

ROX RESOURCES LIMITED

ABN 53 107 202 602

REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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Corporate Directory

Directors:

Mr Jeff Gresham
Non-Executive Chairman

Mr Ian Mulholland
Managing Director

Mr Brett Dickson
Finance Director

Company Secretary:

Mr Brett D Dickson

Bankers:

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

Auditor:

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

Telephone: (08) 9429 2222
Facsimile: (08) 9429 2436

Solicitor:

Middletons
Level 32, St Martins Tower
44 St Georges Terrace
Perth WA 6000

Telephone: (08) 9216 0900
Facsimile: (08) 9216 0901

For shareholder information contact:

Share Registry:

Computershare Registry Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

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

Stock Exchange:

Australian Securities Exchange

Company Code:

RXL (Fully Paid Shares)

Listed Securities:

398,336,377 Fully paid ordinary shares

Un-Listed Securities:

3,850,000 3.8 cent, 26 September 2012 options
550,000 4.7 cent, 30 November 2014 options

For information on your company contact:

Principal & Registered Office:

Level 1
30 Richardson Street
West Perth WA 6005

Telephone: (08) 6380 2966
Facsimile: (08) 6380 2988
Web: www.roxresources.com.au

ROX RESOURCES LIMITED
ABN 53 107 202 602

DIRECTOR'S REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Your directors submit the financial report of the Company for the half-year ended 31 December 2011.

DIRECTORS

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

Mr Jeffrey Gresham
Mr Brett Dickson
Mr Ian Mulholland

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

REVIEW OF OPERATIONS

The loss for the half-year ended 31 December 2011 was \$2,212,030 (2010: \$480,915). This loss was principally due to significant expenditure on exploration activities during the period, \$1,873,371 (2010: \$16,253).

Mt Fisher Gold-Nickel Project, WA

During the half-year Rox completed two RC drilling programs at Mt Fisher, for a total of 8,619 metres in 48 holes, which returned a number of high grade gold intercepts and confirmed the potential for several gold resources to be estimated.

The drilling achieved a number of significant results:

- High grades were confirmed at the Moray Reef prospect,
- A potential new parallel lode was discovered at Moray Reef,
- Extension of gold mineralisation over 200m down plunge beneath the Mt Fisher mine was indicated, and
- Drilling results confirmed the potential for a shallow oxide gold resource at the Damsel prospect.

Following the receipt of the drill assays which were undertaken by the 50g fire assay technique, selected samples from Moray Reef were re-analysed by a cyanide bottle roll leach ("Leachwell") technique. The Leachwell technique is used where there is evidence of high grades or free gold and indicates the likely gold that can be recovered using the sort of gold extraction normally used in gold treatment plants. The Leachwell results indicate a 9% higher gold grade on average than the previous fire assay results from Moray Reef.

In addition airborne aeromagnetic/radiometric and VTEM geophysical surveys were completed which have produced a number of new targets for drill testing.

Resource Estimates

The results of the drilling at Moray Reef, Mt Fisher Mine and Damsel are sufficient for the company to now estimate mineral resources for these gold mineralised zones and assess further drilling to extend and increase the resources.

All of these potential gold deposits are located within 120km trucking distance of the nearest gold treatment plant. Moray Reef and Mt Fisher mine are located on granted mining leases, while Damsel is located on an exploration licence. Any additional mining from Mt Fisher mine would be subject to exercising the option to purchase the lease, and initial production would be subject to a \$5/ounce royalty payable to a previous owner. The Moray Reef deposit however, is 100% owned by Rox and is not subject to any royalties.

Marqua Phosphate Project, NT

RC Drilling

Following a soil sampling and mapping program during the December quarter that confirmed the previous interpretation of the location of the phosphate-bearing horizon at the company's Marqua phosphate project, 450km east of Alice Springs; a 29 hole, 1,900 metre RC drilling program was completed, which was designed to:

- (a) confirm high grade areas at Coquina Creek,
- (b) test new prospect areas such as Mauritania, and
- (c) test around the periphery of previously known mineralisation to test the extent.

High Grades Confirmed

Drill holes MQRC021, 022 and 026 confirmed the previous high grades intersected at the Coquina Creek prospect:

3m @ 29.8% P₂O₅ from 45 metres in hole MQRC026
4m @ 28.6% P₂O₅ from 13 metres in hole MQRC021
3m @ 22.6% P₂O₅ from 25 metres in hole MQRC022.

Two of the holes intersected grades above 30% P₂O₅:

MQRC021, 1m @ 33.6% P₂O₅ from 14m down hole, and
MQRC026, 2m @ 34.2% P₂O₅ from 46m down hole.

Mineralisation at Coquina Creek occurs over an approximate strike length of 2 kilometres and dips shallowly to the north. The area has only been drilled at wide spacing (200 metre sections) and down dip to a maximum depth of about 50 metres. A substantial deposit could exist, but will require further drilling.

Testing Of New Areas

A new potential high grade zone at the Mauritania prospect was also discovered with hole MQRC003 returning 4m @ 15.7% P₂O₅ from 14-18m down hole, including 1m @ 21.8% P₂O₅ from 15m. Further drilling in the vicinity of this drill hole is warranted.

Drill hole MQRC029 at the Library Ridge prospect also confirmed continuation of mineralisation in that location.

Drilling Around The Periphery Of Previously Known Mineralisation

Other known high grade mineralised areas also occur at Foss Hill, Red Heart and White Hill. Drilling was undertaken to test the extent of these mineralised zones over wider areas and was successful.

Extent of Phosphate Horizon and System

Currently a phosphate bearing horizon extending over 30 kilometres in strike length and dipping shallowly to the north has been drill tested at nominally 1 kilometre spacing, with closer spaced drilling in areas of outcrop, or higher grades. This extensive mineralised system has not been tested at depth, with the deepest drill only reaching 100m in depth, and most only generally testing to 50 metres depth.

Potential exists for a substantial phosphate resource to be defined at Marqua with further drilling, especially down dip to the north from known areas of high grade phosphate mineralisation.

Myrtle Zinc-Lead Project, NT (Rox 100%, Teck earning up to 70%)

During the September quarter, earn-in and potential joint venture partner Teck Australia Pty Ltd ("Teck") completed a ground gravity survey and an IP (induced polarisation) survey. These surveys have enabled a better understanding of the sub-surface structural and geological environment and enabled a number of new drill targets to be generated that could potentially host high-grade mineralisation.

The ground gravity survey involved approximately 1,700 gravity stations at a 250 x 250 metre and 500 x 500 metre spacing. The survey, covering an area of about 60km², has provided greater definition of the Myrtle basin and its extensions and has allowed more confident drill targeting.

The IP survey consisted of four (4) lines run over various parts of the Myrtle basin and its extensions. The line over the known mineralisation produced a strong anomaly and confirms IP as an important exploration tool at Myrtle. The other IP lines elucidated important features of geology and structure.

Teck has compiled all data sets (geochemistry, geophysics, drilling) into a three dimensional framework which has resulted in a fully integrated three dimensional model for Myrtle.

Diamond core drilling commenced at Myrtle during the December quarter but was suspended in late November following record rainfall in the region over the month of November which impacted drilling operations. The first hole has been drilled to 227.5 metres, in the Barney Creek Formation stratigraphically above the mineralised zone.

A total of 7 drill holes are planned to test various targets at Myrtle. Holes are designed as large step-outs to test new localised lower-order sub-basins adjacent to the major Western and Myrtle Faults.

Drilling will re-commence as soon as possible in 2012 after the end of the current wet season.

Teck have established a 10 man camp consisting of 3 portable accommodation blocks, and kitchen/ office and ablutions facilities to service drilling and field operations.

A surface geochemistry survey completed during the quarter trialled a number of new geochemical extraction (digest) methods that could be used for further exploration of the Myrtle and surrounding area. These included water leach, bioleach, calcium nitrate leach, enzyme leach, hydroxylamine leach and soil gas hydrocarbons. The partial leaches were effective in increasing the signal to noise ratio and therefore the footprint of the anomalism, but were not a significant advance on the results received by the standard aqua regia digest.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

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

AUDITORS INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of the Directors.



J. GRESHAM

Director

Perth, Western Australia

Dated this 27th day of February 2012

ROX RESOURCES LIMITED

ABN 53 107 202 602

STATEMENT COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

CONSOLIDATED

	Note	31 December 2011 (\$)	31 December 2010 (\$)
Other revenue	3	92,845	19,035
Corporate expenses		(196,644)	(167,389)
Occupancy and related expenses		(86,765)	(57,699)
Salaries, wages and superannuation		(135,568)	(234,807)
Exploration expenditure expensed		(1,873,371)	(16,253)
Share based payments to employees		(6,449)	(19,896)
Depreciation		(6,078)	(3,906)
Loss before income tax		(2,212,030)	(480,915)
Income tax expense		-	-
Net Loss for the period after income tax		(2,212,030)	(480,915)
Other comprehensive income			
Net gain on available-for-sale financial assets	4	4,500	22,500
Other comprehensive income for the period, net of tax		4,500	22,500
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(2,207,530)	(458,415)
- basic and diluted loss per share from operations attributable to the ordinary equity holders of the parent		(0.57)	(0.19)

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

ROX RESOURCES LIMITED

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

CONSOLIDATED

	Note	31 December 2011 (\$)	30 June 2011 (\$)
ASSETS			
Current Assets			
Cash and cash equivalents	5	2,381,851	4,361,129
Trade and other receivables		40,880	-
Prepayments		27,468	3,118
Total Current Assets		2,450,199	4,364,247
Non-Current Assets			
Other financial assets		18,390	-
Available for sale investments		38,250	33,750
Plant & equipment	6	80,667	81,672
Capitalised exploration & evaluation	7	1,027,000	387,000
Total Non-Current Assets		1,164,307	502,422
Total Assets		3,614,506	4,866,669
LIABILITIES			
Current Liabilities			
Trade and other payables		99,604	142,931
Provisions		49,538	43,870
Total Current Liabilities		149,142	186,801
Total Liabilities		149,142	186,801
NET ASSETS		3,465,364	4,679,868
EQUITY			
Issued capital	8	19,689,538	18,702,961
Reserves		1,200,446	1,189,497
Accumulated losses		(17,424,620)	(15,212,590)
TOTAL EQUITY		3,465,364	4,679,868

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

ROX RESOURCES LIMITED

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STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

CONSOLIDATED

	Issued Share Capital	Share Option Reserve	Available for sale Asset Reserve	Accumulated (Losses)	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
At 1 July 2011	18,702,961	1,215,747	(26,250)	(15,212,590)	4,679,868
Loss for period	-	-	-	(2,212,030)	(2,212,030)
Other comprehensive income	-	-	4,500	-	4,500
Total comprehensive loss for the half year	-	-	4,500	(2,212,030)	(2,207,530)
Transactions with owners in their capacity as owners					
Issue of share capital	986,577	-	-	-	986,577
Share issue costs	-	-	-	-	-
Share-based payments	-	6,449	-	-	6,449
Balance as at 31 December 2011	<u>19,689,538</u>	<u>1,222,196</u>	<u>(21,750)</u>	<u>(17,424,620)</u>	<u>3,465,364</u>
At 1 July 2010	13,299,864	1,186,293	-	(13,692,558)	793,599
Loss for period	-	-	-	(480,915)	(480,915)
Other comprehensive income	-	-	22,500	-	22,500
Total comprehensive loss for the half year	-	-	22,500	(480,915)	(458,415)
Transactions with owners in their capacity as owners					
Issue of share capital	5,108,154	-	-	-	5,108,154
Share issue costs	(257,695)	-	-	-	(257,695)
Share-based payments	-	19,896	-	-	19,896
Balance as at 31 December 2010	<u>18,150,323</u>	<u>1,206,189</u>	<u>22,500</u>	<u>(14,173,473)</u>	<u>5,205,539</u>

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

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STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

		CONSOLIDATED	
	Note	31 December 2011 \$	31 December 2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(463,197)	(485,041)
Payments for exploration activities		(1,716,273)	(16,253)
Net cash flows used in operating activities		(2,179,470)	(501,294)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		52,078	19,035
Payments for equipment		(5,073)	-
Payments for projects		(175,000)	-
Net cash flows from (used in) investing activities		(127,995)	19,035
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		346,577	4,721,154
Payments for share issue expenses		-	(257,695)
Security bonds repaid		(18,390)	-
Net cash flows from financing activities		328,187	4,463,459
Net increase (decrease) in cash and cash equivalents		(1,979,278)	3,981,200
Cash and cash equivalents at beginning of period		4,361,129	795,577
Cash and cash equivalents at end of period	5	2,381,851	4,776,777

The above statement of cash flows should be read in conjunction with the accompanying notes

ROX RESOURCES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

Basis of Preparation

This condensed financial report for the half year ended 31 December 2011 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial statements does not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

It is recommended that the half-year financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2011 and considered together with any public announcements made by Rox Resources Limited during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Going Concern

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

The Company has incurred a net loss after tax for the half year ended 31 December 2011 of \$2,212,030 (2010: \$480,915) and experienced net cash outflows from operating activities of \$2,179,470 (2010: \$501,294). At 31 December 2011, the Company had net current assets of \$2,301,057 (31 December 2010: net current assets of \$4,685,568).

The Directors believe there are sufficient funds to meet the Company's working capital requirements and as at the date of this report the directors believe they can meet all liabilities as and when they fall due. However the Directors recognise that additional funding either through the issue of further shares, convertible notes or a combination of both may be required for the Company to continue to actively explore its mineral properties in the long term.

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

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

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

Changes in Accounting Policy

From 1 July 2011 the Company has adopted all Australian Accounting Standards and Interpretations mandatory for annual reports beginning on or after 1 July 2011, including:

ROX RESOURCES LIMITED

ABN 53 107 202 602

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Cont'd)

Reference	Title	Application date of standard*	Application date for Group
AASB 124 (Revised)	The revised AASB 124 <i>Related Party Disclosures</i> (December 2009) simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other (b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other (c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 January 2011	1 July 2011
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] Makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 <i>Operating Segments</i> to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.	1 January 2011	1 July 2011
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 January 2011	1 July 2011

ROX RESOURCES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Cont'd)

Reference	Title	Application date of standard*	Application date for Group
AASB 2010-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13] Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	1 July 2011

New Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective have not been early adopted by the company for the interim reporting period ended 31 December 2011. The Directors have not determined the impact that the adoption of the new Australian Accounting Standards and Interpretations in future periods will have on the financial performance of the Company.

NOTE 2: OPERATING SEGMENTS

Identification of Reportable Segments

The Company has based its operating segment on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Company currently does not have production and is only involved in exploration. As a consequence, activities in the operating segment are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of service line manager and country of expenditure.

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

ROX RESOURCES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

CONSOLIDATED

	31 December 2011	31 December 2010
	\$	\$

NOTE 3: REVENUE, INCOME AND EXPENSES

Loss from ordinary activities before income tax expense includes the following revenue and expenses whose discussion is relevant in explaining the financial performance of the entity:

(a) Other revenue		
Interest revenue	92,845	19,035

NOTE 4: COMPONENTS OF OTHER COMPREHENSIVE INCOME

Available-for-sale financial assets

Gain arising during the year	4,500	22,500
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NOTE 5: CASH AND CASH EQUIVALENTS

For the purpose of the half-year statement of cash flows, cash and cash equivalents are comprised the following.

Cash at bank and in hand	2,381,851	4,776,777
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NOTE 6: PLANT AND EQUIPMENT

During the six months ended 31 December 2011, the Company acquired assets with a cost of \$5,073 (2010: \$Nil). No assets were disposed of.

NOTE 7: CAPITALISED EXPLORATION & EVALUATION

Ares of interest in exploration and evaluation phases:

Balance at the beginning of period	387,000	-
Issue of shares at fair value for project acquisition (a)	640,000	387,000
Balance at end of period	1,027,000	387,000

- (a) During the period the acquisition of the Mt Fisher project from Avoca Resources Limited was finalised resulting in the issue of 20,000,000 million Shares at 3.2 cents each.

ROX RESOURCES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 8: SHARE CAPITAL

	Shares	\$
Balance at 1 July 2010	217,566,751	13,299,864
Issued for project acquisition on 23 July 2010 at \$0.015 per share	20,000,000	300,000
Options exercised on 24 September 2010 at \$0.015 per share	802,720	12,041
Issued for project acquisition on 1 November 2010 at \$0.029 per share	3,000,000	87,000
Options exercised on 1 November 2010 at \$0.015 per share	3,429,590	51,444
Options exercised on 1 November 2010 at \$0.038 per share	2,500,000	95,000
Options exercised on 4 November 2010 at \$0.038 per share	1,250,000	47,500
Options exercised on 15 November 2010 at \$0.015 per share	470,000	7,050
Options exercised on 24 November 2010 at \$0.015 per share	2,493,884	37,408
Placement on 24 November 2010 at \$0.050 per share	76,000,000	3,800,000
Placement on 24 December 2010 at \$0.050 per share	13,405,000	670,250
Options exercised on 31 December 2010 at \$0.015 per share	30,750	461
Share issue expenses	-	(257,695)
Balance at 31 December 2010	340,948,695	18,150,323

Balance at 1 July 2011	355,231,233	18,702,961
Options exercised on 18 July 2011 at \$0.015 per share	4,161,122	62,417
Options exercised on 25 July 2011 at \$0.015 per share	3,739,121	56,087
Issued for project acquisition on 5 August 2011 at \$0.032 per share	20,000,000	640,000
Options exercised on 8 August 2011 at \$0.015 per share	15,204,901	228,073
Share issue expenses	-	-
Balance as at 31 December 2011	398,336,377	19,689,538

NOTE 9: COMMITMENTS AND CONTINGENCIES

There are no changes to the commitments and contingencies disclosed in the most recent annual financial report.

NOTE 10: EVENTS AFTER THE BALANCE SHEET DATE

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

ROX RESOURCES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 11: SHARE BASED PAYMENT

During the financial period 550,000 options were granted to two staff members. The exercise price of the options of \$0.047 was a 50% premium to the 30 day VWAP for the 30 day period immediately prior to their issue date. One half of the options vest after 6 months with the balance vesting after 18 months. The fair value of the options granted is estimated at the date of grant using a binomial pricing model, taking into account the terms and conditions upon which the options were granted and was estimated using the following assumptions:

Exercise Price (cents)	4.7
Weighted average share price	3.3
Expected life (years)	3.03
Expected volatility (%)	130
Dividend yield (%)	-
Risk-free interest rate (%)	3.23

For the six months ended 31 December 2011 the Company recognised \$6,449 of share-based payments transactions expense in the income statement (2010: \$19,896)

NOTE 12: RELATED PARTY TRANSACTION

Coolform Investments Pty Ltd, a company in which Mr Dickson is a director and shareholder, received fees totalling \$105,600 (2010: \$66,000) for the provision of services.

During the financial period the Company paid fees totalling \$49,203 (including GST) (2010:\$37,686) 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 \$6,131 (including GST) (2010:\$17,984) from Azure Minerals Limited being reimbursement for the provision of office secretarial support.

ROX RESOURCES LIMITED

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DECLARATION BY DIRECTORS

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

In the opinion of the directors

- (a) The financial statements and notes of Rox Resources Limited are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the financial position as at 31st December 2011 and the performance for the half year ended on that date of the consolidated entity.
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



J. GRESHAM

Director

Perth, Western Australia

Dated this 27th day of February 2012

To the members of Rox Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Rox Resources Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Rox Resources Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

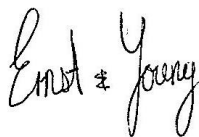
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Rox Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1 to the financial report, there is significant uncertainty whether the entity will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they become due and payable and realise its assets and extinguish its liabilities in the normal course of operations and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

A stylized, handwritten signature of Ernst & Young.

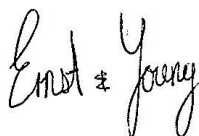
Ernst & Young

A stylized, handwritten signature of RJ Curtin.

RJ Curtin
Partner
Perth
27 February 2012

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

In relation to our review of the financial report of Rox Resources Limited for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A stylized, handwritten signature of the Ernst & Young firm, written in black ink.

Ernst & Young

A stylized, handwritten signature of RJ Curtin, written in black ink.

RJ Curtin
Partner
27 February 2012