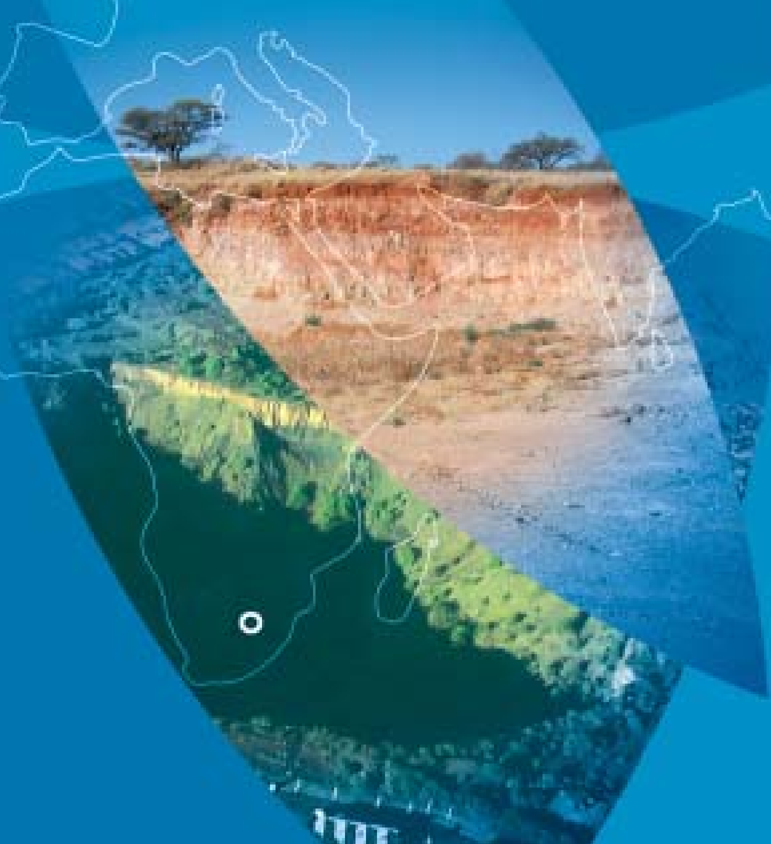
ROX RESOURCES

ANNUAL REPORT **2005**



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Corporate Directory

DIRECTORS:

Dr Alistair Cowden
Chairman

Mr Ian Mulholland
Managing Director

Mr Michael Blakiston
Non-Executive Director

COMPANY SECRETARY:

Mr Brett D Dickson

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STOCK EXCHANGE:

Australian Stock Exchange Limited

Company Code:
RXL (Fully Paid Shares)

ISSUED CAPITAL:

32,272,000	Fully paid ordinary shares
5,250,000	20 cent, 31 January 2009 options
800,000	20 cent, 30 April 2007 options

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For information on your company contact:

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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Ian Mulholland B.Sc (Hons), M.Sc., F.Aus.I.M.M., F.A.I.G. who is a full time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ian Mulholland consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Highlights

LAOS – LEAD ZINC

- Agreement signed to acquire a 60% interest in the Pha Luang lead-zinc-silver project.
- Drill intersection of 17.5 m grading 18.5% zinc, 5.3% lead and 28 ppm silver from the Bon Noi prospect.
- Visible lead sulphides and massive lead-zinc secondary mineralisation in drilling at the Nam Yen prospect, with assays pending.

SOUTH AFRICA – DIAMONDS

- Agreement signed to acquire Nyala Resources and a portfolio of alluvial diamond exploration projects.
- A strong portfolio of kimberlite diamond projects assembled in the Barkly West area, near Kimberley.
- Option agreement to acquire an interest of up to 60% in the operating Cyrus kimberlite deposit near Kimberley.
- Signing of Black Economic Empowerment (BEE) agreements.

AUSTRALIA – GOLD & NICKEL

- Drilling at the Menzies gold project produced good results at First Hit, Lady Shenton, Bonnie Jean and Ballarat Menzies.
- Drilling at Acacia Ridge discovered a new laterite nickel zone, which is a continuation of laterite nickel deposits to the north and south of the tenement boundaries.

Pha Luang Lead-Zinc-Silver Project, Laos

INTRODUCTION

In March 2005 Rox Resources Limited reached an agreement, subject to due diligence, to acquire a 60% interest in the sulphide portion of the Pha Luang lead-zinc mine which lies 160 km north of Vientiane, the capital city of the Lao People's Democratic Republic (Laos).

The lateral, along strike and across strike extent of the lead-zinc-silver oxide outcrops at Pha Luang, and the intensity and widths of surface mineralisation, suggest that this area has the potential to host one or more significant lead-zinc-silver deposits.

Rock chip samples, taken by Rox, of zinc oxide mineralisation graded up to 51% zinc. Samples from mixed lead-zinc oxide-carbonate mineralisation graded up to 32% lead and 24% zinc, and a sample of partly oxidised galena (lead sulphide) assayed 74% lead and 400 g/t silver.

Pha Luang Range

PHA LUANG DEPOSIT

First Pacific Mining Lao Co. Ltd (FPM) is currently mining and processing near surface high-grade oxide ore the at Pha Luang 2 and 3 prospects at a grade exceeding 37% zinc and producing zinc metal ingots for sale to the Chinese market. FPM is also mining near surface lead sulphide and lead oxide minerals at Nam Yen.

Location Map

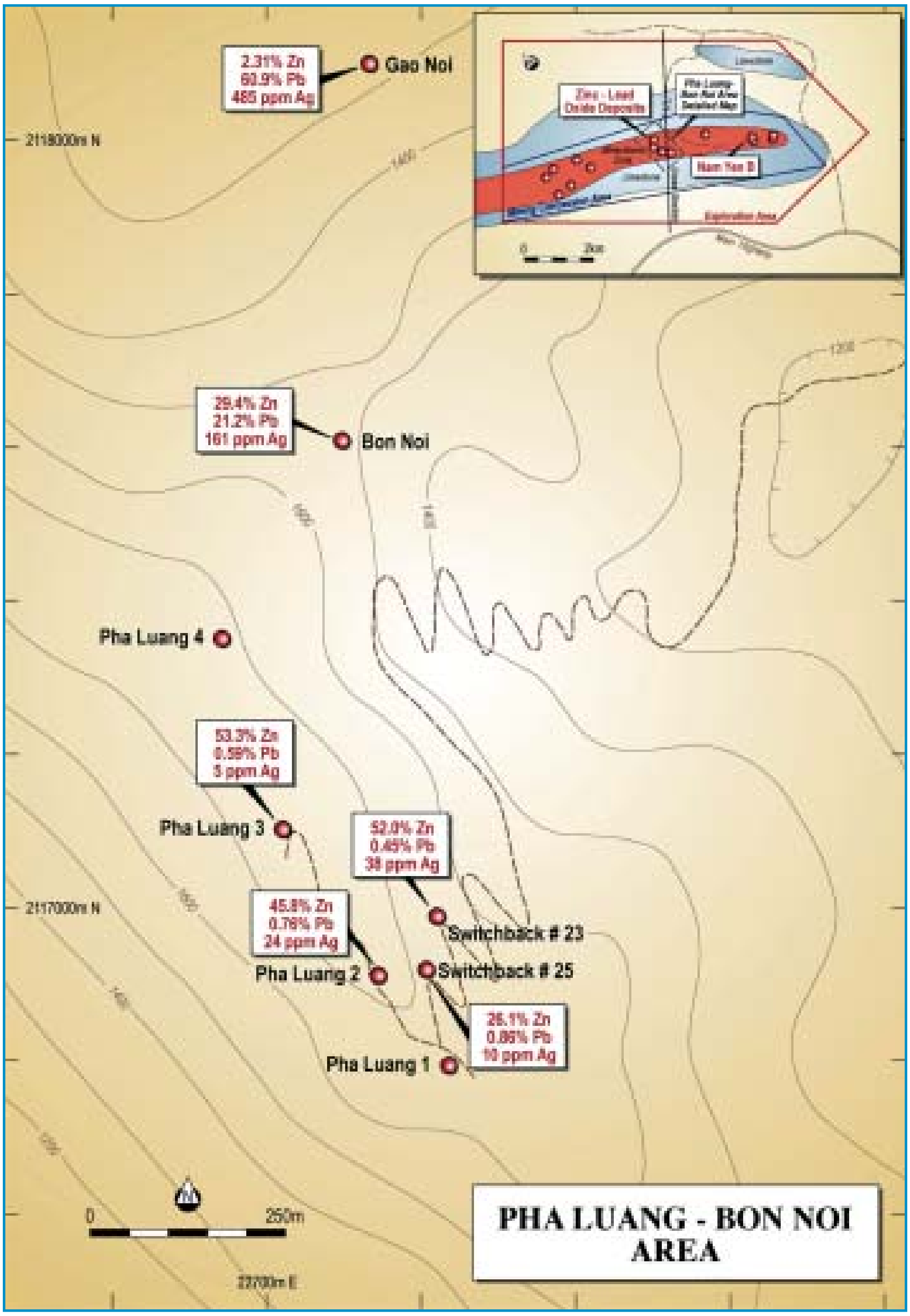
The mines are located along the Pha Luang range of limestone hills which rise up to 1,800 m. FPM holds a granted mining concession covering 20 km^2.

Rock chip sampling of oxide-carbonate outcrops at various target areas confirmed the tenor and extent of surface oxide mineralisation. Selected results are given below.

	Zinc %	Lead %	Silver ppm
Pha Luang 2	45.80	0.76	24
Pha Luang 3	53.30	0.59	5
Bon Noi	29.40	21.20	161
Gao Noi	2.31	60.90	485
Switchback #23	52.00	0.45	38
Switchback #25	26.10	0.86	10
Nam Yen	18.30	64.20	98

Multiple zones of mineralisation up to 10 m thick occur over widths of 50 m and mineralisation can be traced along strike for up to 400 m in individual areas. The oxide deposits identified to date together with a number of other lead-zinc oxide mineralised outcrops, occur over 10 km of strike, some 800 m of vertical elevation within the range of hills and over 2 km across strike. There has been no systematic exploration to determine the lateral extent of these individual deposits or to locate additional deposits.

The style and mineralogy of the mineralisation suggests these are "Mississippi Valley Type" carbonate hosted deposits. The best known example of these in Australia are the Lennard Shelf deposits in the north Kimberley, which hosted in excess of 20 million tonnes grading at better than 10% combined lead-zinc. The target on FPM's mining concession is for a similar or better deposit.



Pha Luang: Oxide Outcrop Locations and Rock Chip Results

Pha Luang Lead-Zinc-Silver Project, Laos

EXPLORATION PROGRAMME AND GEOLOGICAL MODEL

From mapping, sampling and drilling at the Pha Luang 2 and 3, Bon Noi, Gao Noi and Nam Yen prospects, Rox has recognised three different types of surface "oxide" mineralisation. These are:

1. Hydrozincite (a hydrated zinc carbonate, $Zn_5(CO_3)_2(OH)_6$) which outcrops at the Pha Luang 2 and 3 prospects, and at several other locations along the Pha Luang range. It shows zones of massive hydrozincite, often grading >50% zinc with low lead and silver, and clean sharp contacts with surrounding limestone breccias. This was tested by the first three drill holes (PLD001–003).
2. Complex mixed zone of zinc and lead carbonate minerals, predominantly smithsonite ($ZnCO_3$) and cerussite ($PbCO_3$), such as at Bon Noi (~30% lead and 20% zinc). This was tested by drill hole PLD004.
3. Galena outcropping at surface, usually with high silver values, such as at Nam Yen and Gao Noi (>60% lead and >400 g/t silver). This was tested by drill hole PLD005.

Geological mapping of the openings at Pha Luang 2 and 3 showed that the geology was not continuous, with facies variations on a detailed scale. However, a zone of dolomite alteration and brecciation of up to 50 m wide was discernable and was the host to the zinc "oxide" material being mined. This fits the "Mississippi Valley Type" geological model being employed.

Rox has drilled a number of holes to test beneath hydrozincite mineralisation at the Pha Luang 2 and 3 prospects, beneath complex lead-zinc secondary mineralisation at Bon Noi, and beneath outcropping lead sulphide (galena) mineralisation at Nam Yen.

Hole PLD004: High Grade Secondary Mineralisation, Cerussite (top), Smithsonite/Hydrozincite (middle)

Logging and Sampling Drill Core

Hole PLD004: Showing Intervals of Secondary Lead-Zinc Mineralisation

DRILLING RESULTS

Bon Noi

The first hole (PLD001) at Bon Noi intersected minor sulphide mineralisation (<1% disseminated pyrite and sphalerite) in limestone and brecciated limestone. As the hole was drilled vertically, it is felt that the hole missed the plunge of the potential massive sulphide zone.

Hole PLD004 at Bon Noi was an inclined hole and intersected massive secondary lead-zinc mineralisation over a 17.5 m down hole interval with assays of 18.5% zinc, 5.3% lead and 28 ppm (g/t) silver over this interval. Specific mineralised intervals were:

From (m)	To (m)	Interval (m)	Zinc %	Lead %	Silver ppm
7.4	8.3	0.9	30.2	12.3	84
9.8	17.9	8.1	19.2	9.8	44
19.4	24.9*	5.5	25.6	0.3	10

* Lost core from 24.9 – 25.6 m.

Individual high assays of up to 42.0% zinc, 23.5% lead and 134 ppm silver were obtained. The intervals from 8.3 – 9.8 m and 17.9 – 19.4 m were barren limestone as shown in the photographs below.

The intersection also shows zonation, with a more lead-rich zone from 9.8 to 14.0 m of 4.2 m grading 20.9% zinc, 18.7% lead and 79 ppm silver, and a lead-poor zone from 14.0 to 24.9 m of 10.9 m grading 19.2% zinc, 0.2% lead and 19 ppm silver.

Lost core from 24.9 to 25.6 m suggests mineralised material may have been washed out of the core barrel close to its contact with massive limestone.

Pha Luang

Hole PLD002 at Pha Luang 2, was drilled beneath the hydrozincite mineralisation. Because of site access difficulties the hole was drilled from the footwall side and may have drilled largely down dip. It intersected massive and brecciated limestone with trace to minor (<1%) sulphides.

Hole PLD003 was drilled at Pha Luang 3 again testing the hydrozincite surface zone. Drilling was vertical to intersect the zone beneath the steeply dipping secondary zinc mineralisation. Some secondary hydrozincite mineralisation was noted but the geology was largely massive and brecciated limestone with trace to minor (<1%) sulphides. Assays are pending.

Pha Luang Lead-Zinc-Silver Project, Laos

Nam Yen

Hole PLD005 was drilled at the Nam Yen prospect, where lead sulphide (galena) outcrops for over 100 m along strike and up to 30 m width. Secondary lead and zinc minerals are also present in this zone. Previous rock chip sampling at Nam Yen returned assays of up to 64.2% lead, 18.3% zinc and 98 ppm silver. Outcrops of secondary lead-zinc minerals have now been mapped over a strike length exceeding 200 m at Nam Yen.

Nam Yen: A stack of galena "stock work" boulders as mined by FPM (top), close up of galena stock work (bottom)

Visual inspection of drill hole PLD005 reports massive secondary lead-zinc mineralisation from surface to 9 m down hole, followed by lead sulphide (galena) mineralisation as blebs and veinlets over a further 9 m down hole. Assays are pending.

INFRASTRUCTURE

The Pha Luang project is situated close to the main north-south bitumen highway through Laos, and is adjacent to power lines, water supplies and established towns. Relief in the area is moderate to extreme, however road access to the top of the range has been established, and the high relief will aid the underground mining techniques envisaged. There is abundant water for process needs, and there is ample suitable ground for establishment of mine infrastructure. The town of Vangvieng is 15 km south of the mine area.

ABOUT LAOS

The Lao People's Democratic Republic (Lao PDR) is located on the Indo-China Peninsula, is bordered by Thailand, Myanmar, China, Vietnam and Cambodia, and covers an area of 237,000 km^2 (similar in size to the State of Victoria). After many changes of its political system, political stability was achieved in 1975 when the Lao PDR was established by independence party The Pathet Lao.

Laos has promoted economic liberalisation since 1986 with a shift from a planned economy towards a free market system. The result was a shift towards a market-based economy which guarantees, amongst other things, the right for each Lao citizen to own private property and provides protection for both domestic and foreign investment. From 1993 to 1997 the country enjoyed strong annual economic growth of 7%, and after the Asian financial crisis, it has again enjoyed strong annual economic growth from 2002 to 2004 of about 5.8%. In 1997 Laos was admitted to the Association of South East Asian Nations (ASEAN) and is in the process of joining the World Trade Organisation (WTO).

The 50th anniversary of the establishment of diplomatic relations between Australia and Laos was celebrated in 2002. According to the Department of Foreign Affairs and Trade, Australia enjoys a positive reputation in Laos both as a result of this long unbroken relationship and a high profile development cooperation programme.

The Mining and Foreign Investment Laws in Laos allow foreign investment as evidenced by recent activity by three Australian companies, Oxiana, Pan Australian and Argonaut. Many Chinese and Thai companies have been investing in Laos mining and infrastructure projects for years.

Oxiana has successfully developed the Sepon gold-copper mine, which is the single largest capital investment in Laos. Pan Australian recently received funding for construction of their Phu Bia gold-copper project in Laos, 60 km from the Pha Luang zinc mine.

Examination of outcrop at Nam Yen

JOINT VENTURE

Due to the excellent results now received, Rox has elected to participate in a joint venture with FPM on the project, and will be seeking the appropriate Lao PDR government approvals.

In addition, Rox will have first right of refusal for two years to acquire interests in FPM's extensive portfolio of Lao mining projects, which include a coal deposit (currently being mined), an iron ore project, and a gold project covering an area of 800 km^2.

The joint venture with FPM offers Rox an entry into the country with an established and credible Lao mining company, as this partner has extensive contact networks within Laos and with various government agencies. First Pacific will assist Rox to obtain the necessary foreign investment approvals from government.

Rox will explore and develop the sulphide portions of the deposits. FPM will continue to mine and process the oxide portion of the deposits and Rox will have no interest in the current oxide mines.

WORK PLANS

The Company is now evaluating the results achieved so far to plan its exploration programme for the dry season from December 2005 to May 2006. This is likely to include extensive geological and structural mapping, geochemical sampling, remote sensing, and further drilling. In particular lead and silver, because of their relative immobility in the weathering environment, represent good geochemical target elements to indicate the presence of sulphide mineralisation.

Diamond Projects, South Africa

INTRODUCTION

On 1 March 2005 Rox entered diamond exploration in South Africa through an agreement with unlisted private South African company Nyala Resources (Pty) Limited to acquire a number of prospective alluvial diamond prospecting licences near Kimberley. The target tonnage on the projects is 20-40 million tonnes of alluvials.

In the Kimberley area diamond production has focussed almost exclusively on large kimberlites, and the potential of alluvial deposits and smaller kimberlites has been largely ignored by the major companies.

Rox has also secured an option agreement over the kimberlite portion of the operating Cyrus alluvial mine, two option agreements over areas prospective for kimberlite hosted diamond deposits, and has made an application for a prospecting right on adjacent ground with known kimberlite.

The kimberlite projects are all located in the Barkly West district, some 30 km north-west of the diamond centre of Kimberley and cover prospecting or mining permits with an overall area of 96 km^2:

Apart from the Cyrus mine there are several known kimberlites and other prospective vegetation and structural anomalies on the properties. Sampling of kimberlites by Rox has provided indicator mineral results confirming economic potential.

Rox has also signed Black Economic Empowerment (BEE) agreements with Lute Mining and Diamonds in respect of its kimberlite projects where applicable, and Marang Platinum (Pty) Ltd in respect of the alluvial projects.

South Africa is the world's fourth largest diamond producer by value and in 2004 De Beers' production alone amounted to 13.7 million carats. Rox is focussed on the Kimberley region because of its established infrastructure, mining culture and diamond opportunities. The introduction of the new Mining and Petroleum Resources Development Act in 2004 has opened up areas under the 'use it or lose it' principle, dominated by major companies or landowners who held prospective ground without proactive exploration or development.

PROJECTS

Alluvials

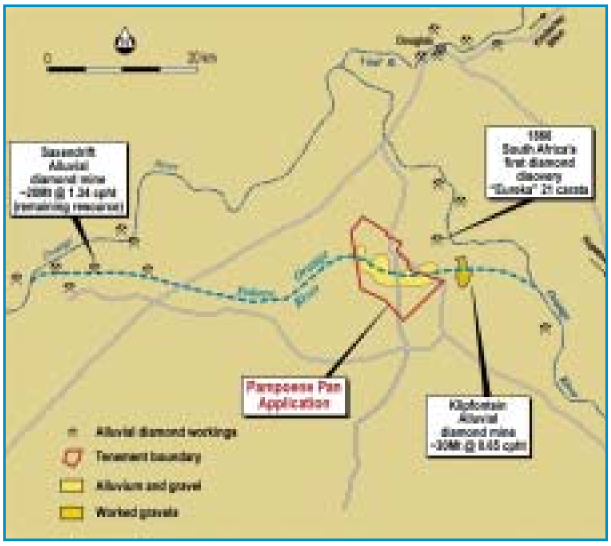
The two alluvial projects are Pampoene Pan and Vlakfontein. Key features of the projects are:

- Potential for high gem content and large stones that attract premium prices.
- Medium to large target deposit size to cater for high throughput.
- Unconsolidated gravels for easy excavation and treatment with minimal calcrete hardpan.
- Low stripping ratio.
- Opportunity for an irregular bedrock profile and favourable trap sites such as splay deposits, channel confluences and changes in river gradient and direction.
- Easy accessibility to water and roads for processing needs.

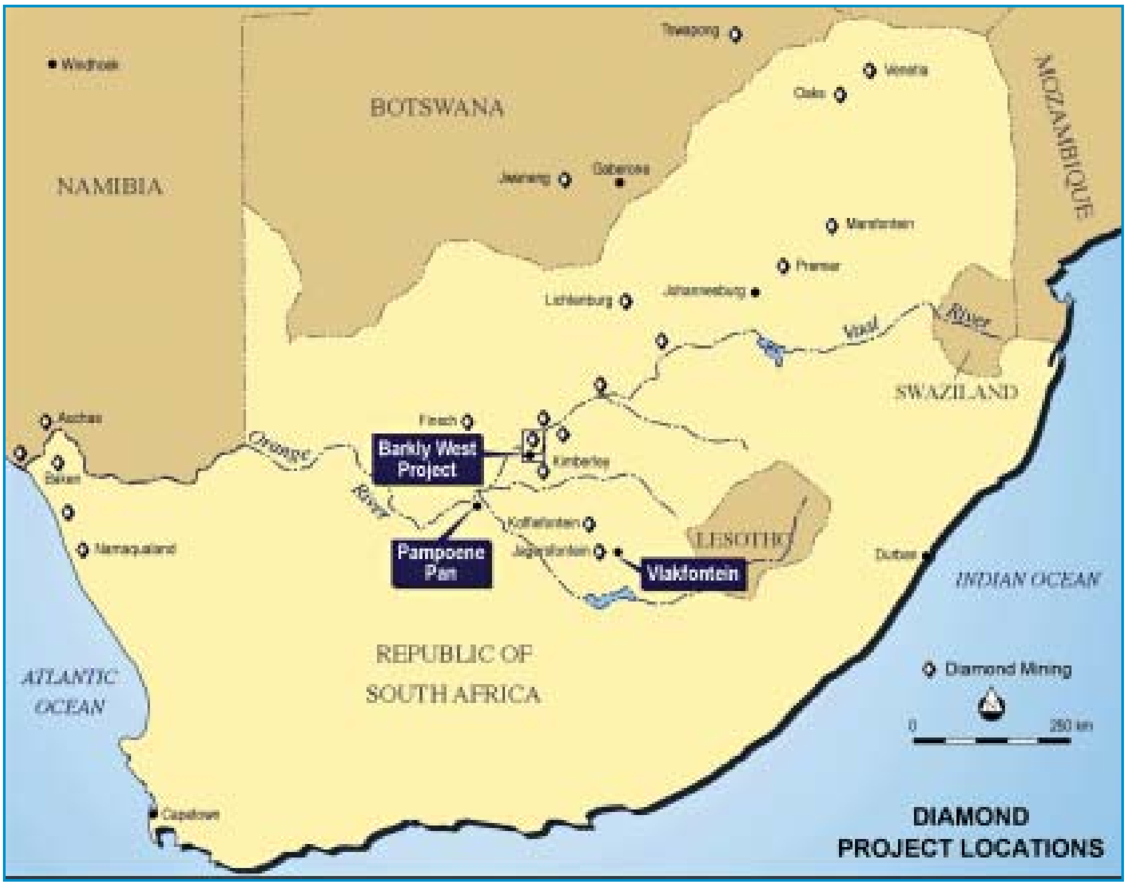
The two prospecting applications have been offered for grant by the South African Department Mines and signing of documents is expected shortly.

Pampoene Pan

This project is located along an ancient palaeochannel joining the Saxendrift and Klipfontein alluvial diamond mines. Saxendrift is currently producing at a rate of 18,600 carats p.a. realising diamond prices of around US$1,000 per carat, and Klipfontien is being developed into a 3 million tonne p.a. operation.



Pampoene Pan Project



South African Project Locations

Surface Gravels at Pampoene Pan

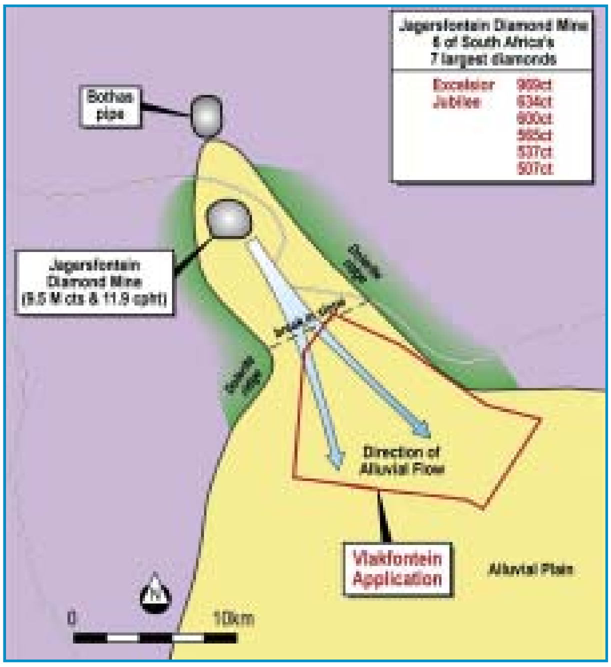
Diamond Projects, South Africa

Vlakfontein

The Vlakfontein prospecting right is positioned to capture the dispersion of alluvial diamonds down slope from the Jagersfontein kimberlite pipe (9.5 million carats production), which is famous for producing eight of the world's top 24 largest diamonds.

Surface topography indicates a funnelling of drainage by dolerite ridges south-east from Jagersfontein towards alluvial flats and a break in slope at Vlakfontein 4 km from the open pit mine where diamonds may have been deposited.

The project setting is broadly similar to the Daniel alluvial diamond project adjacent to the Finsch kimberlite diamond mine, where an alluvial system developed from the drainage off the Finsch kimberlite pipe and concentrated diamonds in the alluvials at Daniel.

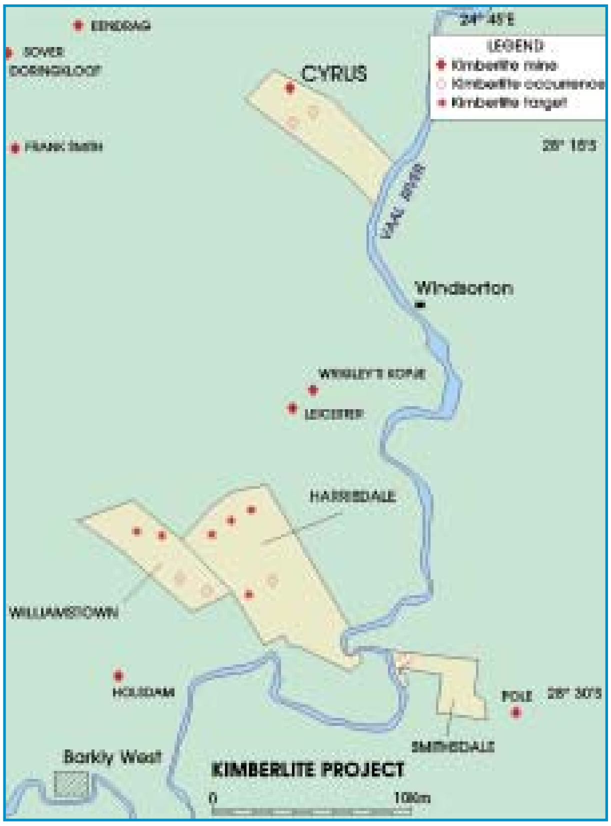


Vlakfontein Project

Kimberlites

The Barkly West kimberlite province hosts at least 60 known kimberlite occurrences (pipes, dykes, fissures and sills) and Rox believes that there is potential for additional discoveries and reopening of some of the historical mines. The district has been inadequately explored with modern technology particularly given the indicator mineral overprint from extensive alluvial cover, the strong structural control masking geophysical signatures and the lack of land access in the past. There are many vegetation, topographic and structural targets, indicative of underlying kimberlite that deserve investigation.

Notwithstanding the wide extent and wealth of the district's alluvial deposits associated with the evolution of the Vaal River, local kimberlite mining also yielded high gem content and high diamond prices. The Company's properties are in close proximity to the kimberlite mines of Leicester (up to 22 cpht at US$265 per carat) and Holsdam (21 cpht at US$160 per carat). The largest known kimberlite mine in the Barkly West field is Frank Smith at 5.6 ha and was commonly compared to the Koffiefontein mine because of its low grade yet high diamond values.



Barkly West Kimberlite Project Locations

Cyrus Open Pit

Cyrus Diamond Mine

Rox has secured a 19 month option to earn up to a 60% interest in the Cyrus diamond mine and surrounds, excluding the current surface workings, by undertaking exploration, development and completion of a feasibility study. The mine is currently being operated on a small scale by local company, Tswelelang (Pty) Ltd., that will become Rox's BEE partner for the project. The 15 km^2 prospecting permit encompasses two other known kimberlite pipes and a high level Vaal River palaeochannel meander.

The Cyrus kimberlite was discovered around 1900 and mined intermittently, it is believed, during the 1940s. Mining records from small underground development, via an 80 m deep shaft, are unavailable. Two shallow, adjacent open pits have been excavated into weathered kimberlite over a strike length of 210 m and from the larger of the two, Tswelelang has for the past four months been extracting kimberlite for processing by two 8 ft rotary pans on site. The 1,313 carats recovered have included an 11 carat stone sold for US$400 per carat and a 4 carat stone sold for US$3,300 per carat.

The size of the Cyrus kimberlite is unknown. The open pits extend over a 0.7 ha area but the kimberlite is open notably to the east and north. A water bore 150 m north of the main open cut is drilled into kimberlite and the pipe's outline has yet to be resolved.

Rox plans an immediate exploration programme including ground gravity, drilling and bulk sampling to determine the kimberlite's size, shape, geological complexity, grade and diamond value. Exploration will be extended over the remaining property to investigate the other known kimberlites and additional targets.

Smithsdale and Harrisdale

Rox has secured 18 month options to explore for kimberlites on the Smithsdale and Harrisdale farms.

There are three known kimberlite pipes on the Smithsdale farm (as shown on published Geological Survey of South Africa "GSSA" maps), with one pitted to a depth of 15 m. Indicator mineral analyses for this kimberlite confirm its diamond potential and provide a forecast grade similar to the Cyrus mine. A ground EM survey defined the pipe as one hectare with possible extension to the east. The remaining kimberlites on Smithsdale have yet to be sampled for indicator mineral content or have their size delineated.

At Harrisdale there is one known kimberlite and numerous vegetation and topographic targets along prospective structural zones. Harrisdale Farm has been intensively mined for its high level rooikoppie gravels. None of the known or suspected kimberlites have been investigated. Ground EM surveys will be undertaken shortly prior to indicator mineral sampling.

Diamond Projects, South Africa

Sampling for Indicator Minerals

Williamstown

The Company has applied for a prospecting right over the Williamstown Farm (adjacent to Harrisdale) on the basis of its two known kimberlites, a number of prospective topographic anomalies and its favourable structural setting. With approval of the required environmental management plan and payment of the environmental guarantee, it is expected that the application will be granted shortly.

Menzies Gold & Nickel Project, Australia

GOLD

For most of 2004 Rox continued exploration at the Menzies gold project in Western Australia, achieving good results from drilling of gold targets. These were reported to shareholders in the 2004 Annual Report, and included:

- Ore grade intercepts at known deposits, e.g. 2 m at 10.8 g/t gold at First Hit, and 2 m at 8.6 g/t gold at Lady Shenton.
- New discoveries from RAB drilling, e.g. 13 m at 9.9 g/t gold at Bonnie Jean, and 5 m at 12.8 g/t gold at Wedderburn.
- An 11% increase in Mineral Resources to 170,900 ounces of gold, with 76% in the Measured and Indicated categories.
- A mining study that showed approximately 185,000 tonnes minable at 4.4 g/t gold yielding 24,200 ounces at a gold price of A$575 per ounce.

NICKEL

Drilling on the Acacia Ridge area in October 2004 confirmed the presence of a significant laterite nickel deposit, with drill intercepts of:

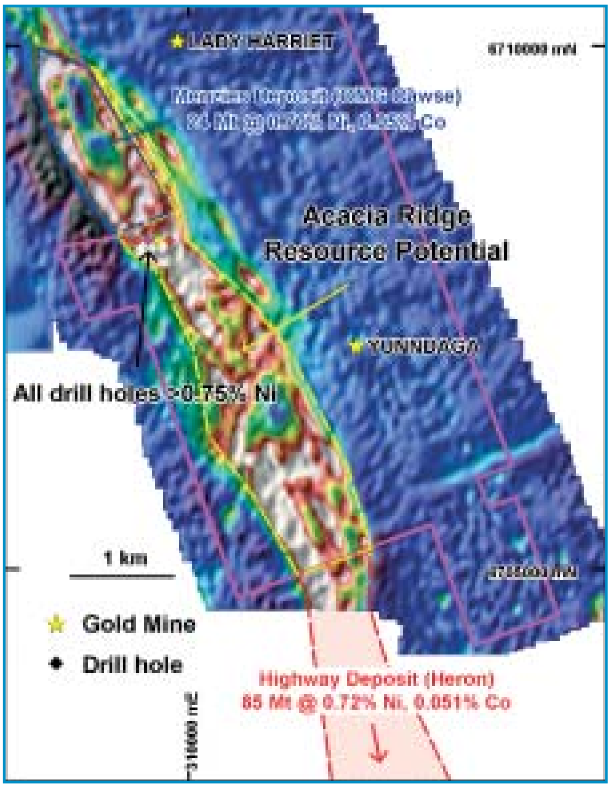
- 14 m at 0.91% Ni, 0.17% Co or 1.59% NiEq, including 2 m at 1.39% Ni, 0.30% Co or 2.59% NiEq; and
- 15 m at 0.76% Ni, 0.17% Co or 1.44% NiEq, including 2 m at 1.06% Ni, 0.45% Co or 2.86% NiEq.

(NiEq = Ni + 4 x Co, based on current metal prices)

The drilling represented one drill traverse across the nickel laterite zone west of the Yunndaga gold mine with vertical holes drilled at 100 m spacings.

Drilling intersected both saprolitic material with very high cobalt values, and low magnesium siliceous material, similar to the deposits to the north owned by OMG Cawse, and the Highway deposit to the south where Heron Resources Limited recently announced a resource of 85 million tonnes grading 0.72% Ni, 0.05% Co. Heron expect siliceous ore to upgrade to 1.5% Ni.

The high cobalt values in both intercepts, producing very high nickel equivalent (NiEq) grades, and the styles of mineralisation are particularly attractive for future processing.



Acacia Ridge Nickel Laterite Zone

Directors' Report

Your Directors present their report on the Company for the year ended 30 June 2005.

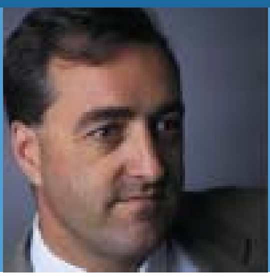
DIRECTORS

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

Names, Qualifications, Experience and Special Responsibilities

DR ALISTAIR COWDEN

(appointed Non-Executive Chairman 27/11/2003)
B.Sc. (Hons), Ph.D, MAusIMM, MAIG



Dr Cowden has over 25 years experience as a geologist and mining company executive in Australia, Africa, Europe and New Zealand. This experience ranges through a spectrum of activities; from capital and debt raisings, corporate restructuring, ASX listings, exploration company management, project generation, grass roots exploration, project management, feasibility studies through to mine geology and mineral deposit research.

He has been involved with major projects and discoveries such as Nimbus silver-zinc, Sunrise Dam mine, Kanowna Belle gold mine, Magnetic Minerals Dongara mineral sands project, Syerston nickel – cobalt laterite deposit, Hartley platinum mine, St Ives gold mine and Kambalda nickel mines.

Dr Cowden was a founding director of the Australian Gold Council and has a B.Sc (Hons), Geology from the University of Edinburgh and a PhD in Geology from the University of London. He is currently Chairman of Australis Aquaculture Limited and Chairman of Vulcan Resources Limited. During the last three years, Dr Cowden has also served as a director of Deep Yellow Limited and Australian Cancer Technology Limited.

MR IAN MULHOLLAND

(appointed Managing Director 27/11/2003)
B.Sc. (Hons), M.Sc. FAusIMM, FAIG, FSEG

Mr Mulholland is a geologist with over 25 years broad experience in a number of commodity groups including gold, silver, copper, lead, zinc, uranium, nickel and kaolin in the exploration and mining industry. He has managed activities from grass roots exploration to advanced resource definition, feasibility studies and mining operations for major companies such as WMC and Esso, medium sized companies, Otter Gold and Aurora Gold and junior companies, Archaean Gold, Summit Resources and Conquest Mining. Ian's strength is in bringing resources to economic fruition and his experience is particularly appropriate for his role with Rox.

Mr Mulholland was Development Manager for Archaean Gold, managing the Nimbus silver-zinc project pre-feasibility study prior to Archaean's take-over. He was then Exploration Manager for Anaconda Nickel Limited, managing their extensive tenement and exploration portfolio, with particular emphasis on resource and project management from exploration through development to the production stage adding some 1.3 billion tonnes to the resource available to Anaconda.

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

COMPANY SECRETARY

MR MICHAEL BLAKISTON

(appointed Non-Executive Director 27/11/2003)
B.Juris. LLB

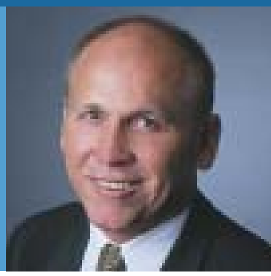
Mr Blakiston is a practicing solicitor with legal experience in the resources sector. Mr Blakiston holds the degrees of Bachelor of Jurisprudence and Bachelor of Laws from the University of Western Australia and is a partner of the corporate and resource law firm, Blakiston & Crabb. Mr Blakiston has been practicing law for over 25 years.

Mr Blakiston is also a director of Platinum Australia Ltd, Colltech Australia Limited, Vulcan Resources Limited, Aurora Oil & Gas Limited, Australian Development Capital Ltd and alternate director of Alcaston Mining NL. During the last three years Mr Blakiston has also served on the boards of Antares Energy Ltd, Black Range Minerals Limited, GFB Ltd, Southern Amity Ltd and Ranger Minerals Ltd.

Mr Blakiston has extensive commercial experience both in advisory and directorial capacities having been involved in project assessment, structuring and financing, joint ventures and strategic alliances in the resource industry. In addition, Mr Blakiston has experience in initial public offerings, takeovers and mergers, corporate and project fundraisings (either with debt or equity), construction, offtake and sales contracts.

MR BRETT DICKSON

B.Bus, CPA



Mr Dickson has over 20 years experience in the financial management of companies, principally companies in early stage development of its resource or product, and offers broad financial management skills. He has been Chief Financial Officer for a number of successful resource companies listed on the ASX.

He has had close involvement with the financing and development of a number of Greenfield resources in the oil and gas and mineral sectors.

Mr Dickson is a Certified Practising Accountant with a Bachelors Degree in Economics and Finance from Curtin University and is a Director of Vulcan Resources Limited.

Directors' Report

INTEREST IN THE SHARE AND OPTIONS OF THE COMPANY

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

	Ordinary Shares	Options
A Cowden	2,570,000	1,250,000
I Mulholland	1,400,000	3,000,000
M Blakiston	1,197,857	1,000,000

LOSS PER SHARE

Basic earnings (Loss) per share	(4.9 cents)
Diluted earnings (Loss) per share	(4.9 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.

CORPORATE INFORMATION

Corporate Structure

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

Principal Activities

The principal activity of the Company during the year was the continued exploration of its Menzies gold project, acquisition of a portfolio of projects in South Africa suitable for diamond exploration and due diligence on the possible acquisition of a project in Laos.

Results from Operations

During the period the Company recorded a loss from operations of $1,589,085 (2004: loss of $64,431).

Employees

At 30 June 2005 the Company had two employees (2004: two employees).

Review of Operations

A review of operations of the Company is set out elsewhere in this report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 26 September 2005 Rox concluded due diligence on the Pha Luang lead-zinc project in Lao PDR and elected to proceed to acquire a 60% interest in the sulphide portion of the project from local Lao PDR company First Pacific Mining Lao Co. Ltd (FPM). Key commercial aspects of the agreement with FPM are:

1. Issue of two million Rox shares to FPM on election to proceed after the due diligence.
2. Issue of three million Rox shares to FPM on definition of a JORC compliant resource of four million tonnes grading better than 10% combined lead-zinc.
3. Issue of nine million Rox shares to FPM on completion of a positive feasibility study.
4. Rox to free carry FPM to completion of a feasibility study, by funding all work to that point.

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

ENVIRONMENTAL ISSUES

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

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors and executives of Rox Resources Limited (the Company).

Remuneration Philosophy

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

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

- Provide competitive rewards to attract high calibre executives.
- Link executive rewards to shareholder value.
- Encouragement for directors to sacrifice a portion of their fees to acquire shares in the Company at market price.

Remuneration Committee

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

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

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

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

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

Each director receives a fee for being a director of the Company. No additional fees are paid for each board committee on which a director sits.

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 whose board he or she sits.

The remuneration of non-executive directors for the year ending 30 June 2005 is detailed later in this report.

Senior Manager and Executive Director Remuneration

Objective

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

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

Structure

In determining the level and make-up of executive remuneration, the Board Committee engaged an external consultant to provide independent advice detailing market levels of remuneration for comparable executive roles.

Remuneration consists of the following key elements:

- Fixed Remuneration.
- Variable Remuneration – Long Term Incentive (LTI)

Directors' Report

Fixed Remuneration

Objective

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

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

Structure

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payments plans. 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 five most highly remunerated senior managers is detailed later in this report.

Variable Remuneration – Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth.

As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance.

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 and the Company may use a number of measures as the performance hurdle for the long term incentive plan. At the date of this report no LTI grants have been made to any executive.

Employment Contracts

The Managing Director, Mr Mulholland is employed under contract. The current employment contract commenced on 27 April 2004 and terminates on 27 April 2007, at which time the Company may chose to commence negotiation to enter into a new employment contract with Mr Mulholland. Under the terms of the present contract:

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

Directors and Executive Remuneration for the Year Ended 30 June 2005

Details of the nature and amount of each element of the emolument of each director and executive of the Company are as follows:

	Base Fee	Superan-nuation	Options	
Directors	$	$	Number	Value $
M Blakiston[1]	30,000	2,700	Nil	Nil
A Cowden	35,000	3,150	Nil	Nil
I Mulholland	183,480	16,513	Nil	Nil
Executives				
B Dickson[2]	–	–		

1. Chatsworth Stirling Pty Ltd and Emerald Corporation Pty Ltd trading as Black Swan Consulting, companies in which Mr Blakiston is a shareholder and director, received fees totalling $8,000 and $16,000 respectively for corporate advice. In addition Blakiston & Crabb, an entity of which Mr Blakiston is a partner, received fees totalling $38,294 for legal advice.

2. Mr Dickson did not receive any executive remuneration. Coolform Investments Pty Ltd, a company in which Mr Dickson is a director and shareholder, received fees totalling $90,000 for the provision of services.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Normal Meetings	Directors' Audit Meetings	Directors' Remuneration Meetings
Number of meetings held:	7	2	1
Number of meetings attended:			
A Cowden	7	2	1
M Blakiston	7	2	1
I Mulholland	7	2	1

Committee Membership

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

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.

NON- AUDIT SERVICES

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

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

Tax compliance services $2,189

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has made an agreement to indemnify all the directors of the Company against all losses or liabilities incurred by each director in their capacity as directors of the Company. The Company did not make any payments for premiums for directors and officers insurance during the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

SHARE OPTIONS

At the date of this report and at the reporting date there were 6,050,000 unissued shares under options. Refer to note 17 of the Financial Statements for further details on options outstanding.

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

Signed in accordance with a resolution of the directors.

A COWDEN
Chairman

Perth, 30 September 2005

Auditor's Independent Declaration

to the Directors of Rox Resources Limited

ERNST & YOUNG

Central Park
132 St Georges Terrace
Perth WA 6000
Australia

GPO Box M939
Perth WA 6843

Tel 61 8 9429 2222
Fax 61 8 9429 2436

In relation to our audit of the financial report of Rox Resources Limited for the financial year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

V W Tidy
Partner

Perth, 30 September 2005

Corporate Governance Statement

INTRODUCTION

During the 2005 financial year (the 'Reporting Period') Rox Resources Limited (the 'Company') has continued to operation in accordance with systems of control and accountability which the Company previously adopted. This report sets out the key corporate governance practices of the Company during the Reporting Period, providing disclosure to the extent recommended by the ASX in accordance with its "Principles of Good Corporate Governance and Best Practise Recommendations" (the 'ASX Guidelines').

Commensurate with the spirit of ASX Guidelines, the Company has followed each of the 28 Recommendations to the extent the Board considered that their implementation was practicable and likely to genuinely improve the Company's internal processes and accountability to external stakeholders. To the extent that the Company has adopted a practice that differs from the recommendations, disclosure is made of the Company's practice, and how that practice embraces the ASX Principles.

Additional information about the Company's corporate governance practices, including disclosure of the various charters, policies and procedures which form the Company's corporate governance framework, is set out on the Company's website at www.roxresources.com.au.

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

As at the end of the Reporting Period, there are few recommendations of the ASX that the Company does not follow. These relate directly to the structure of the Board, and are described more fully as follows:

Principal 2
Recommendation 2.4: The Board should establish a Nomination Committee

Due to the size of the Company it does not presently have a separately established nomination committee. The full Board currently acts as the nomination committee and has adopted a Nomination Committee Charter, which it applies when convening as the nomination committee.

Principal 4
Recommendation 4.2: The Board should establish as Audit Committee
Recommendation 4.3: Structure the Audit Committee so that it consist of:

- only non-executive directors;
- a majority of independent directors;
- an independent chairperson, who is not chairperson to the Board; and
- at least three members.

Due to the size of the Company it does not have a separately constituted audit committee. The Board has adopted, and applies, an Audit Committee Charter when meeting to consider matters normally the responsibility of the Audit Committee and the independent directors are available to meet separately with the external auditor should this be considered necessary.

Principal 9
Recommendation 9.2: The Board should establish a Remuneration Committee

The Board considers that no efficiencies or other benefits would be gained by establishing a separate remuneration committee and therefore has not done so. However, similarly to its approach to nomination-related matters, the Board has adopted a Remuneration Committee Charter, which it applies when convening as the remuneration committee.

SKILLS, EXPERIENCE, EXPERTISE AND TERMS OF OFFICE OF EACH DIRECTOR

These details are contained in profiles in the Directors' Report.

IDENTIFICATION OF INDEPENDENT DIRECTORS

In considering independence of directors, the Board refers to the criteria for independence as recommended by the ASX. To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Statement of Board and Management Functions, which is disclosed in full on the Company's website.

Corporate Governance Statement

The Board considers Dr Cowden and Mr Blakiston to be independent.

In the interests of disclosure, Mr Blakiston is a principal of the firm Blakiston & Crabb and is a director and shareholder of Chatsworth Stirling Pty Ltd. Blakiston & Crabb have been the main provider of legal services to the Company. However, this relationship does not cause relevant materiality thresholds to be exceeded from the perspective of either the Company or Mr Blakiston.

Dr Alistair Cowden has an interest in 8.0% of the shares in the Company and therefore does not fit within paragraph 1 of the ASX's independence criteria (which defines a "substantial" shareholding as being in excess of 5%). The Board notes that Dr Cowdens' shareholding only marginally exceeds this threshold, and notes that Dr Cowden does not have a controlling share in the Company. For these reasons the Board considers Dr Cowden to be independent.

STATEMENT CONCERNING AVAILABILITY OF INDEPENDENT PROFESSIONAL ADVICE

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

COMMITTEE MEMBERS AND MEETINGS

Due to the size of the Company, the full board considers matters normally the responsibility of the Audit, Remuneration and Nomination sub-committees. In accordance with charters adopted by the Board it meets formally during the year as those sub-committees. Attendance at these meetings was as follows:

	Sub Committee		
No of Meetings Held	Audit 2	Remuneration 1	Nomination –
Meeting Attended:			
Dr A Cowden	2	1	–
Mr M Blakiston	2	1	–
Mr I Mulholland	2	1	–

The Company listed on the Australian Stock Exchange in April 2004 and it was considered unnecessary to meet as a Nomination Committee during the last year. It is the intention of the Board to meet as a Nomination Committee at lease once every year.

PERFORMANCE EVALUATION OF THE BOARD

Each year the Board undertakes an evaluation of its own performance during the year. Board members are required to complete a questionnaire regarding individual knowledge, satisfaction, reporting and performance on a range of topics that are responsibilities of the Board. Each director was required to rank performance according to a defined scale for each activity or area. Results of the questionnaires were collated and statistically analysed to rank collective board performance against each topic. Comparative analysis between individual director response and the overall board response was completed. Once the analysis was completed the Chairman reviewed the results with each director. In addition, the Board reviewed and discussed the outcomes of the performance review and implemented a range of initiatives to address significant issues where improvement could be monitored. In addition to the collective review directors also discussed specific issues where the assessment by directors had been significantly different to the collective mean assessment. These strategies allow the Board's performance to be measured against both measurable and qualitative indicators.

The Board reviews the charters of committees to whom the Board has delegated responsibilities annually.

The Board reviews the Managing Director and key executive performances annually against the Company's performance objectives and prepares a report to the Remuneration Committee outlining its assessment.

REMUNERATION POLICY

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

Statement of Financial Performance

For the Period Ended 30 June 2005

	Notes	2005 ($)	27/11/03–30/6/04 ($)
Revenues from ordinary activities	2	133,774	37,241
Depreciation	3(a)	(6,875)	(198)
Other expenses from ordinary activities	3(b)	(1,715,984)	(101,474)
Loss from ordinary activities before income tax expense		(1,589,085)	(64,431)
Income tax expense relating to ordinary activities	4	–	–
Net loss attributable to members of Rox Resources Limited	18	(1,589,085)	(64,431)
Share issue costs	15	–	(388,223)
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of Rox Resources Limited		(1,589,085)	(452,654)
Basic loss per share (cents per share)	7	(4.9)	(0.5)
Diluted loss per share (cents per share)	7	(4.9)	(0.5)

Statement of Financial Position

As at 30 June 2005

	Notes	2005 ($)	2004 ($)
CURRENT ASSETS			
Cash assets	9	1,891,384	3,362,372
Receivables	10	–	805
Other	11	1,159	–
Total Current Assets		1,892,543	3,363,177
NON-CURRENT ASSETS			
Plant and equipment	12	16,412	17,196
Other financial assets	13	104,500	–
Deferred exploration costs	14	1,057,347	1,287,483
Total Non-Current Assets		1,178,259	1,304,679
TOTAL ASSETS		3,070,802	4,667,856
CURRENT LIABILITIES			
Payables	15	88,111	101,826
Provisions	16	9,880	4,134
Total Current Liabilities		97,991	105,960
TOTAL LIABILITIES		97,991	105,960
NET ASSETS		2,972,811	4,561,896
EQUITY			
Contributed equity	17	4,626,327	4,626,327
Accumulated losses	18	(1,653,516)	(64,431)
TOTAL EQUITY		2,972,811	4,561,896

Statement of Cash Flows

For the Period Ended 30 June 2005

	Notes	2005 ($)	27/11/03–30/6/04 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		133,774	37,241
Payments to suppliers and employees		(483,587)	(42,361)
Expenditure on mineral interests		(950,121)	(244,557)
Net cash used in operating activities	8	(1,299,934)	(249,677)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from equipment sales		500	–
Purchase of equipment		(9,707)	(14,278)
Purchase of mineral tenements		(57,347)	(500,000)
Security deposits		(104,500)	–
Net cash used in investing activities		(171,054)	(514,278)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		–	4,514,550
Share issue costs		–	(388,223)
Net cash provided by financing activities		–	4,126,327
Net increase (decrease) in cash held		(1,470,988)	3,362,372
Add opening cash brought forward		3,362,372	–
Closing cash carried forward	9	1,891,384	3,362,372

Notes to and Forming Part of the Financial Statements

For the Period Ended 30 June 2005

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been adopted by Rox are detailed as follows:

(a) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Cash and Cash Equivalents

Cash on hand and in banks and short-term deposits are stated at nominal values.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and money markets investments readily convertible to cash within two working days net of outstanding bank overdrafts.

(c) Deferred Exploration and Evaluation Expenditure

Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Costs carried forward in respect of area of interest that is abandoned are written off in the year in which the decision to abandon is made.

(d) Payables

Liabilities are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed.

Payables to related parties are carried at the principal amount.

(e) Contributed Equity

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

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

(f) Income Tax

Tax effect accounting has been adopted using the liability method. The income tax expense in the statement of financial performance has been determined after adjusting for income and expenditure that are not assessable or allowable for taxation purposes. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income the net related tax benefit or liability calculated at current rates is disclosed as a future income tax benefit or a provision for deferred income tax.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Future income tax benefits are not brought to account unless:

- in the opinion of the directors, realisation of the benefits is virtually certain;
- expected future assessable income is derivable of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions of deductibility imposed by tax legislation can continue to be complied with; and
- no changes in tax legislation adversely affect Rox or its controlled entities in realising the benefit.

(g) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(h) Plant and equipment

Cost and valuation
All classes of plant and equipment are measured at cost.

Depreciation
Depreciation is provided on a straight-line basis on all plant and equipment. Major depreciation periods are:

	2005	2004
Computers	3 years	3 years
Office Equipment	10 years	10 years
Vehicles	10 years	10 years

(i) 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, sick 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 government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefit expenses and revenues arising in respect of the following categories:

- Wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and
- Other types of employee benefits.

are recognised against profits on a net basis in their respective categories.

The value of the equity-based compensation scheme described in Note 25 is not being recognised as an employee benefit expense.

(j) Revenue Recognition

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

Interest
Control of the right to receive the interest payment.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

(k) Leases

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

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

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

(l) Recoverable Amount

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount, the expected net cash flows have not been discounted to their present value.

(m) 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; and
- receivables and payables are stated with the amount of GST included.

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

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

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

(n) Earnings Per Share

(i) *Basic Earnings Per Share* – Basic earnings per share is determined by dividing the profit from ordinary activities after related income tax expense by the weighted average number of ordinary shares outstanding during the financial year.

(ii) *Diluted Earnings Per Share* – Diluted EPS is calculated as net profit 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; and
- dividend by the weighted average of ordinary shares and dilutive potential ordinary shares adjusted for any bonus element.

(o) Comparatives

The Company was incorporated on 27 November 2003 and therefore comparatives for the prior period are for the seven month period 27 November 2003 to 30 June 2004.

	Notes	2005 ($)	27/11/03–30/6/04 ($)

NOTE 2 REVENUE FROM ORDINARY ACTIVITIES

	Notes	2005 ($)	27/11/03–30/6/04 ($)
Revenue from non-operating activities			
Interest received		133,774	37,241

NOTE 3 EXPENSES AND LOSSES/(GAINS)

	Notes	2005 ($)	27/11/03–30/6/04 ($)
(a) Expenses from ordinary activities			
Depreciation		6,875	198
(b) Other expenses from ordinary activities			
Corporate expenses		197,383	55,917
Occupancy and related expenses		90,978	34,772
Staff expenses		196,817	4,020
Exploration expenditure expensed during the period		453,784	6,765
Provision for tenement diminution		777,022	–
		1,715,984	101,474

NOTE 4 INCOME TAX EXPENSE

	Notes	2005 ($)	27/11/03–30/6/04 ($)
Prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:			
Ordinary loss before income tax		1,589,085	64,431
Prima facie tax benefit on profit (loss) from ordinary activities before income tax at 30%		476,726	19,329
Non-deductible expenditure		(130,757)	(8,432)
Tax losses not brought to account as future income tax benefit		(345,969)	(10,897)
Income tax expense attributable to ordinary activities		–	–

Unbooked future income tax benefits:

The Company has accumulated tax losses of $2,240,208

The potential future income tax benefit of these losses ($726,062) will only be realised if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the losses and deductions to be released;

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

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

Notes to and Forming Part of the Financial Statements

For the Period Ended 30 June 2005

NOTE 5 DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Specified Directors and Specified Executives

(i) Specified Directors

Alistair Cowden	Non-executive Chairman
Ian Mulholland	Managing Director
Michael Blakiston	Non-executive Director

(ii) Specified Executives

Brett Dickson	Company Secretary

(b) Director and Executive Emoluments

Remuneration Policy

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

Details of the nature and amount of each element of the emolument of each specified director and specified executive of the Company are as follows:

	Base Fee	Superannuation	Options		Total
Director	**$**	**$**	**Number**	**Value $**	
A Cowden	35,000	3,150	–	–	38,150
M Blakiston [1]	30,000	2,700	–	–	32,700
I Mulholland	183,480	16,513	–	–	199,993
Total	248,480	22,363	–	–	270,843
Executive					
B Dickson [2]	–	–	–	–	–

1. Chatsworth Stirling Pty Ltd and Emerald Corporation Pty Ltd trading as Black Swan Consulting Pty Ltd, companies in which Mr Blakiston is a shareholder and director, received fees totalling $8,000 and $16,000 respectively for corporate advice. In addition Blakiston & Crabb, an entity of which Mr Blakiston is a partner, received fees totalling $38,294 for legal advice.

2. Mr Dickson did not receive any direct remuneration. Coolform Investments Pty Ltd, a company in which Mr Dickson is a director and shareholder, received fees totalling $90,000 for the provision of services.

NOTE 5 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(c) Share holdings of Specified Directors and Specified Executive

Shareholders of specified Directors and Specified Executives

	Balance at beginning of period	Granted as Remuneration	Purchased	Sold	Balance at end of period
A Cowden	2,470,000	–	100,000	–	2,570,000
M Blakiston	1,197,857	–	–	–	1,197,857
I Mulholland	1,350,000	–	50,000	–	1,400,000
B Dickson	1,480,000	–	25,000	–	1,505,000
	6,497,857	–	175,000	–	6,672,857

(d) Options holdings of Specified Directors and Specified Executive

	Balance of beginning of period	Granted as Remuneration	Exercised	Balance at end of period
A Cowden	1,250,000	–	–	1,250,000
M Blakiston	1,000,000	–	–	1,000,000
I Mulholland	3,000,000	–	–	3,000,000
B Dickson	750,000	–	–	750,000
	6,000,000	–	–	6,000,000

All options held by Specified Directors and Specified Executives are fully vested and may be exercised any time until expiry, being 31 January 2009 for Specified Directors and 30 April 2007 for Specified Executives.

(e) Other director related transactions

The Company leases office facilities from Vulcan Resources Limited, a company which Dr Cowden and Mr Blakiston are directors. During the financial period an amount of $78,000 was paid for those facilities.

The above transactions were entered into on normal commercial terms

	Notes	2005 ($)	27/11/03–30/6/04 ($)

NOTE 6 AUDITOR'S REMUNERATION

Remuneration of the auditor of the Company for:			
Auditing and reviewing the financial report		13,750	5,000
Other services		2,189	–
		15,939	5,000

Notes to and Forming Part of the Financial Statements

For the Period Ended 30 June 2005

NOTE 7 LOSS PER SHARE

	2005 ($)	27/11/03–30/6/04 ($)
The following reflects the income and share data used in the calculation of basic and diluted earnings per share		
Net profit (loss)	(1,589,085)	(64,431)
Adjustments:		
– Nil	–	–
– Earnings used in calculating basic and diluted earnings per share	(1,589,085)	(64,431)
Weighted average number of ordinary shares used in calculating basic earnings per share	32,272,000	13,142,037
Effective of dilutive securities:		
– Share options (i)	–	–
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	32,272,000	13,142,037

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

Conversion, calls, subscriptions or issues after 30 June 2005

Since the end of the financial year no ordinary shares have been issued pursuant to the exercise of options.

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

	2005 ($)	27/11/03–30/6/04 ($)

NOTE 8 CASH FLOW INFORMATION

(a) Reconciliation of Cash Flow from Operations with Loss from ordinary activities after Income Tax:

	2005 ($)	27/11/03–30/6/04 ($)
Loss from ordinary activities after Income Tax	1,589,085	64,431
Adjustments for non-cash expense items		
– Depreciation	(6,875)	(198)
– Provision for employee benefits	(5,746)	(4,134)
– Provision for tenement diminution	(777,022)	–
Changes in assets and liabilities		
– Increase in prepayments	1,159	–
– Increase in capitalised exploration	539,173	287,484
– Increase in receivables	7,997	805
– Increase in payables	(47,837)	(98,711)
Cash out flow from operations	1,299,934	249,677

(b) Non Cash Financing and Investing Activities
There were no non cash financing and inverting activities during the year.

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

	2005 ($)	2004 ($)

NOTE 9 CASH ASSETS

	2005 ($)	2004 ($)
Cash at bank	1,891,384	3,362,372

NOTE 10 CURRENT RECEIVABLES

	2005 ($)	2004 ($)
Trade Debtors	–	805

Terms and Conditions

Trade debtors are non-interest bearing and generally on 30 day terms.

NOTE 11 OTHER CURRENT ASSETS

	2005 ($)	2004 ($)
Prepayments	1,159	–

Notes to and Forming Part of the Financial Statements

For the Period Ended 30 June 2005

	Notes	2005 ($)	2004 ($)

NOTE 12 PLANT AND EQUIPMENT

	Notes	2005 ($)	2004 ($)
Equipment cost		23,485	17,394
Accumulated depreciation	11(a)	(7,073)	(198)
		16,412	17,196
(a) Movements in plant and equipment			
– Carrying amount at beginning		17,196	–
– Additions		6,591	17,394
– Disposals		(500)	
– Depreciation		(6,875)	(198)
Closing balance		16,412	17,196

NOTE 13 OTHER FINANCIAL ASSETS

	Notes	2005 ($)	2004 ($)
Security deposits		104,500	–

Cash security deposits have been placed with the Company's bank to secure guarantee required to be put in place to cover environmental bonds placed with the Western Australia Department of Industry and Resources.

NOTE 14 DEFERRED EXPLORATION COSTS

	Notes	2005 ($)	2004 ($)
Exploration expenditure			
Areas of interest in exploration and evaluation phases			
Balance at beginning of period		1,287,483	–
Acquired during the year		57,347	1,000,000
Expenditure incurred during the period		489,539	287,483
Provisions		(777,022)	–
		1,057,347	1,287,483

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

	Notes	2005 ($)	2004 ($)

NOTE 15 CURRENT PAYABLES

	Notes	2005 ($)	2004 ($)
Trade creditors (a)(i)		88,111	86,893
Related parties (a)(i) and (ii)		–	14,933
		88,111	101,826

(a) Terms and Conditions

Terms and conditions relating to the above financial instruments.

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

(ii) Related party creditors are companies associated with directors or officers of the Company.

NOTE 16 PROVISIONS

	Notes	2005 ($)	2004 ($)
Employee benefits		9,880	4,134

NOTE 17 CONTRIBUTED EQUITY

(a) Issued and paid up capital

	Notes	2005 ($)	2004 ($)
Ordinary shares fully paid		4,626,327	4,626,327

(b) Movement in shares on issue

	Notes	2005 ($)	2004 ($)
Issued and paid up capital – Ordinary shares fully paid			
Ordinary shares at beginning of period – 32,272,000		4,626,327	–
Issue of 1,500,000 shares upon incorporation		–	150
Issue of 6,000,000 shares at $0.01 per share		–	60,000
Issue of 22,272,000 shares at $0.20 per share pursuant to Prospectus		–	4,454,400
Issue of 2,500,000 shares at $0.20 to purchase mineral tenements		–	500,000
Less cost of share issue		–	(388,223)
At reporting date: 32,272,000 ordinary shares		4,626,327	4,626,327

(c) Share Options

No shares or options were issued during the year and no options have been exercised at the date of this financial report.

At the end of the financial year there were 6,050,000 (2004: 6,450,000) unissued ordinary shares in respect of which options were outstanding.

(d) Terms and Conditions of Contributed Equity

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

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

Notes to and Forming Part of the Financial Statements

For the Period Ended 30 June 2005

	Notes	2005 ($)	2004 ($)

NOTE 18 ACCUMULATED LOSSES

	2005 ($)	2004 ($)
Balance at beginning of year	64,431	–
Net loss attributable to members of Rox Resources Limited	1,589,085	64,431
Balance at end of year	1,653,516	64,431

NOTE 19 EXPENDITURE COMMITMENTS

The Company has entered into certain obligations to perform minimum work on mineral tenements held. The Company is required to meet tenement lease rentals and Department of Petroleum and Minerals minimum expenditure requirements which for the 2005/06 financial year amount to $349,865. These may be varied or deferred on application and are expenditures expected to be met in the normal course of business.

	2005 ($)	2004 ($)
Payable within 1 year	–	65,000
Later than 1 year and not later than 5 years	–	–
Later than 5 years	–	–
	–	65,000

NOTE 20 SEGMENTS

The Company operates as a mineral exploration company in Western Australia, South Africa and Laos.

	Australia		South Africa		Laos		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
Interest Revenue	133,774	37,241	–	–	–	–	133,774	37,241
Result	(1,188,566)	(64,431)	(243,539)	–	(156,980)	–	(1,589,085)	(64,431)
Assets	3,070,802	4,667,856	–	–	–	–	3,070,802	4,677,856
Liabilities	55,156	105,960	24,581	–	18,254	–	97,991	105,960
Depreciation	6,875	198	–	–	–	–	6,875	198

NOTE 21 CONTINGENT LIABILITIES

Rehabilitation

The Company has placed mining bonds with the Western Australia Department of Industry and Resources totalling $104,500 to secure the Company's obligation to complete rehabilitation on certain mining leases. These bonds will be released upon the completion of all rehabilitation requirements in regard to the mining tenements at Menzies. The exact cost of rehabilitation is not known at this stage but may equal the total of the bonds put in place.

Native Title

The Company has been notified of a number of competing native title claims under the Commonwealth Native Title Act 1993, covering areas in the Eastern Goldfields of Western Australia.

Until further information is available and State legislation is finalised, the Company will not be in a position to assess the likely effect, if any, of any claim on the Company. However, the directors expect that existing exploration activities will not be materially affected by any claim or the claims in aggregate.

NOTE 22 EVENTS SUBSEQUENT TO REPORTING DATE

On 26 September 2005 Rox concluded due diligence on the Pha Luang lead-zinc project in Lao PDR and elected to proceed to acquire a 60% interest in the sulphide portion of the project from local Lao PDR company First Pacific Mining Lao Co. Ltd (FPM). Key commercial aspects of the agreement with FPM are:

i. Issue of two million Rox shares to FPM on election to proceed after the due diligence.

ii. Issue of three million Rox shares to FPM on definition of a JORC compliant resource of four million tonnes grading better than 10% combined lead-zinc.

iii. Issue of nine million Rox shares to FPM on completion of a positive feasibility study.

iv. Rox to free carry FPM to completion of a feasibility study, by funding all work to that point.

There has been no other event or circumstance since balance date which may have an effect on this financial report.

NOTE 23 RELATED PARTY TRANSACTIONS

Other Director Related Transactions

The Company leases office facilities from Vulcan Resources Limited, a company which Dr Cowden and Mr Blakiston are directors. During the financial period an amount of $78,000 was paid for those facilities.

The above transactions were entered into on normal commercial terms.

Notes to and Forming Part of the Financial Statements

For the Period Ended 30 June 2005

NOTE 24 FINANCIAL INSTRUMENTS DISCLOSURE

(a) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liability, is as follows:

2005	Floating Interest Rate	Non Interest Bearing	Total	Weighted Average Interest Rate
Financial Assets				
Cash	1,902,894	(11,510)	1,891,384	4.5%
Total Financial Assets	1,902,894	(11,510)	1,891,384	–
Financial Liabilities				
Payables	–	88,111	88,111	
Total Financial Liabilities		88,111	88,111	

2004	Floating Interest Rate	Non Interest Bearing	Total	Weighted Average Interest Rate
Financial Assets				
Cash	3,362,372	–	–	4.1%
Total Financial Assets	3,362,372	–	–	
Financial Liabilities				
Payables	–	101,826	101,826	–
Total Financial Liabilities		101,826	101,826	

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements. The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

(c) Net Fair Values

For assets and liabilities the net fair value approximates their carrying value because of their short term to maturity.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

	2005 ($)	2004 ($)

NOTE 25 EMPLOYEE BENEFITS

Employee Benefits

	2005 ($)	2004 ($)
The aggregate employee benefit liability is comprised of: Provisions (current)	9,880	4,134

Employee Share Incentive Scheme

An Employee Share Scheme 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 options, issued for nil consideration, are granted in accordance with performance guidelines established by the directors. No options have been issued pursuant to the scheme.

Superannuation Commitments

The Company contributes various percentages of the employee's income, but not less than that required under statutory regulations, to employee nominated complying superannuation funds. Employees may contribute amounts either as fixed dollar amounts or as a percentage of income. At year end all amounts due had been contributed to the employee nominated superannuation fund.

NOTE 26 IMPACT OF ADOPTING AASB EQUIVALENTS TO IFRS STANDARDS

Rox Resources Limited is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006.

The Company allocated internal resources to conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As a result of this assessment priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the Company prepares its first fully IFRS compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and our best estimate of the quantitative impact on the changes on total equity as at the date of transition and 30 June 2005 and on net loss for the year ended 30 June 2005.

The figures disclosed are managements best estimate of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken on the transition to AIFRS; (b) potential amendments to AIFRS's and interpretations thereof being issued by the standard setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

Impairment of Assets

Under AASB 136 *Impairment of Assets* the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of undiscounted cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater. The Company assessed the impairment triggers under AASB 136 and the facts and circumstances under AASB 6 relevant to Rox Resources Limited at transition date and 30 June 2005 and concluded that the assets are not impaired.

NOTE 26 IMPACT OF ADOPTING AASB EQUIVALENTS TO IFRS STANDARDS (continued)

Share Based Payments

Under AASB 2 *Share Based Payments,* the Company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance.

This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. The Company issued options to directors and employees in January and April 2004. As these options were fully vested at the time there is no effect on equity at transition date or on equity or net loss as at 30 June 2005.

Income Taxes

Under AASB 112 *Income Taxes,* the Company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. After assessing the major changes relating to the transition to AIFRS, the Company is now in the process of assessing the differences, however, it is not expected that there will be any further material impact as a result of adoption of this standard.

Exploration

AASB 6 *Exploration for and Evaluation of Mineral Resources* will require the Company to apply 'area of interest' accounting to its exploration and evaluation expenditures, effectively grandfathering the treatment currently used by the Company under AASB 1022 *Accounting for Extractive Industries.* Under AASB 6, if facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the Company must perform impairment tests on those assets in accordance with AASB 136 *Impairment of Assets.* Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units level provided this is no larger than an area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136. The Company has analysed its deferred exploration and evaluation expenditure and is satisfied that no expenses were deferred which were incurred before licence was granted. As a result of this analysis there is no impact from adopting AASB 6.

Financial Instruments

AASB 139 *Financial Instruments Recognition and Measurement* will require financial instruments to be classified into one of the following categories which in turn determine the accounting treatment for the item. The classifications are:

- Financial assets held for trading – which are to be measured at fair value and fair value changes applied through the Statement of Financial Performance;
- Financial assets held to maturity – which are to be measured at amortised costs;
- Loans and receivables – which are measured at amortised cost;
- Available for sale financial assets – which are measured at fair value with fair value changes taken to equity; and
- Non-trading financial liabilities – which are measured at amortised cost.

The Company has decided to apply the exemption provided in AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* which permits entities not to apply the requirements of AASB 132 Financial Instruments: Presentation and Disclosures and AASB 139 *Financial Instruments:* Recognition and Measurement for the financial year ended 30 June 2005. As a result there is no impact on the Company's financial statements at transition date and for the year ended 30 June 2005.

Directors' Declaration

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

1. In the opinion of the Directors:

   (a) The financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Company's financial position as at 30 June 2005 and its performance for the year ended on that date; and

      (ii) complying with Accounting Standards and Corporations Regulations 2001; and

   (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.

2. 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 period ending 30 June 2005.

On behalf of the Board

Alistair Cowden

Alistair Cowden

Perth, 30 September 2005

Independent Audit Report

to the Members of Rox Resources Limited

ERNST & YOUNG

Central Park
152 St Georges Terrace
Perth WA 6000
Australia

GPO Box M939
Perth WA 6843

Tel 61 8 9429 2222
Fax 61 8 9429 2436

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Rox Resources Limited (the company), for the year ended 30 June 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on them to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and 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 Drectors' Report.

Audit opinion

In our opinion, the financial report of Rox Resources Limited is in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of Rox Resources Limited at 30 June 2005 and of its performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001.

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

V W Tidy
Partner

Perth
30 September 2005

Schedule of Mining Tenements

Project	Tenement	Interest
Menzies	M29/14	100%
Menzies	M29/88	100%
Menzies	M29/153	100%
Menzies	M29/154	100%
Menzies	M29/184	100%
Menzies	M29/212	100%
Menzies	MLA29/223	100%
Menzies	MLA29/225	100%
Menzies	L29/41	100%
Menzies	L29/42	100%
Menzies	L29/43	100%
Menzies	L29/44	100%
Menzies	L29/58	100%

Key to Tenement Schedule

M *Mining Lease*
MLA *Mining Lease Application*
L *Miscellaneous Licence*

Other Information

The following information was applicable as at 20 September 2005.

1. Shareholding

(a) Distribution of Shareholders Number

Category (size of Holding)	Number
1 – 1,000	3
1,001 – 5,000	9
5,001 – 10,000	78
10,001 – 100,000	279
100,001 and over	49
	418

(b) The number of shareholdings held in less than marketable parcel is six.

(c) Substantial Shareholder Notices have been provided by:

Name	Number of Shares	% of Issued Share Capital
Deep Yellow Limited	2,500,000	7.70
Drumfrochar Pty Ltd	2,470,000	7.70

(d) Top 20 shareholders

Name	Number of Shares	% of Issued Share Capital
1. Drumfrochar Pty Ltd <Lynedoch A/C>	2,520,000	7.81
2. Mr Hughes & Mr Munday (Deep Yellow Creditors)	2,500,000	7.75
3. Mr Ian Robert Mulholland	1,400,000	4.34
4. Residuum Nominees Pty Ltd	1,197,857	3.71
5. Mr John Damian Kenny	1,131,545	3.51
6. Mr Brett Dickson <Family Account>	735,000	2.28
7. Georgina Dickson	725,000	2.25
8. Interstate Investments Pty Ltd	650,000	2.01
9. Cobville Pty Ltd <H & D Orner Super Fund A/C>	500,000	1.55
10. Hooper Bailie Industries Pty Ltd	500,000	1.55
11. Mr Stuart Young Craig	500,000	1.55
12. Romadak Pty Ltd <Romadak Super Fund>	457,142	1.41
13. Elphi Pty Ltd <Skazas Family A/C>	434,005	1.34
14. Berenes Nominees Pty Ltd	400,000	1.24
15. Red Puma Pty Ltd	400,000	1.24
16. Perpetual Custodians Limited	369,767	1.15
17. Yarraandoo Pty Ltd	350,000	1.08
18. Manorina Mining NL	280,000	0.87
19. Ackland Printing Pty Ltd <Super Fund A/C>	274,286	0.85
20. Sancoast Pty Ltd	272,500	0.84
	15,597,102	48.33

There is a total of 32,272,000 fully paid ordinary shares on issue, all of which are listed on the ASX. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(e) Restricted Securities

The following securities have been classified as Restricted Securities:

Number	Class	Escrow Period
8,364,633	Fully Paid Ordinary Shares	To 27 April 2006
750,000	Options exercisable at $0.20, expire 30/04/07	To 27 April 2006
5,250,000	Options exercisable at $0.20, expire 31/01/09	To 27 April 2006

2. Use of Funds

Since admission to the official lists of ASX the Company has used its cash and assets in a form readily convertible to cash in a way that was consistent with its business objectives.

For shareholder information contact:

SHARE REGISTRY

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

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

For information on your company contact:

PRINCIPAL & REGISTERED OFFICE

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1 Altona Street
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Telephone: (08) 9486 4537
Facsimile: (08) 9486 4933
Web: www.roxresources.com.au