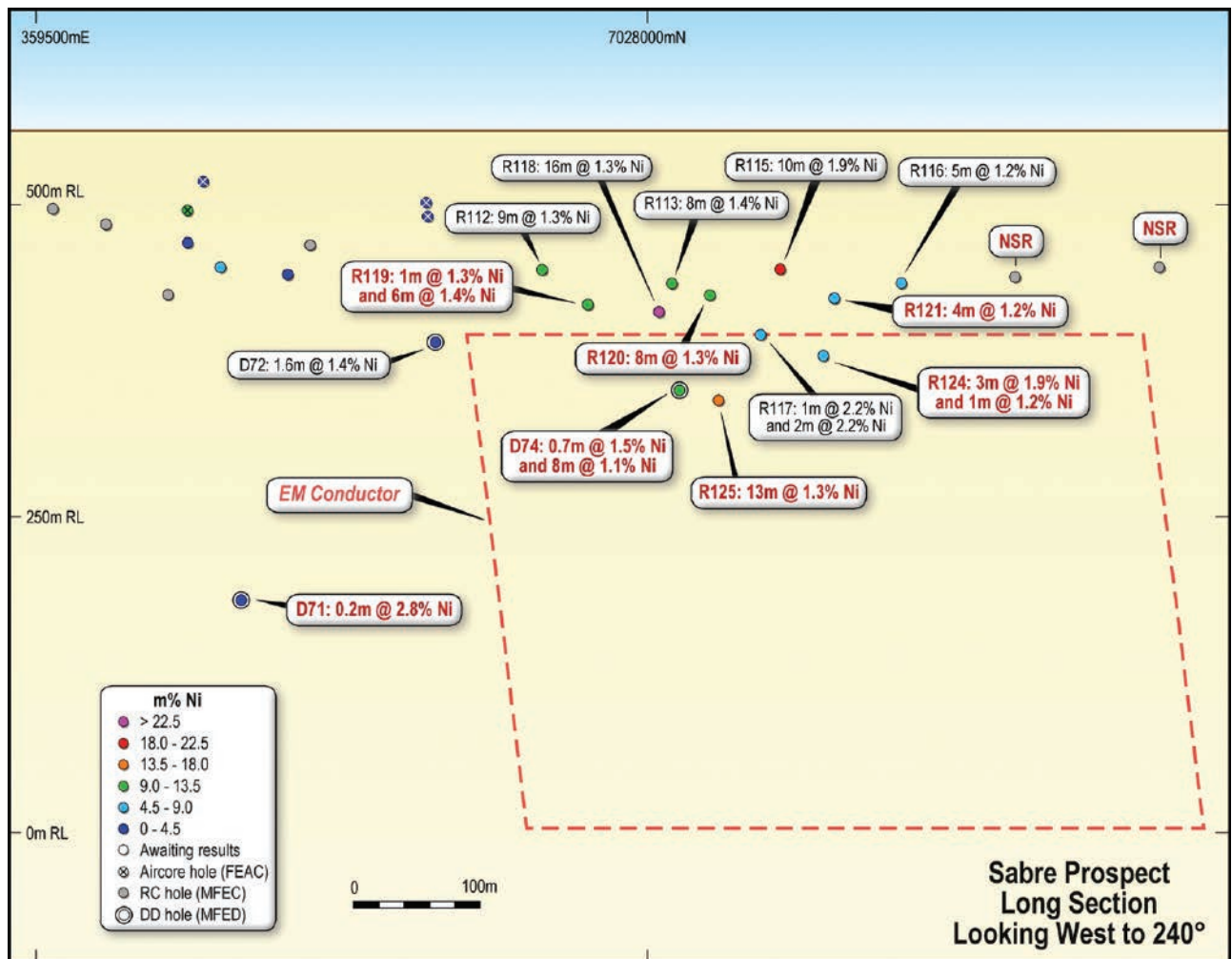


Figure 3: Sabre Drill Long Section

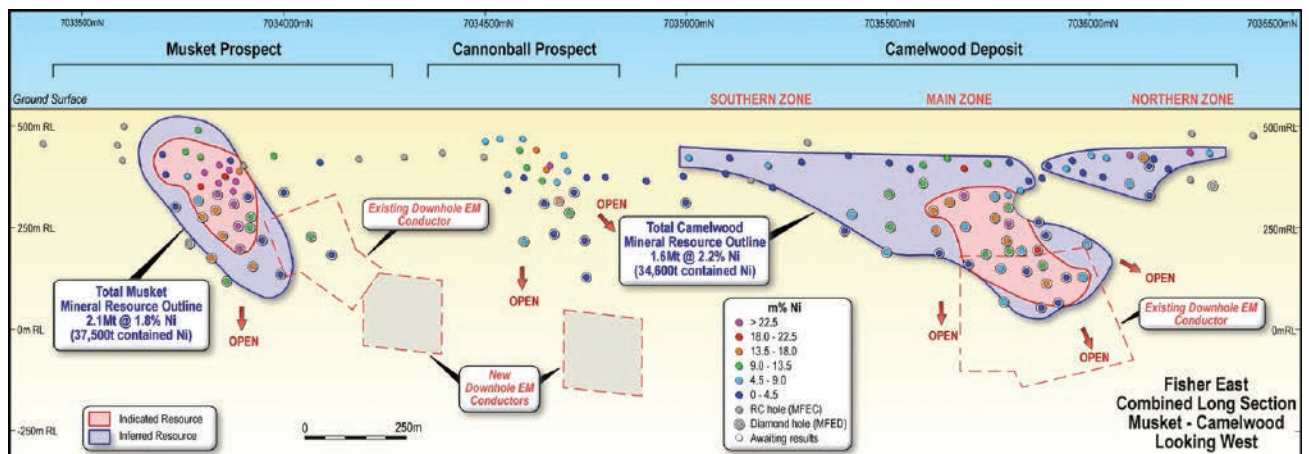


Figure 4: Musket-Camelwood Long Section

PROJECTS

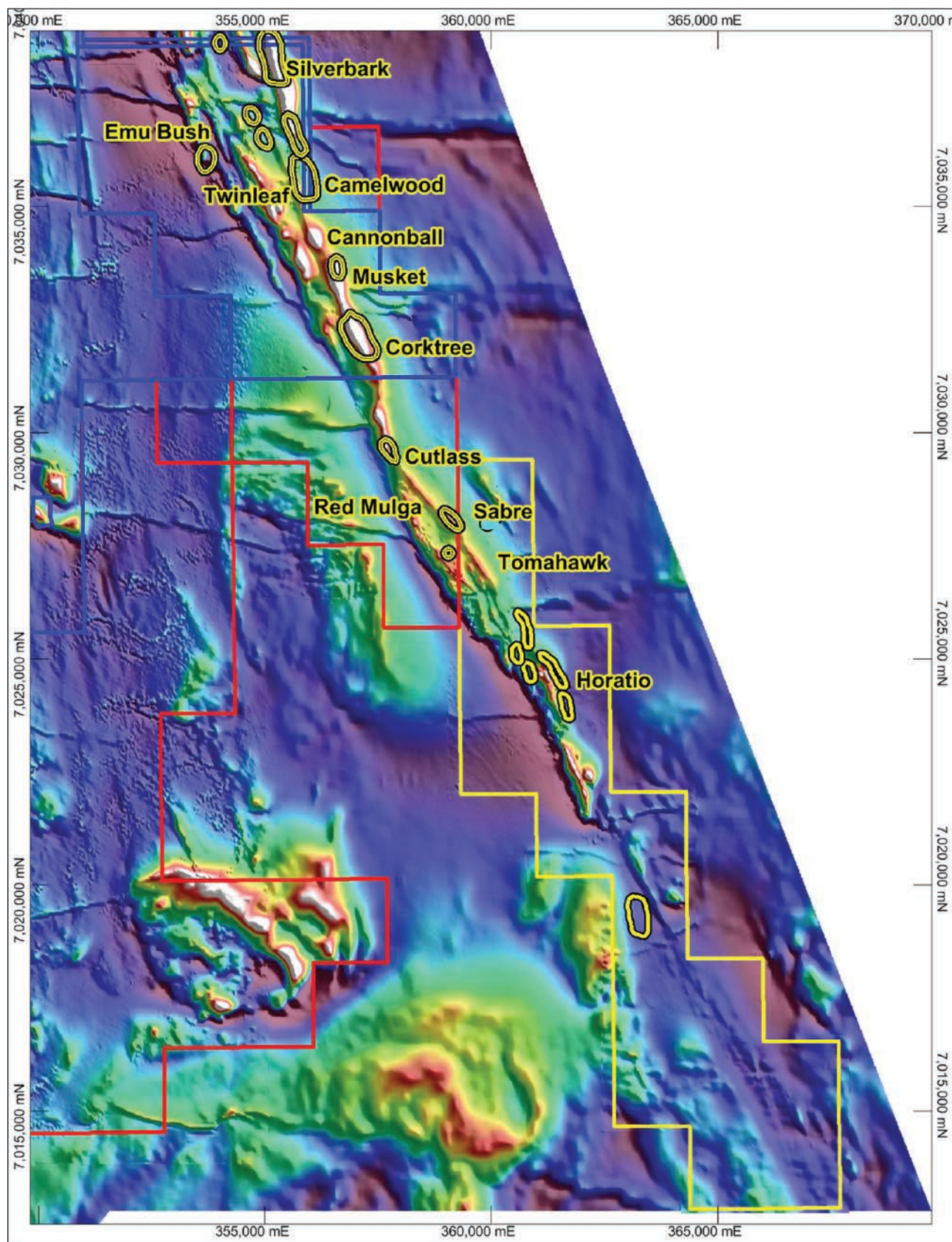


Figure 5: Airborne EM targets (yellow) shown over airborne magnetics

PROJECTS

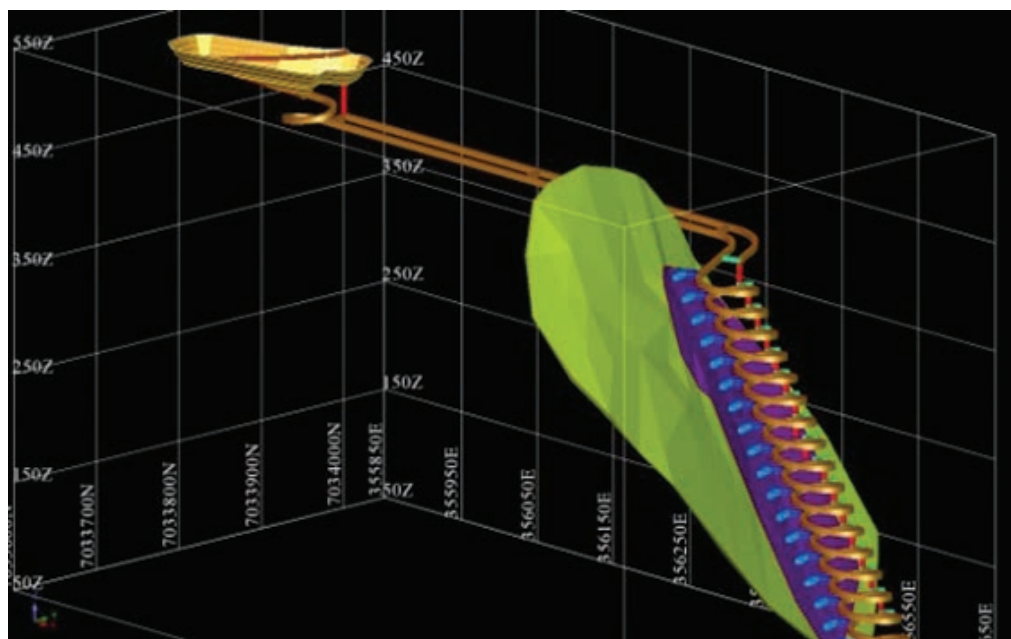


Figure 6: Conceptual Mine Design for Musket Deposit



Figure 7: Metallurgical Testwork Unit

PROJECTS



Managing Director, Ian Mulholland, examining core at Fisher East



Exploration Manager Will Belbin, and Geologist Gregor Bennett examining RC samples at Fisher East

PROJECTS

REWARD ZINC-LEAD PROJECT, NT

Our earn-in partner, Teck Australia Pty Ltd ("Teck"), continues to explore the Reward zinc-lead project with a major diamond drilling program undertaken at the exciting new Teena zinc discovery (Figure 8) during the year. Teck has earned a 51% interest in the project and has elected to increase its interest to 70% by continuing to fund exploration to a total of \$15 million. As at 30 June 2015 Teck's expenditure was \$10.6 million.

During the year a second diamond drilling program was completed at Teena with holes TNDD013 – TNDD018 drilled for 4,817.5 metres. The drilling continued to extend the strike length of the mineralised system to at least 1.9 km by 800 metres wide (Figure 9). New holes included (ASX:RXL 27 October 2014, 10 November 2015, 15 December 2014):

TNDD013 **35.0 metres grading 6.1% Zn+Pb** from 665.0 metres depth, including
 3.0 metres grading 10.1% Zn+Pb from 670.0 metres depth, and
 7.7 metres grading 9.9% Zn+Pb from 678.0 metres depth.

TNDD014 **34.4 metres grading 6.2% Zn+Pb** from 652.6 metres depth, including
 4.1 metres grading 10.4% Zn+Pb from 657.0 metres depth, and
 4.9 metres grading 11.8% Zn+Pb from 665.2 metres depth, and
 2.5 metres grading 10.3% Zn+Pb from 676.5 metres depth.

TNDD017 **25.5 metres grading 9.1% Zn+Pb** from 795.9 metres depth, including
 14.7 metres grading 13.3% Zn+Pb from 801.0 metres depth, and
 6.6 metres grading 6.6% Zn+Pb from 828.4 metres depth, including
 3.6 metres grading 9.7% Zn+Pb from 828.4 metres depth.

Holes TNDD016 and TNDD018 were drilled north and south of the Teena Basin to test for extensions, but did not intersect any significant mineralisation.

The mineralisation at Teena occurs in a basin-like synclinal structure (Figure 10) with the better grade mineralisation occurring along the keel of the syncline. An Exploration Target* of 60-80 million tonnes grading 10-12% Zn+Pb has been defined. Further drilling is required to fully delineate the extent of mineralisation at Teena, but it is clear that a major new zinc-lead deposit has been found.

Taking drilling completed last year (holes TNDD009, TNDD010, TNDD011), together with recent hole TNDD017, a zone of high grade mineralisation greater than 13% Zn+Pb has been defined over a strike length of at least 1.1km (Figure 9).

* This Exploration Target is conceptual in nature, but based on reasonable grounds and assumptions. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

PROJECTS

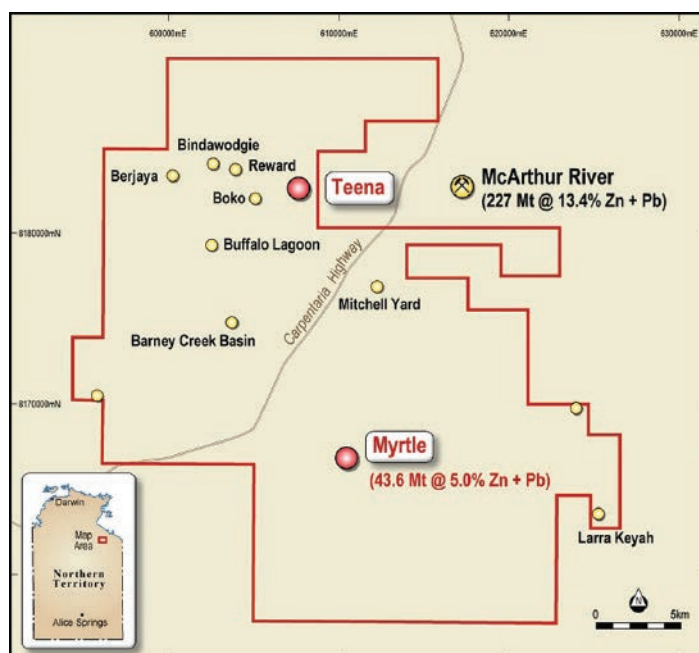


Figure 8: Reward Project Tenement Plan showing prospect locations

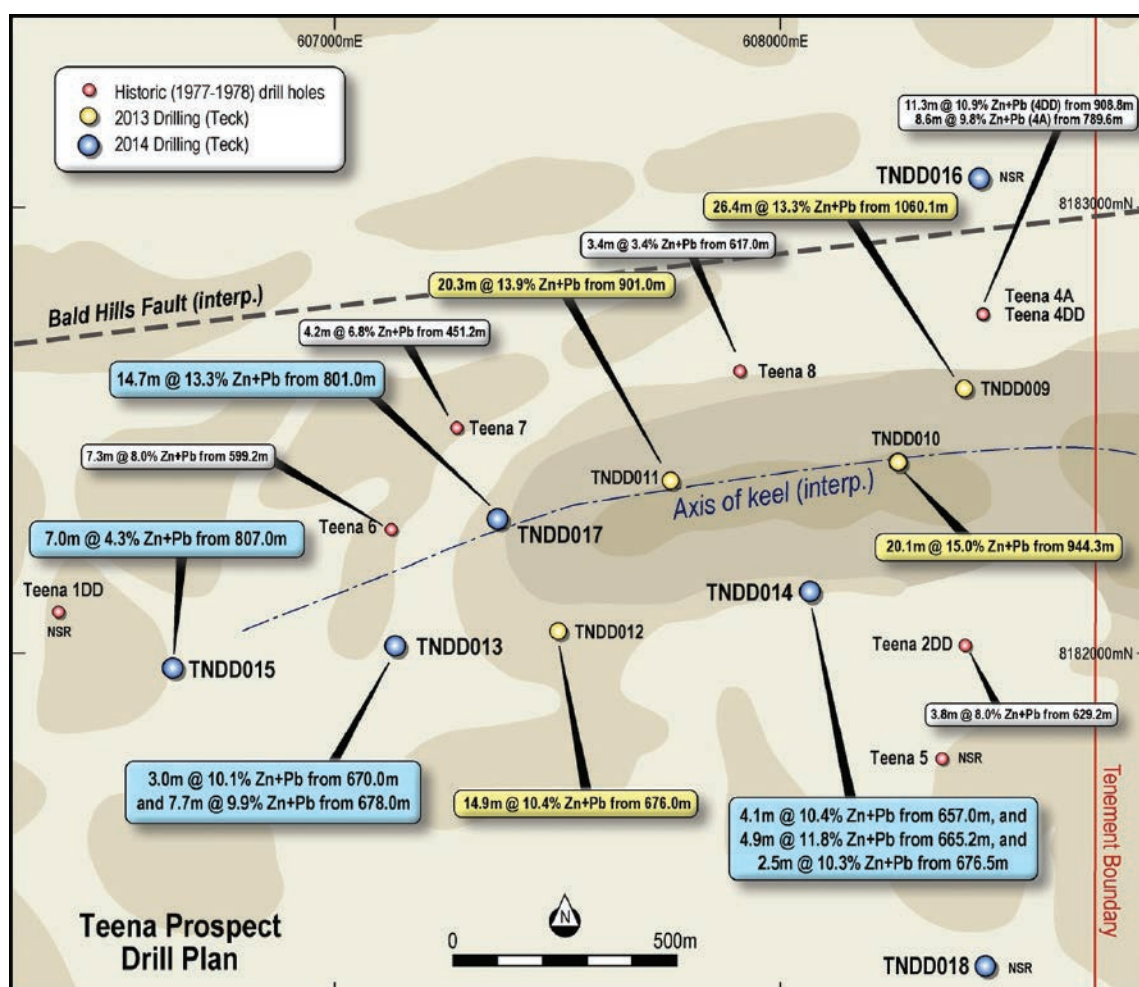


Figure 9: Teena Prospect Drill Plan showing 2014 drill locations in blue

PROJECTS

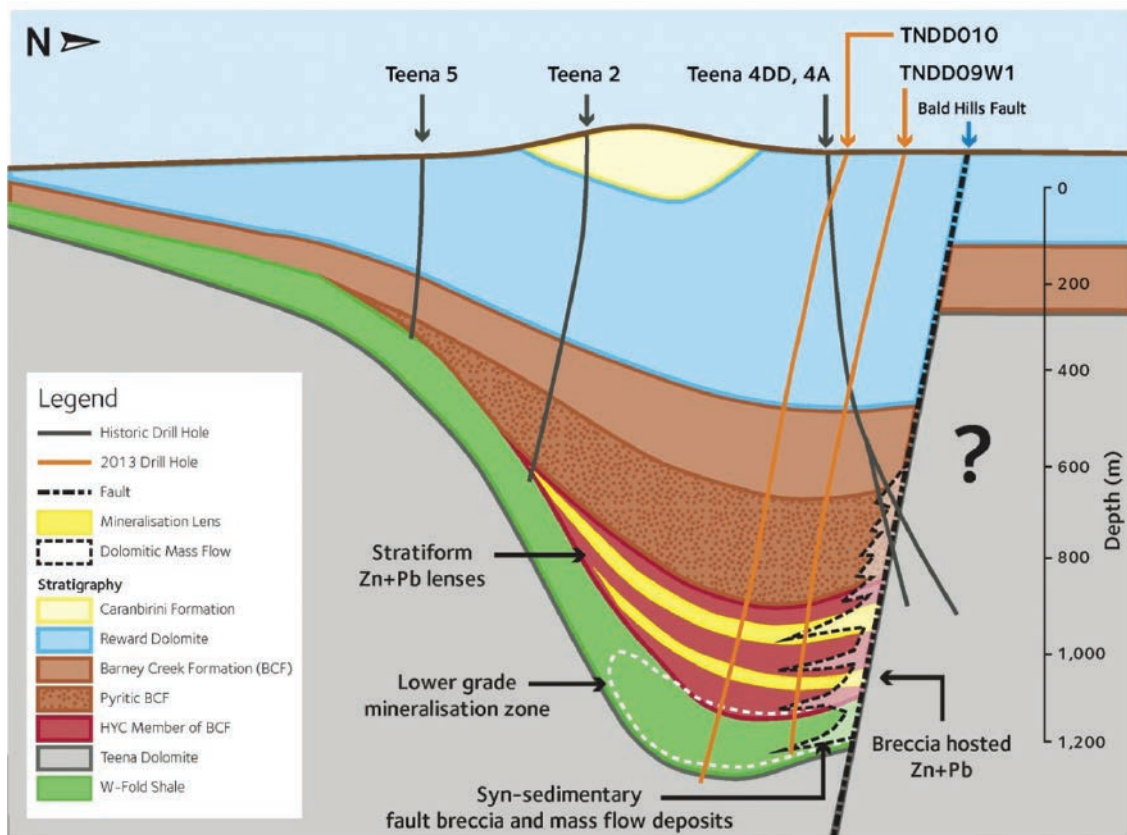
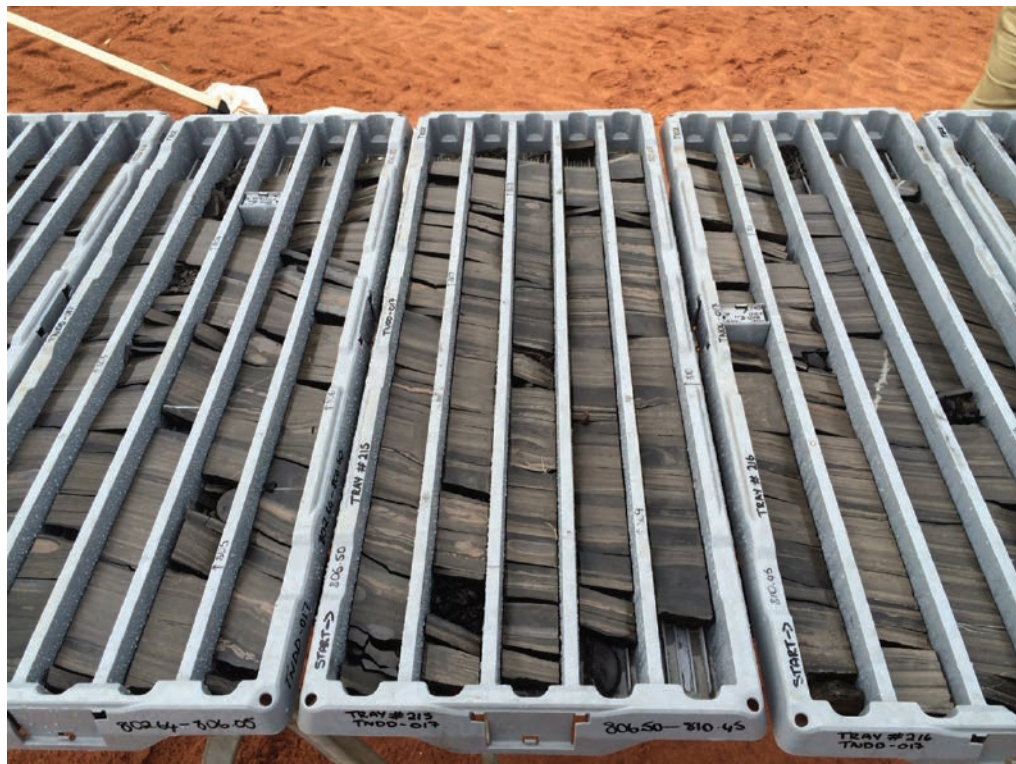


Figure 10: Teena Drill Cross Section



Drill core from hole TNDD017 showing 14.7 metres of high grade zinc mineralisation

PROJECTS

BONYA COPPER PROJECT, NT

Rox is earning-in to the Bonya Copper project in the Northern Territory with partner, Arafura Resources Limited. The Company has now earned a 51% interest and has elected to increase that interest to 70% by spending \$1 million on exploration by 10 December 2016.

After initial regional geophysics, geology and geochemistry to define targets (shown as red dots on Figure 11), an initial RC drilling program was undertaken. Drilling tested two airborne EM targets, plus underneath the old prospecting shaft at the historic Bonya Mine (Figure 12).

Drilling intersected sulphides at all targets tested, with EM Anomaly 03 returning (ASX:RXL 5 November 2014):

2 metres grading 1.9% Cu from 10 metres depth, and
2 metres grading 3.1% Cu from 55 metres depth in hole BYRC003

Drilling at the historic Bonya Mine returned some spectacular results (Figure 13) in several holes (ASX:RXL 20 October 2014, 1 December 2014):

11 metres grading 4.4% Cu from 30 metres depth, including
3 metres grading 6.1% Cu from 33 metres depth in hole BYRC008

38 metres grading 4.4% Cu from 60 metres depth, including
6 metres grading 8.8% Cu from 60 metres depth, and
8 metres grading 7.9% Cu from 82 metres depth in hole BYRC009

9 metres grading 3.8% Cu from 97 metres depth, including
3 metres grading 8.2% Cu from 97 metres depth in hole BYRC012

8 metres grading 7.6% Cu from 97 metres depth, including
3 metres grading 12.0% Cu from 101 metres depth, and

13 metres grading 5.4% Cu from 111 metres depth, including
9 metres grading 7.4% Cu from 114 metres depth in hole BYRC014

5 metres grading 9.1% Cu from 109 metres depth, including
3 metres grading 13.4% Cu from 109 metres depth, and

11 metres grading 3.9% Cu from 121 metres depth in hole BYRC018

The mineralisation is open at depth and along strike at Bonya Mine.

The Company is planning further drilling on the Bonya project area, not only to extend the high grade mineralisation discovered at the historic Bonya Mine, but also to test other strong targets where outcropping copper oxides occur for several hundreds of metres.

PROJECTS

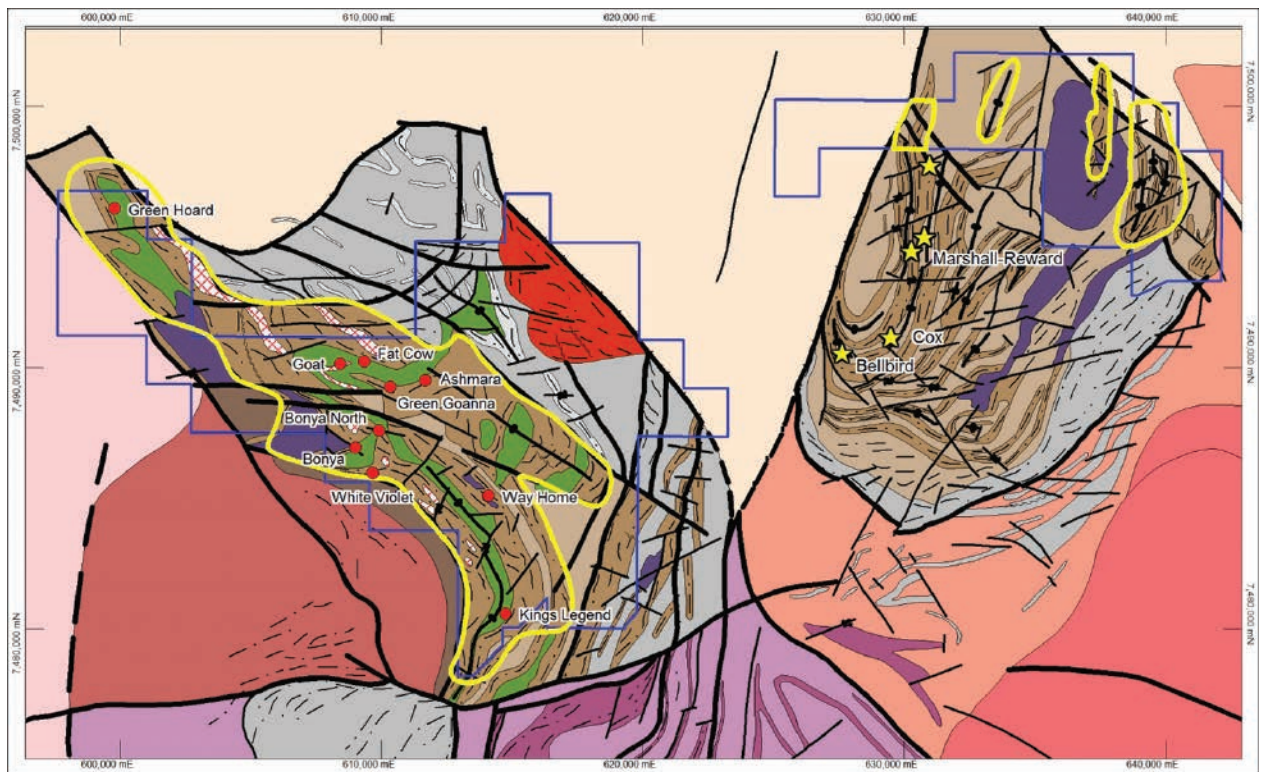


Figure 11: Regional Geology and Drill Targets (Red)



Figure 12: Bonyal Mine Prospecting Shaft (copper staining on rock wall at rear)

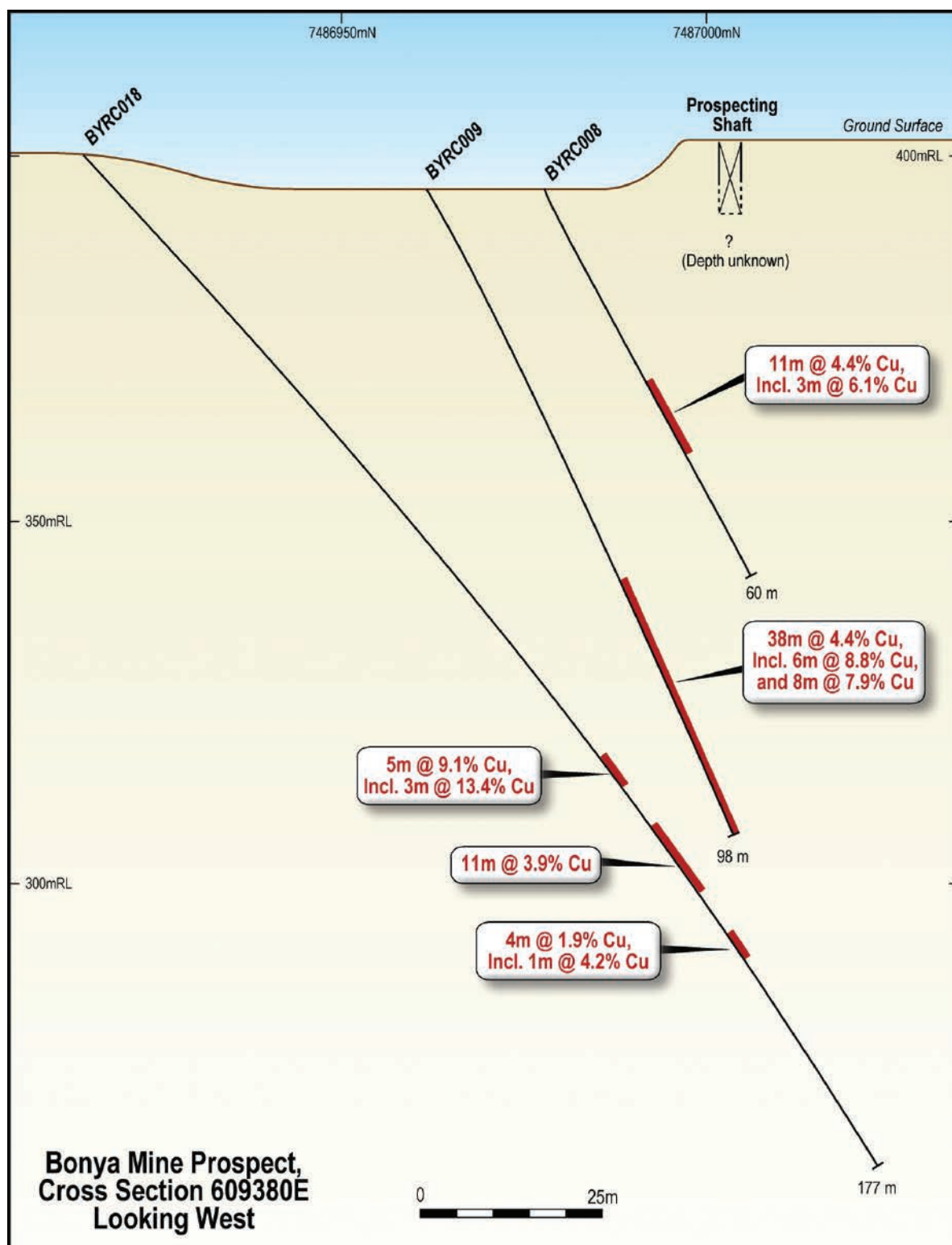


Figure 13: Bony Mine Cross Section

PROJECTS



Drill core from Bonya



Geologist Warwick Hamilton checking Bonya RC samples with portable XRF analyser

PROJECTS

MINERAL RESOURCES

Fisher East Nickel, WA

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

The resources tabulated above are combined mineral resource for Camelwood and Musket. Reported to the ASX on 3 October 2013 (Camelwood) and 4 September 2014 (Musket).

PROJECTS

Mt Fisher Gold, WA

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

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

Myrtle Zinc-Lead, NT

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

Reported to the ASX on 15 March 2010.

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

PROJECTS

Mineral Resources Estimation Governance Statement

Governance of Rox's mineral resources is a responsibility of the Executive Management of the Company.

There are no changes to the mineral resources from the previous year.

Rox has ensured that its mineral resources estimates are subject to appropriate levels of governance and internal controls. The mineral resources reported for the Fisher East nickel resources have been estimated by independent external consultants who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken reviews of the quality and suitability of the underlying information used to generate the resource estimations. Additionally the Company carries out regular internal peer reviews of processes and contractors engaged. The Myrtle zinc-lead resource and the Mt Fisher gold resource were estimated by Mr Ian Mulholland, the Company's Managing Director. Mr Mulholland is experienced in best practices in modelling and estimation methods.

Rox has reported its Myrtle zinc-lead and Mt Fisher gold mineral resources on an annual basis in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (the JORC code) 2004 Edition.

Rox has reported its Fisher East nickel mineral resources on an annual basis in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (the JORC code) 2012 Edition.

Competent Persons named by Rox are members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and/or of a "Recognised Professional Organisation", as included in a list on the JORC and ASX websites

Competent Person Statements:

The information in this report that relates to nickel Mineral Resources for the Mt Fisher project was reported to the ASX on 3 October 2013 and 4 September 2014 and is available to view at www.asx.com. Rox confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements.

The information in this report that relates to previous Exploration Results and Mineral Resources for the Mt Fisher Gold-Nickel, Reward Zinc-Lead, and Bonya Copper projects, 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 it was first reported. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements. 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.

DIRECTORS REPORT

DIRECTORS

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

Names, Qualifications, Experience and Special Responsibilities

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

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

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

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

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

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

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

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

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

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

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

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

Mr Dickson is a director of Oro Verde Limited and has not been a director of any other listed company in the last three years.

DIRECTORS REPORT

Mr Stephen Dennis (*non-Executive Director appointed 1 August 2015*) – BCom, BLLB, GDipAppFin(Finsia), CFTP

Mr Dennis has been actively involved in the mining industry for over 25 years. He spent 14 years in senior management roles at MIM Holdings Limited, was Group General Manager and Chief Financial Officer of Minara Resources Limited and was Regional Director of the minerals transportation and logistics business of Brambles Australia Limited in Western Australia until late 2006. Until recently Mr Dennis was the CEO and Managing Director of CBH Resources Limited, a Sydney based resources company.

Mr Dennis is a director of Heron Resources Limited and Cott Oil & Gas Limited and has not been a director of any other listed company in the last three years.

Interest in the Share and Options of the Company

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

	Ordinary Shares	Listed Options	Unlisted Options
J Gresham	3,778,251	–	–
S Dennis	2,000,000	–	–
I Mulholland	13,666,458	–	11,633,000
B Dickson	7,750,000	–	7,500,000

LOSS PER SHARE

Basic and Diluted Loss per share 2015: (0.75) cents 2014: (0.90) cents

DIVIDENDS

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

OPERATING AND FINANCIAL REVIEW

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

Nature of Operations and Principal Activities

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

Results from Operations and Financial Position

During the period the Company has incurred a net loss after tax for the year ended 30 June 2015 of \$6,241,150 (2014 \$5,871,214). The loss includes exploration expenditure charged direct to the profit and loss account of \$4,881,508 (2014:\$4,671,513). Net cash outflows from operating activities were \$6,859,110 (2014: \$5,965,044).

At 30 June 2015 the Company had cash on hand of \$3,594,656 (2014: \$2,558,066) The Directors believe the Company maintains a sound capital structure and is in a good position to progress its projects.

DIRECTORS REPORT

Review of Operations

During the year the company focussed its exploration activities on the Mt Fisher project in Western Australia where it continued to have success in its nickel exploration. Drilling at the Bonya copper project in the Northern Territory had success with the discovery of copper sulphides. In addition Teck Australia Pty Ltd completed a drilling program at the Teena prospect.

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

Employees

At 30 June 2015 the Company had four fulltime and two casual employees (2014: four fulltime and two casual employees).

RISK MANAGEMENT

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

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

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

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

DIRECTORS' MEETINGS

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

	Directors' Normal Meetings		Directors' Audit Meetings		Directors' Remuneration Meetings		Directors' Nomination	
	No. Eligible	No. Attended	No. Eligible	No. Attended	No. Eligible	No. Attended	No. Eligible	No. Attended
J Gresham	9	9	2	2	1	1	–	–
I Mulholland	9	9	2	2	1	1	–	–
B Dickson	9	9	2	2	1	1	–	–

Committee Membership

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

DIRECTORS REPORT

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following cash changes occurred during the year:

- \$2,925,956 (net of transaction costs) was raised through the completion of a share purchase plan at \$0.02.
- \$4,950,169 (net of transaction costs) was raised through the issue of 140,102,841 shares.
- \$21,675 was raised through the exercise of 867,000 options.

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year the company paid \$2.3 million to the vendor of the Fisher East nickel project thereby securing 100% ownership of the mineral concessions which contained all known nickel resources in the area.

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

ENVIRONMENTAL ISSUES

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

INDEMNIFICATION OF AUDITORS

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

DIRECTORS REPORT

SHARE OPTIONS

At the reporting date there were 21,437,301 unlisted options exercisable at \$0.08, 5,133,000 unlisted options exercisable at \$0.025 and 1,250,000 unlisted options exercisable at \$0.057. During the year 867,000 options were exercised. Refer to note 17 of the Financial Statements for further details on options outstanding.

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

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the *Corporations Act 2001* requires the Company's Auditors to provide the Directors of Rox Resources Limited with an Independence Declaration in relation to the audit of the full-year financial report. This report has been received and is attached to the Directors Report at page 32.

NON AUDIT SERVICES

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

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

Tax compliance services	\$10,000
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REMUNERATION REPORT (AUDITED)

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

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

Details of Key Management Personnel

Jeffrey Gresham	Non-executive Chairman (<i>appointed 1 October 2006</i>)
Ian Mulholland	Managing Director (<i>appointed 27 November 2003</i>)
Brett Dickson	Executive Director and Company Secretary (<i>appointed director 31 March 2010</i>)
Stephen Dennis	Non-executive Director (<i>appointed 1 August 2015</i>)

Mr Stephen Dennis was appointed as a non-executive director on 1 August 2015. There were no other changes of KMP after reporting date and before the date the financial report was authorised for issue.

Remuneration Committee

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

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

DIRECTORS REPORT

Remuneration Philosophy

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

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

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

Remuneration Structure

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

Non-Executive Director Remuneration

Objective

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

Structure

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

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

Each Director receives a fee for being a Director of the Company. The remuneration of Non-Executive Directors for the years ended 30 June 2015 and 30 June 2014 is detailed later in this report.

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

Senior Manager and Executive Director Remuneration

Objective

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

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

DIRECTORS REPORT

Structure

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

Remuneration consists of the following key elements:

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

Fixed Remuneration

Objective

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

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

Structure

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

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

Variable Remuneration – Short Term Incentive (“STI”)

Objective

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

Structure

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

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

DIRECTORS REPORT

STI bonus for 2014 and 2015 financial years

For the calendar year ended 31 December 2015 the following key performance indicators were agreed for senior management, with the relative weighting of each shown in brackets.

1. Farm-out or secure funding for Mt Fisher gold Project (5%)
2. Demonstrate continued copper exploration potential at Bonya (10%)
3. Increase Fisher East resource to greater than 100,000 tonnes of contained nickel (15%)
4. Complete PFS on Fisher East nickel project (20%)
5. Secure funding for ongoing company exploration/development programs and work within approved budget (10%)
6. Outperform the small Resources Index (XSR) by an average of 30% over the year (30%)
7. Grow the market capitalisation of the Company to greater than \$50 million (10%)

The minimum amount payable for 2015 assuming executives fail to meet their KPI's is nil and the maximum amount payable if all KPI's are met is \$75,000. There have been no alterations to the STI bonus plans since their grant date..

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

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

The minimum amount payable for 2014 assuming executives fail to meet their KPI's is nil and the maximum amount payable if all KPI's are met is \$75,000. For the 2014 calendar year executives were awarded bonuses totalling \$63,750 representing 85.0% of the possible amount payable.

Variable Remuneration – Long Term Incentive ("LTI")

Objective

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

Structure

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

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

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

DIRECTORS REPORT

Employment Contracts

The Managing Director, Mr Mulholland is employed under contract. The current employment contract expires on 1st January 2017, at which time the Company may choose to commence negotiation to enter into a new employment contract with Mr Mulholland. Under the terms of the present contract:

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

The Company Secretary, Mr Dickson is employed under a service contract. The current contract terminates on 1 January 2017, at which time the Company may choose to commence negotiation to enter into a new service contract with Mr Dickson. Under the terms of the present contract:

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

Remuneration of Key Management Personnel

		SHORT TERM		LONG TERM	POST EMPLOY- MENT	SHARE BASED PAY- MENTS		PERCENT- AGE PER- FORM- ANCE RELATED
	Salary & Fees \$	Bonus \$	Other ¹ \$	AL & LSL \$	Superan- uation \$	Options \$	TOTAL \$	%
2015								
DIRECTORS								
J Gresham	52,500	–	–	–	24,148	–	76,648	–
I Mulholland	288,299	42,500	–	(2,268)	27,390	67,181	423,102	25.9
B Dickson	–	21,250	151,440	–	–	33,590	206,280	26.6
TOTAL	340,799	63,750	151,440	(2,268)	51,538	100,771	706,030	23.3
2014								
DIRECTORS								
J Gresham	52,500	–	–	–	23,975	–	76,475	–
I Mulholland	275,229	33,750	–	5,000	25,461	–	339,440	10.0
B Dickson	–	16,875	144,330	–	–	–	161,205	10.5
TOTAL	327,729	50,625	144,330	5,000	49,436	–	577,120	8.8

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

DIRECTORS REPORT

Compensation options: Granted and vested during the year

During the year 15,000,000 options were issued to directors (2014: Nil). 3,750,000 options vested during the year and 867,000 options (valued at 0.9 cents each) held by Mr Mulholland were exercised.

2015	GRANTED		Fair value \$	TERMS AND CONDITIONS FOR EACH GRANT				VESTED	
	Number	Date		Exercise Price \$	Expiry date	First exercise date	Last exercise date	Number	%
<i>Directors</i>									
J Gresham	–	–	–	–	–	–	–	–	–
I Mulholland	10,000,000	1 Dec 14	0.014	0.056	30/11/17	1/12/15	30/11/17	–	–
B Dickson	5,000,000	1 Dec 14	0.014	0.056	30/11/17	1/12/15	30/11/17	–	–
Total	15,000,000							–	–
2014	GRANTED		Fair value \$	TERMS AND CONDITIONS FOR EACH GRANT				VESTED	
	Number	Date		Exercise Price \$	Expiry date	First exercise date	Last exercise date	Number	%
<i>Directors</i>									
J Gresham	–	–	–	–	–	–	–	–	–
I Mulholland	5,000,000	3 Dec 12	0.009	0.025	30/11/15	1/12/13	30/11/15	5,000,000	–
B Dickson	2,500,000	3 Dec 12	0.009	0.025	30/11/15	1/12/13	30/11/15	2,500,000	–
Total	7,500,000							7,500,000	–

*3,367,000 of these options have been exercised

Value of Options granted as part of Remuneration

There were 15,000,000 options granted as remuneration during the 2015 period. During the 2014 financial year no options were issued to directors. For details of options granted and exercised during the 2014 and 2015 years refer to Note 17 of the Financial Statements.

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

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

DIRECTORS REPORT

Share holdings of Key Management Personnel

	Balance at 1 July 2014	Granted as Remuner- ation	Purchased	Net Change/ Other	Shares Issued on Exercise of Options	Balance at 30 June 2015
2015						
I Mulholland ¹	12,549,458	–	250,000	–	867,000	13,666,458
J Gresham	2,528,251	–	1,250,000	–	–	3,778,251
B Dickson	5,718,750	–	2,031,250	–	–	7,750,000
	20,796,459	–	3,531,250	–	867,000	25,194,709
2014						
I Mulholland	11,080,708	–	468,750	(1,500,000)	2,500,000	12,549,458
J Gresham	2,059,501	–	468,750	–	–	2,528,251
B Dickson	5,250,000	–	468,750	–	–	5,718,750
	18,390,209	–	1,406,250	(1,500,000)	2,500,000	20,796,459

1. The 867,000 options exercised by Mr Mulholland were all exercised at \$0.025 each

Options holdings of Key Management Personnel

2015	Balance at 1 July 2014	Granted as Remuneration	Options Exercised	Options Lapsed	Balance at 30 June 2015
J Gresham	–	–	–	–	–
I Mulholland	2,500,000	10,000,000	(867,000)	–	11,633,000
B Dickson	2,500,000	5,000,000	–	–	7,500,000
	5,000,000	15,000,000	(867,000)	–	19,133,000

All options held at the beginning of the year have vested. One half of the options granted as remuneration during the year will vest after 30 November 2015 and the balance will vest after 30 November 2016.

Other Transactions with Key Management personnel

During the year the Company paid fees totalling \$126,280 (2014:\$126,280) (including GST) to Azure Minerals Limited, a company of which Mr Dickson is an officer, for the provision of office accommodation. The Company also received fees totalling \$29,016 (2014: \$31,856) (including GST) from Azure Minerals Limited being reimbursement for the provision of office secretarial support.

The above transactions were entered into on normal commercial terms.

DIRECTORS REPORT

Company's Performance

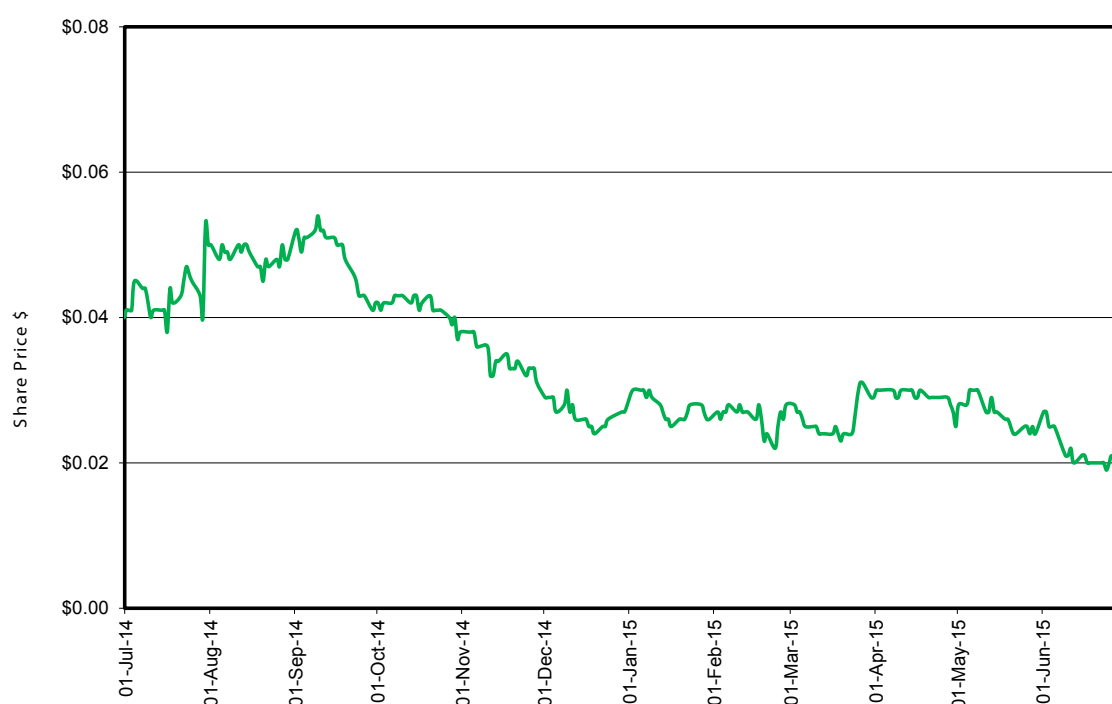
Company's share price performance

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

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

The graph below shows the Company's share price performance during the financial year ended 30 June 2015.

Company's Share Price Performance



Loss per share

Below is information on the Company's loss per share for the previous four financial years and for the current year ended 30 June 2015.

	2015	2014	2013	2012	2011
Basic loss per share (cents)	(0.75)	(0.90)	(1.1)	(0.9)	(0.5)

END OF REMUNERATION REPORT

Signed in accordance with a resolution of the Directors.

I Mulholland

Managing Director

Perth, 25 September 2015

AUDITOR'S INDEPENDENCE DECLARATION



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

In relation to our audit of the financial report of Rox Resources Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor Independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

T S Hammond
Partner
25 September 2015

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CORPORATE GOVERNANCE

APPROACH TO CORPORATE GOVERNANCE

Rox Resources Limited ACN 107 202 602 (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd edition (**Principles & Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at www.roxresources.com.au, under the section marked "Corporate Governance":

Charters

Board
Audit and Risk Committee
Nomination Committee
Remuneration Committee

Policies and Procedures

Process for Performance Evaluations
Policy and Procedure for the Selection and (Re)Appointment of Directors
Induction Program
Diversity Policy (summary)
Code of Conduct (summary)
Policy on Continuous Disclosure (summary)
Compliance Procedures (summary)
Shareholder Communication and Investor Relations Policy
Securities Trading Policy

The Board reviewed its governance-related documentation during the Reporting Period in light of the 3rd edition of the Principles and Recommendations, and adopted updated documentation on 23 October 2014.

The Company reports below on whether it has followed each of the recommendations during the 2014/2015 financial year (**Reporting Period**). The information in this statement is current at 24 September 2015. This statement was approved by a resolution of the Board on 24 September 2015.

CORPORATE GOVERNANCE

APPROACH TO CORPORATE GOVERNANCE (CONT'D)

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management and has documented this in its *Board Charter*.

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Board did not appoint any directors during the Reporting Period, accordingly the checks referred to in the Company's *Policy and Procedure for the Selection and (Re)Appointment of Directors* were not required. However, the Company did appoint one new director, Mr Stephen Dennis, on 1 August 2015, and the checks referred to in the Company's *Policy and Procedure for the Selection and (Re)Appointment of Directors* were undertaken.

The Company provided shareholders with all material information in relation to the re-election of Mr Jeff Gresham as a director at its 2014 Annual General Meeting.

Recommendation 1.3

The Company has a written agreement with each director and senior executive setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Managing Director, any of its directors, and any other person or entity who is related party of the Managing Director or any of its directors has been disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board as outlined in the Company's *Board Charter*. The Company's Secretary's role is also outlined in the consultancy agreement between the Company Secretary and the Company.

Recommendation 1.5

The Company has a Diversity Policy. However, the Diversity Policy does not include requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. Nor has the Board set measurable objectives for achieving gender diversity. Given the Company's stage of development as an exploration company and the number of employees, the Board considers that it is not practical to set measurable objectives for achieving gender diversity at this time.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation as at the date of this statement are set out in the following table. "Senior executive" for these purposes means a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the Company's financial standing. For the Reporting Period, this includes the Managing Director and the Finance Director:

	Proportion of women
Whole organisation	1 out of 5 (20%)
Senior executive positions	0 out of 2 (0%)
Board	0 out of 4 (0%)

CORPORATE GOVERNANCE

APPROACH TO CORPORATE GOVERNANCE (CONT'D)

Recommendation 1.6

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The evaluations are undertaken in accordance with the Company's *Process for Performance Evaluations*, which is disclosed on the Company's website.

During the Reporting Period an evaluation of the Board, its committees, and individual directors took place in accordance with the process disclosed in the Company's *Process for Performance Evaluations*.

Recommendation 1.7

The Managing Director is responsible for evaluating the performance of senior executives in accordance with the process disclosed in the Company's *Process for Performance Evaluations*.

During the Reporting Period an evaluation of senior executives took place in accordance with the process disclosed in the Company's *Process for Performance Evaluations*.

The Chair is responsible for evaluating the Managing Director in accordance with the process disclosed in the Company's *Process for Performance Evaluations*.

During the Reporting Period an evaluation of the Managing Director took place in accordance with the process disclosed in the Company's *Process for Performance Evaluations*.

Principle 2 – Structure the board to add value

Recommendation 2.1

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee.

Although the Board has not established a separate Nomination Committee, it has adopted a Nomination Committee Charter, which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Nomination Committee. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. Separate meetings of the full Board in its capacity as the Nomination Committee are held, and minutes of those meetings are taken. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

Details of director attendance at meetings of the full Board, in its capacity as the Nomination Committee, during the Reporting Period, are set out in a table in the Directors' Report on page 22 of the Company's 2015 Annual Report.

Recommendation 2.2

The mix of skills and diversity for which the Board is looking to achieve in its membership is represented by the Board's current composition. During the Reporting Period, and while the Company was at exploration stage, it did not wish to significantly increase the size of the Board, and considered that the Board, which includes directors with geological qualifications, exploration and mining industry experience and accounting and finance qualifications, was an appropriate mix of skills and expertise relevant to the Company. However, as the Company is progressing toward bringing the Fisher East nickel sulphide project into production, the Board appointed an additional director on 1 August 2015 with experience in the development and operation of mining projects in Australia and broad industry experience.

CORPORATE GOVERNANCE

APPROACH TO CORPORATE GOVERNANCE (CONT'D)

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations. During the Reporting Period, the sole independent director of the Company was Jeff Gresham, the Company's Chairman. However, on 1 August 2015, the Company appointed an additional independent non-executive director, Mr Stephen Dennis.

The length of service of each director is set out in the Directors' Report on page 20 of the Company's 2015 Annual Report.

Recommendation 2.4

During the Reporting Period, the Board did not have a majority of directors who are independent. The Board considered that the composition of the Board was adequate for the Company's size and operations, and included an appropriate mix of skills and expertise relevant to the Company's business.

However, as the Company is progressing toward bringing the Fisher East nickel sulphide project into production, the Board appointed an additional independent director, so that the Board now comprises an equal number of independent and non-independent directors.

Recommendation 2.5

The independent Chair of the Board is Jeff Gresham, who is not also Managing Director.

Recommendation 2.6

The Company has an induction program that it uses when new directors join the Board and when new senior executives are appointed. The goal of the program is to assist new directors to participate fully and actively in Board decision-making at the earliest opportunity and to assist senior executives to participate fully and actively in management decision-making at the earliest opportunity. The Company's *Induction Program* is disclosed on the Company's website.

The Board regularly reviews whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively using a Board skills matrix. Where any gaps are identified, the Board considers what training or development should be undertaken to fill those gaps. In particular, the Board ensures that any director who does not have specialist accounting skills or knowledge has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Company's financial statements. Directors also receive ongoing education on developments in accounting standards.

Principle 3 – Act ethically and responsibly

Recommendation 3.1

The Company has established a Code of Conduct for its directors, senior executives and employees, which is disclosed on the Company's website.

CORPORATE GOVERNANCE

APPROACH TO CORPORATE GOVERNANCE (CONT'D)

Principle 4 – Safeguard integrity in corporate reporting

Recommendation 4.1

The Board has not established a separate Audit Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Accordingly, the Board performs the role of Audit Committee.

Although the Board has not established a separate Audit Committee, it had adopted an Audit Committee Charter. The Audit Committee Charter was reviewed and during the Reporting Period, the Board adopted an Audit and Risk Committee Charter. When the Board convened as the Audit Committee (and the Audit and Risk Committee post 23 October 2014) it carried out those functions which are delegated to it in the Company's Audit and Risk Committee Charter. Separate meetings of the full Board in its capacity as the Audit and Risk Committee are held, and minutes of those meetings are taken. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit and Risk Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

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

Details of director attendance at meetings of the full Board, in its capacity as the Audit Committee (and the Audit and Risk Committee), held during the Reporting Period, are set out in a table in the Directors' Report on page 22 of the Company's 2015 Annual Report.

Recommendation 4.2

Before the Board approved the Company financial statements for the half year ended 31 December 2014 and the full-year ended 30 June 2015, it received from the Managing Director and the Chief Financial Officer a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3

Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, and must arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company writes to the Company's auditor to inform them of the date of the Company's annual general meeting. In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chair allows a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chair also allows a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

A representative of the Company's auditor, Ernst & Young attended the Company's annual general meeting held on 20 November 2014.

CORPORATE GOVERNANCE

APPROACH TO CORPORATE GOVERNANCE (CONT'D)

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1

The Company has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. A summary of the Company's *Policy on Continuous Disclosure* and *Compliance Procedures* are disclosed on the Company's website.

Principle 6 – Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at www.roxresources.com.au as set out in its *Shareholder Communication and Investor Relations Policy*.

Recommendation 6.2

The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the Company's *Shareholder Communication and Investor Relations Policy*.

Recommendation 6.3

The Company has in place a *Shareholder Communication and Investor Relations Policy* which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders.

Recommendation 6.4

Shareholders are given the option to receive communications from, and send communications to, the Company and its share registry electronically. The Company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the Company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Computershare Investor Services Pty Ltd at www.computershare.com.au

Principle 7 – Recognise and manage risk

Recommendation 7.1

The Board has not established a separate Risk Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Risk Committee. During the Reporting Period, responsibility for overseeing the Company's risk management framework rested with the full Board. The Board required management to report to it confirming that the Company's material business risks were being managed effectively, and received a report from management as to the effectiveness of the Company's management of its material business risks.

Since 23 October 2014, the Board performs the role of an Audit and Risk Committee. Although the Board has not established a separate Audit and Risk Committee, it has adopted an Audit and Risk Committee Charter. When the Board convenes as the Audit and Risk Committee it carries out those functions which are delegated to it in the Company's Audit and Risk Committee Charter. Separate meetings of the full Board in its capacity as the Audit and Risk Committee are held, and minutes of those meetings are taken. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit and Risk Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

Details of director attendance at meetings of the full Board, in its capacity as the Audit and Risk Committee, during the Reporting Period, are set out in a table in the Directors' Report on page 22 of the Company's 2015 Annual Report.

CORPORATE GOVERNANCE

APPROACH TO CORPORATE GOVERNANCE (CONT'D)

Recommendation 7.2

The Board reviews the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board. The Board carried out these reviews during the Reporting Period.

Recommendation 7.3

The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's *Risk Management Policy*.

Recommendation 7.4

The economic, environmental and/or social sustainability risks that the Company has material exposure to is set out in the Company's 2015 Annual Report commencing at page 23.

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

The Company's system to manage its material business risks includes the preparation of a risk register by management to identify the Company's material business risks, analyse those risks, evaluate those risks (including assigning a risk owner to each risk) and treat those risks. Risks and their management are to be monitored and reviewed at least annually by senior management. The risk register is to be updated and a report submitted to the Managing Director. The Managing Director is to provide a risk report at least annually to the Board.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks.

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

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1

The Board has not established a separate Remuneration Committee. Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Although the Board has not established a separate Remuneration Committee, it has adopted a Remuneration Committee Charter, which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Remuneration Committee. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. Separate meetings of the full Board in its capacity as the Remuneration Committee are held, and minutes of those meetings are taken. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

Details of director attendance at meetings of the full Board, in its capacity as the Remuneration Committee, during the Reporting Period, are set out in a table in the Directors' Report on page 22 of the Company's 2015 Annual Report.

CORPORATE GOVERNANCE

APPROACH TO CORPORATE GOVERNANCE (CONT'D)

Recommendation 8.2

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report and commences at page 24 of the Company's 2015 Annual Report. The Company has not at this stage adopted a separate policy regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements. However, other measures are available in these circumstances, including dismissal.

Recommendation 8.3

The Company does not currently have an equity based remuneration scheme in place. However, the Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting recipients of equity based remuneration from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in unvested entitlements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	2015 (\$)	2014 (\$)
ASSETS			
Current Assets			
Cash and cash equivalents		3,594,656	2,558,066
Receivables	10(a)	31,546	15,008
Prepayments		3,370	3,540
Other financial assets	12	25,859	40,447
Total Current Assets		3,655,431	2,617,061
Non-Current Assets			
Equipment	11	71,264	70,321
Capitalised exploration expenditure	13	3,327,000	1,027,000
Total Non-Current Assets		3,398,264	1,097,321
TOTAL ASSETS		7,053,695	3,714,382
LIABILITIES			
Current Liabilities			
Trade and other payables	14	2,532,532	1,003,736
Provisions	15	103,135	84,315
Total Current Liabilities		2,635,667	1,088,051
TOTAL LIABILITIES		2,635,667	1,088,051
NET ASSETS		4,418,028	2,626,331
EQUITY			
Contributed equity	16(i)	38,693,415	30,795,616
Reserves	16(ii)	2,014,890	1,879,842
Accumulated losses	18	(36,290,277)	(30,049,127)
TOTAL EQUITY		4,418,028	2,626,331

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 (\$)	2014 (\$)
Other revenue		53,908	50,456
Corporate expenses		(569,933)	(554,032)
Occupancy and related expenses		(186,179)	(167,531)
Salaries and wages		(420,159)	(398,639)
Superannuation		(86,487)	(76,331)
Exploration expenditure expensed		(4,881,508)	(4,671,513)
Share based payments to employees		(135,048)	(37,340)
Depreciation		(15,744)	(16,284)
Loss before income tax		(6,241,150)	(5,871,214)
Income tax benefit/(expense)	6	-	-
Loss after income tax		(6,241,150)	(5,871,214)
Other Comprehensive Income			
<u>Items that may be re-classified subsequently to profit or Loss:</u>			
Transfer from available-for-sale asset reserve to profit and loss upon derecognition of available-for-sale assets		-	-
Other comprehensive income net of tax		-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		(6,241,150)	(5,871,214)

Loss per share for loss for the year attributable to ordinary equity holders:

basic loss per share (cents)	7	(0.75)	(0.90)
diluted loss per share (cents)		(0.75)	(0.90)

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 (\$)	2014 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		53,908	50,456
Payments to suppliers and employees		(1,243,162)	(1,202,304)
Expenditure on mineral interests		(5,669,856)	(4,813,196)
Net cash (used in) operating activities	10(b)	(6,859,110)	(5,965,044)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment		(16,687)	–
Security deposits		14,588	(22,057)
Net cash (used in) investing activities		(2,099)	(22,057)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		8,422,175	5,918,250
Share issue costs		(524,376)	(336,753)
Net cash provided by financing activities		7,897,799	5,581,497
Net increase/(decrease) in cash and cash equivalents		1,036,590	(405,604)
Cash and cash equivalents at beginning of period		2,558,066	2,963,670
Cash and cash equivalents at end of period	10(a)	3,594,656	2,558,066

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Issued Share Capital (\$)	Share Option Reserve (\$)	Accumulated (Losses) (\$)	Total (\$)
At 1 July 2014	30,795,616	1,879,842	(30,049,127)	2,626,331
Loss for period	–	–	(6,241,150)	(6,241,150)
Other comprehensive income	–	–	–	–
Total comprehensive loss for the year	–	–	(6,241,150)	(6,241,150)
Transactions with owners in their capacity as owners				
Issue of share capital	8,422,175	–	–	8,422,175
Share issue costs	(524,376)	–	–	(524,376)
Share-based payments	–	135,048	–	135,048
Balance as at 30 June 2015	38,693,415	2,014,890	(36,290,277)	4,418,028
At 1 July 2013	25,791,480	1,265,141	(24,177,913)	2,878,708
Loss for period	–	–	(5,871,214)	(5,871,214)
Other comprehensive income	–	–	–	–
Total comprehensive loss for the year	–	–	(5,871,214)	(5,871,214)
Transactions with owners in their capacity as owners				
Issue of share capital	5,918,250	–	–	5,918,250
Share issue costs	(914,114)	–	–	(914,114)
Share-based payments	–	614,701	–	614,701
Balance as at 30 June 2014	30,795,616	1,879,842	(30,049,127)	2,626,331

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1 CORPORATE INFORMATION

The financial report of Rox Resources Limited ('the Company') for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 26 September 2015.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

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

Going Concern

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

The Company has incurred a net loss after tax for the year ended 30 June 2015 of \$6,241,150 (2014: \$5,871,214) and experienced net cash outflows from operating activities of \$6,859,110 (2014: \$5,965,044). At 30 June 2015, the Company had net current assets of \$1,019,764 (30 June 2014: net current assets of \$1,529,010).

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Compliance statement

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

(b) New accounting standards and interpretations

The Company has adopted all new and amended Australian Accounting Standards and AASB interpretations from 1 July 2014 mandatory for annual reporting periods beginning on or after 1 July 2014. The adoption of these new and amended Standards and Interpretations did not have any effect on the financial position and performance of the Company.

Applicable Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2015.

Reference	Title	Summary	Application date of standard*	Application date for Group
AASB 9	<i>Financial Instruments</i>	<p>AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.</p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p>	1 January 2018	1 July 2018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Reference	Title	Summary	Application date of standard*	Application date for Group
AASB 9 (cont'd)	<i>Financial Instruments</i>	<p>Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p> <p>The main changes are described below.</p> <ol style="list-style-type: none"> Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. 	1 January 2018	1 July 2018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Reference	Title	Summary	Application date of standard*	Application date for Group
AASB 9 (cont'd)	<i>Financial Instruments</i>	<p>d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> The change attributable to changes in credit risk are presented in other comprehensive income (OCI) The remaining change is presented in profit or loss <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.</p> <p>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.</p> <p>AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.</p>	1 January 2018	1 July 2018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Reference	Title	Summary	Application date of standard*	Application date for Group
IFRS 15	Revenue from Contracts with Customers	<p>In May 2014, the IASB issued IFRS 15 <i>Revenue from Contracts with Customers</i>, which replaces IAS 11 <i>Construction Contracts</i>, IAS 18 <i>Revenue</i> and related Interpretations (IFRIC 13 <i>Customer Loyalty Programmes</i>, IFRIC 15 <i>Agreements for the Construction of Real Estate</i>, IFRIC 18 <i>Transfers of Assets from Customers</i> and SIC-31 <i>Revenue—Barter Transactions Involving Advertising Services</i>).</p> <p>The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ul style="list-style-type: none"> (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation <p>Early application of this standard is permitted.</p>	1 January 2017	1 July 2017

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Reference	Title	Summary	Application date of standard*	Application date for Group
IFRS 15 (cont'd)	Revenue from Contracts with Customers	<p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p> <p>On 11 September 2015, the ISAB issued an amendment to defer the effective date of IFRS 15 from 1 January 2017 to 1 January 2018. It is expected that the AASB will make a corresponding amendment to AASB 15, which will mean that the application date of this standard for the Group will move from 1 July 2017 to 1 July 2018.</p>	1 January 2017	1 July 2017
AASB 2014-3	<p>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations</p> <p>[AASB 1 & AASB 11]</p>	<p>AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:</p> <p>(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and</p> <p>(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>This Standard also makes an editorial correction to AASB 11</p>	1 January 2016	1 July 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Reference	Title	Summary	Application date of standard*	Application date for Group
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	<p>AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>	1 January 2016	1 July 2016
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	<p>AASB 2014-9 amends AASB 127 <i>Separate Financial Statements</i>, and consequentially amends AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127.</p> <p>AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.</p>	1 January 2016	1 July 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Reference	Title	Summary	Application date of standard*	Application date for Group
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	<p>AASB 2014-10 amends AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:</p> <p>(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</p> <p>(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.</p> <p>AASB 2014-10 also makes an editorial correction to AASB 10.</p> <p>AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.</p>	1 January 2016	1 July 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Reference	Title	Summary	Application date of standard*	Application date for Group
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	<p>The subjects of the principal amendments to the Standards are set out below:</p> <p><i>AASB 5 Non-current Assets Held for Sale and Discontinued Operations:</i></p> <ul style="list-style-type: none"> Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. <p><i>AASB 7 Financial Instruments: Disclosures:</i></p> <ul style="list-style-type: none"> Servicing contracts – clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. Applicability of the amendments to AASB 7 to condensed interim financial statements – clarify that the additional disclosure required by the amendments to AASB 7 <i>Disclosure–Offsetting Financial Assets and Financial Liabilities</i> is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 <i>Interim Financial Reporting</i> when its inclusion would be required by the requirements of AASB 134. 	1 January 2016	1 July 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Reference	Title	Summary	Application date of standard*	Application date for Group
AASB 2015-1 (cont'd)	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	<p>AASB 119 Employee Benefits:</p> <ul style="list-style-type: none"> Discount rate: regional market issue – clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. <p>AASB 134 Interim Financial Reporting:</p> <ul style="list-style-type: none"> Disclosure of information 'elsewhere in the interim financial report' – amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information. 	1 January 2016	1 July 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 <i>Presentation of Financial Statements</i> arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 July 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Reference	Title	Summary	Application date of standard*	Application date for Group
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	1 July 2015

(c) Summary of significant accounting policies

(i) Operating Segment reporting – refer Note 5

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

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

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

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

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

(ii) Cash and cash equivalents

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Summary of significant accounting policies (cont'd)

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

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

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

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

(iv) Deferred exploration and evaluation expenditure

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

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

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

(v) Trade and other payables

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

(vi) Issued capital

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Summary of significant accounting policies (cont'd)

(vii) Income tax

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Summary of significant accounting policies (cont'd)

(viii) Trade and other receivables

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

(ix) Equipment

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

Depreciation

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

	2015	2014
Computers	3 years	3 years
Office Equipment	3-4 years	3-4 years
Field Equipment	10 years	10 years

Impairment

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

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

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

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

Derecognition

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Summary of significant accounting policies (cont'd)

(x) Employee benefits

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

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

(xi) Revenue recognition

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

Interest

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

(xii) Leases

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

Operating leases

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

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

(xiii) Impairment of non-financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Summary of significant accounting policies (cont'd)

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

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

(xiv) Goods and service tax (GST)

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

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

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

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

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

(xv) Earnings/loss per share

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Summary of significant accounting policies (cont'd)

(xvi) Share based payment transactions

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

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

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

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

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

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

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

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

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

(xvii) Foreign currency

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Summary of significant accounting policies (cont'd)

(xiii) Available-for-sale investments

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

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

Impairment

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

NOTE 3 FINANCIAL RISK MANAGEMENT AND POLICIES

Overview

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

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

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

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

Credit risk

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

Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3 FINANCIAL RISK MANAGEMENT AND POLICIES (CONT'D)

Credit risk (cont'd)

Trade and other receivables

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

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

Other financial assets

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

Exposure to credit risk

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

	Note	Carrying amount	
		2015	2014
Cash and cash equivalents	10	3,594,656	2,558,066
Receivables		31,546	15,008
Other financial assets	13	25,859	40,447
Total		3,652,061	2,613,521

None of the Company's trade and other receivables are past due (2014: nil). At 30 June 2015 the Company does not have any collective impairments on its other receivables (2014: nil).

Guarantees

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

Liquidity risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3 FINANCIAL RISK MANAGEMENT AND POLICIES (CONT'D)

Liquidity risk (cont'd)

	Carrying amount	6 months or less
30 June 2015		
Trade and other payables	2,532,532	2,532,532
30 June 2014		
Trade and other payables	1,003,736	1,003,736

There are no outstanding guarantees at year-end.

Market Risk

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

Currency risk

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

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

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

Exposure to currency risk

The Company's exposure to foreign currency risk at balance date was Nil (2014: Nil).

Price Risk

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

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

Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3 FINANCIAL RISK MANAGEMENT AND POLICIES (CONT'D)

Interest rate risk (cont'd)

Profile

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

	Carrying amount	
	2015	2014

Variable rate instruments

Cash and cash equivalents	3,594,656	2,558,066
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Fair value sensitivity analysis for fixed rate instruments

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

The Company holds financial assets subject to variable interest rates and fluctuating interest rates would affect the Company's profit and equity. A change of 1% (2014: 1%) in variable interest rates would have increased or decreased the Company's equity and profit by \$35,947 (2014: \$25,560), and would have had the same effect on cash flow. The difference between 2015 and 2014 reflects the difference in value of financial assets subject to variable interest rates. The difference in interest rates during this and the previous financial period have had no material impact on the results of the Company. The 1% sensitivity is based on reasonable possible movements over a financial year, after observation of a range of actual historical rate movement over the past five years.

Capital Management

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

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

	2015	2014
Equity	4,418,028	2,626,331

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

Fair Values

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

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

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTMATES AND ASSUMPTIONS

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

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

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

Exploration and Evaluation

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

Share options

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the binominal formula. For options issued in this financial year, the assumptions detailed as per Note 17 were used.

NOTE 5 SEGMENT INFORMATION

Identification of Reportable Segments

The Company operates within the mineral exploration industry within Australia.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 6 INCOME TAX INCOME

	2015 (\$)	2014 (\$)
The major components of income tax expenses are:		
Income Statement		
<i>Current Income Tax</i>		
Current income tax charge/(benefit)	–	–
<i>Deferred Income Tax</i>		
Relating to origination and reversal of temporary differences	–	–
Income tax expense/(benefit) reported in the statement of comprehensive income	–	–
Accounting loss before tax from continuing operations	(6,241,150)	(5,871,214)
At the Company's statutory income tax rate of 30%	(1,872,345)	(1,761,364)
Other	10,914	5,453
Share based payments	40,514	11,202
Share registry costs	(109,000)	(68,295)
Prior year adjustment to deferred tax balances	396,305	(241,145)
Deferred tax assets not brought to account (gross)	1,533,612	2,054,149
Income tax expense/(benefit) reported in the Statement of Comprehensive Income	–	–

	STATEMENT OF FINANCIAL POSITION		STATEMENT OF COMPREHENSIVE INCOME	
	2015 \$	2014 \$	2015 \$	2014 \$

Deferred Income Tax

Deferred income tax at 30 June relates to the following

Deferred tax liabilities

Prepayments	(140)	(42)	(98)	1,135
Plant & equipment	(14,431)	(12,302)	(2,129)	994

Deferred tax assets

Accruals	16,098	16,763	(665)	6,563
Provision for employee entitlements	30,941	25,295	5,646	7,094
Revenue tax losses	8,896,332	7,365,474	1,530,858	2,038,363
Deferred tax assets not brought to account as realisation is not probable	(8,928,800)	(7,395,188)		
Deferred tax assets not recognised	–	–		

	(1,533,612)	(2,054,149)
Deferred tax (income)/expense	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 6 INCOME TAX (CONT'D)

Potential future income tax benefits attributable to gross tax losses of \$29,549,565 (2014: \$23,240,137) carried forward have not been brought to account at 30 June 2015 because Directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. These benefits will only be obtained if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the losses and deductions to be released;
- (ii) the Company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses

Tax losses carried forward have no expiry date.

NOTE 7 LOSS PER SHARE

	2015 \$	2014 \$
The following reflects the income and share data used in the calculation of basic and diluted earnings per share		
Net loss	(6,241,150)	(5,871,214)
Weighted average number of ordinary shares used in calculating basic earnings per share	836,552,640	654,219,506
Effect of dilutive securities:		
– Share options (i)	–	–
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	836,552,640	654,219,506

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

There were a total of 45,320,301 share options that were potentially dilutive to shares on issue at 30 June 2015 (2014: 29,237,301).

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

Conversion, calls, subscriptions or issues after 30 June 2015

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 8 DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

Jeffrey Gresham	Non-executive Chairman (<i>appointed 1 October 2006</i>)
Stephen Dennis	Non-executive Director (<i>appointed 1 August 2015</i>)
Ian Mulholland	Managing Director (<i>appointed 27 November 2003</i>)
Brett Dickson	Executive Director (<i>appointed 31 March 2010</i>)
	Company Secretary (<i>appointed 27 November 2003</i>)

(b) Compensation of Key Management Personnel by Category

	2015 (\$)	2014 (\$)
Short Term	555,989	522,684
Long Term	(2,268)	5,000
Post Employment	51,538	49,436
Share-Based Payments	100,771	—
	706,030	577,120

NOTE 9 AUDITOR'S REMUNERATION

Remuneration of the auditor of the Company, Ernst & Young (Australia) for:

Auditing and reviewing the financial report	56,470	49,440
Taxation services	10,000	10,000
	66,470	59,440

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 10 CASH AND CASH EQUIVALENTS

	2015 (\$)	2014 (\$)
(a) Cash and cash equivalents	3,594,656	2,558,066
Cash at bank earns interest at floating rates based on daily deposit rates		
(b) Reconciliation of net loss after income tax to net cash flow from operations:		
Net loss after Income Tax	6,241,150	5,871,214
Adjustments for reconcile profit before tax to net operating cash flows		
– Depreciation	(15,744)	(16,284)
– Share based payments	(135,048)	(37,340)
Changes in assets and liabilities		
– Increase (decrease) in prepayments	(170)	87
– (Increase) decrease in provisions	(18,820)	(23,647)
– (Increase) decrease in trade payables/accruals	771,204	197,014
– Increase (decrease) in receivables	16,538	(26,000)
Cash out-flow from operations	6,859,110	5,965,044

(c) There were no non-cash financing and investing activities in the 2014 or 2015 financial years.

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

NOTE 11 EQUIPMENT

Equipment at cost	152,747	145,723
Accumulated depreciation	(81,483)	(75,402)
	71,264	70,321
(a) Movements in plant and equipment		
– At 1 July, net of accumulated depreciation	70,321	86,605
– Additions	16,687	–
– Depreciation	(15,744)	(16,284)
At 30 June, net of accumulated depreciation	71,264	70,321

NOTE 12 OTHER FINANCIAL ASSETS

Current

Security deposits	25,859	40,447
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The fair value of the security deposit approximates its carrying value

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 13 EXPLORATION AND EVALUATION

	2015 (\$)	2014 (\$)
Areas of interest in exploration and evaluation phases:		
Balance at beginning of period	1,027,000	1,027,000
Acquisition	2,300,000	–
	3,327,000	1,027,000

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

NOTE 14 TRADE AND OTHER PAYABLES

Trade payables	178,872	947,861
Accruals	53,660	55,875
Other payables	2,300,000	–
Total trade and other payables (a)	2,532,532	1,003,736

(a) Terms and Conditions

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

NOTE 15 PROVISIONS

Employee benefits – annual leave	54,523	33,436
Employee benefits – long service leave	48,612	50,879
	103,135	84,315

NOTE 16 CONTRIBUTED EQUITY AND RESERVES

(i) Contributed Equity

(a) Issued and paid up capital

Ordinary shares fully paid	38,693,415	30,795,616
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 16 CONTRIBUTED EQUITY AND RESERVES (CONT'D)

(b) Movement in shares on issue

Issued and paid up capital – Ordinary shares fully paid

	2015 (\$)	2014 (\$)
Ordinary shares at beginning of period – 745,010,304 (2014: 590,809,744)	30,795,616	25,791,480
Issue of 74,675,000 shares at \$0.032 per share (net of share issue costs)	–	2,266,163
Exercise of 867,000 (2014: 2,500,000) options at \$0.025 each	21,675	62,500
Issue of 77,025,560 shares at \$0.045 each (net of share issue costs)	–	2,675,473
Issue of 104,662,791 shares at \$0.043 per share (net of share issue costs)	4,241,368	–
Issue of 195,000,000 shares at \$0.02 per share (net of share issue costs)	3,634,756	–
At reporting date: 1,045,540,095 shares	38,693,415	30,795,616

(c) Share Options

During the year 867,000 options were exercised at \$0.025 each.

During the year 17,500,000 options with an exercise price of \$0.056 and an expiry date of 31 November 2017 were issued. No other options were issued during the year and no other options have been exercised up to the date of this financial report.

At the end of the financial year there were 45,320,301 (2014: 29,237,201) unissued ordinary shares in respect of which options were outstanding.

(d) Terms and Conditions of Contributed Equity

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

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

(ii) Reserves

Reserves	2,014,890	1,879,842
(a) Share Option Reserve		
<i>Movements</i>		
Balance at beginning of year	1,879,842	1,265,141
Options issued – employees	135,048	37,340
Options issued – other (refer note 17B)	–	577,361
Balance at end of year	2,014,890	1,879,842

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 16 CONTRIBUTED EQUITY AND RESERVES (CONT'D)

Nature and Purpose of Reserves

Share Option Reserve

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

NOTE 17 SHARE BASED PAYMENTS

A. Directors and Employees

(i) Employee Share Incentive Scheme

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

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

No options were issued during the year and 550,000 options with an exercise price of \$0.047 and expiry of 30 November 2014 lapsed.

Set out below is a summary of options issued.

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year (number)	Granted during the year (number)	Exercised during the year (number)	Forfeited during the year (number)	Balance at end of the year (number)	Vested and exercisable at end of the year (number)
2015									
21/11/11	30/11/14	4.7	2.3	550,000	–	–	(550,000)	–	–
				550,000	–	–	(550,000)	–	–
Weighted average exercise price				\$0.047	–	–	\$0.047	–	–
2014									
21/11/11	30/11/14	4.7	2.3	550,000	–	–	–	550,000	550,000
				550,000	–	–	–	550,000	550,000
Weighted average exercise price				\$0.047	–	–	–	\$0.047	\$0.047

The weighted average remaining contractual life of share options outstanding at the end of the year was 0.0 years. (2014: 0.4 years)

Fair value of options granted

No options were granted during the 2014 or 2015 financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 17 SHARE BASED PAYMENTS (CONT'D)

A. Directors and Employees (cont'd)

(ii) Other Share Options

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

2015									
Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year (number)	Granted during the year (number)	Exercis-ed during the year (number)	Expired during the year (number)	Balance at end of the year (number)	Vested and exercis-able at end of the year (number)
3/12/12	30/11/15	2.5	0.9	6,000,000	–	867,000	–	5,133,000	5,133,000
27/2/14	28/2/17	5.7	2.6	1,250,000	–	–	–	1,250,000	625,000
1/12/14	30/11/17	5.6	1.4	–	17,500,000	–	–	17,500,000	–
				7,250,000	17,500,000	867,000	–	23,883,000	5,758,000
Weighted average exercise price				\$0.031	\$0.056	\$0.025	–	\$0.049	\$0.028

2014									
Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year (number)	Granted during the year (number)	Exercised during the year (number)	Expired during the year (number)	Balance at end of the year (number)	Vested and exercis-able at end of the year (number)
27/2/14	28/2/17	5.7	2.6	–	1,250,000	–	–	1,250,000	–
3/12/12	30/11/15	2.5	0.9	8,500,000	–	2,500,000	–	6,000,000	3,000,000
				8,500,000	1,250,000	2,500,000	–	7,250,000	3,000,000
Weighted average exercise price				\$0.025	\$0.057	\$0.025	–	\$0.031	\$0.25

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.0 years (2014: 1.6 years).

Fair value of options granted

The fair value for 2015 was calculated by using the Binomial Option valuation methodology using the following parameters.

	2015	2014
Weighted average exercise price (cents)	5.6	5.7
Weighted average life of the option (years)	3.0	3.0
Weighted average underlying share price (cents)	2.9	3.7
Expected share price volatility	100%	130%
Risk free interest rate	2.35%	2.86%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 17 SHARE BASED PAYMENTS (CONT'D)

A. Directors and Employees (cont'd)

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

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

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

B. Unrelated Parties

There were no options issued to unrelated parties during 2015. Options issued to unrelated parties during the 2014 year are set out below.

2015

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year (number)	Granted during the year (number)	Exercised during the year (number)	Expired during the year (number)	Balance at end of the year (number)	Vested and exercisable at end of the year (number)
25/03/14	31/3/17	8.0	2.7	8,294,862	–	–	–	8,294,862	8,294,862
4/4/14	31/3/17	8.0	2.7	13,142,439	–	–	–	13,142,439	13,142,439
				21,437,301				21,437,301	21,437,301
Weighted average exercise price				\$0.08	–	–	–	\$0.08	\$0.08

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.8 years (2014:2.8)

2014

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year (number)	Granted during the year (number)	Exercised during the year (number)	Expired during the year (number)	Balance at end of the year (number)	Vested and exercisable at end of the year (number)
25/03/14	31/3/17	8.0	2.7	–	8,294,862	–	–	8,294,862	8,294,862
4/4/14	31/3/17	8.0	2.7	–	13,142,439	–	–	13,142,439	13,142,439
				–	21,437,301			21,437,301	21,437,301
Weighted average exercise price				–	\$0.08	–	–	\$0.08	\$0.08

No options were granted in the 2015 financial year. For the 2014 financial year the weighted average fair value of the options granted was 2.7 cents. The fair value for 2014 was calculated by using the Binomial Option valuation methodology using the following parameters.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 17 SHARE BASED PAYMENTS (CONT'D)

B. Unrelated Parties (cont'd)

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

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

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

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

NOTE 18 ACCUMULATED LOSSES

	2015 (\$)	2014 (\$)
Balance at beginning of year	30,049,127	24,177,913
Net loss attributable to members of Rox Resources Limited	6,241,150	5,871,214
Balance at end of year	36,290,277	30,049,127

No dividends were paid during or since the financial year. There are no franking credits available (2014: nil).

NOTE 19 EXPENDITURE COMMITMENTS

(a) Exploration Commitments

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

Not later than one year	787,654	575,920
Later than one year and not later than five years	—	—
	787,654	575,920

(b) Remuneration Commitments

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

Not later than one year	488,400	222,000
Later than one year and not later than five years	244,200	—
	732,600	222,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 20 CONTINGENT LIABILITIES

At the financial reporting date there are no contingent liabilities.

NOTE 21 EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year the company paid \$2.3 million to the vendor of the Fisher East nickel project thereby securing 100% ownership of the mineral concessions which contained all known nickel resources in the area.

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

NOTE 22 RELATED PARTY TRANSACTIONS

(a) Other Director Related Transactions

Coolform Investments Pty Ltd, a company in which Mr Dickson is a Director and shareholder, received fees totalling \$151,440 (2014: \$144,330) for the provision of services. An amount of Nil (2014: Nil) is payable at year end.

During the year the Company paid fees totalling \$126,280 (2014:\$126,280) (including GST) to Azure Minerals Limited, a company of which Mr Dickson is an officer, for the provision of office accommodation. The Company also received fees totalling \$29,016 (2014: \$31,856) (including GST) from Azure Minerals Limited being reimbursement for the provision of office secretarial support.

The above transactions were entered into on normal commercial terms.

(b) Subsidiaries

At Balance date the company does not have any subsidiaries.

(c) Ultimate Parent

Rox Resources Limited is the ultimate Australian parent entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23 JOINT OPERATIONS

REWARD PROJECT

The Company has entered into an agreement with Teck Australia Pty Ltd. ("Teck") to explore its highly prospective 670km² Myrtle/Reward zinc-lead tenements, located 700km south-east of Darwin, Northern Territory, adjacent to the McArthur River zinc-lead mine.

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

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

BONYA PROJECT

The Company has entered into an agreement with Arafura Resources whereby the company may earn a 51% interest in the Bonya copper project, located north east of Alice Springs in the Northern Territory by expending \$500,000 by 8 December 2014.

During the financial year Rox earned its 51% interest and elected to increase its interest to 70% by spending an additional \$1,000,000 by 10 December 2016.

DIRECTORS DECLARATION

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

1. In the opinion of the Directors':
 - (a) The financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2015 and its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a); and
 - (c) subject to the achievement of the matters as set out in Note 2, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
 - (d) This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2015.

On behalf of the Board



I Mulholland

Managing Director

Perth, 25 September 2015

INDEPENDENT AUDIT REPORT



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

Report on the financial report

We have audited the accompanying financial report of Rox Resources Limited, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

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

INDEPENDENT AUDIT REPORT



Opinion

In our opinion:

- a. the financial report of Rox Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the company's financial position as at 30 June 2015, and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of matter

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

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Rox Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

T S Hammond
Partner
Perth

25 September 2015

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MINING TENEMENTS

Project	Tenement Number	Interest	Interest Held
Reward, NT	EL10316	All Minerals	49%
	EL27541	All Minerals	49%
	EL26406	All Minerals except Diamonds	49%
	EL30042	All Minerals except Diamonds	49%
Teck Australia Pty Ltd is earning a 70% interest in all of the Reward project tenements			
Mt Fisher, WA	E53/1061	All Minerals	100%
	E53/1106	All Minerals	100%
	E53/1218	All Minerals	100%
	E53/1219	All Minerals	100%
	E53/1250	All Minerals	100%
	E53/1716	All Minerals	100%
	M53/09	All Minerals	100%
	P53/1625	All Minerals	100%
	E53/1318	All Minerals	100%
	E53/1319	All Minerals	100%
	E53/1465	All Minerals	100%
	P53/1496	All Minerals	100%
	P53/1497	All Minerals	100%
	M53/127	All Minerals	100%
Rox Resources holds an option to acquire the following Mt Fisher tenements			
	E53/1788	All Minerals	–
	E53/1802	All Minerals	–
Bonya	EL29701*	Cu, Pb, Zn, Au, Ag, Bi, PGE'S	51%
	EL29599	All Minerals	100%

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

OTHER INFORMATION

The following information was applicable as at 2 September 2015 .

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

Ordinary Fully Paid Shares

	Name	Number of Shares	% of Issued Share Capital
1	National Nominees Limited	41,717,084	3.99
2	Mr Ram Shanker Kangatharan	36,000,000	3.44
3	Crescent Nominees Limited	27,250,000	2.61
4	Tattersfield Securities Limited	11,750,000	1.12
5	Mr T W Kahler + Mrs S Kahler <Kahler Super Fund>	11,500,000	1.10
6	Mr G J Munyard + Mrs M A Munyard + Miss C H Munyard	11,170,000	1.07
7	Teck Australia Pty. Ltd.	10,000,000	0.96
8	Amalgamated Dairies Limited	9,599,765	0.92
9	Bell Potter Nominees Ltd <BB Nominees A/C>	8,695,364	0.83
10	Mr Ian Robert Mulholland	7,736,715	0.74
11	Mr B D Dickson & Mrs G F Dickson <Dickson Super Fund>	7,000,000	0.67
12	Stephentim Pty Ltd	7,000,000	0.67
13	Citicorp Nominees Pty Ltd	6,556,470	0.63
14	Goldrich Holdings Pty Ltd	6,500,000	0.62
15	Mr Ian Robert Mulholland	5,929,743	0.57
16	ABN AMro Clearing Sydney Nominees Pty Ltd	5,794,719	0.55
17	Nalmor Pty Ltd John Chappell Superfund A/C	5,792,500	0.55
18	Chin Nominees Pty Ltd <Chin Super Fund A/C>	5,695,000	0.54
19	Ms Kathryn Silas	4,952,715	0.47
20	Mr Siat Yoon Chin	4,779,192	0.46
		235,419,267	22.52

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

No substantial shareholders

OTHER INFORMATION

(b) Distribution of Shareholders Number

Category (size of Holding)	Number of holders	Number of Shares
1 – 1,000	157	21,965
1,001 – 5,000	91	324,790
5,001 – 10,000	271	2,365,880
10,001 – 100,000	1,737	85,355,193
100,001 and over	1,431	957,472,267
Total	3,742	1,045,540,095

Holding less than a marketable parcel	1,194	16,270,014
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There is a total of 1,045,540,05 fully paid ordinary shares on issue, all of which are listed on the ASX. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(c) Restricted Securities

There are no restricted securities



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