



**ROX RESOURCES LIMITED**  
**ABN 53 107 202 602**

**ANNUAL REPORT**

**2016**

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# CORPORATE DIRECTORY

**Directors:**

Mr Stephen Dennis  
*Non-Executive Chairman*

Mr Ian Mulholland  
*Managing Director*

Mr Brett Dickson  
*Finance Director*

**Company Secretary:**

Mr Brett Dickson

**Stock Exchange:**

ASX Limited

**Company Code:**

RXL (Fully Paid Shares)

**Issued Capital:**

1,236,280,571	Fully paid ordinary shares
21,850,000	2.7 cent, 30 November 2018 options
1,250,000	5.7 cent, 28 February 2017 options
21,437,301	8.0 cent, 31 March 2017 options
17,500,000	5.6 cent, 30 November 2017 options

**Banker:**

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

**Auditor:**

Ernst & Young  
Ernst & Young Building  
11 Mounts Bay Road  
Perth WA 6000

Telephone: (08) 9429 2222

Facsimile: (08) 9429 2436

**Solicitor:**

K & L Gates  
Level 32  
44 St Georges Terrace  
Perth WA 6000

Telephone: (08) 9216 0900

Facsimile: (08) 9216 0601

*For shareholder information contact:*

**Share Registry:**

Computershare Registry Services Pty Ltd  
Level 11  
172 St Georges Terrace  
Perth WA 6000

Telephone: (08) 9323 2000

Facsimile: (08) 9323 2033

*For information on your company contact:*

**Principal & Registered Office:**

Level 1  
34 Colin Street  
West Perth WA 6005

Telephone: (08) 9226 0044

Facsimile: (08) 9322 6254

Web: [www.roxresources.com.au](http://www.roxresources.com.au)

# CHAIRMAN'S REVIEW

Dear Shareholder,

The past year has seen a number of significant developments for Rox. We continue to be lauded as a successful exploration company by our peers, and it was a great honour to be selected as Explorer of the Year 2015 at the Australian Mining Prospect Awards last October.

However the last 12 months have been the most challenging that junior exploration companies have ever faced. Commodity prices have remained weak across the board, and capital investment, especially in the junior sector, has almost completely dried up. Despite this, our share price has remained ahead of the Small Resources Index, due mainly to the quality of our projects and the efforts of our staff.

To face these challenges, this year your Board of Directors made the difficult, but necessary decision to seek to monetise Rox's interest in the Reward zinc-lead project which contains the Teena and Myrtle deposits. Whilst we are confident Teena will be a world class deposit, there is still a long way to go to bring this to fruition.

Soon we will be required to commence contributions to expenditure on the project (having been free carried for the first \$15 million by our joint venture partner Teck Australia), and it is envisaged that significant funds will be required to complete a feasibility study and to bring the project to a development stage. To fund our share of this expenditure, we would be faced with having to undertake a large capital raising, which could be expected to result in significant dilution to the interests of our shareholders, at a time when the market is ascribing very little value to the Reward project (as reflected in the Company's low share price).

We therefore decided to undertake a sale process in relation to our interest in Reward, and this resulted in an offer of around \$21 million for our project interest being forthcoming from Marindi Metals. This offer (which includes some deferred payments) has been put to Teck as our joint venture partner, under the pre-emption terms of the Reward joint venture agreement, and we await their response. Either way, if we are successful in selling our interest in Reward, this will mean Rox will be well funded going forward, without our shareholders being exposed to ongoing dilution of their interests.

Work on Rox's projects throughout the year has produced some very commendable results. At Teena, drilling programs have continued to deliver thick high-grade intersections of zinc-lead mineralisation. These results are described in detail in our report, however most importantly they have enabled a maiden Inferred Mineral Resource to be estimated for Teena, which is the largest high-grade zinc resource announced in Australia for the past 20 years.

At our Fisher East nickel sulphide project, a pre-feasibility level mining study was conducted and this confirmed earlier scoping study results. We are continuing with exploration at Fisher East, where we have identified a number of very strong targets, and we are confident this will eventually lead to further increases in mineral resources, which were revised upward early in 2016.

In May this year, we completed a Farm-in and Exploration Joint Venture Agreement with Doray Minerals. This agreement provides for Doray to undertake a significant amount of expenditure on gold exploration at Mt Fisher, thereby allowing Rox to further conserve funds, and at the same time enabling us to share the considerable risks associated with exploration with another reputable explorer.

I would like to thank our small but dedicated team at Rox, led by our Managing Director, Ian Mulholland, for their continuing efforts to create value for shareholders, during what has been a difficult period for junior exploration companies. You can be assured that our company is in good hands. Your ongoing support as shareholders is also very much appreciated, and I look forward to bringing you further positive news as we continue to move forward.

Stephen Dennis  
Chairman

# PROJECTS

## HIGHLIGHTS

### Fisher East Nickel Project, WA

- Updated Mineral Resource for Camelwood, Musket and Cannonball of 4.2 Million Tonnes grading 1.9% Ni
- Pre-Feasibility level Mining Study completed
- New geochemical anomalies defined by aircore drilling at the Horatio and Mt Tate prospects

### Reward Zinc-Lead Project, NT

- Strong drilling results from the 2015 field season at Teena, with several thick, high-grade zinc-lead intersections
- Mineral Resource Estimate for Teena of 58 Million Tonnes grading 12.7% Zn+Pb
- Sale process conducted, with a \$21 million offer accepted

### Mt Fisher Gold Project, WA

- \$10 million earn-in and joint venture agreement signed with Doray Minerals to further explore the gold potential of the tenements

### Bonya Copper Project, NT

- RC drilling intersects further copper sulphide mineralisation at a number of prospects

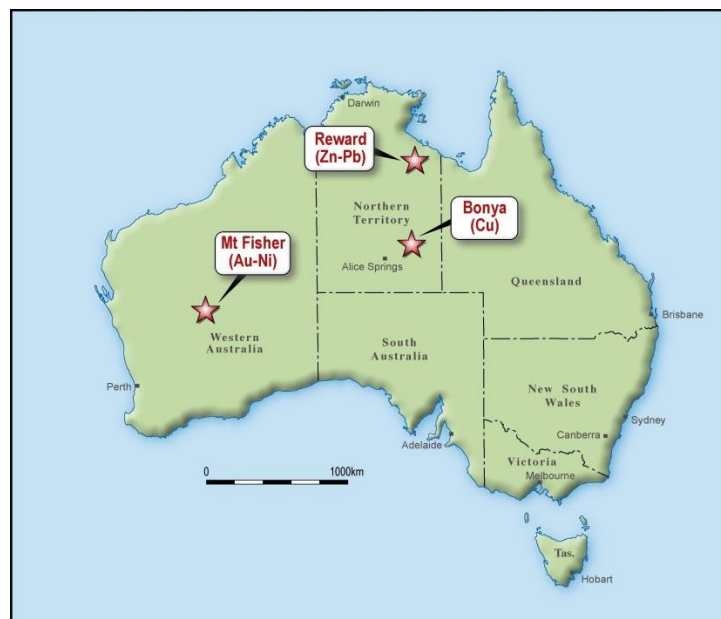


Figure 1: Rox Project Locations

# PROJECTS

## FISHER EAST NICKEL PROJECT, WA

A scoping study completed in early 2015 (ASX:RXL 17 February 2015) concluded that the project was low technical risk, with cash operating costs similar to other nickel sulphide operations in Western Australia. Like most projects, the primary sensitivity is to the nickel price and exchange rate. Rox completed a Pre-Feasibility level mining study (ASX:RXL 28 April 2016) which gave increased confidence in the costs and operating strategy previously laid out in the scoping study.

The next steps are Pre-Feasibility level studies on processing and infrastructure, however, due to the current low nickel price these studies have been put on hold until a sustained recovery in the nickel price occurs. There are signs in recent weeks that the bottom of the current nickel price cycle has occurred, with nickel prices increasing about 30% since the start of 2016. This is in part due to a natural supply-demand re-balance because of the recent low prices, and partly due to concerns about supply out of the Philippines and Indonesia. Like many other nickel sulphide companies, Rox will wait until this price rise is sustained before launching any further development/feasibility studies.

One of the outcomes from the Pre-Feasibility level mining study was that increased mineral resources (and eventual ore reserves) for the project would increase project life and allow a better financial outcome. It is therefore the Company's current strategy to increase mineral resources through further exploration so that when the nickel price recovers to a suitable level, there will be a more robust project to develop.

Previous drilling by the Company has defined Mineral Resources at three prospects, Camelwood, Cannonball and Musket (ASX:RXL 5 February 2016) over a 3km strike length (Figure 6). All of these resources are open at depth, and Western Australian Government funding through the Exploration Incentive Scheme (EIS) has been secured for a deep hole at Musket and three deep holes at Sabre to test downhole EM anomalies. The Company is confident that this deeper drilling will produce increases in mineral resources.

Fisher East compares well with other nickel sulphide deposits in Western Australia, and was a new province discovered by the Company in late 2012 and is owned 100%. The current Indicated resources account for 91% of the total resource. Mineral Resources are present at three different deposits:

Camelwood:	<b>2.0 Mt @ 1.9% Ni</b> for 39,000 t of contained nickel
Musket:	<b>1.9 Mt @ 1.7% Ni</b> for 31,600 t of contained nickel
Cannonball:	<b>0.26 Mt @ 2.8% Ni</b> for 7,300 t of contained nickel
<b>TOTAL:</b>	<b>4.2 Mt @ 1.9% Ni</b> for 78,000 t of contained nickel

There are significant massive sulphide zones in each deposit.

Massive & Blebby Sulphides:	<b>0.5 Mt @ 4.6% Ni</b> for 21,100 t of contained nickel
Higher grade disseminated sulphides:	<b>3.0 Mt @ 1.6% Ni</b> for 48,300 t of contained nickel
Low grade disseminated sulphides:	<b>0.7 Mt @ 1.2% Ni</b> for 8,500 t of contained nickel

In addition, the Fisher East Ultramafic Belt contains a number of other highly prospective drill targets. At the Sabre prospect (Figure 7) massive nickel sulphides have already been drilled and EIS funding for three deeper diamond drill holes has also been secured. There is a significant untested EM anomaly

# PROJECTS

similar in size to Camelwood, and the Company is confident that further drilling at Sabre will result in a mineral resource being defined.

Other prospects along the Fisher East Ultramafic Belt include Horatio and Mt Tate (Figure 8) where fresh nickel sulphides grading > 1% Ni have been intersected in aircore drilling and require follow-up to better define the targets for RC and diamond drilling.

The Fisher East Ultramafic Belt continues to be defined as a significant nickel sulphide province and the Company is confident that further exploration will identify new resources and also expand the current resource base.

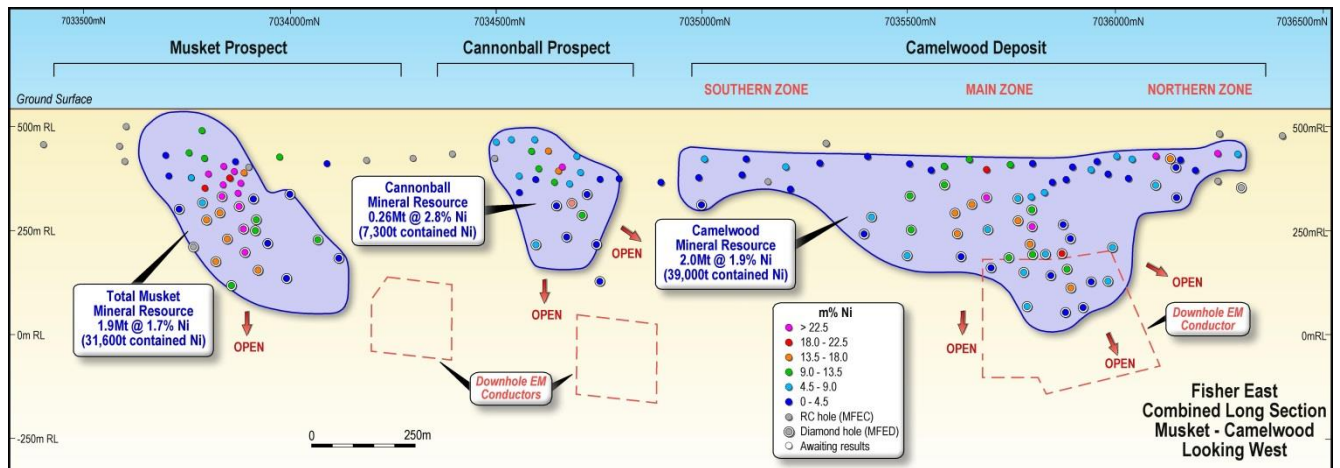


Figure 6: Camelwood-Cannonball-Musket Long Section showing Mineral Resource Outlines

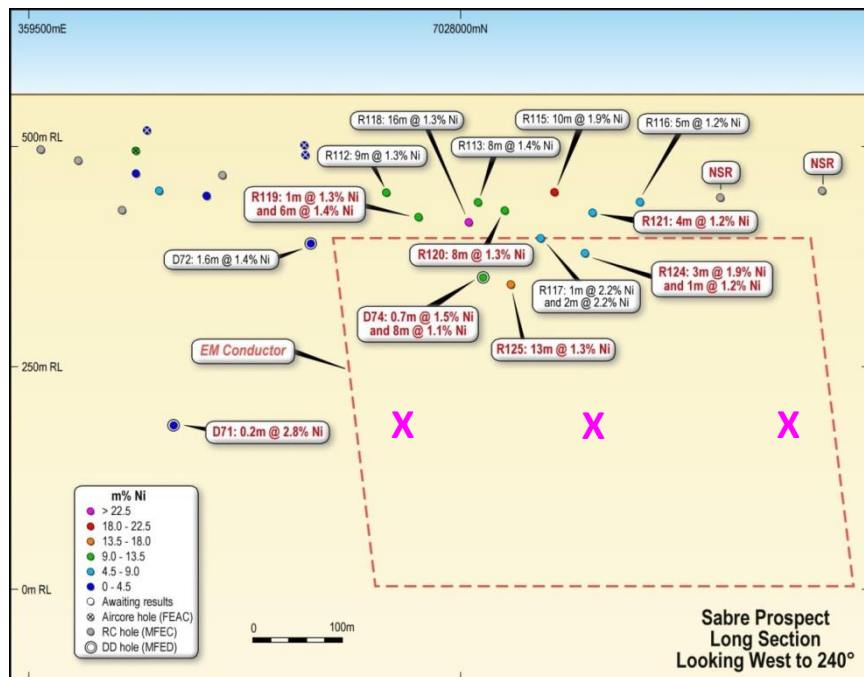


Figure 7: Sabre Prospect Long Section showing proposed EIS funded drill hole locations (X)



# PROJECTS

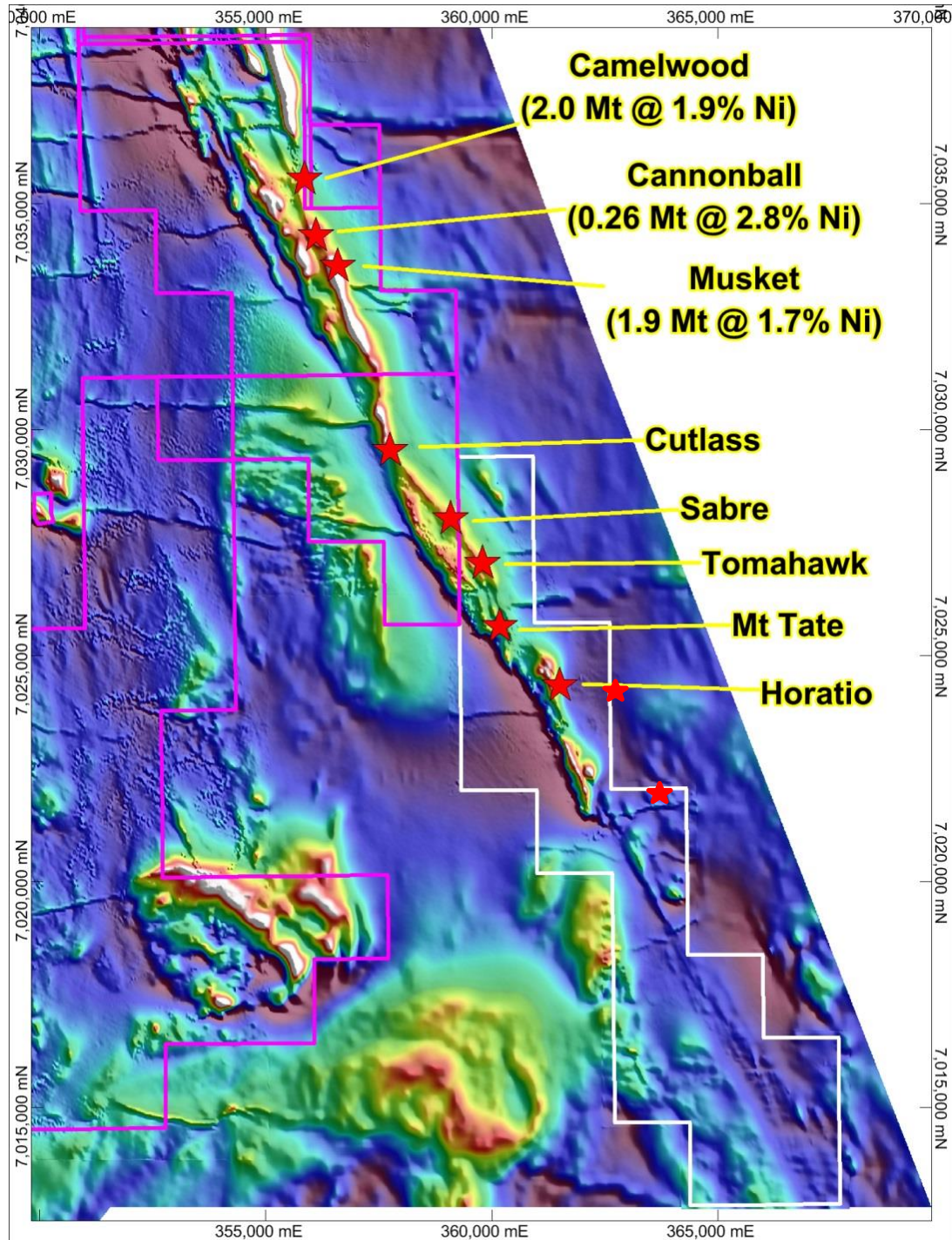


Figure 8: Fisher East Regional Targets



# PROJECTS

## REWARD ZINC-LEAD PROJECT, NT

Drilling at the Reward zinc-lead project in the Northern Territory (Figure 2) during the 2015 field season returned some excellent thick, high-grade drill intersections (Figure 3), including:

TNDD019	<b>38.8m @ 14.7% Zn, 2.3% Pb, 16.9% Zn+Pb</b> from 1068.9m
TNDD020	<b>35.4m @ 11.4% Zn, 1.8% Pb, 13.2% Zn+Pb</b> from 817.0m
TNDD021	<b>19.7m @ 12.9% Zn, 2.0% Pb, 14.9% Zn+Pb</b> from 997.4m
TNDD022	<b>20.8m @ 11.2% Zn, 1.7% Pb, 12.8% Zn+Pb</b> from 849.7m

Currently Rox owns 49% of the project (with the remaining 51% owned by Teck Australia Pty Ltd). Teck are increasing their interest to 70% with approximately \$1 million of expenditure left to reach that point. After that Rox will have to contribute to all ongoing expenditure at the 30% level or dilute.

Following completion of the 2015 drilling program at Teena, Rox engaged an independent internationally renowned consulting firm, Amec Foster Wheeler Australia Pty Ltd, to estimate a Mineral Resource for Teena in accordance with the requirements and guidelines of the JORC Code (2012).

Zinc-lead mineralisation at Teena occurs as two sub-parallel lodes, termed the Upper and Lower Lodes. The Upper Lode is thicker and higher grade than the Lower Lode (Figures 3, 4 & 5). At a 6% Zn+Pb cut-off grade the Inferred Mineral Resources for each lode are estimated to be:

**Upper Lode: 45 Mt @ 13.7% Zn+Pb (12.0% Zn, 1.8% Pb)**

**Lower Lode: 14 Mt @ 9.4% Zn+Pb (8.2% Zn, 1.2% Pb)**

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**TOTAL: 58 Mt @ 12.7% Zn+Pb (11.1% Zn, 1.6% Pb)**

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This makes Teena the largest high grade (>8% Zn+Pb) zinc-lead mineral resource announced in Australia for the last 20 years, and Teena ranks 7<sup>th</sup> all-time amongst zinc-lead deposits in Australia (Table 1).

The Reward project also contains the Myrtle zinc-lead deposit (Figure 2) with an Indicated and Inferred Mineral Resource of **44 Million tonnes grading 5.0% Zn+Pb (4.1% Zn, 1.0% Pb) for 2.2 Million tonnes (4.8 Billion pounds) of contained Zn and Pb** at a 3% Zn+Pb cut-off (ASX:RXL 15 March 2010).

In November 2015 the Company signalled its intention to monetise its interest in the Reward project. Following the pre-emption clauses in the Teck Agreement, the Company received a number of offers to acquire the project. The best offer received comprising \$8 million cash, \$4 million in shares in the acquiring company, a convertible redeemable note for \$5.25 million (convertible and redeemable between 18 months and 3 years) and a deferred payment of \$3.75 million after 6 years, accepted on 16 August 2016, and has been presented to Teck under the pre-emption clause. Teck have written to the Company to clarify some of the terms of the offer.

Following the completion of this process and the sale of the Reward project interest, the Company will be in a very good position financially to move forward.

# PROJECTS

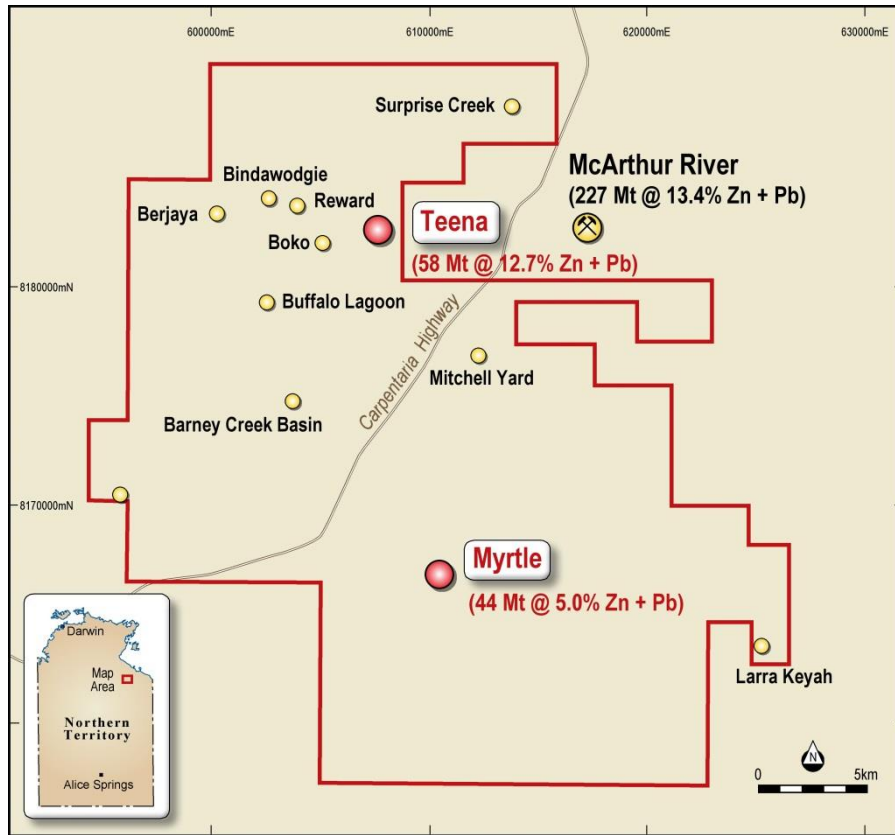


Figure 2: Reward Project Tenement Plan showing prospect locations.

(Myrtle Mineral Resource, ASX:RXL 15 March 2010; McArthur River Mineral Resource, \*Leach et. al., 2005, Economic Geology 100<sup>th</sup> Anniversary Volume, pp561-607)

Table 1: Major Zinc-Lead Deposits in Australia

Deposit	Owner	Mt	Zn+Pb%	Zn+Pb (Mt)	Mine Type
Broken Hill	Perilya, CBH (BHP)	280	18.5	51.8	UG, OC
McArthur River	Glencore	227	13.4	30.4	UG, OC
Hilton	Glencore	120	16.9	20.3	UG
Mount Isa	Glencore	150	13.0	19.5	UG
George Fisher	Glencore	107	16.5	17.7	UG
Century	MMG	95	14.8	14.1	OC
<b>Teena</b>	<b>Teck/Rox</b>	<b>58</b>	<b>12.7</b>	<b>7.4</b>	<b>UG</b>
Cannington	South32	44	15.9	7.0	UG
Dugald River	MMG	48	14.2	6.8	UG
Lady Loretta	Glencore	14	22.0	3.1	UG
Admiral Bay	Metalicity	20	10.0	2.0	UG

# PROJECTS

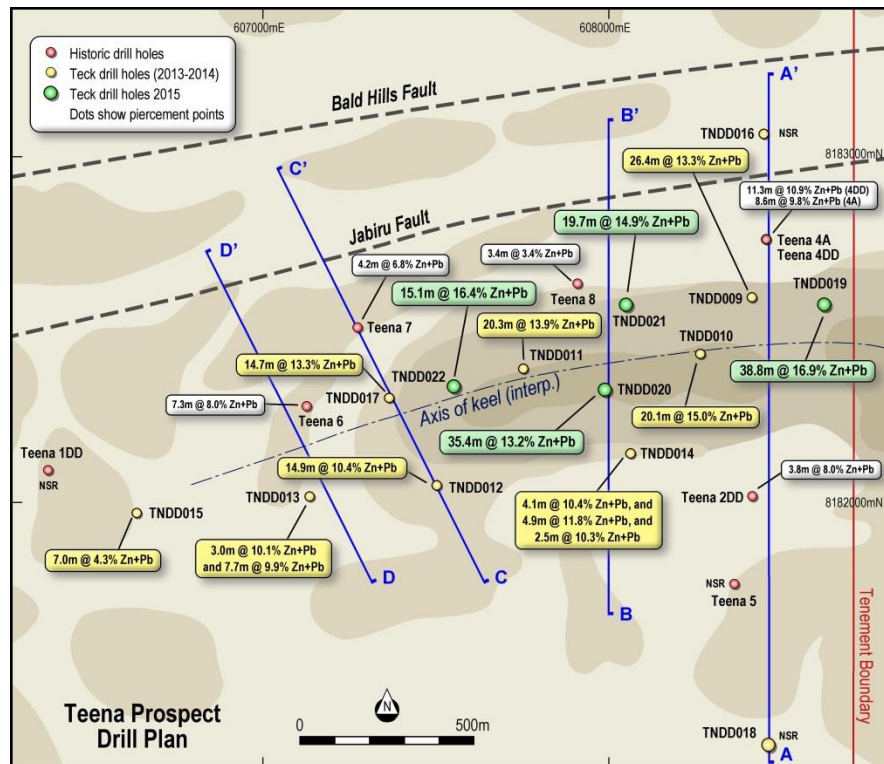


Figure 3: Teena Drill Plan

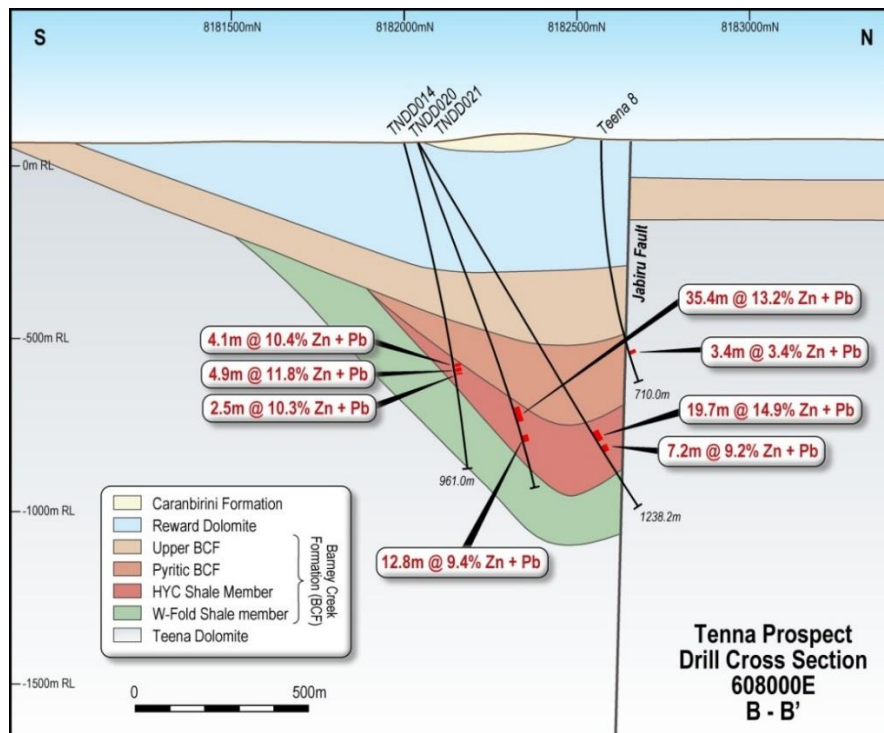


Figure 4: Example Cross Section through the Teena Deposit (see Figure 3 for location of section B-B', and other details).

# PROJECTS

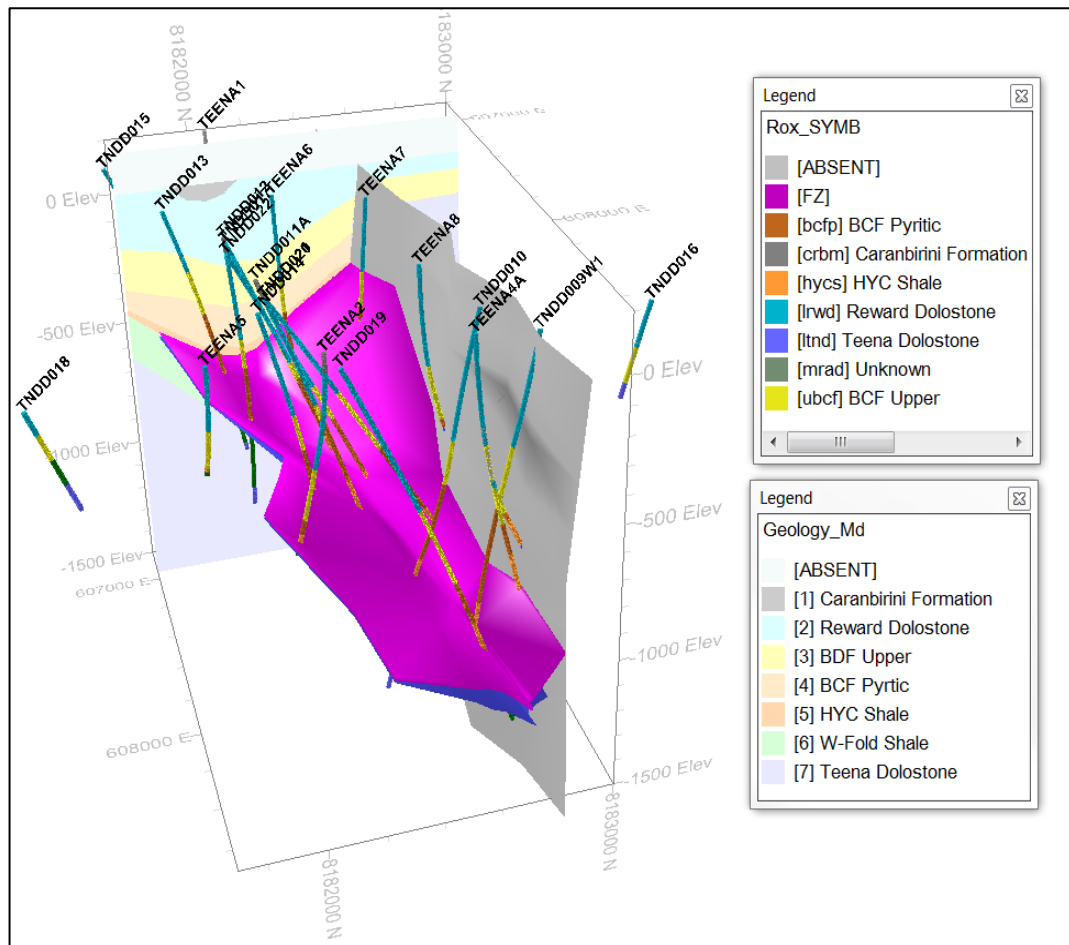


Figure 5: Three Dimensional Isometric View of the Teena Deposit Model; Upper Lode shown in purple, Lower Lode shown in blue; drill holes shown. The grey surface is the Jabiru Fault. Drill hole paths are coded by upper inset legend (Rox\_SYMB) and a vertical plane through the block model is coded by the lower legend (Geology\_Md).

# PROJECTS

## MT FISHER GOLD PROJECT, WA

The Company announced a joint venture agreement with Doray Minerals (Doray) to explore the gold project tenements at Mt Fisher (ASX:RXL 16 May 2016). The agreement specifically excludes the Fisher East nickel sulphide tenements.

Under the terms of the agreement Doray must spend a minimum of \$1 million in the first year (by 30 June 2017) before it can withdraw. In order to earn a 51% interest Doray must then spend an additional \$4 million over an additional two (2) years. Doray may then elect to further increase its interest to 75% by spending an additional \$5 million over an additional two (2) years. In essence, if Doray was to earn the full 75% interest possible, it would need to spend \$10 million over five (5) years. Once Doray has completed its earn-in Rox will be required to contribute at the appropriate level, but will be free-carried to the completion of the Pre-Feasibility Study in any event.

The gold tenements at Mt Fisher host mineral resources of ~86,000 ounces at a number of locations (Figure 9). The Company is very pleased to have attracted a partner with the credentials of Doray and looks forward to reporting exciting gold exploration results in the near future.

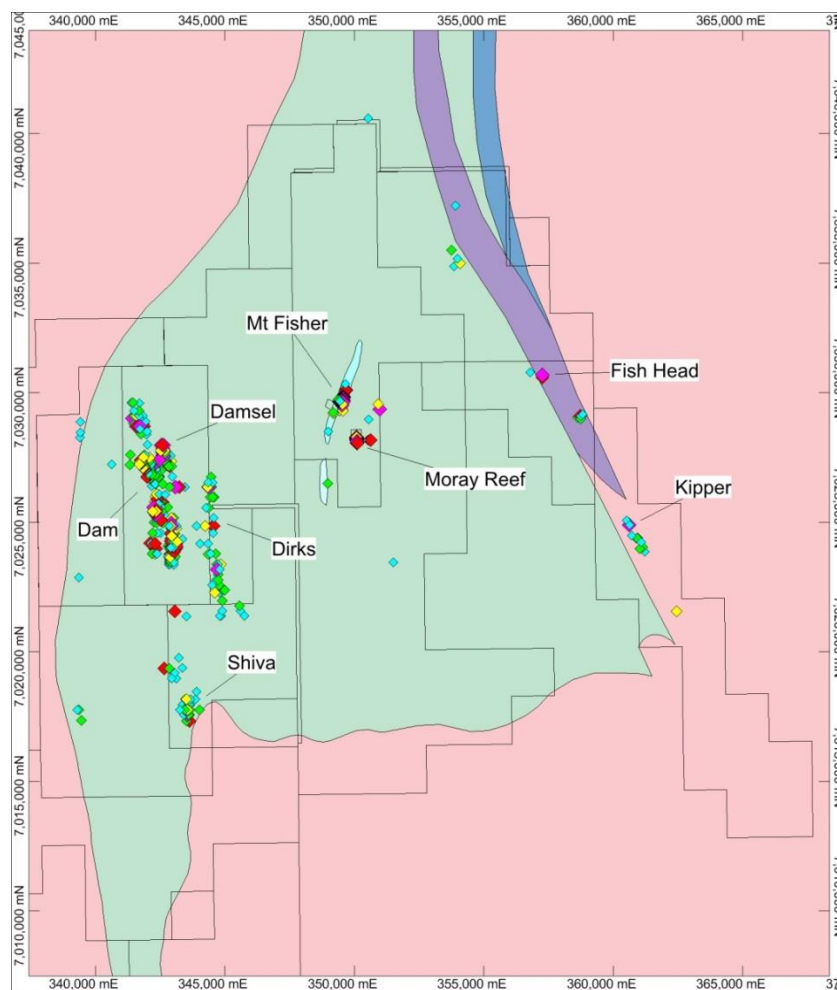


Figure 9: Mt Fisher Gold Prospects showing Max Au in Hole (Red > 5g/tAu)

# PROJECTS

## BONYA COPPER PROJECT, NT

Drilling by Rox at the Bonya Mine prospect in late 2014 intersected some very high grade mineralisation, including **38m @ 4.4% Cu** (ASX:RXL 20 October 2014). A program of follow-up drilling was undertaken during 2015 at the Bonya Mine prospect and two new prospects, Green Gully and Green Hoard, (Figure 9).

Of the three holes drilled at Green Gully, one hole returned:

GGRC001: **2m @ 3.2% Cu** from 29m

Drilling at the Bonya Mine prospect returned mineralised intersections throughout the entire length of the drill hole which ended in mineralisation:

BYRC020: **5m @ 1.6% Cu** from 79m, and  
**4m @ 1.8% Cu** from 87m, and  
**4m @ 2.3% Cu** from 125m, and  
**6m @ 2.6% Cu** from 140m

Drilling at Green Hoard did not intersect any mineralisation grading > 1% Cu. The Company is assessing its options on the way forward for the project, which may include more exploration, or may include a divestment of its interest.

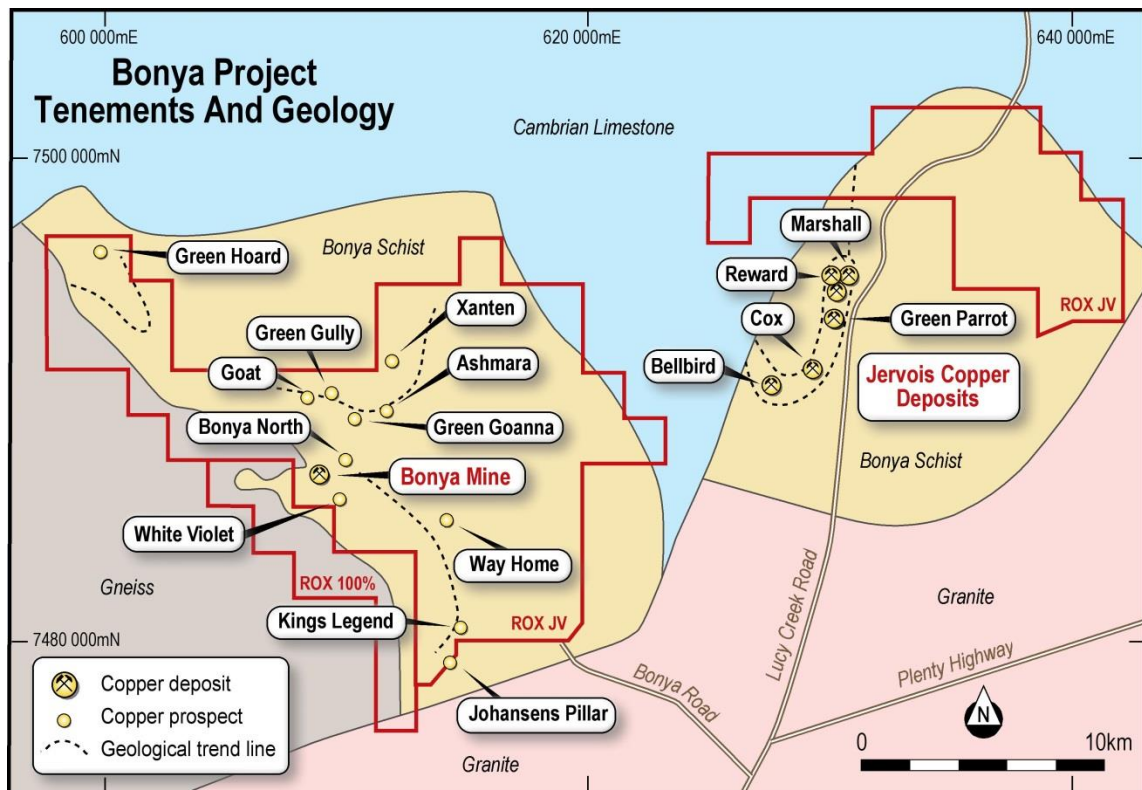


Figure 10: Bonya project tenements showing prospect locations

# PROJECTS

## MINERAL RESOURCES

### Fisher East Nickel, WA

Deposit	Category	Tonnes (Mt)	Grade Ni%	Contained Metal Nickel (kt)
Camelwood	Indicated	1.7	2.0	34.0
	Inferred	0.3	1.5	5.0
	<b>TOTAL</b>	<b>2.0</b>	<b>1.9</b>	<b>39.0</b>
Cannonball	Indicated	0.24	2.9	7.0
	Inferred	0.02	1.9	0.3
	<b>TOTAL</b>	<b>0.26</b>	<b>2.8</b>	<b>7.3</b>
Musket	Indicated	1.8	1.7	30.0
	Inferred	0.1	1.5	1.6
	<b>TOTAL</b>	<b>1.9</b>	<b>1.7</b>	<b>31.6</b>
<b>TOTAL</b>	Indicated	3.7	1.9	71.0
	Inferred	0.5	1.5	7.0
	<b>TOTAL</b>	<b>4.2</b>	<b>1.9</b>	<b>78.0</b>

*Reported to the ASX on 5 February 2016*

### 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	
<b>TOTAL</b>		<b>43.6</b>	<b>4.09</b>	<b>0.95</b>	<b>5.03</b>	<b>1,780</b>	<b>412</b>	<b>2,193</b>	<b>49%</b>
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	
<b>TOTAL</b>		<b>15.3</b>	<b>5.45</b>	<b>1.40</b>	<b>6.84</b>	<b>833</b>	<b>213</b>	<b>1,046</b>	<b>49%</b>

*Reported to the ASX on 15 March 2010*



# PROJECTS

## Teena Zinc-Lead, NT

### Inferred Resource

Cut-off Zn+Pb%	Lens	Tonnes (Mt)	Zn %	Pb %	Zn+Pb %	Zn kt	Pb kt	Zn+Pb kt	Rox Share*
6	Upper	45	12.0	1.8	13.7	5,330	795	6,125	
6	Lower	14	8.2	1.2	9.4	1,112	164	1,276	
<b>TOTAL</b>	<b>Total</b>	<b>58</b>	<b>11.1</b>	<b>1.6</b>	<b>12.7</b>	<b>6,442</b>	<b>958</b>	<b>7,401</b>	<b>49%</b>

Reported to the ASX on 1 June 2016

\* 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.

## Mt Fisher Gold, WA

Deposit	Category	Tonnes	Uncut		Cut		
			Grade (g/tAu)	Metal (Ozs)	Grade (g/tAu)	Metal (Ozs)	Value (g/tAu)
<b>Moray Reef</b>	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
	<b>TOTAL</b>	<b>31,800</b>	<b>9.85</b>	<b>10,066</b>	<b>7.50</b>	<b>7,664</b>	80
<b>Mt Fisher</b>	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
	<b>TOTAL</b>	<b>215,200</b>	<b>3.64</b>	<b>25,206</b>	<b>3.57</b>	<b>24,707</b>	50
<b>Damsel</b>	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
	<b>TOTAL</b>	<b>726,000</b>	<b>2.39</b>	<b>55,705</b>	<b>2.30</b>	<b>53,710</b>	30
<b>TOTAL</b>	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	
	<b>TOTAL</b>	<b>973,000</b>	<b>2.91</b>	<b>90,976</b>	<b>2.75</b>	<b>86,080</b>	

Reported to the ASX on 10 February 2012, 0.8 g/tAu cut-off

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

# PROJECTS

## Mineral Resources Estimation Governance Statement

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

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 and Teena zinc-lead 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 and Teena zinc-lead 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 Fisher East project was reported to the ASX on 5 February 2016 (JORC 2012). Rox confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 5 February 2016, and that all material assumptions and technical parameters underpinning the estimates in the announcement of 5 February 2016 continue to apply and have not materially changed.

The information in this report that relates to zinc-lead Mineral Resources for the Reward project was reported to the ASX on 15 March 2010 (JORC 2004) and 1 June 2016 (JORC 2012). Rox confirms that it is not aware of any new information or data that materially affects the information included in the announcements of 15 March 2010 and 1 June 2016, and that all material assumptions and technical parameters underpinning the estimates in the announcements of 15 March 2010 and 1 June 2016 continue to apply and have not materially changed.

The information in this report that relates to gold Mineral Resources for the Mt Fisher project was reported to the ASX on 10 February 2012 (JORC 2004). Rox confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 10 February 2012, and that all material assumptions and technical parameters underpinning the estimates in the announcement of 10 February 2012 continue to apply and have not materially changed.

In the case of any Exploration Results and Mineral Resources reported under the 2004 JORC Code, 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 Directors of Rox Resources Limited ("the Company") 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 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.

**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, Graphex Mining Limited and Cott Oil & Gas Limited and has not been a director of any other listed company in the last three years.

# DIRECTORS' REPORT

**Mr Jeffrey Gresham** (*Non-Executive Chairman, appointed 1/10/2006, retired 25/11/2015*) - 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.

## 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
S Dennis	2,200,000	-	3,000,000
J Gresham <sup>1</sup>	3,778,251	-	-
I Mulholland	15,033,103	-	20,000,000
B Dickson	7,775,000	-	10,000,000

1. Represents balance held at time of retirement on 25 November 2015.

## LOSS PER SHARE

Basic and Diluted Loss per share                      2016: (0.22) cents                      2015: ( 0.75) 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 2016 of \$2,486,685(2015 \$6,241,150). The loss includes exploration expenditure charged directly to the statement of comprehensive income of \$1,106,959 (2015: \$4,881,508). Net cash outflows from operating activities were \$2,474,748 (2015: \$6,859,110).

At 30 June 2016 the Company had cash on hand of \$595,760 (2015: \$3,594,656) 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 cooper project in the Northern Territory followed up the success of the discovery of copper sulphides in 2015. 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 2016 the Company had four full-time employees (2015: four full-time 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
S Dennis	9	9	2	2	1	1	-	-
I Mulholland	10	10	2	2	1	1	-	-
B Dickson	10	9	2	2	1	1	-	-
J Gresham	5	2	1	1	-	-	-	-

## Committee Membership

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

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following cash changes occurred during the year:

## DIRECTORS' REPORT

- \$830,148 (net of transaction costs) was raised through the completion of a rights issue of 68,518,253 shares at \$0.015 each.
  - \$967,500 (net of transaction costs) was raised through the issue of 66,666,667 shares at \$0.015 each.
- There were no other significant changes in the state of affairs of the Company during the year.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year the company issued 55,555,556 shares at \$0.018 to raise \$1,000,000 (before transaction costs).

On 17 August 2016 the Company advised it had accepted a \$21.0 million offer from Marindi Metals Limited ("Marindi") for its interest in the Reward Zinc project.

The principal commercial terms of the offer ("Marindi Offer") are:

- Cash of \$8.0 million;
- Ordinary shares in Marindi (ASX:MZN), to a value of \$4.0 million, to be issued at the same price at which Marindi intends to undertake a capital raising to facilitate the proposed transaction;
- 210 million 3 year convertible notes with a total face value of \$5.25 million (\$0.025 per note), convertible into Marindi ordinary shares or redeemable by Marindi for face value plus accrued interest at 10% per annum (see Appendix for more details); and
- A deferred payment of \$3.75 million, payable on completion of a bankable feasibility study, or the expiry of 6 years, whichever comes first.

Completion of a transaction with Marindi is conditional upon a number of matters, including:

- Rox having first offered its interest in the Reward project to Teck Australia Pty Ltd ("Teck") as required under the terms of the Earn-in and Joint Venture Agreement ("JVA") between Rox and Teck, and Teck not accepting the offer within a 60 day period from the offer being provided;
- Marindi completing a capital raising to fund the offer. Marindi has provided Rox with a letter of support from Argonaut Securities Pty Ltd to underwrite the proposed capital raising; and
- Marindi and Rox receiving requisite approvals from their shareholders to complete the transaction.

The Board of Marindi has undertaken to recommend Marindi shareholders vote in favour of the transaction and capital raising.

Rox will also be required to obtain approval from its shareholders for the transaction, and the Board of Rox has also undertaken to recommend Rox shareholders vote in favour of the transaction in the absence of a superior proposal.

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.

# DIRECTORS' REPORT

## 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.

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

## INDEMNIFICATION OF AUDITORS

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

## SHARE OPTIONS

At the reporting date there were 21,850,000 unlisted options exercisable at \$0.027, 1,250,000 unlisted options exercisable at \$0.057, 17,500,000 unlisted options exercisable at \$0.056 and 21,437,301 unlisted options exercisable at \$0.08. No options were exercised during the year. Refer to note 16 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 28.

## 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	\$25,000
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# DIRECTORS' REPORT

## 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

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 Chairman ( <i>appointed 1 August 2015</i> )
J Gresham	Chairman ( appointed 1October 2006, retired 25 November 2015)

Mr Stephen Dennis was appointed as a non-executive director on 1 August 2015 and Mr Jeffrey Greesham retired on 25 November 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.

### 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.

# DIRECTORS' REPORT

## ***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 2016 and 30 June 2015 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.

### **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”)

# DIRECTORS' REPORT

## ***Fixed Remuneration***

### **Objective**

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

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

### **Structure**

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

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

## **Variable Remuneration – Short Term Incentive (“STI”)**

### ***Objective***

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

### ***Structure***

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

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

### ***STI bonus for 2015 and 2016 financial years***

For the calendar year ended 31 December 2016 the following key performance indicators were agreed for senior management, with the relative weighting of each shown in brackets.

1. Farmout or secure funding for Mt Fisher old project. (10%)
2. Secure adequate funding for Rox going forward with a minimum of \$2 million raised. (10%)
3. Re-invigorate project portfolio. (25%)

## DIRECTORS' REPORT

4. Monetise Reward Project. (25%)
5. Outperform the Small Resources Index (XSR) by an average of 30% over the year. (30%)

The minimum amount payable for 2016 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 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%)

No bonus was awarded for the 2015 calendar year and there have been no alterations to the STI bonus plans since their grant date.

### **Variable Remuneration – Long Term Incentive (“LTI”)**

#### ***Objective***

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

#### **Structure**

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

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

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

#### **Employment Contracts**

The Managing Director, Mr Mulholland is employed under contract. The current employment contract expires on 1 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.

# DIRECTORS' REPORT

- 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 EMPLOYMENT	SHARE BASED PAYMENTS Options	TOTAL	PERCENTAGE PERFORMANCE RELATED
2016	Salary & Fees \$	Bonus <sup>3</sup> \$	Other <sup>1</sup> \$	AL & LSL \$	Superannuation \$	\$	\$	%
DIRECTORS								
J Gresham <sup>2</sup>	-	-	-	-	30,826 <sup>4</sup>	-	30,826	-
S Dennis <sup>2</sup>	40,435	-	-	-	3,841	9,683	53,959	17.9
I Mulholland	255,649	-	-	30,885	35,000	98,332	419,866	23.4
B Dickson	-	-	158,400	-	-	49,160	207,560	23.7
TOTAL	296,084	-	158,400	30,885	69,667	157,175	712,211	22.1
2015								
DIRECTORS								
J Gresham	52,500	-	-	-	24,148	-	76,648	-
I Mulholland	250,217	42,500	-	30,885	27,390	67,181	418,173	26.2
B Dickson	-	21,250	151,440	-	-	33,590	206,280	26.6
TOTAL	302,717	63,750	151,440	30,885	51,538	100,771	701,101	23.5

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.

2. Mr Dennis was appointed on 1 August 2015 and Mr Gresham retired on 25 November 2015.

3. Given the bonus runs on a calendar year, total amounts awarded to Mr Mulholland and Mr Dickson for 2015 relate to the bonuses earned for the calendar year ended 31 December 2014.

4. Mr Gresham's fees were entirely sacrificed into superannuation for the year up to his retirement on 25 November 2015.

# DIRECTORS' REPORT

## Compensation options: Granted and vested during the year

During the year 18,000,000 options were issued to directors (2015: 15,000,000). 7,500,000 options vested during the year and no options were exercised.

	GRANTED IN 2016			TERMS AND CONDITIONS FOR EACH GRANT				VESTED	
	Number	Date	Fair value \$	Exercise Price \$	Expiry date	First exercise date	Last exercise date	Number	%
Directors									
J Gresham	-	-	-	-	-	-	-	-	-
S Dennis	3,000,000	11 Dec 15	\$0.008	\$0.027	30/11/18	1/12/16	30/11/18	-	-
I Mulholland	10,000,000	11 Dec 15	\$0.008	\$0.027	30/11/18	1/12/16	30/11/18	-	-
B Dickson	5,000,000	11 Dec 15	\$0.008	\$0.027	30/11/18	1/12/16	30/11/18	-	-
Total	18,000,000							-	-

	GRANTED IN 2015			TERMS AND CONDITIONS FOR EACH GRANT				VESTED	
	Number	Date	Fair value \$	Exercise Price \$	Expiry date	First exercise date	Last exercise date	Number	%
Directors									
J Gresham	-	-	-	-	-	-	-	-	-
I Mulholland	10,000,000	1 Dec 14	0.014	0.056	30/11/17	1/12/15	30/11/17	5,000,000	50
B Dickson	5,000,000	1 Dec 14	0.014	0.056	30/11/17	1/12/15	30/11/17	2,500,000	50
Total	15,000,000							7,500,000	50

## Value of Options granted as part of Remuneration

There were 18,000,000 options granted as remuneration during the 2016 period. During the 2015 financial year 15,000,000 options were issued to directors. For details of options granted and exercised during the 2015 and 2016 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.

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

## Share holdings of Key Management Personnel

2016	Balance at 1 July 2015	Granted as Remuneration	Purchased	Net Change/ Other	Shares Issued on Exercise of Options	Balance at 30 June 2016
J Gresham	3,778,251	-	-	-	-	3,778,251 <sup>1</sup>
I Mulholland	13,666,458	-	1,366,645	-	-	15,033,103
S Dennis	-	-	2,200,000	-	-	2,200,000
B Dickson	7,750,000	-	25,000	-	-	7,775,000
	25,194,709	-	3,591,645	-	-	28,786,354
<b>2015</b>						
I Mulholland	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

1. Represents balance held at time of retirement on 25 November 2015.

# DIRECTORS' REPORT

## Options holdings of Key Management Personnel

2016	Balance at 1 July 2015	Granted as Remuneration	Options Exercised	Options Lapsed	Balance at 30 June 2016
S Dennis	-	3,000,000	-	-	3,000,000
I Mulholland	11,633,000	10,000,000	-	(1,633,000)	20,000,000
B Dickson	7,500,000	5,000,000	-	(2,500,000)	10,000,000
	19,133,000	18,000,000	-	(4,133,000)	33,000,000

One half of the options held at the beginning of the year have vested with the balance vesting after 30 November 2016. One half of the options granted as remuneration during the year will vest after 30 November 2016 and the balance will vest after 30 November 2017.

## Other Transactions with Key Management personnel

During the year the Company paid fees totalling \$117,972 (2015:\$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 \$49,282 (2015: \$29,016) (including GST) from Azure Minerals Limited being reimbursement for the provision of office staff support.

The above transactions were entered into on normal commercial terms.

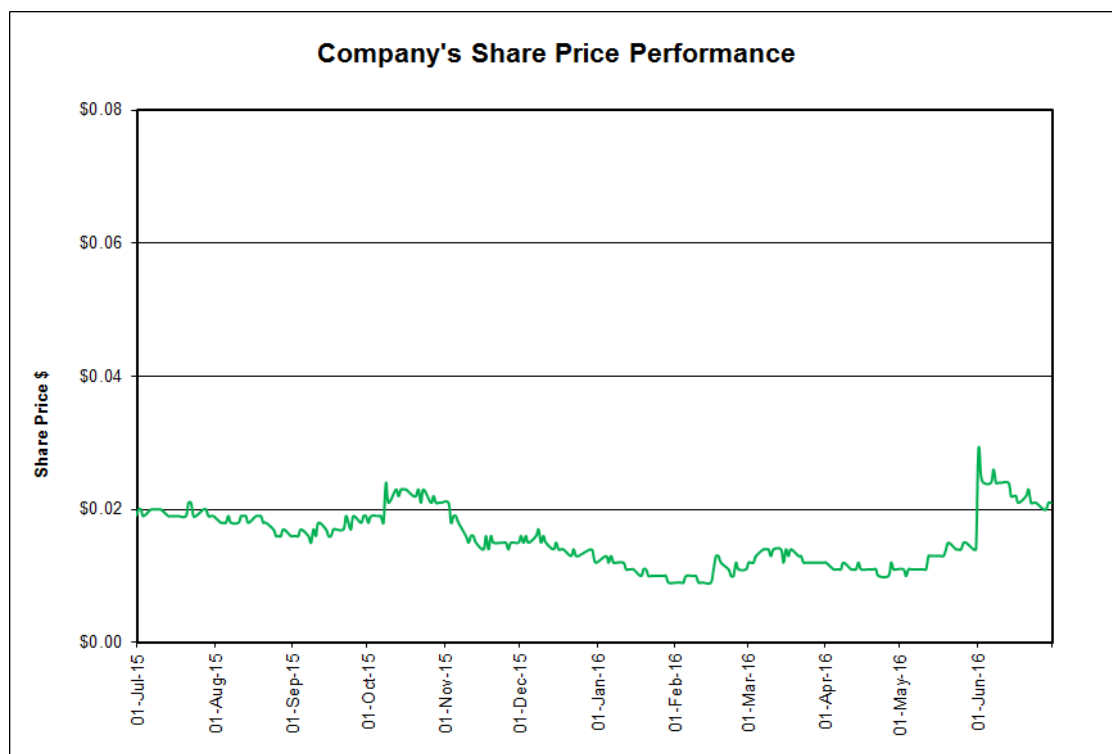
## Company's Performance

### 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 2016.





# DIRECTORS' REPORT

## *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 2016.

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Basic loss per share (cents)	(0.22)	(0.75)	(0.90)	(1.1)	(0.9)

## **END OF REMUNERATION REPORT**

Signed in accordance with a resolution of the Directors.



**I Mulholland**

Managing Director

Perth, 20 September 2016

# AUDITOR'S INDEPENDENCE DECLARATION



Building a better  
working world

Ernst & Young 11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 684

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

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

As lead auditor for the audit of Rox Resources Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

A stylized, handwritten signature of 'Ernst + Young' in black ink.

Ernst & Young

A handwritten signature in black ink, appearing to be 'T S Hammond'.

T S Hammond  
Partner  
20 September 2016

# CORPORATE GOVERNANCE

## Corporate Governance Statement

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 3<sup>rd</sup> 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 <http://www.roxresources.com.au/about-rox-resources/corporate-governance/>:

### Charters

Board

Audit and Risk Committee

Nomination Committee

Remuneration Committee

### Policies and Procedures

Policy and Procedure for the Selection and (Re)Appointment of Directors

Process for Performance Evaluations

Securities Trading Policy

Shareholder Communication and Investor Relations Policy

Code of Conduct (summary)

Compliance Procedures (summary)

Procedure for the Selection, Appointment and Rotation of External Auditor

Policy on Continuous Disclosure (summary)

Diversity Policy (summary)

Induction Program

The Company reports below on whether it has followed each of the recommendations during the 2015/2016 financial year (**Reporting Period**). The information in this statement is current at 15 September 2016. This statement was approved by a resolution of the Board on 15 September 2016.

## 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, which is disclosed on the Company's website.

### 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 Company appointed 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 election of Mr Dennis, and the re-election of Mr Brett Dickson as a director at its 2015 Annual General Meeting.

# CORPORATE GOVERNANCE

## 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 included the Managing Director and the Finance Director:

	Proportion of women
Whole organisation (including the Board)	1 out of 6 (17%)
Senior executive positions	0 out of 2 (0%)
Board	0 out of 3 (0%)

## 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 the Finance Director 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.

# CORPORATE GOVERNANCE

## **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 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 17.

### **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. While the Company is at exploration stage, it does not wish to significantly increase the size of the Board and considers that the Board, which includes directors with geological qualifications, exploration and mining industry experience, experience in the development and operation of mining projects in Australia and accounting and finance qualifications, is an appropriate mix of skills and expertise relevant to the Company. The Company was progressing towards bringing the Fisher East nickel sulphide project into production however, this is now on hold until the nickel price reaches levels close to what could support the development of the project. Once the Company moves into this next stage of development, it intends to review its Board size and composition.

### **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 for the period 1 July 2015 to 24 November 2015 was Jeff Gresham, the Company's former Chairman. However, on 1 August 2015, the Company appointed an additional independent non-executive director, Mr Stephen Dennis, who then took over as Chairman of the Company upon Mr Gresham's resignation on 25 November 2015.

The length of service of each director is set out in the Directors' Report on page 15.

### **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.

As noted above, the Company was progressing towards bringing the Fisher East nickel sulphide project into production however, this is now on hold until the nickel price reaches levels close to what could support the development of the project. Once the Company moves into this next stage of development, it intends to review its Board size and composition, including the balance of independence on the Board.

### **Recommendation 2.5**

The independent Chair of the Board for the period 1 July 2015 to 25 November 2015 was Jeff Gresham, who was not also Managing Director. The independent Chair of the Board since 25 November 2015 is Stephen Dennis, who is also not the Managing Director.

# CORPORATE GOVERNANCE

## **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.

## **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 and Risk Committee.

Although the Board has not established a separate Audit and Risk Committee, it had 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.

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 and Risk Committee, held during the Reporting Period, are set out in a table in the Directors' Report on page 17.

### **Recommendation 4.2**

Before the Board approved the Company financial statements for the half year ended 31 December 2015 and the full-year ended 30 June 2016, 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. **(Declaration).**

# CORPORATE GOVERNANCE

The Board did not receive a Declaration for each of the quarters ending 30 September 2015, 31 December 2015, 31 March 2016 and 30 June 2016 because in the Board's view its quarterly reports are not financial statements to which the Declaration can be appropriately given.

## **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 25 November 2015.

## **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](http://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](http://www.computershare.com.au)



# CORPORATE GOVERNANCE

## **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. As noted above, the Board performs the role of an Audit and Risk Committee. Please refer to the disclosure above under Recommendation 4.1 in relation to the Audit and Risk Committee.

### **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**

As the Company is not in production, the Company has not identified any material exposure to any environmental and/or social sustainability risks. However, the Company does have a material exposure to the following economic risks:

- Market risk – movements in commodity prices. The Company manages its exposure to market risk by monitoring market conditions, and making decisions based on industry experience.
- Future capital risk – cost and availability of funds to meet the Company's business requirements. The Company manages this risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

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.

## **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 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

# CORPORATE GOVERNANCE

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 17.

## **Recommendation 8.2**

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report and commences at page 20. 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.

# STATEMENT OF FINANCIAL POSITION

## As at 30 June 2016

	Notes	2016 (\$)	2015 (\$)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10(a)	595,760	3,594,656
Receivables		145,772	31,546
Prepayments		3,179	3,370
Other financial assets	12	43,695	25,859
<b>Total Current Assets</b>		<b>788,406</b>	<b>3,655,431</b>
<b>Non-Current Assets</b>			
Equipment	11	58,100	71,264
Capitalised exploration expenditure	13	3,327,000	3,327,000
<b>Total Non-Current Assets</b>		<b>3,385,100</b>	<b>3,398,264</b>
<b>TOTAL ASSETS</b>		<b>4,173,506</b>	<b>7,053,695</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	144,683	2,532,532
Provisions	15	103,074	103,135
<b>Total Current Liabilities</b>		<b>247,757</b>	<b>2,635,667</b>
<b>TOTAL LIABILITIES</b>		<b>247,757</b>	<b>2,635,667</b>
<b>NET ASSETS</b>		<b>3,925,749</b>	<b>4,418,028</b>
<b>EQUITY</b>			
Contributed equity	16(i)	40,491,063	38,693,415
Reserves	16(ii)	2,211,648	2,014,890
Accumulated losses	18	(38,776,962)	(36,290,277)
<b>TOTAL EQUITY</b>		<b>3,925,749</b>	<b>4,418,028</b>

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 2016

	Notes	2016 (\$)	2015 (\$)
Other revenue		13,295	53,908
Corporate expenses		(511,134)	(569,933)
Occupancy and related expenses		(148,626)	(186,179)
Salaries and wages		(446,482)	(420,159)
Superannuation		(72,897)	(86,487)
Exploration expenditure expensed		(1,106,959)	(4,881,508)
Share based payments to employees		(196,758)	(135,048)
Depreciation		(17,124)	(15,744)
<b>Loss before income tax</b>		<b>(2,486,685)</b>	<b>(6,241,150)</b>
Income tax benefit/(expense)	6	-	-
<b>Loss after income tax</b>		<b>(2,486,685)</b>	<b>(6,241,150)</b>
<b>Other Comprehensive Income</b>			
Other comprehensive income net of tax		-	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		<b>(2,486,685)</b>	<b>(6,241,150)</b>
Loss per share for loss for the year attributable to ordinary equity holders:			
Basic loss per share (cents)	7	(0.22)	(0.75)
Diluted loss per share (cents)		(0.22)	(0.75)

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 2016

		2016 (\$)	2015 (\$)
	Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		13,295	53,908
Payments to suppliers and employees		(1,295,465)	(1,243,162)
Expenditure on mineral interests		(1,192,578)	(5,669,856)
Net cash (used in) operating activities	10(b)	<u>(2,474,748)</u>	<u>(6,859,110)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of mineral properties		(2,300,000)	-
Purchase of equipment		(3,960)	(16,687)
Security deposits		(17,836)	14,588
Net cash (used in) investing activities		<u>(2,321,796)</u>	<u>(2,099)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of ordinary shares		2,027,774	8,422,175
Share issue costs		(230,126)	(524,376)
Net cash provided by financing activities		<u>1,797,648</u>	<u>7,897,799</u>
Net increase/(decrease) in cash and cash equivalents		(2,998,896)	1,036,590
Cash and cash equivalents at beginning of period		<u>3,594,656</u>	<u>2,558,066</u>
Cash and cash equivalents at end of period	10(a)	<u><u>595,760</u></u>	<u><u>3,594,656</u></u>

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 2016

	Issued Share Capital	Share Option Reserve	Accumulated (Losses)	Total
	(\$)	(\$)	(\$)	(\$)
<b>At 1 July 2015</b>	38,693,415	2,014,890	(36,290,277)	4,418,028
Loss for period	-	-	(2,486,685)	(2,486,685)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(2,486,685)	(2,486,685)
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	2,027,774	-	-	2,027,774
Share issue costs	(230,126)	-	-	(230,126)
Share-based payments	-	196,758	-	196,758
<b>Balance as at 30 June 2016</b>	<b>40,491,063</b>	<b>2,211,648</b>	<b>(38,776,962)</b>	<b>3,925,749</b>
<b>At 1 July 2014</b>	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)
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	8,422,175	-	-	8,422,175
Share issue costs	(524,376)	-	-	(524,376)
Share-based payments	-	135,048	-	135,048
<b>Balance as at 30 June 2015</b>	<b>38,693,415</b>	<b>2,014,890</b>	<b>(36,290,277)</b>	<b>4,418,028</b>

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<sup>th</sup> June 2016

### NOTE 1 CORPORATE INFORMATION

The financial report of Rox Resources Limited ('the Company') for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 15 September 2016.

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 2016 of \$2,486,685 (2015: \$6,241,150) and experienced net cash outflows from operating activities of \$2,474,748 (2015: \$6,859,110). At 30 June 2016, the Company had net current assets of \$540,649 (30 June 2015: net current assets of \$1,019,764).

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, or convertible notes, or the sale of assets, or a combination of these activities may be required for the Company to continue to actively explore its mineral properties. The Directors are also aware that that the Company can relinquish certain projects in order to maintain its cash at appropriate levels.

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

However, if the Company is unable to 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.

#### (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 2015 mandatory for annual reporting periods beginning on or after 1 July 2015. The adoption of these new and amended Standards and Interpretations did not have any effect on the financial position and performance of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

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

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

The following standards and interpretations have been issued by the AASB but are not yet effective for the year ending 30 June 2016

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 standard which replaces AASB 139. This new 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 adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.</p> <p>Classification and measurement</p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.</p> <p>The main changes are described below.</p> <p><i>Financial assets</i></p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ol> <p><i>Financial liabilities</i></p> <p>Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:</p>	1 January 2018	1 July 2018



# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

### 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>► The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</p> <p>► The remaining change is presented in profit or loss</p> <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 or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.</p> <p><b>Impairment</b></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> <p><b>Hedge accounting</b></p> <p>Amendments to AASB 9 (December 2009 &amp; 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>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
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	<p>AASB 2014-3 amends AASB 11 <i>Joint Arrangements</i> 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</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<sup>th</sup> June 2016

### 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 <i>Property Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> 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 15	Revenue from Contracts with Customers	<p>AASB 15 <i>Revenue from Contracts with Customers</i> replaces the existing revenue recognition standards AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i> and related Interpretations (Interpretation 13 <i>Customer Loyalty Programmes</i>, Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, Interpretation 18 <i>Transfers of Assets from Customers</i>, Interpretation 131 <i>Revenue—Barter Transactions Involving Advertising Services</i> and Interpretation 1042 <i>Subscriber Acquisition Costs in the Telecommunications Industry</i>). AASB 15 incorporates the requirements of IFRS 15 <i>Revenue from Contracts with Customers</i> issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).</p> <p>AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 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> <ol style="list-style-type: none"> <li>Step 1: Identify the contract(s) with a customer</li> <li>Step 2: Identify the performance obligations in the contract</li> <li>Step 3: Determine the transaction price</li> <li>Step 4: Allocate the transaction price to the performance obligations in the contract</li> <li>Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</li> </ol>	1 January 2018	1 July 2018

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

### 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 15 (Cont'd)	Revenue from Contracts with Customers	<p>AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p>	1 January 2018	1 July 2018
AASB 1057	Application of Australian Accounting Standards	<p>This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. Accordingly, paragraphs 5 and 22 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible. The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.</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.</p> <p>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
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 full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not)</p> <p>(a) 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 2015-10 defers the mandatory effective date (application date) of AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016.</p>	1 January 2018	1 July 2018

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

### 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><b>AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>:</b></p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p><b>AASB 7 <i>Financial Instruments: Disclosures</i>:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul> <p><b>AASB 119 <i>Employee Benefits</i>:</b></p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p><b>AASB 134 <i>Interim Financial Reporting</i>:</b></p> <p>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.</p>	1 January 2016	1 July 2016

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

### 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 2015-2	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
AASB 2015-5	Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	This makes amendments to AASB 10, AASB 12 <i>Disclosure of Interests in Other Entities</i> and AASB 128 arising from the IASB's narrow scope amendments associated with Investment Entities.	1 January 2016	1 July 2016
AASB 2015-9	Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]	This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133.	1 January 2016	1 July 2016

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

### 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 16	Leases	<p>The key features of AASB 16 are as follows:</p> <p><b>Lessee accounting</b></p> <ul style="list-style-type: none"> <li>Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</li> <li>A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.</li> <li>Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.</li> <li>AASB 16 contains disclosure requirements for lessees.</li> </ul> <p><b>Lessor accounting</b></p> <ul style="list-style-type: none"> <li>AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</li> <li>AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.</li> </ul> <p>AASB 16 supersedes:</p> <p>(a) AASB 117 Leases</p> <p>(b) Interpretation 4 Determining whether an Arrangement contains a Lease</p> <p>(c) SIC-15 Operating Leases—Incentives</p> <p>(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease</p> <p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.</p>	1 January 2019	1 July 2019

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

### 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*
2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	This Standard amends AASB 112 <i>Income Taxes</i> (July 2004) and AASB 112 <i>Income Taxes</i> (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017	1 July 2017
2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	This Standard amends AASB 107 <i>Statement of Cash Flows</i> (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	1 July 2017
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	This standard amends to IFRS 2 <i>Share-based Payment</i> , clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: <ul style="list-style-type: none"> <li>▶ The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments</li> <li>▶ Share-based payment transactions with a net settlement feature for withholding tax obligations</li> <li>▶ A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled</li> </ul>	1 January 2018	1 July 2018

Management is currently in the process of determining the impact of the new accounting standards and interpretations on the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

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

#### (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.

##### (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.



# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

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

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

##### (iv) Deferred exploration and evaluation expenditure

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

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

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

##### (v) Trade and other payables

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

##### (vi) Issued capital

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

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

##### (vii) Income tax

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

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

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;

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

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

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

- 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 deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

#### (viii) Trade and other receivables

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

#### (ix) Equipment

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

##### *Depreciation*

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

	<b>2016</b>	<b>2015</b>
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.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

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

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

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.

##### (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.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

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

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

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.

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<sup>th</sup> June 2016

### 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.

##### (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.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

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

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

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.

##### *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.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

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

#### *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	
		2016	2015
Cash and cash equivalents	10	<b>595,760</b>	3,594,656
Receivables		<b>145,772</b>	31,546
Other financial assets	12	<b>43,695</b>	25,859
Total		<b>785,227</b>	3,652,061

None of the Company's trade and other receivables are past due (2015: nil). At 30 June 2016 the Company does not have any collective impairments on its other receivables (2015: nil).

#### *Guarantees*

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

#### **Liquidity risk**

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

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

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

	Carrying amount	6 months or less
<b>30 June 2016</b>		
Trade and other payables	144,683	144,883

#### **30 June 2015**

Trade and other payables	2,532,532	2,532,532
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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.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

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

#### *Exposure to currency risk*

The Company's exposure to foreign currency risk at balance date was Nil (2015: Nil).

#### **Price Risk**

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

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

#### **Interest rate risk**

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

#### *Profile*

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

	<b>Carrying amount</b>	
	<b>2016</b>	<b>2015</b>
<b>Variable rate instruments</b>		
Cash and cash equivalents	595,760	3,594,656

#### *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% (2015: 1%) in variable interest rates would have increased or decreased the Company's equity and profit by \$5,958 (2015: \$35,947), and would have had the same effect on cash flow. The difference between 2016 and 2015 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 to maintain a capital structure that ensures the lowest cost of capital available to the Company.

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

	<b>2016</b>	<b>2015</b>
Equity	3,925,749	4,418,028

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



# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

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

#### Fair Values

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

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

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

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

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

### NOTE 4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES 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 binomial 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<sup>th</sup> June 2016

### NOTE 6 INCOME TAX INCOME

	2016 (\$)	2015 (\$)
The major components of income tax expenses are:		
<b>Income Statement</b>		
<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	<b>(2,486,685)</b>	(6,241,150)
At the Company's statutory income tax rate of 28.5 % (FY15 30%)	<b>(708,705)</b>	(1,872,345)
Other	<b>2,232</b>	10,914
Share based payments	<b>59,027</b>	40,514
Share registry costs	<b>(88,763)</b>	(109,000)
Prior year adjustment to deferred tax balances	<b>(14,235)</b>	396,305
Deferred tax assets not brought to account (gross)	<b>750,444</b>	1,533,612
Income tax expense/(benefit) reported in the Statement of Comprehensive Income	-	-

	STATEMENT OF FINANCIAL POSITION		STATEMENT OF COMPREHENSIVE INCOME	
	2016 \$	2015 \$	2016 \$	2015 \$
<b>Deferred Income Tax</b>				
Deferred income tax at 30 June relates to the following				
<i>Deferred tax liabilities</i>				
Prepayments	<b>5,037</b>	(140)	<b>(990)</b>	(98)
Plant & equipment	<b>(12,518)</b>	(14,431)	<b>1,913</b>	(2,129)
<i>Deferred tax assets</i>				
Accruals	<b>9,000</b>	16,098	<b>(7,098)</b>	(665)
Provision for employee entitlements	<b>22,880</b>	30,941	<b>(8,060)</b>	5,646
Revenue tax losses	<b>9,683,824</b>	8,896,332	<b>763,689</b>	1,530,858
Deferred tax assets not brought to account as realisation is not probable	<b>(9,708,223)</b>	(8,928,800)		
Deferred tax assets not recognised	-	-		
Deferred tax (income)/expense			<b>(750,444)</b>	(1,533,612)

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

### NOTE 6 INCOME TAX (cont'd)

Potential future income tax benefits attributable to gross tax losses of \$31,674,075 (2015: \$29,075,067) carried forward have not been brought to account at 30 June 2016 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.

	2016 \$	2015 \$
<b>NOTE 7 LOSS PER SHARE</b>		
The following reflects the income and share data used in the calculation of basic and diluted earnings per share		
Net loss	<u>(2,486,685)</u>	<u>(6,241,150)</u>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,127,498,342</u>	<u>836,552,640</u>
Effect of dilutive securities:		
- Share options (i)	<u>-</u>	<u>-</u>
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	<u><u>1,127,498,342</u></u>	<u><u>836,552,640</u></u>

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

There were a total of 62,037,301 share options that were potentially dilutive to shares on issue at 30 June 2016 (2015: 45,320,301).

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

### Conversion, calls, subscriptions or issues after 30 June 2016

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<sup>th</sup> June 2016

### NOTE 8 DIRECTOR AND EXECUTIVE DISCLOSURES

#### (a) Details of Key Management Personnel

Stephen Dennis	Non-executive Chairman ( <i>appointed 1 August 2015</i> )
Jeff Gresham	Non-executive ( <i>retired 25 November 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

	2016 (\$)	2015 (\$)
Short Term	454,484	517,907
Long Term	30,885	30,885
Post Employment	69,667	51,538
Share-Based Payments	157,175	100,771
	<u>712,211</u>	<u>701,101</u>

### NOTE 9 AUDITOR'S REMUNERATION

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

Auditing and reviewing the financial report	50,470	50,470
Taxation services	25,000	10,000
	<u>75,470</u>	<u>60,470</u>

### NOTE 10 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents	<u>595,760</u>	<u>3,594,656</u>
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	2,486,685	6,241,150
Adjustments for reconcile profit before tax to net operating cash flows		
- Depreciation	(17,124)	(15,744)
- Share based payments	(196,758)	(135,048)
Changes in assets and liabilities		
- Increase (decrease) in prepayments	(191)	(170)
- (Increase) decrease in provisions	61	(18,820)
- (Increase) decrease in trade payables/accruals	87,849	771,204
- Increase (decrease) in receivables	114,226	16,538
Cash out-flow from operations	<u>2,474,748</u>	<u>6,859,110</u>

(c) There were no non-cash financing and investing activities in the 2015 or 2016 financial years.

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

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

	2016 (\$)	2015 (\$)
<b>NOTE 11 EQUIPMENT</b>		
Equipment at cost	156,707	152,747
Accumulated depreciation	<u>(98,607)</u>	<u>(81,483)</u>
	<u>58,100</u>	<u>71,264</u>
(a) Movements in plant and equipment		
- At 1 July, net of accumulated depreciation	71,264	70,321
- Additions	3,960	16,687
- Depreciation	<u>(17,124)</u>	<u>(15,744)</u>
At 30 June, net of accumulated depreciation	<u>58,100</u>	<u>71,264</u>
<b>NOTE 12 OTHER FINANCIAL ASSETS</b>		
<b>Current</b>		
Security deposits	<u>43,695</u>	<u>25,859</u>
The fair value of the security deposit approximates its carrying value		
<b>NOTE 13 CAPITALISED EXPLORATION AND EVALUATION</b>		
Areas of interest in exploration and evaluation phases:		
Balance at beginning of period	3,327,000	1,027,000
Acquisition	-	2,300,000
	<u>3,327,000</u>	<u>3,327,000</u>
Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas.		
<b>NOTE 14 TRADE AND OTHER PAYABLES</b>		
Trade payables	114,683	178,872
Accruals	30,000	53,660
Other payables	-	2,300,000
Total trade and other payables (a)	<u>144,683</u>	<u>2,532,532</u>
<b>(a) Terms and Conditions</b>		
Creditors, including related parties, are non-interest bearing and generally on 30 day terms.		
<b>NOTE 15 PROVISIONS</b>		
Employee benefits – annual leave	46,127	54,523
Employee benefits - long service leave	56,947	48,612
	<u>103,074</u>	<u>103,135</u>

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

### NOTE 16 CONTRIBUTED EQUITY AND RESERVES

#### (i) Contributed Equity

	2016 (\$)	2015 (\$)
<b>(a) Issued and paid up capital</b>		
Ordinary shares fully paid	<u>40,491,063</u>	<u>38,693,415</u>
<b>(b) Movement in shares on issue</b>		
Issued and paid up capital – Ordinary shares fully paid		
Ordinary shares at beginning of period – 1,045,540,095 (2015: 745,010,304)	38,693,415	30,795,616
Issue of 135,184,920 shares at \$0.015 per share (net of share issue costs)	1,797,648	-
Exercise 867,000 options at \$0.025 each		21,675
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: 1,180,725,015 shares	<u>40,491,063</u>	<u>38,693,415</u>

#### (c) Share Options

No options were exercised during the year.

During the year 21,850,000 options with an exercise price of \$0.027 and an expiry date of 30 November 2018 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 62,037,301 (2015: 45,320,301) 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

<b>Reserves</b>	<u>2,211,648</u>	<u>2,014,890</u>
<b>(a) Share Option Reserve</b>		
<i>Movements</i>		
Balance at beginning of year	2,014,890	1,879,842
Options issued - employees (refer note 17A)	196,758	135,048
Options issued – other (refer note 17B)	-	-
Balance at end of year	<u>2,211,648</u>	<u>2,014,890</u>

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

### 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 there are no options on issue that have been issued under the plan.

Set out below is a summary of options issued.

#### 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)	Forfeited during the year (number)	Balance at end of the year (number)	Vested and exercisable at end of the year (number)
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	-	-

#### Fair value of options granted

No options were granted during the 2015 or 2016 financial year.

##### (ii) Other Share Options

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

#### 2016

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)
3/12/12	30/11/15	2.5	0.9	5,133,000	-	-	5,133,000	-	-
27/2/14	28/2/17	5.7	2.6	1,250,000	-	-	-	1,250,000	1,250,000
1/12/14	30/11/17	5.6	1.4	17,500,000	-	-	-	17,500,000	8,750,000
11/12/15	30/11/18	2.7	0.8	-	21,850,000	-	-	21,850,000	-
				23,883,000	21,850,000	-	5,133,000	40,600,000	10,000,000
Weight average exercise price				\$0.049	\$0.027	-	\$0.025	\$0.040	\$0.056

## NOTES TO THE FINANCIAL STATEMENTS

### For the Year Ended 30<sup>th</sup> June 2016

**NOTE 17 SHARE BASED PAYMENTS (cont'd)**

### A. Directors and Employees (cont'd)

## (ii) Other Share Options (cont'd)

## 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)
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

Weight average exercise price	\$0.031	\$0.056	\$0.025	-	\$0.049	\$0.028
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The weighted average remaining contractual life of share options outstanding at the end of the year was 1.9 years (2015: 2.0 years).

*Fair value of options granted*

The fair value for 2016 and 2015 was calculated by using the Binomial Option valuation methodology using the following parameters.

	2016	2015
Weighted average exercise price (cents)	2.7	5.6
Weighted average life of the option (years)	3.0	3.0
Weighted average underlying share price (cents)	1.5	2.9
Expected share price volatility	100%	100%
Risk free interest rate	2.17%	2.35%

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.



# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

### NOTE 17 SHARE BASED PAYMENTS (cont'd)

#### B. Unrelated Parties

There were no options issued to unrelated parties during the 2015 or 2016 financial years. Options issued to unrelated parties during the previous financial years are set out below.

#### 2016

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)	Exercise d 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
Weight average exercise price				\$0.08	-	-	-	\$0.08	\$0.08

The weighted average remaining contractual life of share options outstanding at the end of the year was 0.8 years (2015: 1.8)

#### 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
Weight average exercise price				\$0.08				\$0.08	\$0.08

### NOTE 18 ACCUMULATED LOSSES

	2016 (\$)	20145 (\$)
Balance at beginning of year	36,290,277	30,049,127
Net loss attributable to members of Rox Resources Limited	2,486,685	6,241,150
Balance at end of year	38,776,962	36,290,277

No dividends were paid during or since the financial year. There are no franking credits available (2015: nil).

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

### 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.

	2016 \$	2015 \$
Not later than one year	411,000	787,654
Later than one year and not later than five years	-	-
	<b>411,000</b>	<b>787,654</b>

#### (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	244,200	488,400
Later than one year and not later than five years	-	244,200
	<b>244,200</b>	<b>732,600</b>

### 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 issued 55,555,556 shares at \$0.018 to raise \$1,000,000 (before transaction costs).

On 17 August 2016 the Company advised it had accepted a \$21.0 million offer from Marindi Metals Limited ("Marindi") for its interest in the Reward zinc-lead project.

The principal commercial terms of the offer ("Marindi Offer") are:

- Cash of \$8.0 million;
- Ordinary shares in Marindi (ASX:MZN), to a value of \$4.0 million, to be issued at the same price at which Marindi intends to undertake a capital raising to facilitate the proposed transaction;
- 210 million 3 year convertible notes with a total face value of \$5.25 million (\$0.025 per note), convertible into Marindi ordinary shares or redeemable by Marindi for face value plus accrued interest at 10% per annum (see Appendix for more details); and
- A deferred payment of \$3.75 million, payable on completion of a bankable feasibility study, or the expiry of 6 years, whichever comes first.

Completion of a transaction with Marindi is conditional upon a number of matters, including:

- Rox having first offered its interest in the Reward project to Teck Australia Pty Ltd ("Teck") as required under the terms of the Earn-in and Joint Venture Agreement ("JVA") between Rox and Teck, and Teck not accepting the offer within a 60 day period from the offer being provided;
- Marindi completing a capital raising to fund the offer. Marindi has provided Rox with a letter of support from Argonaut Securities Pty Ltd to underwrite the proposed capital raising; and

# NOTES TO THE FINANCIAL STATEMENTS

## For the Year Ended 30<sup>th</sup> June 2016

### NOTE 21 EVENTS SUBSEQUENT TO REPORTING DATE (cont'd)

- Marindi and Rox receiving requisite approvals from their shareholders to complete the transaction.

The Board of Marindi has undertaken to recommend Marindi shareholders vote in favour of the transaction and capital raising.

Rox will also be required to obtain approval from its shareholders for the transaction, and the Board of Rox has also undertaken to recommend Rox shareholders vote in favour of the transaction in the absence of a superior proposal.

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 \$158,400 (2015: \$151,440) for the provision of services. An amount of Nil (2015: Nil) is payable at year end.

During the year the Company paid fees totalling \$117,972 (2015: \$126,280 (including GST)) to Azure Minerals Limited, a company of which Mr Dickson is an officer, for the provision of office accommodation. An amount of \$22,992 (2015: Nil) is payable at year end. The Company also received fees totalling \$49,282 (2015: \$29,016) (including GST) from Azure Minerals Limited being reimbursement for the provision of office secretarial support. An amount of \$45,014 (2015: Nil) is receivable at year end.

The above transactions were entered into on normal commercial terms.

#### (b) Subsidiaries

At Balance date the company does not have any subsidiaries.

#### (c) Ultimate Parent

Rox Resources Limited is the ultimate Australian parent entity.

### NOTE 23 JOINT OPERATIONS

#### REWARD PROJECT

The Company has entered into an agreement with Teck Australia Pty Ltd. ("Teck") to explore its highly prospective 670km<sup>2</sup> 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.

Since the end of the financial year The Company has agreed to sell its interest to Marindi Metals Limited, see note 21 for further details.

# **NOTES TO THE FINANCIAL STATEMENTS**

## **For the Year Ended 30<sup>th</sup> June 2016**

### **NOTE 23 JOINT OPERATIONS (cont'd)**

#### **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.

#### **MT FISHER PROJECT – DORAY MINERALS FARM-IN**

During May 2016 the Company entered into a joint venture agreement with Doray Minerals Limited (Doray) to explore the gold project tenements at Mt Fisher. The agreement specifically excludes the Fisher East nickel sulphide tenements.

Under the terms of the agreement Doray must spend a minimum of \$1 million in the first year (by 30 June 2017) before it can withdraw. In order to earn a 51% interest Doray must then spend an additional \$4 million over an additional two (2) years. Doray may then elect to further increase its interest to 75% by spending an additional \$5 million over an additional two (2) years. In essence, if Doray was to earn the full 75% interest possible, it would need to spend \$10 million over five (5) years. Once Doray has completed its earn-in Rox will be required to contribute at the appropriate level, but will be free-carried to the completion of the Pre-Feasibility Study in any event.

Included in the above mentioned expenditure commitments is an obligation for Doray to meet Rox's obligations under the Brewer Option agreement, being \$100K payments as at 30 June 2016 and 30 June 2017 (announced to ASX on 8 December 2014). Doray and Rox are to meet final payments on the Brewer Option equally, being \$300,000 each.

# 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 2016 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 2016.

On behalf of the Board



**I Mulholland**  
Managing Director  
Perth, 20 September 2016.

# INDEPENDENT AUDIT REPORT



Building a better  
working world

Ernst & Young 11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 684

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

## 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 2016, 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### Independence

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

# INDEPENDENT AUDIT REPORT



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## 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 2016 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.

## Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 2 in the financial report that describes the principal conditions that raise doubt about the company's ability to continue as a going concern. The matters set forth in Note 2 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 2016. 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 2016, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'Ernst + Young' in a stylized, cursive script.

Ernst & Young

A handwritten signature in black ink, appearing to be 'T S Hammond', written in a cursive style.

T S Hammond  
Partner  
Perth

20 September 2016

# 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.

\*Legend International holdings has rights to diamonds on EL26406 and portions of EL30042.

Mt Fisher, WA	E53/1061**	All Minerals	100%
	E53/1106	All Minerals	100%
	E53/1218 <sup>†</sup>	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%
	E53/1836**	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%
	E53/1875	All Minerals	100%
	E53/1876	All Minerals	100%

Rox Resources holds an option to acquire 100% of the following Mt Fisher tenements

E53/1788**	All Minerals	-
E53/1802	All Minerals	-

\*\*Doray Minerals is earning up to 75% interest in these tenements.

+ Doray Minerals is earning up to 75% interest in the gold rights on this tenement.

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 13 September 2016.

(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	41,722,084	3.37
2	Ramco Investments Pty Ltd <Ramco Family A/C>	36,000,000	2.91
3	Yangang (Hong Kong) Co Ltd	33,333,333	2.70
4	Crescent Nominees	12,250,000	0.99
5	HSBC Custody Nominees (Australia) Limited	11,971,967	0.97
6	Mr T W Kahler + Mrs S Kahler <Kahler Super Fund>	11,500,000	0.93
7	Jetosea Pty Ltd	10,809,338	0.87
8	Bell Potter Nominees Ltd <BB Nominees A/C>	10,664,900	0.86
9	Greg Blight	10,000,000	0.81
10	Goldrich Holdings Pty Ltd	10,000,000	0.81
11	Teck Australia Pty Ltd	10,000,000	0.81
12	Mr Ram Shanker Kangatharan	10,000,000	0.81
13	Amalgamated Dairies Limited	9,599,765	0.78
14	Leet Investments Pty Ltd	8,988,594	0.73
15	Mr Ian Mulholland	8,510,386	0.69
16	Citicorp Nominees Pty Ltd	8,025,470	0.65
17	Mr Anthony Koroman	8,000,000	0.65
18	Leet Investments Pty Ltd <Superannuation Fund A/C>	8,000,000	0.65
19	Stephentim Pty Ltd <Burcot S/F A/C>	8,000,000	0.65
20	Mr Brett Dickson	7,000,000	0.57
		<hr/> 274,375,837	<hr/> 22.19

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

No substantial shareholders

(b) Distribution of Shareholders Number

Category (size of Holding)	Number of holders	Number of Shares
1 – 1,000	171	22,453
1,001 – 5,000	86	300,741
5,001 - 10,000	235	2,029,564
10,001 - 100,000	1,640	81,026,170
100,001 and over	1,582	1,152,901,643
<hr/> Total	<hr/> 3,714	<hr/> 1,236,280,571
Holding less than a marketable parcel	1,044	12,757,075

There is a total of 1,236,280,571 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