Annual Report
2021

ROX RESOURCES

Corporate Directory

Directors

Mr Stephen Dennis
Non-Executive Chairman

Dr John Mair
Non-Executive Director

Mr Alex Passmore
Managing Director

Company Secretary

Mr Christopher Hunt

Banker

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

Auditor

Pitcher Partners BA&A Pty Ltd
Level 11
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Perth WA 6000
Telephone: (08) 9322 2022
Facsimile: (08) 9322 1262

Solicitor

K & L Gates
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44 St George's Terrace
Perth WA 6000
Telephone: (08) 9216 0900
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Thomson Geer
Level 27, Exchange Tower
2 The Esplanade
Perth WA 6000
Telephone: (08) 9404 9100
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For shareholder information contact:

Share Registry

Computershare Limited
Level 11
172 St George's Terrace
Perth WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Stock Exchange

ASX Limited
Company Code:
RXL (Fully Paid Shares)

Capital Structure

157,607,614	Fully paid ordinary shares
1,333,333	$0.225, 31 January 2022 options
4,466,668	$0.495, 30 November 2022 options
1,333,333	$1.50, 31 December 2023 options
1,333,333	$1.875, 31 December 2023 options
1,333,333	$2.25, 31 December 2023 options
660,000	$0.825, 25 May 2024 options
10,476,190	$1.05, 26 March 2025 options

For information on the Company contact

Principal & Registered Office

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Chairman's Review

The last 12 months have seen us undertake several initiatives to emerge with a strategy focussed almost exclusively on progressing the Youanmi Gold Project.

Non-Executive Chairman appointed August 2015

Dear Shareholder,

I am pleased to report on what has been a transformational year for Rox Resources Limited.

The last 12 months have seen us undertake several initiatives to emerge with a strategy focussed almost exclusively on progressing the Youanmi Gold Project.

As you are aware, Rox's nickel and base metal assets were recently demerged into Cannon Resources Limited, with Rox shareholders being able to participate in the demerger via an in-specie distribution and a priority offer. This demerger allows us to dedicate our efforts on advancing Youanmi and our other gold interests, whilst at the same time ensuring our nickel assets are sufficiently funded to enable their accelerated exploration and growth plans.

At Youanmi, significant progress continues to be made and in June we announced a significant expansion in mineral resources from 1.2 million ounces to 1.7 million ounces, an increase of 39%. Rox has now drilled more than 50,000 metres since the acquisition of Youanmi, with the recent mineral resource increase coming at a discovery cost of $16 per ounce, well below industry averages. The larger resource base provides a strong platform to commence feasibility studies into a possible development of Youanmi. Recently announced high grade drill results for the Link and Junction near-mine prospects also highlight the potential for further significant resource upgrades at Youanmi.

Notwithstanding the COVID-19 pandemic, all of our exploration and related activities were able to be carried out on the ground without any significant interruption or injury to personnel, which is a credit to our exploration team.

In March, highly regarded global asset manager Hawke's Point joined Rox as a major 13.3% shareholder, with an initial investment of $11 million. Hawke's Point were attracted to the potential of Youanmi, and invested after undertaking extensive due diligence on the project. This placement is just the third significant placement by Hawke's Point in an Australian mining company and we welcome them as our largest shareholder.

Rox will continue to progress Youanmi in the year ahead, with our priorities being to further expand our current resource base and to assess the potential for a start-up of mining activities.

Finally, I take this opportunity to thank shareholders for their past and ongoing support and I also thank Alex Passmore and his team for their dedication and continued efforts.

Stephen Dennis

Review of Operations

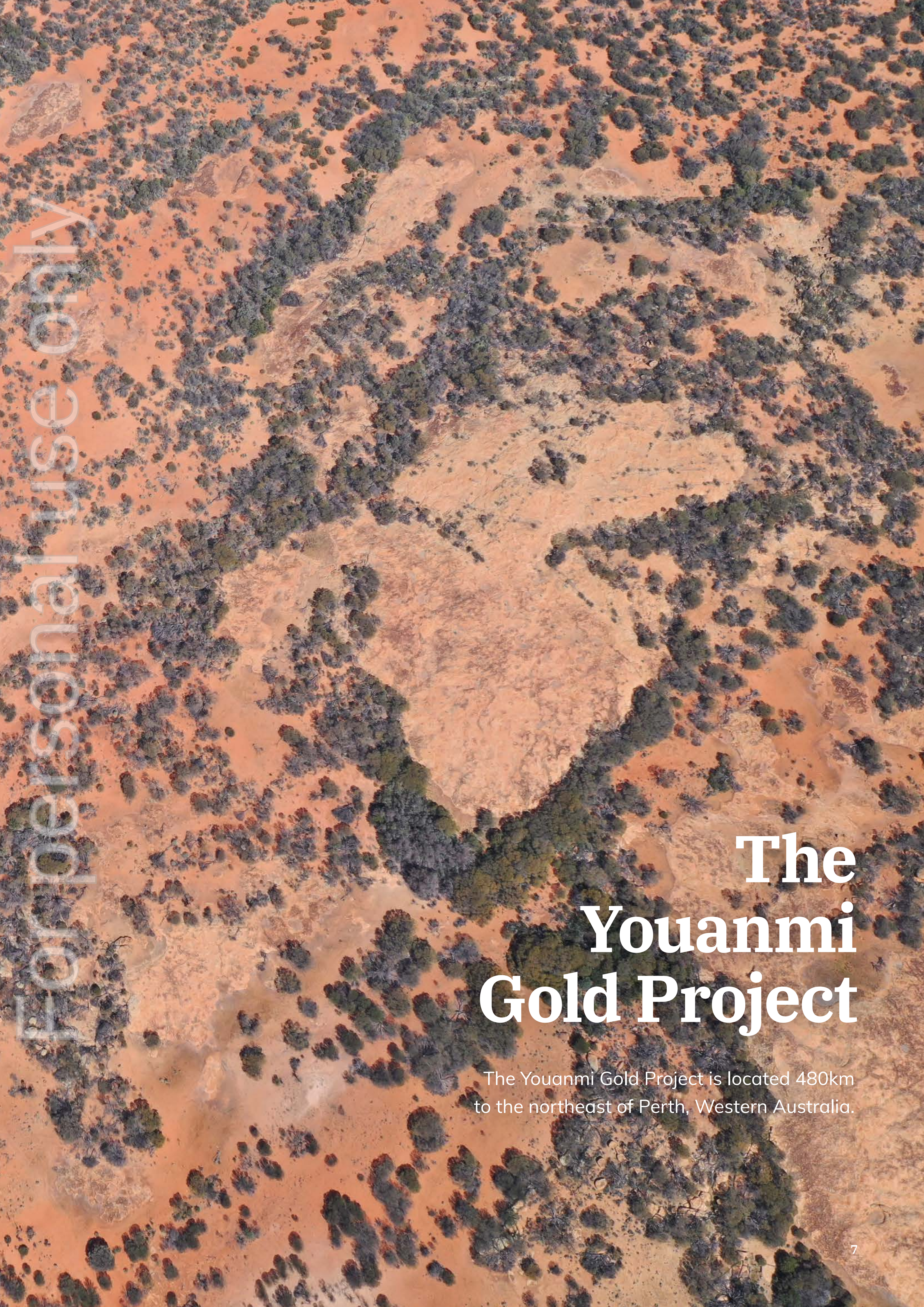
Rox Resources Limited ("Rox", the "Company") and its consolidated entities (together the "Group") is a West Australian focused gold exploration and development company. It is the 70 per cent owner and operator of the historic Youanmi Gold Project near Mt Magnet, approximately 480 kilometres northeast of Perth, and wholly-owns the Mt Fisher Gold Project approximately 140 kilometres southeast of Wiluna.

All projects contain JORC resources and are located in Western Australia (Figure 1).

Highlights

- Quality high grade resource at Youanmi 1.7M oz at 2.85 g/t Au.
- Strong potential for resource growth.
- Feasibility studies commenced into the restart of Youanmi.
- Existing infrastructure in place at Youanmi.
- Cornerstone investment by Hawke's Point.
- Exploring for Penny West style deposits regionally.
- High grade resource at Mt Fisher Gold 0.1M oz at 2.70 g/t Au.

Figure 1 - Project Location Map



The Youanmi Gold Project

The Youanmi Gold Project is located 480km to the northeast of Perth, Western Australia.

Projects

Youanmi Gold Project

The Youanmi Gold Project

480km Northeast of Perth,

Western Australia

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

The Youanmi Gold Project consist of four joint ventures (JV) with Venus Metals Corporation Limited ("VMC") and tenements 100% owned by Rox (Figure 2). The joint ventures are outlined below:

1. OYG JV (all minerals) - covers 65km^2, is circa 10km x 7km wide, and surrounds the Youanmi Gold Mine and nearby extensions *(Rox 70%)*
2. VMC JV (gold rights) - covers 302km^2 *(Rox 50%)*
3. Youanmi JV (gold rights) - covers 270km^2 *(Rox 45%)*
4. Currans Find JV (all minerals) - covers 4km^2 *(Rox 45%)*

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

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

During the financial year, the Youanmi Gold Project was significantly advanced through exploration and study activities.

More than 50,000 metres of drilling has been undertaken on the Youanmi Gold Project since acquisition by Rox in mid-2019. The drilling has resulted in a substantial 39% increase in the resource to 1.7m oz at 2.85 g/t Au (refer Mineral Resources section for further information).

As a result of the increase in resources a feasibility study was commenced into the potential restart of the Youanmi Gold Project. The feasibility study is reviewing optimal production scenarios with the follow activities in progress:

- Metallurgical test work
- Processing plant design
- Pit optimisation
- Dewatering and geotechnical studies
- Waste rock characterisation
- Environmental baseline testing

In conjunction with the studies, the Group continued to focus on growing the resource base with multiple drill rigs on site during the financial year, working on near mine extension drilling.

Figure 2 – Youanmi Gold Project

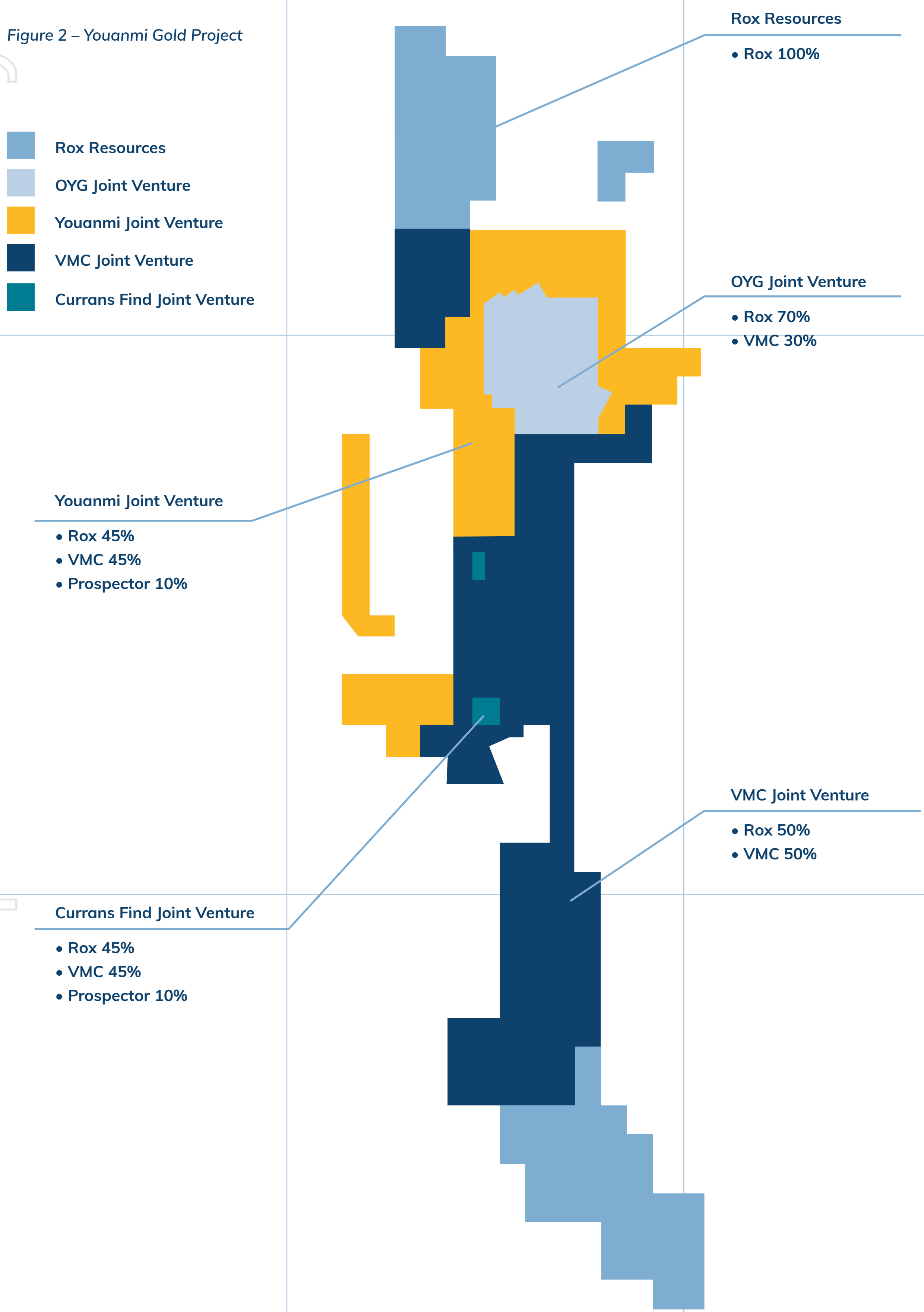
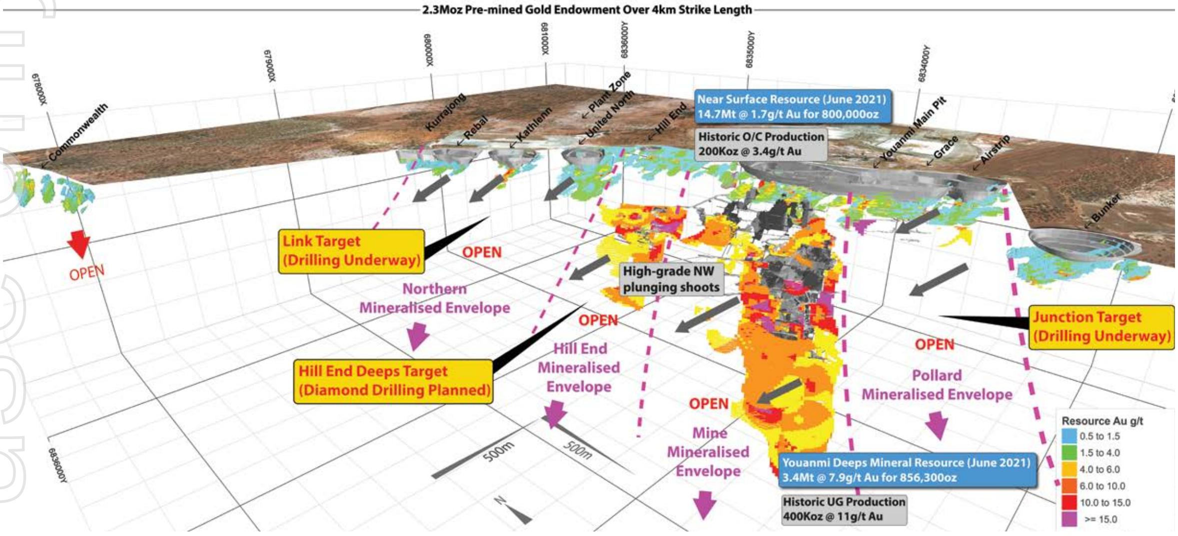


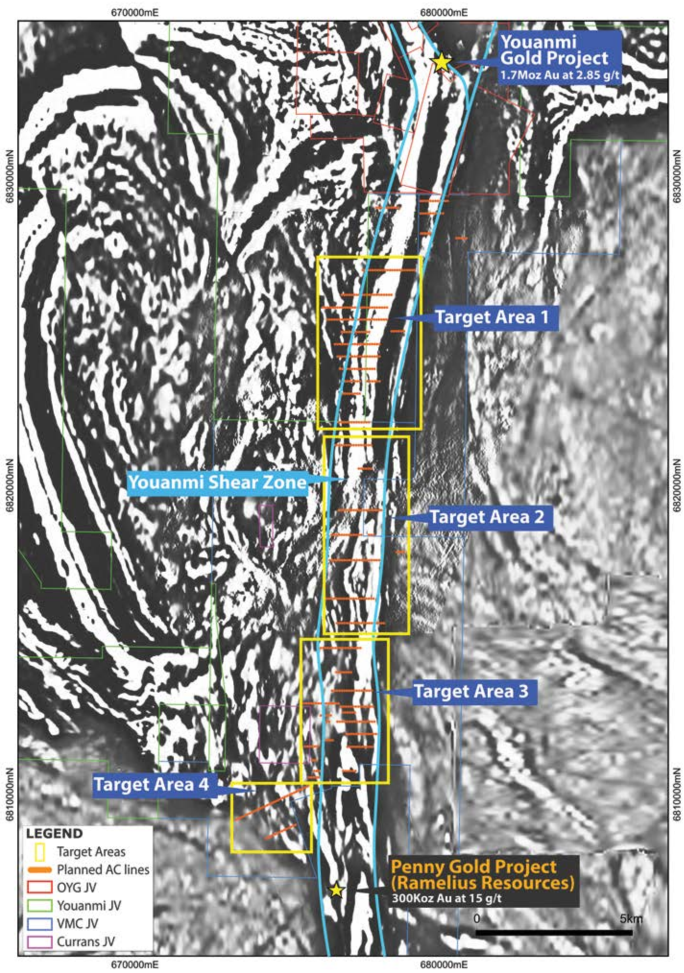
Figure 3 - Oblique view of the Youanmi Mine Area looking NE.



Furthermore, the Group commenced a 22,000m aircore drilling programme to explore for Penny West style deposits. The program is targeting an 18.5km long highly-prospective greenstone corridor between the Youanmi and Penny deposit.

Four (4) high priority target areas were identified from a recently completed date review (See Figure 4). The targets are new and have not been properly tested by historic drilling.

Figure 4 - Aircore drilling targets



Mt Fisher Gold/Mt Eureka Project

Mt Fisher Gold - Rox 100%;

Mt Eureka - Rox earning to 75%,

Cullen Resources Limited 25%

The Mt Fisher Gold/Mt Eureka Project is located in the Northern Goldfields, roughly 500km north of Kalgoorlie (about 120km east of Wiluna). The Group holds 850km^2 of the Mt Fisher greenstone belt and surrounding prospective zones, comprised 500km^2 held wholly by the Group and 350km^2 in a joint venture with Cullen Resources Limited ("Cullen") which the Group is currently earning in to a 75% holding.

The Mt Fisher greenstone belt hosts extensive orogenic gold mineralisation. More recently the belt has been recognised as containing significant komatiite hosted nickel deposits and showing potential for volcanogenic massive sulphide (VMS) Cu-Zn style deposits.

Exploration at Mt Eureka is focused on the identification of orogenic gold mineralisation and VMS style mineralisation.

A project scale review in 2020 of historic geochemical and geophysical datasets recognised the potential for VMS mineralisation in the Mt Fisher/Mt Eureka greenstone belt including, Cu, Zn & Au anomalous VMS style exhalative sulphide mineralisation in historical drilling. Additionally, zones of strong multi-element geochemical anomalism in regolith (including Au, Cu, Pb and Zn) were identified in several areas throughout the project.

The direct evidence for VMS style mineralisation highlights the belt's prospectivity for this style of mineralisation. Due to minimal previous VMS exploration across the belt, the entire Mt Fisher/Mt Eureka greenstone belt is considered prospective for VMS mineralisation. VMS targets are analogous to Teutonic Bore, Jaguar and Bentley, which lie within the same geological terrane as the Mt Fisher greenstone belt.

During the financial year, Rox completed 387 aircore holes for 9,322m to test several under-explored target areas within the Mt Eureka area.

Drilling was contained within 3 target areas:

- Target Area 1: Red Bluff, VMS/Au; 271 holes for 2,811m (Rox tenements)
- Target Area 2: Mt Eureka, VMS/Au; 41 holes for 2,339m (Cullen tenements)
- Target Area 3: Mt Eureka, Au; 75 holes for 4,172m (Cullen tenements)

Corporate

On the Corporate front, the Company was very active during the financial year undertaking the following key activities:

- Placed $11m in equity with the highly regarded asset manager, Hawke's Point, which equated to a 13.3% shareholding in Rox. The investment decision of Hawke's Point was after extensive due diligence on the Youanmi Gold Project and supports Rox's strategy of acquiring and exploring the Youanmi Gold Project with a forward looking objective of bringing the project into production.
- Strengthening of the Executive team with two key appointments:

  1) Mr Chris Hunt as Chief Financial Officer and Company Secretary; and

  2) Mr Matt Antill as General Manager Youanmi Operations.

Both Mr Hunt and Mr Antill bring a wealth of relevant expertise to the Company and are key in bringing the Youanmi project into production.

Mr Brett Dickson who has been employed by the Company for over 17 years in various capacities, including Finance Director, Chief Financial Officer and Company Secretary resigned during the year to focus on other business ventures.

- The Company announced the demerger of its Fisher East and Collurabbie nickel and base metal assets to focus on the development of the Youanmi gold project. The Company structured the demerger as an in-specie distribution with a priority offer to Rox shareholders to raise $6m, in a new listed entity, Cannon Resources Limited. Subsequent to 30 June 2021 the demerger was successfully completed. Refer Matters Subsequent to the End of the Financial Year in the Directors' Report and Subsequent Event Note (Note 25) for further details.
- On 28 June 2021, the Company also completed a 15 to 1 share consolidation in order to simplify its share structure.

Mineral Resources

During the year, the Group announced a significant increase to the mineral resource estimate for the Youanmi Gold Project. Drilling and exploration work at the Youanmi Gold Project, predominantly in the OYG JV area, yielded substantial increases in known and defined tonnages and ounces since acquisition and commencement of drilling in mid-2019. The resources increased by 466k oz, or 39% at a discovery cost of approximately $16 per ounce and included a maiden resource for Grace of 109k oz at 7g/t Au with further upside potential remaining.

Youanmi Gold Project, WA (Reported to the ASX on 23 June 2021)

Deposit	Classification	Cut-off (g/t Au)	Tonnes (dmt)	Au Grade (g/t Au)	Au Metal (oz)
Near Surface	Indicated	0.5[1]	7,470,000	1.81	434,000
Deeps	Indicated	4.0	1,097,000	8.23	290,200
			8,567,000	**2.63**	**724,200**
Near Surface	Inferred	0.5[1]	7,240,000	1.57	366,000
Deeps	Inferred	4.0	2,279,000	7.73	566,200
			9,519,000	**3.05**	**932,200**
Near Surface	Indicated + Inferred	0.5[1]	14,710,000	1.69	800,000
Deeps	Indicated + Inferred	4.0	3,377,000	7.89	856,300
Total			**18,087,000**	**2.85**	**1,656,300**

Notes: (1) Grace 1.5 g/t cutoff.

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

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

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

Mineral Resources Estimation Governance Statement

Governance of the Group's mineral resources is a responsibility of the Key Management Personnel of the Group.

The Group has ensured that its mineral resources estimates are subject to appropriate levels of governance and internal controls. The mineral resources reported for the Youanmi Gold Project 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 Group carries out regular internal peer reviews of processes and contractors engaged. The Mt Fisher gold resource was estimated by Mr Ian Mulholland, the Group's Managing Director at the time of the resources estimate. Mr Mulholland is experienced in best practices in modelling and estimation methods.

The Group has reported its Youanmi Gold Project and Mt Fisher Gold Project 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 the Group 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

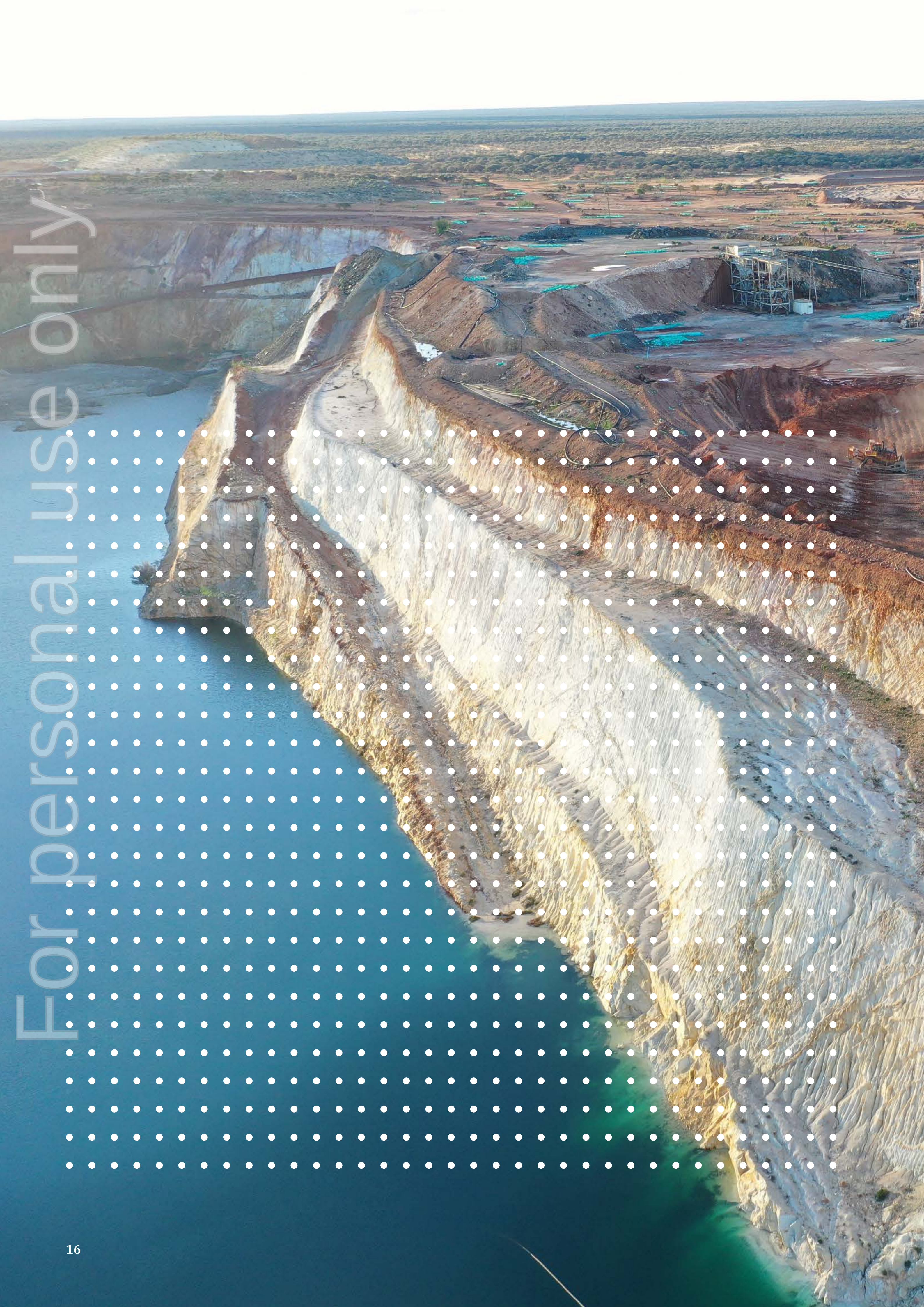
Resource Statements

The information in this report that relates to gold Mineral Resources for the Youanmi Gold Project was reported to the ASX on 23 June 2021 (JORC 2012). The Group confirms that it is not aware of any new information or data that materially affects the information included in the announcement on 23 June 2021 and that all material assumptions and technical parameters underpinning the estimates in the announcement of 23 June 2021 continue to apply and have not materially changed.

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

Exploration Results

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



During the financial year, the Youanmi Gold Project was significantly advanced through exploration and study activities.

Directors' Report

The Directors present their report on the Group consisting of the Parent entity, Rox Resources Limited ("Rox" or the "Company"), and the entities it controlled at the end of, or during, the year ended 30 June 2021 (the "financial year").

Directors

The names and details of the Directors of 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.

Mr Stephen Dennis

(Non-Executive Chairman, appointed 1 August 2015)
BCom, BLLB, GradDipAppFin

Mr Dennis has been actively involved in the mining industry for over 35 years. He has held senior executive roles in a number of Australian resources companies and was previously the Chief Executive Officer and Managing Director of CBH Resources Ltd, the Australian subsidiary of Toho Zinc Co Ltd of Japan.

Mr Dennis is currently the Non-Executive Chairman of Kalium Lakes Limited, Marvel Gold Limited, Heron Resources Limited, and Burgundy Diamond Mines Ltd. In the past three years he was previously a director of Lead FX Inc.

Mr Alex Passmore

(Managing Director, appointed 1 May 2019) - B.Sc (Hons), GradDipAppFin, FIASIG, GAICD

Mr Passmore is Rox's Managing Director, a position he has held since 1 May 2019. He is a qualified geologist with extensive corporate experience. Mr Passmore holds a Bachelor of Science degree with First Class Honours in Geology from the University of Western Australia and a Graduate Diploma of Applied Finance from the Securities Institute of Australia.

Mr Passmore is an experienced corporate executive and company director with recent appointments including Managing Director of Cockatoo Iron NL, Non-Executive Director of Aspire Mining Ltd, Non-Executive (and Executive) Director of Equator Resources Ltd/Cobalt One Ltd (which merged with TSX-listed First Cobalt Corp), and CEO of Draig Resources Ltd (now Bellevue Gold Ltd).

Mr Passmore has also spent a considerable time in the finance sector, where he became well known over ten years at Patersons Securities Ltd in roles such as Director - Corporate Finance, Head of Research, Resources Analyst, and Institutional dealer. He was also Executive Director - Natural Resources & Institutional Banking for Commonwealth Bank of Australia for two years.

In the last three years Mr Passmore has been a director of Pearl Gull Iron Limited, Cannon Resources Limited, and Blencowe Resources Limited (London listed).

Dr John Mair

(Non-Executive Director, appointed 24 October 2019)
PhD (Econ Geol), Member AusIMM

Dr Mair is an economic geologist with extensive international experience across technical, managerial and corporate fields. He holds a PhD in Economic Geology (UWA) and held the position of post-doctoral research fellow at the Mineral Deposit Research Unit, UBC, Canada.

Dr Mair brings a deep understanding of a range of gold deposits types from experience working in Western Australia, New South Wales, Alaska, Yukon and British Columbia amongst other places. He has authored numerous papers in leading scientific journals on the geology of gold deposits.

Dr Mair is the Managing Director of Greenland Minerals Ltd which is developing the globally significant Kvanefjeld rare earths project in Greenland. He has been integral in the technical development of Kvanefjeld, the corporate evolution of Greenland Minerals Ltd, and the commercial and strategic alignment with international rare earths group Shenghe Resources Holding Co Ltd. Dr Mair has worked closely with the Greenland and Danish governments on matters pertaining to regulation. He has significant experience and connections in global capital markets.

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

Mr Christopher Hunt

(Company Secretary, appointed 6 May 2021) - B.Bus, FCPA, GAICD

Mr Hunt is an experienced finance executive with over 25 years' experience predominately in the resources and construction industries. He has held senior finance roles for close to 15 years and has strong experience in feasibility studies, corporate financing, and mining operations. Mr Hunt's most recent resources' experiences were as the Chief Financial Officer for BC Iron Limited, Crossland Resources Limited, FerrAus Limited and Cliffs Natural Resources.

Mr Hunt holds a Bachelor of Business, is a Fellow CPA, a graduate from the Australian Institute of Company Directors and has completed a Graduate Diploma of Applied Finance from the Securities Institute of Australia.

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

Mr Brett Dickson

(Company Secretary, appointed 22 November 2003, resigned 30 June 2021 : Executive Finance Director, appointed 31 March 2010, resigned 16 October 2020) - B.Bus, FCPA, FGIA, MAICD

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 for a number of successful resource companies listed on the ASX and is currently the Company Secretary and Chief Financial Officer for Azure Minerals Limited.

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

Interest in the Share and Options of the Company

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

Shareholder	Ordinary Shares	Unlisted Options
Stephen Dennis	808,483	666,667
John Mair	107,878	666,667
Alex Passmore	2,195,150	4,000,000

(Loss)/Profit Per Share

	2021	2020
Basic and diluted (loss)/profit per share	(8.30) cents	(7.73) 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.

Rounding of Amounts

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

Operating and Financial Review

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

Nature of Operations and Principal Activities

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

Results from Operations and Financial Position

The Group incurred a net loss after tax for the year ended 30 June 2021 of $11.8 million (2020: $7.5 million). The loss includes exploration expenditure charged directly to the consolidated statement of comprehensive income of $6.4 million (2020: $4.8 million). Net cash outflows from operating activities were $7.8 million (2020: $6.7 million).

At 30 June 2021, the Group had cash on hand of $11.9 million (2020: $10.6 million). The Directors believe the Group maintains a prudent capital structure and is in a robust position to continue progressing its projects.

Review of Operations

During the financial year, the Group was principally focussed on the OYG joint venture and other regional joint ventures at the Youanmi Gold Project. Additionally, further exploration was undertaken on the Mt Fisher Gold/Mt Eureka Project.

For further information on these projects please refer to the Review of Operations within this Annual Report.

Employees

At 30 June 2021, the Group had 11 full-time employees and 1 casual employee (2020: 5 full-time employees and 1 casual employee).

Risk Management

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

The Group 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 Audit and Risk 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 Group's vision, mission and strategy statements, designed to meet stakeholders needs and manage business risk; and
- 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 financial year and the numbers of meetings attended by each Director were as follows:

	Directors' Normal Meetings		Directors' Remuneration Meetings		Directors' Nomination Meetings		Directors' Audit and Risk Meetings	
	No. Eligible	No. Attended	No. Eligible	No. Attended	No. Eligible	No. Attended	No. Eligible	No. Attended
Stephen Dennis	13	13	2	2	-	-	1	1
John Mair	13	13	2	2	-	-	-	-
Alex Passmore	13	13	-	-	-	-	1	1
Brett Dickson	4	4	-	-	-	-	-	-

Committee Membership

As at the date of this report, the Group does not have separately constituted Audit & Risk, Nomination or Remuneration Committees. The full Board acts as those committees under specific charters.

Significant Changes in State of Affairs

During the financial year, the following significant changes in state of affairs occurred:

- Issued 20,952,3811 shares at $0.525[1] each to raise $11,000,000 (before costs) to Hawkes Point, plus one free attaching option in the Company for every two shares subscribed for. The investment from Hawke's Point will underpin the Group's exploration and development plans in the near term.
- The Company announced a demerger of its nickel and base metals assets through its 100% owned subsidiary Cannon Resources Limited ("Cannon") by way of an Initial Public Offering (IPO). The demerger was completed subsequent to 30 June 2021, with Cannon being admitted to the ASX on 10 August 2021 and commencing trading on 12 August 2021.
- The Company completed a 15 to 1 share consolidation with an effective date of 28 June 2021, with the number of shares on issue decreasing from 2,364,114,177 to 157,607,614.

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

Note 1. Post 15 to 1 share consolidation

Matters Subsequent to the End of the Financial Year

Cannon Demerger

Since the end of the financial year the Group has demerged its nickel and base metals assets through its newly incorporated 100% owned subsidiary Cannon Resources Limited by way of an IPO. Cannon was admitted to the ASX on 10 August 2021 and commenced trading on 12 August 2021.

Teck Receivable

The Company and Teck Australia Pty Ltd agreed to bring forward a deferred cash settlement due to the Company from the sale of Rox's interest in the Reward Zinc-Lead Project. Rox completed the sale of its interest in Reward Zinc-Lead Project in February 2017 and as part of the consideration $3.75m was due to Rox at the earlier of the completion of a Bankable Feasibility Study or 6 years, being 16 February 2023. On 20 July 2021 Rox and Teck agreed to settle the deferred cash consideration for $3.1m, payable to Rox by 1 September 2021. Payment was subsequently received on 26 August 2021.

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 Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Environmental Issues

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

Likely Developments and Expected Results of Operations

The Group will continue to explore its mineral tenements, with particular focus on the Youanmi Gold Project.

Indemnification and Insurance of Directors and Officers

During the financial year, the Company paid an insurance premium to insure certain officers of the Company.

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 Group. The total amount of insurance premium paid is confidential under the terms of the insurance policy.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Pitcher Partners BA & A Pty Ltd ("Pitcher Partners"), 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 Pitcher Partners during or since the financial year.

Share Options

At the date of the Directors' Report, the following unlisted options are exercisable:

Options (Number) [1]	Exercise Price	Expiry Date
1,333,333	0.225	31 January 2022
4,466,668	0.495	30 November 2022
1,333,333	1.50	31 December 2023
1,333,333	1.875	31 December 2023
1,333,333	2.25	31 December 2023
660,000	0.825	25 May 2024
10,476,190	1.05	26 March 2025

During the year the following options were issued:

Options (Number) [1]	Exercise Price	Expiry Date
860,000	0.763	25 May 2024

Subsequent to the end of the financial year, 200,000 of the options issued during the financial year lapsed due to the conditions becoming incapable of being satisfied.

During the year the following options were exercised:

Options (Number) [1]	Exercise Price	Expiry Date
616,667	0.360	30 November 2020
1,066,666	0.495	30 November 2022

No options have been exercised since the end of the financial year.

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

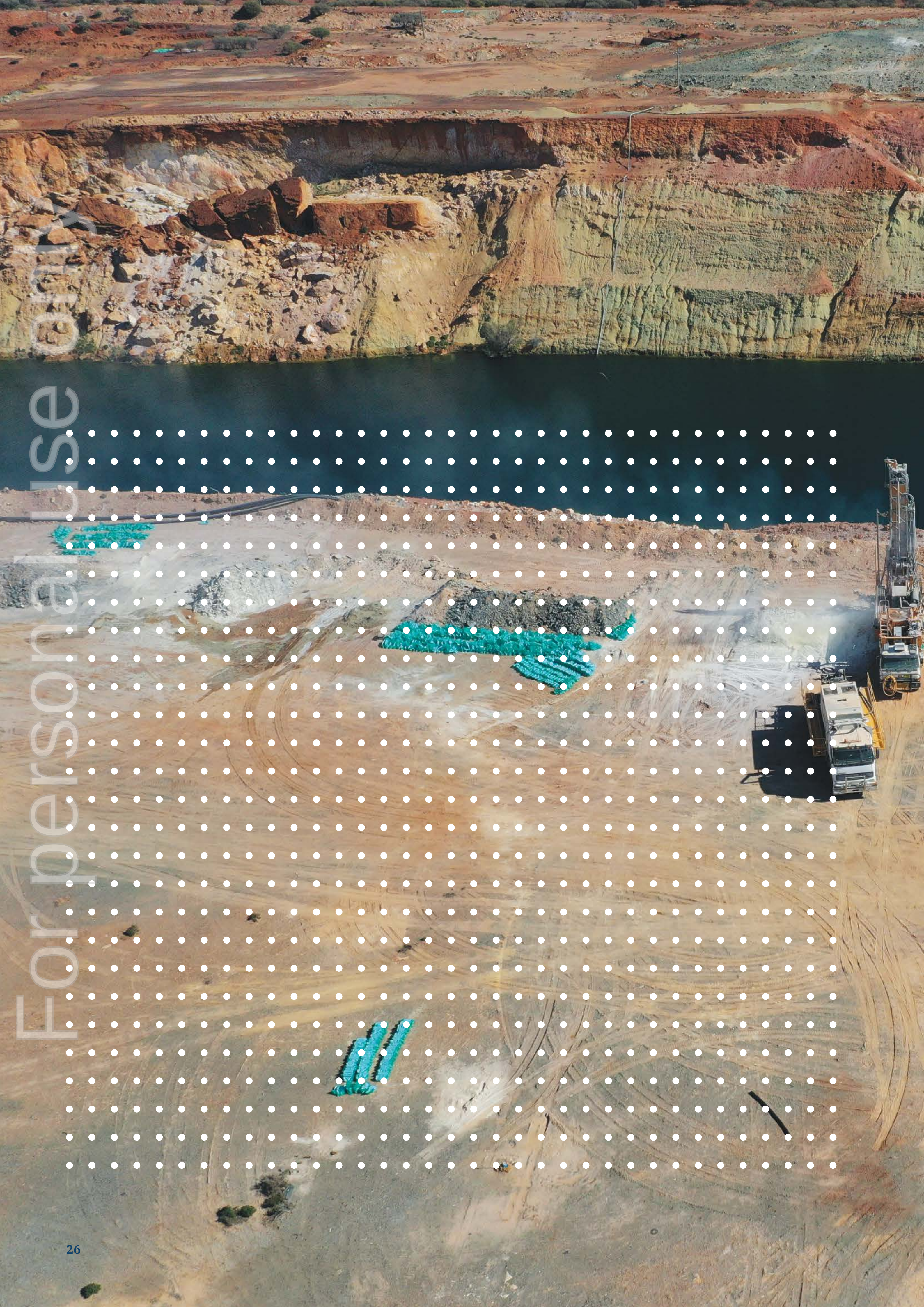
Section 307C of the *Corporations Act 2001* requires the Company's Auditors to provide the Directors of Rox Resources Limited with an Independence Declaration in relation to the audit of the full-year financial report. This report has been received and is attached to the Directors' Report at page 38.

Non-Audit Services

During the financial year the entity's auditor, Pitcher Partners, provided the following non-audit services:

Non-audit service	Fees ($)
Demerger accounting assistance in relation to Cannon Resources Limited	24,000
Taxation assistance for Cannon Resources Limited	5,000
Total	**29,000**

Note1. Option numbers are post 15 to 1 share consolidation



During the financial year, the Group was principally focussed on the OYG joint venture and other regional joint ventures at the Youanmi Gold Project.

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) are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including all Directors of the Company.

Details of Key Management Personnel

Alex Passmore	Managing Director *(appointed CEO on 1 February 2019, appointed Managing Director 1 May 2019)*
Stephen Dennis	Non-executive Chairman *(appointed 1 August 2015)*
John Mair	Non-executive Director *(appointed 24 October 2019)*
Chris Hunt	Chief Financial Officer *(appointed 3 May 2021)* and Company Secretary *(appointed 6 May 2021)*
Matt Antill	General Manager - Youanmi Operations *(appointed 5 April 2021)*
Gregor Bennett	Exploration Manager *(appointed 1 July 2020)*
Brett Dickson	Executive Director and Company Secretary *(Company Secretary, appointed 22 November 2003, resigned 30 June 2021; Executive Finance Director, appointed 31 March 2010, resigned 16 October 2020)*

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

Remuneration Committee

The full Board acts as the Remuneration Committee and are responsible for determining and reviewing compensation arrangements for the Directors and the Managing Director.

The Board assesses the appropriateness of the nature and amount of remuneration of Directors 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 Group depends upon the quality of its Directors and Executives. To prosper, the Group must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Group 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 Executive Remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

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

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was in 2020 when shareholders approved an aggregate remuneration of $400,000 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 Non-Executive Director receives a fee for serving as a Director of the Company. The remuneration of Non-Executive Directors for the years ended 30 June 2021 and 30 June 2020 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 they reside. 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.

Executive Remuneration

Objective

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

- Reward Executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- Align interests of Executives with those of shareholders;
- Link reward with strategic goals; and
- Ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of Executive remuneration the Board considers 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")

  - long term incentive ("LTI").

Fixed Remuneration

Objective

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

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

Structure

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms. 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 Directors is detailed later in this report.

Variable Remuneration - STI

Objective

The objective of the STI program is to link the achievement of the Group'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 financial year (previously calendar year), are met. The targets generally 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 achieved 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 following financial year.

STI bonus for 2021 and 2020

For the financial year ended 30 June 2021 no STIs were paid.

For the 2020 financial year the maximum bonus available for Mr Passmore was $150,000. Mr Passmore was paid a bonus of $140,000 for the 2020 financial year.

Variable Remuneration – Long Term Incentive ("LTI")

Objective

The objective of the LTI plan is to reward Executives 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 is reviewed annually, although LTI's may not be granted each year. Exercise price and performance hurdles, if any, are determined at the time the LTIs are granted.

To date no performance hurdles have been set on options issued to Executives. The Company may, and at times has, imposed 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 benefit to the Executive.

Employment Contracts

Name	Terms/Notice Periods/Termination Payment
Alex Passmore (Managing Director)	Mr Passmore is paid an annual salary of $380,000 plus superannuation up to the maximum statutory concessional amount, currently $25,000 pa. Mr Passmore may resign from his position and terminate his contract by giving 3 months' notice. The Company may terminate this employment agreement by providing 3 months' written notice. If the employment is terminated by the Company the Company will make an additional payment of 6 months' Base Salary, inclusive of any amount of notice paid in lieu upon termination of the employment. The amount paid will be adjusted if necessary, to ensure compliance with section 200F (2) of the *Corporations Act 2001*. The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Managing Director 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 held will be immediately forfeited.
Chris Hunt (Chief Financial Officer and Company Secretary)	Mr Hunt is paid an annual salary of $300,000 plus superannuation up to the maximum statutory concessional amount, currently $25,000 pa. Employment can be terminated with 3 months' notice by Mr Hunt or the Company. The Company may terminate the contract at any time without notice if serious misconduct has occurred.
Matt Antill (General Manager)	Mr Antill is paid an annual salary of $290,000 plus superannuation up to the maximum statutory concessional amount, currently $25,000 pa. Employment can be terminated with 3 months' notice by Mr Antill or the Company. The Company may terminate the contract at any time without notice if serious misconduct has occurred.
Gregor Bennett (Exploration Manager)	Mr Bennett is paid an annual salary of $179,909 plus superannuation up to the maximum statutory concessional amount, currently $25,000 pa. Employment can be terminated with 4 weeks' notice by Mr Bennett or the Company. The Company may terminate the contract at any time without notice if serious misconduct has occurred.
Brett Dickson (Chief Financial Officer and Company Secretary) *Resigned 30 June 2021*	The Company Secretary, Mr Dickson is employed under a service contract through Coolform Investments Pty Ltd ("Coolform"). Under the terms of the present contact: • Coolform is paid a fixed monthly fee of $15,125 per month • Coolform may terminate the contract by giving 3 months written notice • The Company may terminate the service contract agreement by providing 3 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 Coolform an amount equal to 6 months of the fixed component of his remuneration. • The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, Coolform 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 held will be immediately forfeited.

Remuneration of Key Management Personnel

The remuneration tables below set out the remuneration information for the Directors and Executives, which includes the Managing Director, who are considered to be KMP of the Group.

	Short-term				Long-term	Post-employment	Total	Performance related
2021	Salary & fees $	STI bonus $	SBP Options $	Other $	Other $	Superannuation $	$	%
Directors								
Stephen Dennis	80,000	-	-	-	-	7,600	87,600	-
John Mair	50,000	-	-	-	-	4,750	54,750	-
Alex Passmore	380,000	-	-	-	-	25,000	405,000	-
Brett Dickson[3,4]	-	-	-	81,088	-	-	81,088	-
Total Directors	**510,000**	**-**	**-**	**81,088**	**-**	**37,350**	**628,438**	**-**
Executives								
Chris Hunt[1]	50,000	-	58,333	-	-	4,167	112,500	51.9
Matt Antill[2]	72,500	-	57,167	-	-	6,250	135,917	42.1
Gregor Bennett[5]	179,909	55,000	-	-	-	25,000	259,909	21.7
Brett Dickson[3,4]	-	-	-	174,638	-	-	174,638	-
Total Executives	**302,409**	**55,000**	**115,500**	**174,638**	**-**	**35,417**	**682,964**	**25.0**
TOTAL KMP	**812,409**	**55,000**	**115,500**	**255,726**	**-**	**72,767**	**1,311,402**	**13.0**

Notes:
1. Mr Hunt was appointed as Chief Financial Officer 3 May 2021 and Company Secretary 6 May 2021.
2. Mr Antill was appointed 5 April 2021.
3. Mr Dickson resigned as a Director 16 October 2020, continued as Chief Financial Officer and Company Secretary until 30 June 2021.
4. Paid to Coolform Investments Pty Ltd for services, a related entity of Mr Dickson.
5. Mr Bennett considered a KMP from 1 July 2020.

	Short-term				Long-term	Post-employment	Total	Performance related
2020	Salary & fees $	STI bonus $	SBP Options $	Other $	Other $	Superannuation $	$	%
Directors								
Stephen Dennis	80,000	-	83,000	-	-	7,600	170,600	48.7
John Mair[2]	34,375	-	83,000	-	-	3,264	120,639	68.8
Alex Passmore	306,666	140,000	332,000	-	-	25,000	803,666	58.7
Brett Dickson[1]	-	-	124,500	181,500	-	-	306,000	40.7
Total Directors	**421,041**	**140,000**	**622,500**	**181,500**	**-**	**35,864**	**1,400,905**	**54.4**

Notes:
1. Paid to Coolform Investments Pty Ltd for services, a related entity of Mr Dickson.
2. Mr Mair appointed 24 October 2019.

Compensation Options: Granted and Vested during the year

During the financial year 660,000 options were issued to the KMP of the Group (2020: 5,000,000).

	Granted in 2021				Terms and conditions for each grant				Vested 2021		Lapsed 2021
2021	Number	Date	Fair value $	Total fair value	Exercise price $	Expiry date	First exercise date	Last exercise date	Number	%	Lapsed during the year
Executives											
Chris Hunt	333,333	18 Jun 21	0.175	58,333	0.825	25 May 24	18 Jun 21	25 May 24	333,333	100	-
Matt Antill	326,667	18 Jun 21	0.175	57,167	0.825	25 May 24	18 Jun 21	25 May 24	326,667	100	-
Total	**660,000[1]**			**115,500**					**660,000**		**-**

	Granted in 2020				Terms and conditions for each grant				Vested 2020		Lapsed 2020
2020[3]	Number	Date	Fair value $	Total fair value	Exercise price $	Expiry date	First exercise date	Last exercise date	Number	%	Lapsed during the year
Directors											
Alex Passmore	2,666,666	12 Dec 19	0.125	332,000	0.495	30 Nov 22	12 Dec 19	30 Nov 22	2,666,666	100	-
Stephen Dennis	666,667	12 Dec 19	0.125	83,000	0.495	30 Nov 22	12 Dec 19	30 Nov 22	666,667	100	200,000
John Mair	666,667	12 Dec 19	0.125	83,000	0.495	30 Nov 22	12 Dec 19	30 Nov 22	666,667	100	-
Brett Dickson	1,000,000	12 Dec 19	0.125	124,500	0.495	30 Nov 22	12 Dec 19	30 Nov 22	1,000,000	100	333,333
Total	**5,000,000[1]**			**622,500**					**5,000,000[1]**		**533,333[2]**

Notes:
1. Issued pursuant to Employee Share Option Plan.
2. Options exercisable at $0.39 (post 15 for 1 share consolidation basis) lapsed on 30 November 2019.
3. Comparatives for the year ended 30 June 20 have been adjusted for the 15 to 1 share consolidation undertaken on 28 June 2021.

For details of options granted and exercised during the 2021 and 2020 years refer to Note 21 of the Financial Statements.

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

The Group'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.

Shareholdings of Key Management Personnel

The interests of KMP of the Group in shares at the end of the financial year 2021 and financial year 2020 are as follows:

	Balance as at 1 July 2020	Granted as Remuneration	Purchased	Net Change/ Other	Shares Issued on Exercise of Options	Balance as at 30 June 2021
2021						
Alex Passmore	2,195,150	-	-	-	-	2,195,150
Stephen Dennis	608,483	-	-	-	200,000	808,483
John Mair	107,878	-	-	-	-	107,878
Chris Hunt	-	-	66,666	-	-	66,666
Matthew Antill	-	-	-	63,333		63,333
Gregor Bennett[4]	70,393	-	-	-	66,667	137,060
Brett Dickson[2]	672,272	-	-	(533,333)	946,670	1,085,609
Total	**3,654,176**	**-**	**66,666**	**(470,000)**	**1,213,337**	**4,464,179**

	Balance as at 1 July 2019	Granted as Remuneration	Purchased	Net Change/ Other	Shares Issued on Exercise of Options	Balance as at 30 June 2020
2020[3]						
Alex Passmore	2,133,333	-	61,817	-	-	2,195,150
Stephen Dennis	280,000	-	328,483	-	-	608,483
John Mair	-	-	41,211	66,667	-	107,878
Brett Dickson	651,667	-	20,605	-	-	672,272
Total	**3,065,000**	**-**	**452,116**	**66,667**	**-**	**3,583,783**

Notes:
1. Holding at the date of appointment.
2. Mr Dickson ceased providing services (as Coolform Investments Pty Ltd, a related entity of Mr Dickson) to Rox as at 30 June 2021.
3. Comparatives for the year ended 30 June 20 have been adjusted for the 15 to 1 share consolidation undertaken on 28 June 2021.
4. Mr Bennett appointed as a KMP 1 July 2020.

Options holdings of Key Management Personnel

The options held by the KMP of the Group at the end of the financial year 2021 are as follows:

	Balance at 1 July 2020[2]	Granted as Remuneration	Options Exercised	Options Expired	Balance at 30 June 2021	Options Vested Not Yet Exercised[1]
2021						
Alex Passmore	4,000,000	-	-	-	4,000,000	4,000,000
Stephen Dennis	866,667	-	(200,000)	-	666,667	666,667
John Mair	666,667	-	-	-	666,667	666,667
Chris Hunt	-	333,333	-	-	333,333	333,333
Matthew Antill	-	326,667	-	-	326,667	326,667
Gregor Bennett	533,333	-	66,667	-	466,666	466,666
Brett Dickson	1,333,333	-	(1,333,333)	-	-	-
Total	**7,400,000**	**660,000**	**(1,600,000)**	**-**	**6,460,000**	**6,460,000**

Notes:

1. All options which have vested are exercisable.

2. Opening values been adjusted for the 15 to 1 share consolidation undertaken in financial year 21.

Other Transactions with Key Management personnel

During the year the Group had the following transactions with KMP:

- An amount of $131,755 (2020: $111,905) was paid 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 $44,025 (2020) from Azure Minerals Limited being reimbursement for the provision of office staff support. An amount of $9,955 was receivable to Rox as at 30 June 2020. All transactions were on normal commercial terms and conditions.
- An amount of $333,631 (2020: nil) was paid to LG Mining Pty Ltd, a company of which Mr Passmore is a Director, for the provision of labour hire services, specifically geologists and field assistants. An amount of $136,193 was payable to LG Mining Pty Ltd as at 30 June 2021 (2020: nil). The transactions were on an arms-length basis and utilised by the Company, on a discretionary basis, for recruitment and labour hire of predominantly field staff which are in high demand in the current tight labour market. Other recruitment and labour hire firms are also utilised by the Company as required and including when terms are offered on an equal basis. Mr Passmore does not receive any remuneration from LG Mining Pty Ltd.

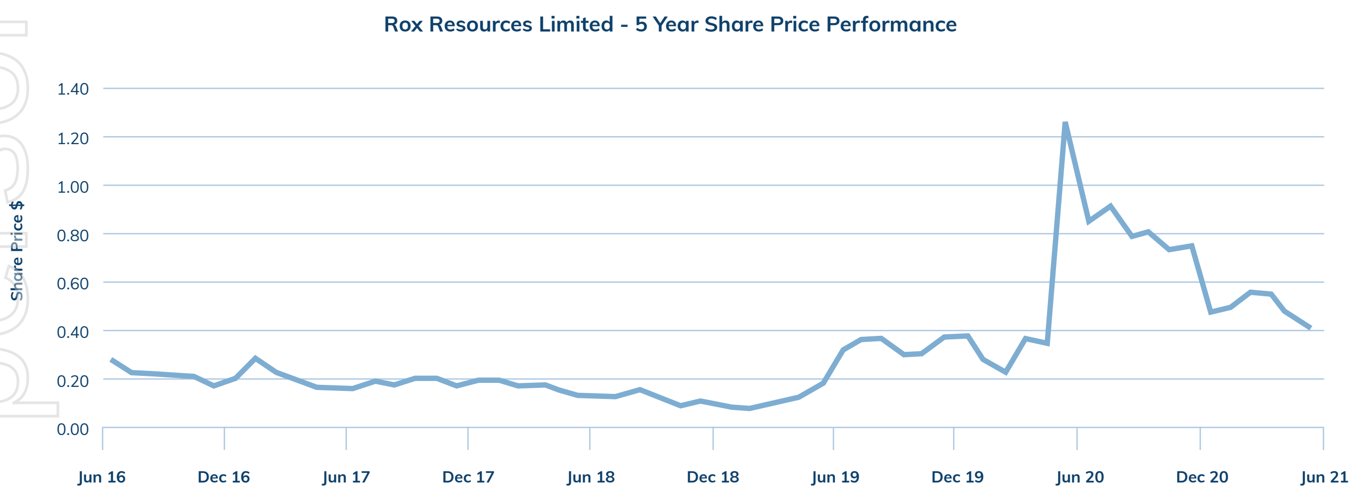
Refer to Note 26 for further detail on Related Party transactions.

All the amounts quoted above are excluding GST.

Company's Performance

The Company's share price performance shown in the below graph is a reflection of the Company's performance over the past 5 years.

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 table below sets out information about the Group's earnings and movements in shareholder value for the past 5 years up to and including the current financial year.

	2021	2020	2019	2018	2017
Net (loss)/profit after tax ($m)[1]	**(11.8)**	(7.5)	(2.8)	(3.2)	13.4
Basic (loss)/profit per share (cents)[1,2]	**(8.30)**	(7.73)	(3.30)	(3.90)	16.35
Share Price at year end (cents)[2]	**43.50**	126.00	16.8	16.50	21.00
Total dividends (cents per share)	**-**	-	-	-	-

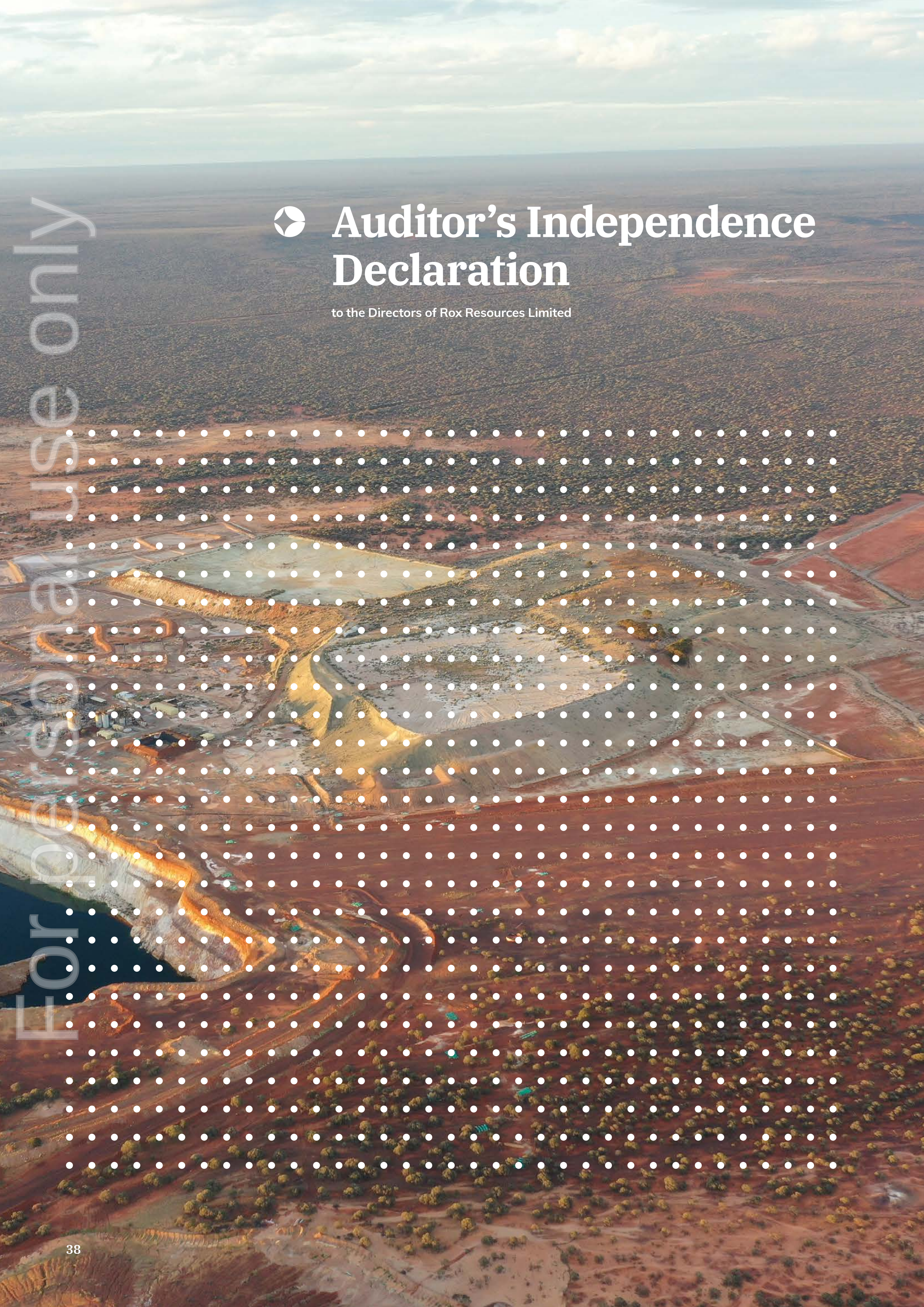
Notes:
1. Historical results have not been assessed and adjusted for the impact of new accounting standards.
2. Historical results have been adjusted for the 15 to 1 share consolidation in financial year 21.

End of Remuneration Report

Signed in accordance with a resolution of the Directors.

Alex Passmore
Managing Director

Perth, 24 September 2021



Auditor's Independence Declaration

to the Directors of Rox Resources Limited

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ROX RESOURCES LIMITED

In relation to the independent audit for the year ended 30 June 2021, to the best of my knowledge and belief there have been:

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

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

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

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

J C PALMER
Executive Director
Perth, 24 September 2021

Corporate Governance

Corporate Governance Statement

Rox Resources Limited ("the 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 4th edition. 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 the 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 **https://www.roxresources.com.au/corporate/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
- Policy on Assessing the Independence of Directors
- Policy for Trading in Company Securities
- Shareholder Communication and Investor Relations Policy
- Code of Conduct
- ASX Listing Rule Compliance
- Compliance Procedures
- Procedure for the Selection, Appointment and Rotation of External Auditor
- Corporate Governance Principles and Recommendations
- Risk Management Policy
- Policy on Whistleblower
- Policy on Continuous Disclosure
- Diversity Policy
- Induction Program
- Anti-Bribery and Anti-Corruption Policy

The Company reports below on whether it has followed each of the recommendations during financial year 2021. The information in this statement is current at 24 September 2021. This statement was approved by a resolution of the Board on 24 September 2021.

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 have documented this in its Board Charter, which is disclosed on the Company's website at

https://www.roxresources.com.au/corporate/corporate-governance/

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person or recommending 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 to elect or re-elect a Director.

The Company appointed Dr John Mair to the board on 24 October 2019 and the checks referred to in the Company's Policies and Procedures for the selection and (re)appointment of Directors were undertaken.

The Company provided shareholders with all material information in relation to the re-election of Mr Stephen Dennis and the election of Dr John Mair as Directors at its 2019 Annual General Meeting. The Company also provided shareholders with all material information in relation to the re-election of Dr John Mair as a Director in its 2020 Annual General Meeting.

Recommendation 1.3

The Company has a written agreement with each Director and Senior Executive setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its subsidiaries, has entered into with its Managing Director, any of its Directors, and any other person or entity who is a 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.

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 financial year, this included the Managing Director:

Proportion of women	
Whole organisation (including the Board)	1 out of 14 (7%)
Senior Executive positions	0 out of 3 (0%)
Board	0 out of 3 (0%)

Recommendation 1.6

The Chair is responsible for evaluating 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 financial year 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 financial year, an evaluation of the former Chief Financial Officer and Company Secretary, General Manager - Youanmi Operations and Exploration Manager 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 financial year, an evaluation of the Managing Director took place in accordance with the process disclosed in the Company’s Process for Performance Evaluations.

Principle 2 - Structure the Board to be effective and 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 to address succession issues and to ensure the Board has the appropriate balance of skills, knowledge, experience and independence to enable it to discharge its duties and responsibilities effectively. 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 financial year, are set out in a table in the Directors' Report on page 22.

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. Whilst 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. Notwithstanding the Board's current view that the composition of the Board is appropriate, as project acquisitions and development opportunities occur a review of the Board size and composition will be undertaken.

Recommendation 2.3

The Board considers the independence of Directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations and its Policy on Assessing the Independence of Directors. The independent Directors of the Company are Mr Stephen Dennis, Chairman of the Company and Dr John Mair a Non-Executive Director. None of the independent Directors of the Company have an interest, position or relationship of the type described in Box 2.3

The length of service of each Director is set out in the Directors' Report on page 18.

Recommendation 2.4

During the financial year, upon the resignation of Mr Brett Dickson as Finance Director on 16 October 2020 the Board had a majority of Directors who are independent. Prior to this, the Board did not have a majority of Directors who were independent. The Board considered that its composition 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, a review of the Board's size and composition, including the balance of independence on the Board may be undertaken in accordance with the Nomination Committee Charter.

Recommendation 2.5

The independent Chair of the Board is Mr Stephen Dennis, who is not also the Managing Director.

Recommendation 2.6

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

The Board in its capacity as the Nomination Committee, 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 the training or development that 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 - Install a culture of acting lawfully, ethically and responsibly

Recommendation 3.1

The Company has articulated its values and disclosed them throughout its governance material, including its Code of Conduct which can be found on the Company website. The Company expects that its Board and Senior Executives will conduct themselves with integrity and honesty in accordance with the Code of Conduct. Directors, Executives and employees shall deal with the Company's customers, suppliers, competitors, shareholders and each other with honesty, fairness and integrity and observe the rule and spirit of the legal and regulatory environment in which the Company operates.

The Company aims to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community and to comply with systems of control and accountability which the Company has in place as part of its corporate governance with openness and integrity.

The Company complies with all legislative and common law requirements which affect its business wherever it operates. Currently the Company only operates in Australia, should it in the future have operations overseas, it shall comply with the relevant local laws as well as any applicable Australian laws. Any transgression from the applicable legal rules is to be reported to the Managing Director as soon as a person becomes aware of such a transgression.

Recommendation 3.2

The Company has established a Code of Conduct for its Directors, Senior Executives and employees, which is disclosed on the Company's website. Any breach of that code is reported to the Board at the next meeting of Directors.

Recommendation 3.3

The Company has adopted a Whistleblower Policy to encourage the raising of any concerns or reporting of instances of any violations (or suspected violations) of the Code of Conduct (or any potential breach of law or any other legal or ethical concern) without the fear of intimidation or reprisal. Any material incidents may be reported to the Supervisors or Senior Managers, the Director, Company Secretary, the Whistleblower Protection Officer appointed by the Company as well as the other person and bodies outlined in the Company's Whistleblower Policy.

Recommendation 3.4

The Company has established an anti-bribery and corruption policy which is disclosed on the Company's website. Any material breach of that policy is immediately reported to the Managing Director and Chairman of the Board of Directors.

Principle 4 – Safeguard the integrity of corporate reports

Recommendation 4.1

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

The Company has also established a Procedure for the Selection, Appointment and Rotation of its External Auditor, which is disclosed on the Company's website. 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. Pitcher Partners, the Company's auditor, was appointed at the 2019 AGM. 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 financial year, are set out in a table in the Directors' Report on page 22.

Recommendation 4.2

Before the Board approved the Company financial statements for the half year ended 31 December 2020 and the full-year ended 30 June 2021, 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 ("the Declaration").

The Board did not receive a Declaration for each of the quarters ending 30 September 2020, 31 December 2020, 31 March 2021 and 30 June 2021 because in the Board's view its quarterly reports are not financial statements to which the Declaration can be appropriately given.

Recommendation 4.3

Processes are in place to verify the integrity of the Company's periodic corporate reports released to the market that are not audited or reviewed by the external auditor. Examples of periodic corporate reports released by the Company include quarterly cash flow reports. The process to verify is includes circulation to Senior Executives and the Board for review prior to finalising and releasing to the market. The Company has adopted a Continuous Disclosure Policy which sets out how market announcements are prepared and released and has appointed the Company Secretary as the Continuous Disclosure officer who oversees the drafting of and approves the final release of announcements. The Company Secretary is responsible for satisfying themself that the content of any announcement is accurate and not misleading and is supported by appropriate verification.

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, in particular Listing Rule 3.1. A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company's website.

Recommendation 5.2

The Company Secretary circulates all material market announcements to the Board prior to release to the ASX.

Recommendation 5.3

All new and substantive investor or analyst presentations are released to the ASX ahead of any presentation to investors.

Principle 6 - Respect the rights of security holders

Recommendation 6.1

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

Recommendation 6.2

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

Recommendation 6.3

The Company has in place, a Shareholder Communication and Investor Relations Policy, which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders. The Company encourages shareholder attendance and participation at its meetings. The Chair of the meeting allows a reasonable opportunity for members to ask questions or make comments on the management of the Company.

Recommendation 6.4

All resolutions put to meetings of shareholders are decided by way of a poll.

Recommendation 6.5

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 Limited, at www.computerhare.com.au.

Principle 7 - Recognise and manage risk

Recommendation 7.1

The Board has not established a separate Risk Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Risk Committee. 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 that 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 financial year.

Recommendation 7.3

The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's governance 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. The Board also reviews the effectiveness of its governance, risk management and internal control processes in accordance with its Audit and Risk Committee Charter and Board Charter.

Recommendation 7.4

As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment. This impact will likely increase once the Company is in production. The Company takes care to ensure that its operations comply with any environmental laws applicable to it, including the conditions attaching to any of its tenements.

Except as identified above the Company has not identified any significant exposure to any environmental and/or social sustainability risks in this financial year.

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 the risks that may have a material impact on 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, evaluate, and treat those risks (including assigning a risk owner to each risk). 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 the 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 occur when convening in the capacity of the Remuneration Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions. The Board in its capacity as the Remuneration Committee considers the level and composition of remuneration for Directors and Senior Executives and ensures that such remuneration is appropriate and not excessive, in accordance with the Remuneration Committee Charter.

Details of Director attendance at meetings of the full Board, in its capacity as the Remuneration Committee, during the financial year, are set out in a table in the Directors' Report on page 22.

Recommendation 8.2

Details of remuneration, including details of the Company's Non-Executive remuneration and Executive remuneration practices and the Company's policy on "clawback policy" regarding the lapsing of performance-based remuneration in the event of fraud or serious misconduct and the clawback of the performance-based remuneration in the event of a material misstatement in the Company's financial statements, are contained in the "Remuneration Report" which forms of part of the Directors' Report and commences at page 28 of the Company's Annual Report for year ended 30 June 2021.

Recommendation 8.3

The Company's Securities Trading Policy includes a statement of the Company's policy that participants in the Company's equity-based remuneration schemes are prohibited from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	2021 ($000's)	2020 ($000's)
Assets			
Current assets			
Cash and cash equivalents	11	**11,913**	10,568
Trade and other receivables	12	**835**	206
Prepayments		**36**	14
Other financial assets	14	**-**	68
Total current assets		**12,784**	10,856
Non-current assets			
Trade and other receivables	12	**1,109**	119
Property, plant and equipment	15	**4,236**	3,880
Capitalised exploration and evaluation expenditure	16	**10,885**	10,736
Right of use assets	13	**422**	-
Other financial assets	14	**3,210**	2,919
Total non-current assets		**19,862**	17,654
Total assets		**32,646**	28,510
Liabilities			
Trade and other payables	17	**2,720**	698
Provisions	18	**127**	66
Other financial liabilities	19	**116**	1,000
Total current liabilities		**2,963**	1,764
Non-current liabilities			
Provisions	18	**4,381**	4,367
Other financial liabilities	19	**491**	-
Total non-current liabilities		**4,872**	4,367
Total liabilities		**7,835**	6,131
Net assets		**24,811**	22,379
Equity			
Issued Capital	20	**70,596**	57,783
Reserves	20	**4,828**	3,445
Accumulated losses	22	**(50,613)**	(38,849)
Total equity attributable to shareholders		**24,811**	22,379

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

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2021

	Notes	2021 ($000's)	2020 ($000's)
Income			
Interest income	6	3	5
Other income	6	**67**	65
Expenses			
Corporate expenses		**(1,256)**	(956)
Short-term lease and occupancy related expenses		**(122)**	(112)
Salaries, wages and superannuation		**(1,005)**	(1,002)
Demerger expenses		**(284)**	-
Exploration expenditure		**(6,422)**	(4,871)
Share based payments	20	**(2,220)**	(689)
Finance expense		**(823)**	-
Depreciation and amortisation		**(81)**	(19)
Fair value movement on financial instruments at fair value through profit or loss		**379**	111
Loss on property, plant and equipment sales		**-**	(1)
Loss before income tax		**(11,764)**	(7,469)
Income tax expense	7	**-**	-
Net loss after income tax		**(11,764)**	(7,469)
Other comprehensive income			
Other comprehensive income net of tax		**-**	-
Total comprehensive loss for the year		**(11,764)**	(7,469)
Loss per share for the year attributable to shareholders		**cents**	**cents**
Basic loss per share	8	**(8.30)**	(7.73)
Diluted loss per share	8	**(8.30)**	(7.73)

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Notes	2021 ($000's)	2020 ($000's)
Cash flows from operating activities			
Interest received		3	13
Government grants		38	63
Payments to suppliers and employees		(2,169)	(1,946)
Expenditure on mineral interests		(5,245)	(4,806)
Other		(412)	(10)
Net cash used in operating activities	11	(7,785)	(6,686)
Cash flows from investing activities			
Proceeds from sale of investments		156	10
Purchase of mineral properties		-	(2,154)
Advances to joint venture partners		-	(124)
Expenditure on behalf of joint venture partner		(1,807)	(119)
Purchase of property, plant and equipment		(197)	(14)
Proceeds on sale of property, plant and equipment		2	-
Net cash used in investing activities		(1,846)	(2,401)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		11,222	16,748
Share issue costs		(246)	(1,006)
Net cash provided by financing activities		10,976	15,742
Net increase in cash and cash equivalents		1,345	6,655
Cash and cash equivalents at the beginning of the year		10,568	3,913
Cash and cash equivalents at the end of the year	11	11,913	10,568

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	Contributed equity ($000's)	Reserves ($000's)	Accumulated losses ($000's)	Total ($000's)
Balance as at 1 July 2019	42,042	2,756	(31,380)	13,418
Loss for the year	-	-	(7,469)	(7,469)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the year	-	-	(7,469)	(7,469)
Transactions with shareholders				
Issue of share capital	16,747	-	-	16,747
Share issue costs	(1,006)	-	-	(1,006)
Share-based payments	-	689	-	689
Balance as at 30 June 2020	57,783	3,445	(38,849)	22,379
Balance as at 1 July 2020	**57,783**	**3,445**	**(38,849)**	**22,379**
Loss for the year	**-**	**-**	**(11,764)**	**(11,764)**
Other comprehensive loss	**-**	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**-**	**(11,764)**	**(11,764)**
Transactions with shareholders				
Issue of share capital	**13,059**	**-**	**-**	**13,059**
Share issue costs	**(246)**	**-**	**-**	**(246)**
Share-based payments	**-**	**1,383**	**-**	**1,383**
Balance as at 30 June 2021	**70,596**	**4,828**	**(50,613)**	**24,811**

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

Note 1 – Corporate Information

Rox Resources Limited is a for profit company incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX). The consolidated financial statements of Rox Resources Limited incorporate Rox Resources Limited (the Parent) as well as its subsidiaries (collectively, the Group) as outlined in Note 29. The financial statements of the Group for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 24 September 2021.

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

Note 2 – 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 been prepared on a historical cost basis, except for certain financial investments that have been 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, which are set out in Note 4.

Comparatives

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

Rounding of Amounts

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

Share Consolidation

During financial year 2021 the Company completed a 15 to 1 share consolidation in order to simply its capital structure. All issued capital amounts and share prices have been adjusted accordingly throughout the Financial Report, including prior year comparatives.

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 Group has incurred a net loss after tax for the year ended 30 June 2021 of $11.8m (2020: $7.5m) and experienced net cash outflows from operating activities of $7.8m (2020: $6.7m). As at 30 June 2021, the Group had net current assets of $9.8m (30 June 2020: $9.1m).

The Directors believe that there are sufficient funds to meet the Group's committed minimum expenditure requirements and as at the date of this report the Directors believe they can meet all liabilities as and when they fall due. 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 will be required for the Group to continue to actively explore its mineral properties. The Directors are also aware that the Group 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 Group and are of the opinion that the use of the going concern basis of accounting is appropriate.

Note 2 – Significant Accounting Policies continued

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 Group 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) Accounting standards issued but not yet effective

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 2 – Significant Accounting Policies continued

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

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

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

AASB 2020-1 amends AASB 7 Financial Instruments: Disclosures, AASB 101 Presentation of Financial Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements. The main amendments relate to:

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

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

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

(vi) AASB 134 – to identify material accounting policy information as a component of a complete set of financial statements; and

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

AASB 2021-2 mandatorily applies to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the Group in the financial year commencing 1 July 2023.

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

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Rox Resources Limited and the subsidiaries it controls (as outlined in Note 29).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of the subsidiary to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(d) Summary of significant accounting policies

(i) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows comprise cash at bank and in hand and deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2 – Significant Accounting Policies continued

(ii) Capitalised 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.

(iii) Trade and other payables

Trade payables and other payables are initially recognised at fair value and are subsequently carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Refer also to Note 2 (d)(xvi) Financial instruments.

(iv) Issued capital

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.

(v) 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
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint operations, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

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

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

Note 2 – Significant Accounting Policies continued

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.

(vi) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently carried at amortised cost less an allowance for impairment. Refer also to Note 2 (d)(xvi) Financial instruments.

(vii) Property, plant and equipment

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

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

Asset	2021	2020
Equipment	**3-10 years**	3-10 years

Depreciation is not charged on plant until production commences.

Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

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

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

Derecognition

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.

Note 2 – Significant Accounting Policies continued

(viii) 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.

(ix) Revenue recognition

Interest revenue

Interest income 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.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Sale of Assets

Revenue from the sale of assets is recognised when the significant risks and rewards of ownership of the assets have passed to the buyer, usually on delivery of the asset.

(x) Leases

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

Expenses relating to these leases, recognised in the Statement of Comprehensive Income are as follows:

Recognised expenditure	2021 ($000's)	2020 ($000's)
Expenditure relating to short-term leases	**101**	110

During the 2020 financial year, the Group leased an office and storage premises with lease terms of 12 months or less which expired during the 2021 financial year. A lease with a 5-year term was executed by the Group in March 2021 and has been recognised on the Group's balance sheet.

Note 2 – Significant Accounting Policies continued

Leases of 12-months or greater

Lease Asset

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over the estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Lease Liability

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do depend on an index or a rate are expensed in the period in which they are incurred. Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(xi) Goods and services 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
- 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 is classified as operating cash flows.

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

(xii) 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
- 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 number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus element

Note 2 – Significant Accounting Policies continued

(xiii) Share based payment transactions

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payments, 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 of the shares at the grant date.

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 in the Statement of Comprehensive Income, 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 the extent to which the vesting period has expired and 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 sheet 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 because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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, unless the Group is loss making, then it is anti-dilutive as the inclusion of these options would reduce the loss per share.

(xiv) Provisions

Rehabilitation provision

The Group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of acquiring, or developing, the mines and installing and using those facilities.

The rehabilitation provision represents the present value of rehabilitation costs relating to the Group's mine site. Further information on the assumptions used in the determining the rehabilitation provision is set out in Note 18.

(xv) Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposures to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of the joint operations are included in the respective line items of the financial statements. Information about the joint arrangements is set out in Note 27.

(xvi) Financials instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is the date that the Group commits itself to either purchase or sale of assets.

Note 2 – Significant Accounting Policies continued

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

An instrument is a financial liability when an issuer is, or can be required, to deliver either cash or another financial asset (e.g. ordinary shares in the company) to the holder.

Where the Group has the choice of settling a financial instrument in cash or otherwise is contingent on the outcome of circumstances beyond the control of both the Group and the holder, the Group accounts for the instrument as a financial liability.

All financial liabilities are initially recognised at fair value. The Group's financial liabilities include trade payables and contingent consideration (compound financial liability).

In the prior financial year, the compound financial liability owed by the Group in relation to the Additional OYG Interest (see Note 19) was recorded initially at fair value, and subsequently at amortised cost, representing the value attributed to the liability component of the instrument. No value was attributed to the equity component.

Financial assets

Financial assets are initially recognised at fair value. The Group's financial assets include cash and cash equivalents, receivables, financial investments and the deferred consideration and the amounts owing from VMC under the funding arrangement in conjunction with the joint arrangement held with VMC (see Note 12).

The deferred consideration owed to the Group in relation to the Group's sale of the Reward Zinc-Lead Project in 2017 to Teck Resources Limited ("Teck") (see Note 14) is recognised at fair value on initial recognition and subsequent remeasurement, with the movement recorded as a fair value gain or loss on financial instruments in the Consolidated Statement of Comprehensive Income.

The Group applies the AASB 9 Financial Instruments ("AASB 9") simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Where the simplified approach to measuring the expected credit loss does not apply (i.e. the deferred consideration and the amounts owing to VMC under the funding arrangement), the Group recognises a loss allowance on initial recognition based on the 12 month expected credit losses. The Group thereafter continues to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in the credit risk since initial recognition of the financial asset. Specifically, AASB 9 requires the Group to measure the loss allowance at an amount equal to the lifetime expected credit loss.

The Group's financial investment in listed equity shares (see Note 14) has been designated as Fair Value through Profit and Loss. The Group has not made the irrevocable election to take changes in fair value, post initial recognition, to Other Comprehensive Income.

Note 3 – Financial Risk Management and Policies

Overview

This note presents information about the Group's exposure to each of the below 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 Group through regular reviews of the risks.

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

- credit risk
- liquidity risk
- market risk
- interest rate risk

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk exposure arises principally from the Group's other financial assets, receivables, including receivables from related parties, security deposits and cash and cash equivalents.

Cash and cash equivalents

The Group's cash and cash equivalents are maintained in banks with credit ratings of AA as per Standard & Poor's as at year-end.

Trade and other receivables

As the Group operates in the mining exploration sector its receivables generally relate to GST receivable from the Australian Taxation Authority and the credit risk is assessed similar to other financial instruments under AASB 9 and the credit risk is low.

Presently, the Group undertakes exploration and evaluation activities in Australia. At the balance sheet date there were no significant concentrations of credit risk and none of the Group's receivables are past due or impaired (2020: Nil).

Other financial assets

At the end of the financial year, the Group had a non-current receivable of $3.2m in present value terms resulting from the sale of the Reward Zinc-Lead project in 2017 (Note 14) to Teck. Payment was received from Teck on 26 August 2021 as per the terms of the early settlement agreement, announced to the market on 20 July 2021, refer Note 25 - Subsequent Events.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the Group's maximum credit exposure. None of the Group's trade and other receivables are past due (2020: nil). As at 30 June 2021, the Group does not have any collective impairment on its other receivables (2020: nil).

Guarantees

At the date of this report there are no outstanding guarantees (2020: nil).

Note 3 – Financial Risk Management and Policies continued

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation.

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

The Group's liquidity risk arises from other financial liabilities and trade and other payables, together comprising the Group's financial liabilities.

Financial liabilities maturing profiles as follows:

Maturity profiles	2021 ($000's)	2020 ($000's)
Less than 6 months	**2,497**	1,484
6 months to 1 year	**116**	-
1 year to 5 years	**491**	-
Greater than 5 years	**-**	-
Total	**3,104**	1,484

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 Group'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.

Equity risk

The Group considers its exposure to equity risk minimal and has not developed any policies or procedures to manage such risk.

The Group does not have an equity interest in any other companies apart from its wholly owned subsidiaries, see Note 29.

Currency risk

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

The Group 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.

Exposure to currency risk

The Group's exposure to foreign currency risk at reporting date was nil (2020: nil).

Interest rate risk

The Group is exposed to interest rate risk. The Group 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 Group's only exposure to interest rate risk is related to the balance of its cash and cash equivalents. The following table represents the Group's exposure to interest rate risk:

Variable rate instruments	2021 ($000's)	2020 ($000's)
Cash and cash equivalents	**11,913**	10,568

A change of 1% (2020: 1%) in variable interest rates would have increased or decreased the Group's equity and profit by $0.1m (2020: $0.1m) and would have had the same effect on cash. The 1% sensitivity is based on reasonable possible movements over a financial year, after observation of a range of actual historical rate movement over the past five years.

Note 3 – Financial Risk Management and Policies continued

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

		2021		2020	
Financial assets and liabilities	Note	Carrying amount ($000's)	Fair value ($000's)	Carrying amount ($000's)	Fair value ($000's)
Cash and cash equivalents	11	**11,913**	**11,913**	10,568	10,568
Trade and other receivables (current)	12	**835**	**835**	206	206
Trade and other receivables (non-current)	12	**1,109**	**1,109**	119	119
Other financial assets (current)	14	**-**	**-**	68	68
Other financial assets (non-current)	14	**3,210**	**3,210**	2,919	2,919
Trade payables	17	**(2,372)**	**(2,372)**	(484)	(484)
Other financial liabilities (current)	19	**(116)**	**(116)**	(1,000)	(1,000)
Other financial liabilities (non-current)	19	**(491)**	**(491)**	-	-
Total		**14,088**	**14,088**	12,396	12,396

The Directors consider the carrying amount of the financial instruments to be a reasonable approximation of their fair value on account of their short to medium-term maturity cycle.

Assets measured at fair value

Financial assets	Note	Date of Valuation	Value ($000's)	Level 1[a] ($000's)	Level 2[b] ($000's)	Level 3[c] ($000's)
2021						
Other financial assets (non-current) - Deferred consideration	14	30 Jun 2021	**3,210**	-	-	**3,210**
2020						
Other financial assets (current) - Shares in listed company	14	30 Jun 2020	68	68	-	-
Other financial assets (non-current) - Deferred consideration	14	30 Jun 2020	2,919	-	-	2,919

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

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

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

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

Note 3 – Financial Risk Management and Policies continued

Reconciliation of recurring level 3 fair value movements

Other financial assets - deferred consideration (non-current) (Level 3)	Value ($000's)
Opening balance	2,919
Total gains recognised in the profit or loss	291
Closing balance	**3,210**
Total gains or losses recognised in the profit or loss	
Remeasurement of financials instruments	291

Sensitivity analysis for recurring level 3 fair value measurements

For fair values in level 3, if the events below were to vary from that used to determine fair value as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the 2021 financial year and equity is as follows:

Other financial assets - deferred consideration (non-current) (level 3)	Impact on profit after ($000's)	Impact on equity ($000's)
Bankable feasibility study completed one year earlier	29	29
Cost of debt decreases by 1%	(23)	(23)

The sensitivity analysis was calculated by adjusting the net present value workings for the changes in inputs. Each input was changed separately leaving all other variables constant.

Capital management

When managing capital, management's objective is to ensure that the Group 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 Group.

The Group 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 Group does not have any borrowings and has no current plans to obtain any debt facilities; as a result, the Group's total capital is defined as shareholders' equity, and at 30 June stood at:

	2021 ($000's)	2020 ($000's)
Equity	**24,811**	22,379

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

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 Group's accounting policy for exploration and evaluation is set out in Note 2(d)(ii) 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, management conclude that they are unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the Consolidated Statement of Comprehensive Income.

Share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the binominal formula. For options issued in this financial year, the assumptions detailed as per Note 21 were used.

Fair value measurement

The Group's accounting policy for Financial Instruments is set out in Note 2(d)(xvi).

Where the fair values of financial assets and liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including discounted cashflows. The input into these models is taken from observable inputs where possible. In the prior financial year, judgements to determining the fair value of the compound financial instrument (see Note 19) included consideration of the timing and likelihood of shareholders approving the issue of shares to Venus Corporation. Changes in assumptions about these factors could affect the reported fair value of financial instruments, which also may differ from amounts at settlement.

Joint control

The Group's accounting policy for Joint Arrangements is set out in Note 2(d)(xv). AASB 11 Joint Arrangements requires an investor to have contractually agreed the sharing of control when making decisions about the relevant activities (in other words requiring "the unanimous consent of the parties sharing control). However, what these activities are is a matter of judgement.

Please see Note 27 for more information on the Group's joint operations.

Rehabilitation

The Group made a full provision for its share of the future cost of rehabilitating the Youanmi Gold Project and related production facilities on a discounted basis at the time of acquiring its interest in mine and related facilities.

The rehabilitation provision represents the present value of rehabilitation costs relating to Youanmi Gold Project under the OYG joint venture. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time.

Note 4 – Significant accounting judgements, estimates and assumptions continued

Furthermore, the timing of rehabilitation (see Note 18) is likely to depend on when, or if, the Group and its joint venture partner make a decision to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

Benefit from deferred tax losses

The future recoverability of the carried forward tax losses are dependent upon Group's ability to generate taxable profits in the future in the same tax jurisdiction in which the losses arise. This is also subject to determinations and assessments made by the taxation authorities. The recognition of a deferred tax asset on carried forward tax losses (in excess of taxable temporary differences) is dependent on management's assessment of these two factors. The ultimate recoupment and the benefit of these tax losses could differ materially from management's assessment.

Potential future income tax benefits attributable to gross tax losses carried forward have not been brought to account at 30 June 2021 because the 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 Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the losses and deductions to be released; and

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

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

Note 5 – Segment information

Identification of Reportable Segments

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.

The Group operates within the mineral exploration industry within Australia.

The Group determines its operating segments by reference to internal reports that are reviewed and used by the Board of Directors (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The Board of Directors currently receive Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income information that is prepared in accordance with Australian Accounting Standards.

The Consolidated Statement of Financial Position and Consolidated 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 Group has only one operating segment, being exploration, and the segment operations and results are the same as the Group results.

Note 6 – Income

	2021 ($000's)	2020 ($000's)
Interest income		
Interest income	**3**	5
Other income		
Government grants	**37**	63
Gain on sale of investments	**-**	2
Lease income	**30**	-
Total other income	**67**	65

Note 7 – Income tax expense

The major components of income tax expenses are:	2021 ($000's)	2020 ($000's)
Income statement		
Current income tax	-	-
Current income tax charge/(benefit)	-	-
Deferred income tax	-	-
Relating to origination and reversal of temporary differences	-	-
Income tax expense/(benefit) reported in the statement of comprehensive income	-	-
Accounting (loss)/ profit before tax from continuing operations	**(11,764)**	(7,469)
At the Group's statutory income tax rate of 30%	**(3,530)**	(2,241)
Other	**(83)**	(47)
Tax gain on sale of tenements	**2,453**	-
Share based payments	**666**	207
Share registry costs	**-**	(76)
Prior year adjustment to deferred tax balances	**(348)**	(305)
Utilisation of tax losses not previously brought to account	**(1,346)**	-
Deferred tax assets not brought to account (gross)	**2,188**	2,462
Income tax expense/(benefit) reported in the Statement of Comprehensive Income	**-**	-

Note 7 – Income tax expense continued

Deferred income tax

	Statement of financial position		Statement of comprehensive income	
Deferred income tax as at 30 June relates to the following:	**2021 ($000's)**	**2020 ($000's)**	**2021 ($000's)**	**2020 ($000's)**
Deferred tax liabilities				
Prepayments	**-**	14	**(14)**	9
Property, plant & equipment	**(827)**	(827)	**-**	-
Mining tenements	**(796)**	-	**(796)**	-
ROU asset – office lease	**(272)**	-	**(272)**	-
Deferred tax assets				
Accruals	**-**	35	**(35)**	26
Provision for employee entitlements	**64**	26	**38**	8
Provision for rehabilitation	**1,303**	1,303	**-**	-
Lease liability – office lease	**272**	-	**272**	-
Business-related costs	**352**	-	**352**	-
Revenue tax losses	**10,617**	9,368	**1,249**	2,462
Deferred tax assets not brought to account as realisation is not probable	**(10,713)**	(9,919)	**(794)**	(2,505)
Net deferred tax assets/(liabilities)	**-**	**-**	**-**	

Potential future income tax benefits attributable to gross tax losses of $35.4m (2020: $31.2m) carried forward have not been brought to account at 30 June 2021 because the 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 Group 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 Group continues to comply with the conditions for deductibility imposed by the law

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

Tax losses carried forward have no expiry date.

Note 8 – Earnings per share

	2021 ($000's)	2020 ($000's)
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Net loss	**(11,764)**	(7,469)
Weighted average number of ordinary shares used in calculating basic earnings per share	**141,810**	96,625
Effect of dilutive securities: Share options[a]	**-**	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**141,810**	96,625

[a]Share options are not dilutive as their inclusion would give rise to a reduced loss per share.

There was a total of 21,136,190 share options that were potentially dilutive to shares on issue at 30 June 2021 (2020: 8,350,001).

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 2021

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

Note 9 – Director and Executive disclosures

(a) Details of Key Management Personnel

Alex Passmore	Managing Director (appointed CEO 1 February 2019, appointed MD 1 May 2019)
Stephen Dennis	Non-executive Chairman (appointed 1 August 2015)
John Mair	Managing Director (appointed 24 October 2019)
Chris Hunt	Chief Financial Officer (appointed 3 May 2021) and Company Secretary (appointed 6 May 2021)
Matt Antill	General Manager – Youanmi Operations (appointed 5 April 2021)
Gregor Bennett	Exploration Manager (appointed 1 July 2020)
Brett Dickson	Executive Director and Company Secretary (Company Secretary, appointed 22 November 2003, resigned 30 June 2021; Executive Finance Director, appointed 31 March 2010, resigned 16 October 2020)

There were no changes of Key Management Personnel after the reporting date and before the date that the financial report was authorised for issue.

Note 9 – Director and Executive disclosures continued

(b) Compensation of Key Management Personnel by category

	2021 ($000's)	2020 ($000's)
Incentive plan		
Short-term	**1,239**	1,365
Post-employment	**72**	36
Total	**1,311**	1,401

Note 10 – Auditor's remuneration

	2021 ($000's)	2020 ($000's)
Remuneration of the current auditor of the Group, Pitcher Partners, for:		
Audit and review of the financial report - Rox Resources Limited	**45**	40
Audit and review of the financial report - Cannon Resources Limited	**24**	-
Demerger accounting assistance	**24**	-
Total	**93**	40

Note 11 – Cash and cash equivalents

	2021 ($000's)	2020 ($000's)
Cash and cash equivalents	**11,913**	10,568
Cash at bank earns interest at floating rates based on daily deposit rates		
Reconciliation of net loss after income tax to net cash flow from operations		
Net loss after income tax	**(11,764)**	(7,469)
Adjustments to reconcile profit before tax to net operating cash flows		
Depreciation and amortisation	**81**	19
Finance expense	**823**	-
Share based payments	**2,220**	689
Other income	**(16)**	-
Short-term lease and occupancy related expenses	**(47)**	-
Loss/(profit) on sale of property, plant and equipment		(1)
Fair value movement on financial instruments at fair value through profit or loss	**(379)**	(111)
Changes in assets and liabilities		
(Increase)/decrease in prepayments	**(22)**	(11)
Increase/(decrease) in provisions	**75**	20
Increase/(decrease) in trade payables/accruals	**1,946**	215
(Increase)/decrease in receivables	**(702)**	(37)
Cash out-flow from operations	**(7,785)**	(6,686)

The Group does not have any credit standby arrangements, used or unused loan facilities.

Note 12 – Trade and other receivables

	2021 ($000's)	2020 ($000's)
Current		
Other receivables (i)	**293**	71
Advances to JV partners (ii)		
Venus Joint Venture (RXL earn-in to 50%, VMC 100%)	-	99
Youanmi Joint Venture (RXL earn-in to 45%, VMC 90%, 10% Legendre)	-	15
Currans Find & Pincher Joint Venture (RXL 45%, VMC 45%, MER 10%[a])	-	10
Total advances to JV partners	-	124
Cannon Resources Limited (i)	**542**	-
Other related parties (i)	-	11
Total	**835**	206
Non-current		
Amounts owing from JV partner (iii)	**1,109**	119

[a]*Murchison Earthmoving & Rehabilitation Pty Ltd*

(i) Receivables, including from related parties (see Note 26), generally have 30-day terms and are unsecured.

(ii) VMC was manager of the earn-in/joint ventures listed above during the 2020 financial year. During the 2021 financial year, Rox assumed the manager role for these projects.

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

In accordance with the draft joint arrangement with VMC, all approved expenditure (the "Expenditure") incurred in accordance with the OYG JV must be borne and paid for by the Joint Venturers severally in proportion to their prospective interests (30 June 2021: RXL: 70%, VMC 30%).

Under the draft OYG JV agreement, VMC may elect in writing (until a Decision to Mine is made) to not fund their percentage share of the expenditure but instead request the Group to fund such expenditure by way of a loan provided to VMC. Accordingly, the Group agrees to contribute to VMC's share of costs on the following basis:

(1) on receipt from VMC of an Election Notice within 2 business days of a billing statement (cash call) being receipted

(2) evidence in writing demonstrating (to the Group's satisfaction) of VMC's inability to contribute to its percentage share of expenditure

No interest is payable on outstanding amounts under this loan arrangement.

Repayment

Repayment of amounts loaned to VMC under this arrangement will be repayable solely from:

(1) VMC's percentage share of the sale proceeds from the sale of any OYG JV property, including gold produced.

(2) the sale proceeds from any sale by VMC to a third party of all, or part, of its OYG JV interest and interest in the tenements.

(3) the portion of the sale proceeds to which VMC is entitled from a sale arising from the event described in Note 27.

The loan is secured over VMC's interests in the OYG joint venture.

Note 13 – Right of use assets

	2021 ($000's)	2020 ($000's)
Office lease		
Opening balance	**-**	-
Addition of lease asset	**465**	-
Accumulated amortisation on lease asset	**(43)**	-
Closing balance	**422**	-

Note 14 – Other financial assets

	2021 ($000's)	2020 ($000's)
Current		
Financial investments at fair value through profit and loss (i)	-	68
Total	-	68
Non-current		
Deferred consideration (ii)	**3,210**	2,919
Total	**3,210**	2,919

(i) Financial investments at fair value through profit or loss include investments in listed equity shares. Fair values are classified as level 1, such that these equity shares are determined by reference to published price quotations in an active market.

(ii) In 2017, the Group sold the Reward Zinc-Lead project which included a deferred consideration component of $3,750,000 to be received at the earlier of the acquirer completing a bankable feasibility study or 6 years. The non-current receivable represents the net present value of that deferred consideration using a pre-tax nominal discount rate of 10%. Payment was received from Teck on 26 August 2021 as per the terms of the early settlement agreement, announced to the market on 20 July 2021, refer Note 25 - Subsequent Events.

Note 15 – Property, plant and equipment

	2021 ($000's)	2020 ($000's)
Plant at cost	**3,850**	3,850
Vehicles and equipment at cost	**327**	139
Leasehold improvements at cost	**205**	-
Accumulated depreciation	**(146)**	(109)
Total property, plant and equipment	**4,236**	3,880
Movement in property plant and equipment		
Balance as at 1 July, net of accumulated depreciation	**3,880**	2,787
Plant additions – at cost	**-**	1,100
Vehicles and equipment additions – at cost	**192**	14
Leasehold improvements – at cost	**204**	-
Disposal – at cost	**(3)**	(60)
Accumulated depreciation on disposals	**2**	58
Depreciation	**(39)**	(19)
Balance as at 30 June, net of accumulated depreciation	**4,236**	3,880

Note 16 – Capitalised exploration and evaluation expenditure

	2021 ($000's)	2020 ($000's)
Areas of interest in exploration and evaluation phases:		
Balance at the beginning of the year	**10,736**	7,441
Acquisition of an additional 20% interest in the OYG JV	**-**	3,141
Stamp duty on acquisitions	**149**	154
Total	**10,885**	10,736

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

Note 17 – Trade and other payables

	2021 ($000's)	2020 ($000's)
Trade payables (i)	**2,372**	484
Accruals	**223**	214
Payroll liabilities and superannuation	**125**	-
Total	**2,720**	698

(i) Terms and Conditions

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

Note 18 – Provisions

	2021 ($000's)	2020 ($000's)
Current		
Employee benefits – annual leave	**127**	66
Total	**127**	66
Non-current		
Provision – rehabilitation		
Carrying amount at the beginning of the year	**4,345**	3,104
Movement in provision	**-**	1,241
Carrying amount at the end of the year	**4,345**	4,345
Employee benefits – long service leave	**36**	22
Total	**4,381**	4,367

The rehabilitation provision represents a provision for site rehabilitation of the area previously disturbed during mining activities up to the reporting date, but not yet rehabilitated at the OYG joint venture.

For financial year 2020, the movement in the rehabilitation provision represents an increase in ownership of the OYG joint venture from 50% to 70% (Note 16).

Note 19 – Other financial liabilities

	2021 ($000's)	2020 ($000's)
Current		
Compound financial liability (i)	**-**	1,000
Lease liability – office lease	**116**	-
Total	**116**	1,000
Non-current		
Lease liability – office lease		
Opening balance	**-**	-
Addition of lease liability	**531**	-
Repayments	**(40)**	-
Closing balance	**491**	-

Note 19 – Other financial liabilities continued

(i) Compound financial liability – Youanmi Gold Project

On 8 June 2020, the parties agreed to amend the term sheet whereby the consideration for the additional 20% interest would be $2,000,000 with 2 business days of the Group delivering its Exercise Notice and either:

(1) Issuing to VMC the number of Rox Shares equal to $1,000,000 divided by the deemed issue price of $0.024 (being 2,777,778 shares post 15:1 consolidation), with approval by shareholders at a meeting no later than 60 days following the Group delivering the Exercise Notice.

(2) In the event that shareholder approval is not obtained, paying VMC $1,000,000 in cash within 2 business days of the date of the meeting, or expiry of the 60-day period.

On 10 June 2020, the Group exercised its option to acquire the Additional OYG Interest (increased to 70%) and paid VMC $2,000,000 on 10 June 2020. As at this date, and 30 June 2020, the remaining consideration to acquire the additional OYG Interest represents a compound financial instrument with liability component and an equity component.

On 28 July 2020, shareholders approved the issue of 2,777,778 shares to VMC, with $1,000,000 being recognised as equity.

Note 20 – Contributed equity and reserves

(a) Contributed Equity	2021 ($000's)	2020 ($000's)
(i) Issued and paid-up capital		
Ordinary shares fully paid	**70,596**	57,783

(ii) Movement in ordinary shares on issue	Date	2021 (Number)	2021 ($000's)	2020 (Number)	2020 ($000's)
Ordinary shares					
Balance at beginning of year		**1,989,100,903**	**57,783**	1,291,280,571	42,042
Cash issue (net of costs)	26 Sep 2019	-	-	166,666,667	3,736
Cash issue (net of costs)	2 Jun 2020	-	-	364,486,792	8,239
Cash issue (net of costs)	19 Jun 2020	-	-	166,666,873	3,766
Cash issue (option exercise)	8 Jul 2020	**250,000**	**6**	-	-
Non-cash issue (option exercise)	8 Jul 2020	**9,810,893**	**837**	-	-
Non-cash issue see Note 19	30 Jul 2020	**41,666,667**	**1,000**	-	-
Cash issue (option exercise)	15 Sep 2020	**5,000,000**	**120**	-	-
Cash issue (option exercise)	27 Nov 2020	**1,000,000**	**24**	-	-
Cash issue (option exercise)	30 Nov 2020	**3,000,000**	**72**	-	-
Cash issue (net of costs)	26 Mar 2021	**314,285,714**	**10,754**	-	-
15:1 Share consolidation	28 Jun 2021	**(2,206,506,563)**	**-**	-	-
Balance at end of year		**157,607,614**	**70,596**	1,989,100,903	57,783

(iii) Terms and conditions of contributed equity

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

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

Note 20 – Contributed equity and reserves continued

(b) Reserves	2021 ($000's)	2020 ($000's)
(i) Share based payments reserve		
Balance at the beginning of the year	**3,445**	2,756
Options issued to Directors and employees (Note 21(a))	**871**	689
Options exercised by Directors and employees (Note 21(a))	**(837)**	-
Options issued to unrelated parties (Note 21(b))	**1,349**	-
Balance at the end of the year	**4,828**	3,445

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.

(c) Share Options

In March 2021, Rox issued 20,952,381 ordinary shares (post 15:1 share consolidation) to Hawke's Point for an issue price of $0.525 per share, raising $11 million before issue costs. Hawke's Point received 10,476,190 unlisted options (one option for every two shares issued) with an exercise price of $1.05. As at the balance date, Hawke's Point had not exercised any of these options.

Note 21(a) – Share based payments: Directors and Employees

(i) Employee share incentive scheme – Rox Resources Limited

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.

During the financial year 860,000 options (post 15:1 consolidation) were issued pursuant to the ESS (2020: 5,533,334) and there are no other options on issue that have been issued under the plan.

Set out below is a summary of options issued.

For the year ended 30 June 2021

Grant date	Expiry date	Exercise price (cents)	Value per option at grant date (cents)	Balance of options at the start of the year (000's)	Options granted during the year (000's)	Options exercised during the year (000's)	Options lapsed during the year (000's)	Balance of options at the end of the year (000's)	Options exercise-able at the end of the year (000's)
15 Dec 17	30 Nov 20	36.0	11.9	283,334	-	(283,334)	-	-	-
12 Dec 19	30 Nov 22	49.5	12.5	5,533,334	-	(1,066,666)	-	4,466,668	4,466,668
18 Jun 21	25 May 24	82.5	17.5	-	860,000	-	-	860,000	860,000
				5,816,668	860,000	(1,350,000)	-	5,326,668	5,326,668
Weighted average exercise price (cents)				48.8	82.5	46.7	-	53.9	53.9

Note 21(a) – Share based payments: Directors and Employees continued

For the year ended 30 June 2020

Grant date	Expiry date	Exercise price (cents)	Value per option at grant date (cents)	Balance of options at the start of the year (000's)	Options granted during the year (000's)	Options exercised during the year (000's)	Options lapsed during the year (000's)	Balance of options at the end of the year (000's)	Options exercise-able at the end of the year (000's)
15 Dec 16	30 Nov 19	39.0	12.0	250,000	-	-	(250,000)	-	-
15 Dec 17	30 Nov 20	36.0	11.9	283,334	-	-	-	283,334	283,334
12 Dec 19	30 Nov 22	49.5	12.5	-	5,533,334	-	-	5,533,334	5,533,334
				533,334	5,533,334	-	(250,000)	5,816,668	5,816,668
Weighted average exercise price (cents)				**37.4**	**49.5**	**-**	**39.0**	**48.8**	**48.8**

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.4 years (2020: 1.3 years).

Fair value of options granted under ESS

For 2021 and 2020, the fair value for options issued under the ESS was calculated using the Binomial Option valuation methodology using the following parameters.

	2021	2020
Weighted average exercise price (cents)	**82.5**	49.5
Weighted average life of the option	**3 years**	3 years
Weighted average underlying share price (cents)	**40.0**	30.0
Expected share price volatility	**93.74%**	100%
Risk-free interest rate	**0.14%**	0.7%
Number of options issued	**860,000**	5,533,334
Fair value per option (cents)	**17.5**	12.5

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.

(ii) Employee share incentive scheme – Cannon Resources Limited

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

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

During the financial year 6,750,000 options were issued pursuant to the ESS (2020: nil – prior to incorporation) and there are no other options on issue that have been issued under the plan.

Set out below is a summary of options issued.

Note 21(a) – Share based payments: Directors and Employees continued

For the year ended 30 June 2021

Grant date	Expiry date	Exercise price (cents)	Value per option at grant date (cents)	Balance of options at the start of the year (000's)	Options granted during the year (000's)	Options exercised during the year (000's)	Options lapsed during the year (000's)	Balance of options at the end of the year (000's)	Options exercise-able at the end of the year (000's)
25 Jun 21	25 Jun 24	30.0	10.7	-	6,750,000	-	-	6,750,000	6,750,000
				-	6,750,000	-	-	6,750,000	6,750,000
Weighted average exercise price (cents)				-	30.0	30.0	-	30.0	30.0

The weighted average remaining contractual life of share options outstanding at the end of the year was 3.0 years.

Fair value of options granted under ESS

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

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

(iii) Other share options

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

For the year ended 30 June 2021

Grant date	Expiry date	Exercise price (cents)	Value per option at grant date (cents)	Balance of options at the start of the year (000's)	Options granted during the year (000's)	Options exercised during the year (000's)	Options lapsed during the year (000's)	Balance of options at the end of the year (000's)	Options exercise-able at the end of the year (000's)
15 Dec 17	**30 Nov 20**	**36.0**	**11.9**	**1,200,000**	**-**	**(333,333)**	**(866,667)**	**-**	**-**
01 Feb 19	**31 Jan 22**	**22.5**	**6.0**	**1,333,333**	**-**	**-**	**-**	**1,333,333**	**1,333,333**
				2,533,333	**-**	**(333,333)**	**(866,667)**	**1,333,333**	**1,333,333**
Weighted average exercise price (cents)				**28.9**	**-**	**36.0**	**36.0**	**22.5**	**22.5**

For the year ended 30 June 2020

Grant date	Expiry date	Exercise price (cents)	Value per option at grant date (cents)	Balance of options at the start of the year (000's)	Options granted during the year (000's)	Options exercised during the year (000's)	Options lapsed during the year (000's)	Balance of options at the end of the year (000's)	Options exercise-able at the end of the year (000's)
15 Dec 17	30 Nov 20	36.0	11.9	1,200,000	-	-	-	1,200,000	1,200,000
01 Feb 19	31 Jan 22	22.5	6.0	1,333,333	-	-	-	1,333,333	1,333,333
				2,533,333	-	-	-	2,533,333	2,533,333
Weighted average exercise price (cents)				28.9	-	-	-	28.9	28.9

The weighted average remaining contractual life of share options outstanding at the end of the year was 0.6 years (2020: 1.0 year).

Note 21(a) – Share based payments: Directors and Employees continued

Fair value of other share options granted

No options outside of the ESS were granted during the 2021 or 2020 financial years.

Note 21(b) – Unrelated parties

Options issued to unrelated parties for the year ended 30 June 2021 are set out below. No options were issued to unrelated parties during the year ended 30 June 2020.

For the year ended 30 June 2021

Grant date	Expiry date	Exercise price (cents)	Value per option at grant date (cents)	Balance of options at the start of the year (000's)	Options granted during the year (000's)	Options exercised during the year (000's)	Options lapsed during the year (000's)	Balance of options at the end of the year (000's)	Options exercise-able at the end of the year (000's)
16 Sep 20	**31 Dec 23**	**150.0**	**37.3**	**-**	**1,333,333**	**-**	**-**	**1,333,333**	**1,333,333**
16 Sep 20	**31 Dec 23**	**187.5**	**33.6**	**-**	**1,333,333**	**-**	**-**	**1,333,333**	**1,333,333**
16 Sep 20	**31 Dec 23**	**225.0**	**30.3**	**-**	**1,333,333**	**-**	**-**	**1,333,333**	**1,333,333**
				-	**3,999,999**	**-**	**-**	**3,999,999**	**3,999,999**
Weighted average exercise price (cents)				-	187.5	-	-	187.5	187.5

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.5 years (2020: nil).

Fair value of options granted

For 2021, the fair value for options issued to unrelated parties was calculated using the Binomial Option valuation methodology using the following parameters.

Grant date	16 Sep 2020	16 Sep 2020	16 Sep 2020
Weighted average exercise price (cents)	150.0	187.5	225.0
Weighted average life of the option	3.4 years	3.4 years	3.4 years
Weighted average underlying share price (cents)	81.0	81.0	81.0
Expected share price volatility	89.93%	89.93%	89.93%
Risk-free interest rate	0.27%	0.27%	0.27%
Number of options issued	1,333,333	1,333,333	1,333,333
Fair value per option (cents)	37.3	33.6	30.3

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

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

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

Note 22 – Accumulated losses

	2021 ($000's)	2020 ($000's)
Balance at the beginning of the year	**38,849**	31,380
Net loss attributable to members of Rox Resources Limited	**11,764**	7,469
Balance at the end of the year	**50,613**	38,849

No dividends were paid during or since the financial year. There are no franking credits available (2020: nil).

Note 23 – Expenditure commitments

(a) Exploration commitments

The Group has entered into certain obligations to perform minimum work on mineral tenements held. The Group is required to meet tenement 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.

	2021 ($000's)	2020 ($000's)
No later than one year	**2,404**	2,214
Later than one year and not later than five years	**-**	-
Total	**2,404**	2,214

(b) Remuneration commitments

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

	2021 ($000's)	2020 ($000's)
No later than one year	-	182
Later than one year and not later than five years	-	91
Total	-	273

Note 24 – Contingent liabilities

At the financial reporting date there are no contingent liabilities. Royalties exist over a number of tenements held by the company and become payable upon the receipt of revenue from mining activities.

Note 25 – Events subsequent to the reporting date

Cannon Demerger

Since the end of the financial year the Group has demerged its nickel and base metals assets through its newly incorporated 100% owned subsidiary Cannon Resources Limited by way of an IPO. Cannon was admitted to the ASX on 10th August 2021 and commenced trading on 12th August 2021.

Note 25 – Events subsequent to the reporting date continued

Teck Receivable

The Company and Teck Australia Pty Ltd agreed to bring forward a deferred cash settlement due to the Company from the sale of Rox's interest in the Reward Zinc-Lead Project. Rox completed the sale of its interest in Reward Zinc-Lead Project in February 2017 and as part of the consideration $3.75m was due to Rox at the earlier of the completion of a Bankable Feasibility Study or 6 years, being 16 February 2023. On 20 July 2021 Rox and Teck agreed to settle the deferred cash consideration for A$3.1m, payable to Rox by 1 September 2021. Payment was subsequently received on 26 August 2021.

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

Note 26 – Related party transactions

(a) Director related transactions

Coolform Investments Pty Ltd, a company in which Mr Dickson is a Director and shareholder, received fees totalling $255,726 (2020: $181,500) for the provision of services.

An amount of $101,356 (2020: $111,905) was paid 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 $44,025 in 2020 (2021: nil) from Azure Minerals Limited being reimbursement for the provision of office staff support. An amount of $9,955 was receivable at 30 June 2020. All transactions were on normal commercial terms and conditions.

An amount of $469,823 (2020: nil) was paid to LG Mining Pty Ltd, a company of which Mr Passmore is a Director, for the provision of labour hire services, specifically geologists and field assistants. An amount of $136,193 was payable at 30 June 2021 (2020: nil). The transactions were on an arms-length basis and utilised by the Group, on a discretionary basis, for recruitment and labour hire of predominantly field staff which are in high demand in the current tight labour market. Other recruitment and labour hire firms are also utilised by the Company as required and including when terms are offered on an equal basis. Mr Passmore does not receive any remuneration from LG Mining Pty Ltd.

(b) Subsidiary related transactions

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

Note 27 – Joint operations

Youanmi Gold Project

In April 2019, the Group established four separate joint ventures with VMC whereby the Group has purchased or may earn between a 45% and 50% interest set out below.

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

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

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

Note 27 – Joint operations continued

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

Additionally, at any point up until 30 June 2021 and after the Group has contributed the $2m to exploration expenditure, the Group may elect to move to 70% ownership of the OYG Joint Venture (through delivery of an Exercise Notice) via, at VMC's election, either:

- the payment of $3m cash to VMC; or
- the payment of $1.5m cash and issuing to VMC the number of Rox shares equal to $1.5m divided by the volume weighted average price of Rox's ordinary shares on the ASX calculated over the 20 trading days immediately prior to the date the option is exercised.

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

Joint Venture costs are then to be contributed in proportion to ownership, with VMC electing under the joint venture agreement for Rox to fund its 30% of costs by way of a joint venture loan secured over VMC's interests in the Joint Venture (see Note 12).

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

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

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

On 10 June 2020, the Group met its $2m expenditure commitment and delivered the Exercise Notice, whereby exercising its option to acquire the Additional OYG Interest (increasing the Group's interest to 70%).

The Group paid VMC $2m on 10 June 2020. As at this date, and 30 June 2020, the remaining consideration to acquire the Additional OYG Interest represented a compound financial instrument with liability component and an equity component.

At 30 June 2020, with no influence over whether shareholders would approve the issue of shares, the Group valued the liability portion at $1 million with no value being attributed to the equity component.

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

Joint control

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

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

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

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

Note 27 – Joint operations continued

Venus Joint Venture (Rox 50% and VMC 50%)

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

As at 30 June 2021, the Group has earnt into been appointed manager of the Joint Venture.

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

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

As at 30 June 2021, the Group has earnt into been appointed manager of the Joint Venture.

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

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

As at 30 June 2021, the Group has earnt into been appointed manager of the Joint Venture.

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

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

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

As at the date of this report, Rox has not earnt in to the 51% target interest in the joint venture. As at 30 June 2021, the Group has contributed $759,520 to this arrangement (2020: $285,980).

Note 28 – Information relating to Rox Resources Limited (the Parent)

	2021 (000's)	2020 (000's)
Current assets	**12,591**	10,640
Total assets	**45,730**	29,431
Current liabilities	**(1,422)**	(432)
Total liabilities	**(1,948)**	(432)
Contributed equity	**70,596**	57,783
Reserves	**4,828**	3,445
Accumulated losses	**(31,642)**	(32,229)
Net assets	**43,782**	28,999
Income/(loss) of the Parent entity	**587**	(3,346)
Total comprehensive income/(loss) for the year	**587**	(3,346)

The Parent entity has contractual obligations for exploration commitments of $717,000 at balance date (2020: $861,000) and $nil remuneration commitments at the balance date (2020: $272,250).

Note 29 – Group information

Information about subsidiaries

			% Equity interest	
Entity	**Principal activities**	**Country of incorporation**	**2021**	**2020**
Rox (Mt Fisher) Pty Ltd	Mineral exploration	Australia	100	100
Rox (Murchison) Pty Ltd	Mineral exploration	Australia	100	100
Cannon Resources Limited	Mineral exploration	Australia	100	-

Directors' Declaration

For the year ended 30 June 2021

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 2021 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 matters 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 2021.

On behalf of the Board

Alex Passmore
Managing Director

Perth, 24 September 2021

PITCHER PARTNERS

ROX RESOURCES LIMITED
ABN 53 107 202 602

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Rox Resources Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

PITCHER PARTNERS

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Capitalisation of exploration and evaluation expenditure Refer to Note 2(d)(ii) and 16 to the financial report.	
As at 30 June 2021, the Group held capitalised exploration and evaluation expenditure of $10,885,000. The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the capitalised exploration and evaluation expenditure may exceed its recoverable amount. The determination as to whether there are any indicators to require the capitalised exploration and evaluation expenditure to be assessed for impairment involves a number of judgments including but not limited to: • Whether the Group has tenure of the relevant area of interest; • Whether the Group has sufficient funds to meet the relevant area of interest minimum expenditure requirements; and • Whether there is sufficient information for a decision to be made that the relevant area of interest is not commercially viable. During the year, the Group determined that there had been no indicators of impairment. Given the size of the balance and the judgemental nature of the impairment indicator assessments associated with exploration and evaluation assets, we consider this is a key audit matter.	Our procedures included, amongst others: Obtaining an understating of and evaluating the design and implementation of the processes and controls associated with the capitalisation of exploration and evaluation expenditure, and those associated with the assessment of impairment indicators. Examining the Group's right to explore in the relevant area of interest, which included obtaining and assessing supporting documentation. We also considered the status of the exploration licences as it related to tenure. Considering the Group's intention to carry out significant exploration and evaluation activity in the relevant area of interest, including an assessment of the Group's cash-flow forecast models, discussions with senior management and Directors as to the intentions and strategy of the Group. Reviewing management's evaluation and judgement as to whether the exploration activities within each relevant area of interest have reached a stage where the commercial viability of extracting the resource could be determined. Assessing the adequacy of the disclosures included within the financial report.

PITCHER PARTNERS

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

Share-based payments
Refer to Note 2(d)(xiii) and 21 to the financial report.

During the year ended 30 June 2021, the Group has issued options to advisors, directors and employees, totalling $2,220,000.

Under Australian Accounting Standards, equity settled awards for employees are measured at fair value on the measurement (grant) date taking into consideration the probability of the vesting conditions (if any) attached. This amount is recognised as an expense either immediately if there are no vesting conditions, or over the vesting period if there are vesting conditions.

In calculating the fair value there are a number of judgements management must make, including but not limited to:

- estimating the likelihood that the equity instruments will vest;
- estimating expected future share price volatility;
- expected dividend yield; and
- risk-free rate of interest.

Due to the significance to the Group's financial report and the level of judgment involved in determining the valuation of the share-based payments, we consider the Group's calculation of the share-based payment expense to be a key audit matter.

Our procedures included, amongst others:

Obtaining an understanding of the relevant controls associated with the preparation of the valuation model used to assess the fair value of share based payments, including those relating to volatility of the underlying security and the appropriateness of the model used for valuation.

Critically evaluating and challenging the methodology and assumptions of management in their preparation of valuation model, including management's assessment of likelihood of vesting, agreeing inputs to internal and external sources of information as appropriate.

Assessing the Group's accounting policy as set out within Note 2(d)(xiii) for compliance with the requirements of AASB 2 *Share-based Payment*.

Assessing the adequacy of the disclosures included in the financial report.

ROX RESOURCES LIMITED
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
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Rehabilitation provision Refer to Note 2(d)(xiv) and 18 to the financial report.	
As a result of the Group's jointly controlled interest in the OYG Joint Venture, the Group is jointly and severally liable to rehabilitate the environment disturbed by the historical operations at the Youanmi Gold Project. Rehabilitation activities are governed by a combination of legislative and licence requirements. At 30 June 2021, the consolidated statement of financial position included a provision for such obligations of $4,345,000. This was a key audit matter given the determination of this provision requires evaluating the key assumptions used by management and judgement in the assessment of the nature and extent of future works to be performed, the future cost of performing the works, the timing of when the rehabilitation will take place and the economic assumptions such as the discount and inflation rates applied to future cash outflows associated with rehabilitation activities to bring them to their present value.	Our procedures included, amongst others: Obtaining the Group's assessment of its obligations to rehabilitate disturbed areas and the estimated future cost of that work, which forms the basis for the rehabilitation provision calculations for the Youanmi Gold Project. Evaluating and testing key assumptions including economic assumptions through the performance of the following procedures: • considering the appropriateness of the qualifications and experience of the preparer as an expert in his field • examining supporting information for significant changes in future costs estimates from the prior year • considering the appropriateness of the discount rate and inflation rates applied to future cash outflows used in calculating the provision • recalculating the Group's 70% interest from the total rehabilitation provision for the Youanmi Gold Project. Assessing the adequacy of the disclosures included in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PITCHER PARTNERS

ROX RESOURCES LIMITED
ABN 53 107 202 602

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

Responsibilities of the Directors 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

PITCHER PARTNERS

ROX RESOURCES LIMITED
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INDEPENDENT AUDITOR'S REPORT
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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021. In our opinion, the Remuneration Report of Rox Resources Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

J C PALMER
Executive Director
Perth, 20 September 2021

Schedule of Mining Tenements

as at 13 September 2021

	Interest	Tenement Number	Interest held
Mt Fisher, WA	All Minerals	E53/1061	100%
	All Minerals	E53/1106	100%
	All Minerals	E53/1836	100%
	All Minerals	E53/1319	100%
	All Minerals	E53/1788	100%
	All Minerals	M53/0009	100%
	All Minerals	M53/0127	100%
Fisher East, WA	All Minerals	E36/948	100%
	Gold Rights	E53/1218	0%
	All Minerals	E53/2002	100%
	All Minerals	E53/2075	100%
	Application	E53/2062	0%
	All Minerals	E53/2095	100%
	All Minerals	E53/2102	100%
Youanmi Gold Project, WA	All Minerals	E57/1121	100%
	All Minerals	E57/1122	100%
	All Minerals	E57/1123	100%
Youanmi OYG JV, WA	All Minerals	M57/10	70%
	All Minerals	M57/51	70%
	All Minerals	M57/75	70%
	All Minerals	M57/97	70%
	All Minerals	M57/109	70%
	All Minerals	M57/135	70%
	All Minerals	M57/160A	70%
	All Minerals	M57/164	70%
	All Minerals	M/57165	70%
	All Minerals	M57/166	70%
	All Minerals	M57167	70%
Youanmi Sandstone Youanmi JV	Gold Rights	E57/985	45%
	Gold Rights	E57/986	45%
	Gold Rights	E57/1011-I	45%
	Gold Rights	P57/1365	45%
	Gold Rights	P57/1366	45%
Youanmi VMC JV, WA	Gold Rights	E57/982	50%
	Gold Rights	E57/1018	50%
	Gold Rights	E57/1019	50%
	Gold Rights	E57/1023-I	50%
	Gold Rights	E57/1078	50%
Youanmi Currans JV, WA	All Minerals	M57/641	45%
	All Minerals	M57/642	45%
Mt Eureka Cullen JV, WA	All Minerals	E53/1209	Earning up to 75%
	All Minerals	E53/1299	Earning up to 75%
	All Minerals	E53/1637	Earning up to 75%
	All Minerals	E53/1893	Earning up to 75%
	All Minerals	E53/1957	Earning up to 75%
	All Minerals	E53/1958	Earning up to 75%
	All Minerals	E53/1959	Earning up to 75%
	All Minerals	E53/1961	Earning up to 75%
	All Minerals	E53/2052	Earning up to 75%

Other Information

as at 13 September 2021

Top 20 shareholders - Ordinary Shares

No.	Shareholder	Shares held	% of issued capital
1	Citicorp Nominees Pty Limited	22,969,179	14.57
2	Venus Metals Corporation Limited	2,777,778	1.76
3	Mr Alexander Ross Passmore	2,195,150	1.39
4	Mr Daryl Kenneth Miller	1,600,000	1.02
5	CS Third Nominees Pty Limited <HSBC Cust Nom AU Ltd 13 A/C>	1,527,778	0.97
6	Mr Gabor Matoriz	1,200,000	0.76
7	Mr Richard Arthur Lockwood	933,333	0.59
8	Mr Mark John Bahen + Mrs Margaret Patricia Bahen <Superannuation A/C>	900,000	0.57
9	Mrs Marisa Mackow	846,000	0.54
10	Crescent Nominees Limited	816,667	0.52
11	Mr Stephen Bruce Dennis + Mrs Alison Jill Dennis <Dennis Super Fund A/C>	808,483	0.51
12	Mr Gregory James Blight + Mr Stephen Maxwell Blight <Gregory Blight S/F A/C>	733,333	0.47
12	Nalmor Pty Ltd John Chappell Super Fund A/C	733,333	0.47
14	Mr Peter Piotr Mackow	724,032	0.46
15	Ayers Capital Pty Ltd	720,000	0.46
16	Longreach 52 Pty Ltd	716,667	0.45
17	Ms Kellie Jean Campbell	688,333	0.44
18	Mr Alistair Mark Cameron	674,006	0.43
20	Mr John William Fawcett	666,667	0.42
20	Mr Ram Shanker Kangatharan	666,667	0.42
20	Teck Australia Pty Ltd	666,667	0.42
	Total	**43,564,073**	**27.64**

Other Information Continued

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2011* are:

Shareholder	Shares held	% of issued capital
Hawke's Point	20,952,381	13.29%

Distribution of Shareholders Number

Size of shareholding	Number of holders	Number of shares	% of issued capital
1 – 1,000	1,004	554,661	0.35
1,001 – 5,000	2,095	5,528,908	3.51
5,001 – 10,000	1,153	8,525,097	5.41
10,001 – 100,000	1,732	52,874,767	33.55
100,001 Over	228	90,124,181	57.18
Total	**6,212**	**157,607,614**	**100.00**

There is a total of 157,607,614 fully paid ordinary shares on issue, all of which are listed on the ASX. At shareholder 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.

Unmarketable Parcels

There were 1,184 shareholders holding 757,279 shares, which is less than a marketable parcel of shares in the Company at $0.40 per share.

Restricted Securities

There are no restricted securities.


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