2008 ANNUAL REPORT

ROX RESOURCES

CORPORATE DIRECTORY

DIRECTORS:

Mr Jeff Gresham
Non-Executive Chairman

Mr Ian Mulholland
Managing Director

Mr Michael Blakiston
Non-Executive Director

COMPANY SECRETARY:

Mr Brett D Dickson

BANKERS:

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

AUDITOR:

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

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

SOLICITOR:

Blakiston & Crabb
1202 Hay Street
West Perth WA 6005

Telephone: (08) 9322 7644
Facsimile: (08) 9322 1506

FOR SHAREHOLDER INFORMATION CONTACT:

SHARE REGISTRY:

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

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

STOCK EXCHANGE:

Australian Stock Exchange Limited

Company Code:
RXL (Fully Paid Shares)

ISSUED CAPITAL:

72,386,428	Fully paid ordinary shares
5,250,000	20 cent, 31 January 2009 options
2,500,000	67.5 cent, 12 July 2009 options
1,700,000	35 cent, 30 November 2009 options
400,000	35 cent, 31 May 2010 options
2,000,000	35 cent, 30 November 2010 options

INVESTOR RELATIONS:

Porter Novelli
The Courtyard, 33 Broadway
Nedlands WA 6009
Telephone: (08) 9386 1233
Facsimile: (08) 9386 1715

FOR INFORMATION ON YOUR COMPANY CONTACT:

PRINCIPAL & REGISTERED OFFICE:

Ground Floor
63 Hay Street
Subiaco WA 6008

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

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CHAIRMAN'S REVIEW

DEAR SHAREHOLDER,

I am pleased to present my second Rox Annual Report as Chairman of your Company. The 2008 financial year, and in particular the second half of the year, has been a difficult time for world equity markets and the Australian resources sector. Your Company has not been spared from the impact of these difficulties. However I believe that the significant progress Rox has made in acquiring and progressing the Reward zinc-lead project in the Northern Territory together with our continued involvement in the prospective Pha Luang project in Laos places your Company in a sound position for the future.

In early 2008 our Company announced an option to purchase the Reward zinc-lead project from the Rio Tinto Limited subsidiary North Mining Limited. Located close to the world class McArthur River (HYC) zinc-lead deposit in the Northern Territory, the Reward project covers an extensive area of highly prospective geology similar to that of the McArthur River deposit. The project area contains a number of prospects with known zinc-lead mineralisation including the Myrtle prospect where drilling by previous explorers had revealed intercepts of up to 7.5% combined zinc and lead over 6.7 metres. Following a detailed review of the prospect a diamond core drilling program was carried out that resulted in a series of very positive results and that defined a very large mineralised system with dimensions exceeding 2km x 1km.

Of important significance was the recognition, following our interpretation of early drilling results, for the opportunity for near-surface mineralisation. Anomalous surface soil geochemistry confirmed this possibility and subsequent shallow reverse circulation drilling intersected significant intervals of 3-4.2% combined zinc and lead at shallow depths. Additional surface soil sampling has identified further extensive zones of anomalism that indicate potential for further near-surface mineralisation. The Myrtle prospect and other prospects within the Reward project area warrant further follow up drilling.

The Company has been exploring the Pha Luang zinc-lead project in Laos since 2005. This exploration work is done under the terms of a ratified Joint Venture Agreement with our Lao and Thai partners. Extremely encouraging soil sampling and drilling results have been obtained from exploration carried out to date. At the request of Rox and to ensure the Company's security over its 60% interest in the project, the Laos Government was requested to approve the transfer of the 60% interest to Rox and grant the Company a Foreign Investment License ("FIL"). Due to a major review of the minerals industry and the preparation of a new Mining Act by the Laos Government there have been delays in granting FIL's to foreign companies operating in Laos. It is anticipated that this review will be concluded by the end of 2008. Until our FIL is granted we have taken the decision to reduce expenditure on this project to a minimum.

As we approach the end of 2008 both the financial and commodity markets face a high level of uncertainty. These factors have had a significant negative impact on the value of numerous resource companies and have also impacted on the activities of your Company. In accord with our strategic plan and budget for 2007/08 we had proposed to raise additional funds to continue our aggressive exploration activities. The negative market sentiment at the time made the raising of further funds extremely difficult and in the circumstances the raising of $653,000 through a placement and Shareholder Purchase Plan was a very commendable effort. I would particularly like to thank all shareholders who supported the fund raising.

Despite the difficult and uncertain conditions confronting the Australian equity markets I believe that, given the quality of the Company's exploration assets and the focus and determination of our small but skilled management team, our future remains positive. Our challenge is to deliver added value for shareholders in this difficult environment and I assure you that every effort will be made to do this.

Jeffrey J Gresham
Chairman

INTRODUCTION

In January 2008 the Company entered into an option agreement to purchase the Reward project tenement from Rio Tinto Limited subsidiary North Mining Limited. The tenement is prospective for sediment hosted (SEDEX) style zinc-lead deposits, similar to the McArthur River (HYC), Mt Isa and Century deposits. In late September the Company announced it had exercised the option to purchase and is now in the process of completing the transfer of the tenement to Rox.

The project tenement covers 379km^2 and is located just 20km south of the world class McArthur River (HYC) zinc-lead deposit near Borroloola in the Northern Territory of Australia. McArthur River is one of the largest zinc-lead deposits in the world, with a pre-mining mineral resource of 227 million tonnes grading 9.3% zinc (Zn), 4.1% lead (Pb), and 60g/t silver (Ag).

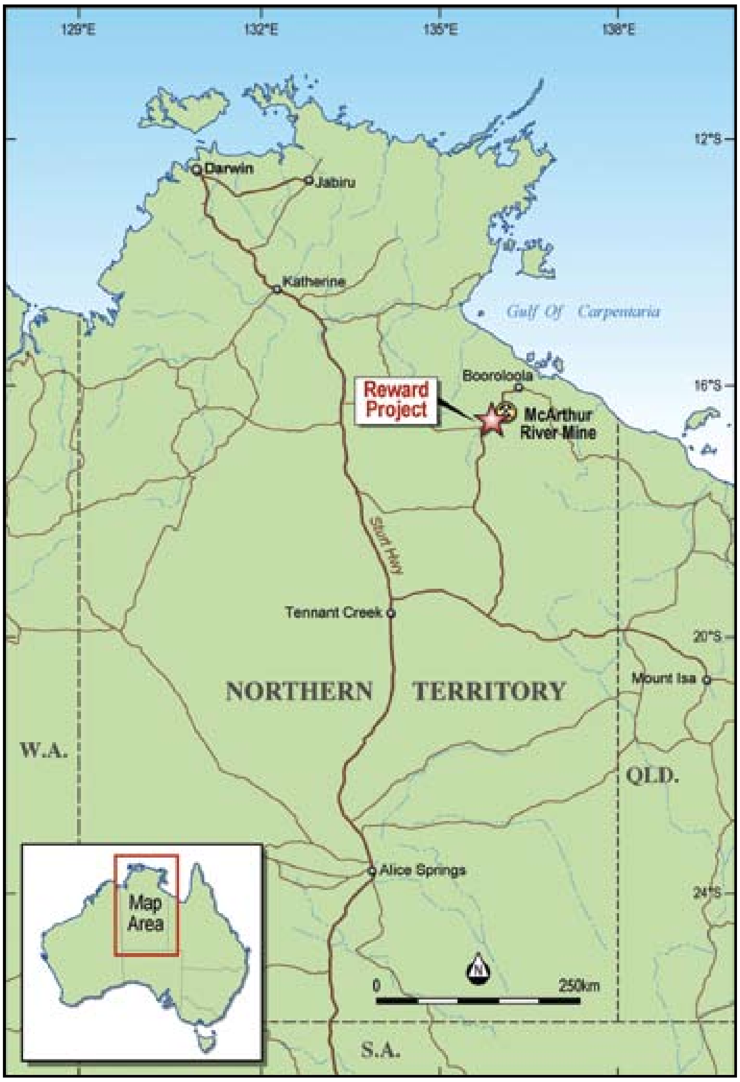


Figure 1: Reward project location near McArthur River in the Northern Territory

"Reward project tenement is located just 20km south of the world class McArthur River (HYC) zinc-lead deposit"

The region extending from Mt Isa in the southeast through McArthur River and for 500km to the northwest is probably one of the most well endowed zinc-lead regions on Earth, and Rox is well placed to prove up a major deposit at Myrtle.

> “Myrtle is shaping into a very significant zinc deposit”

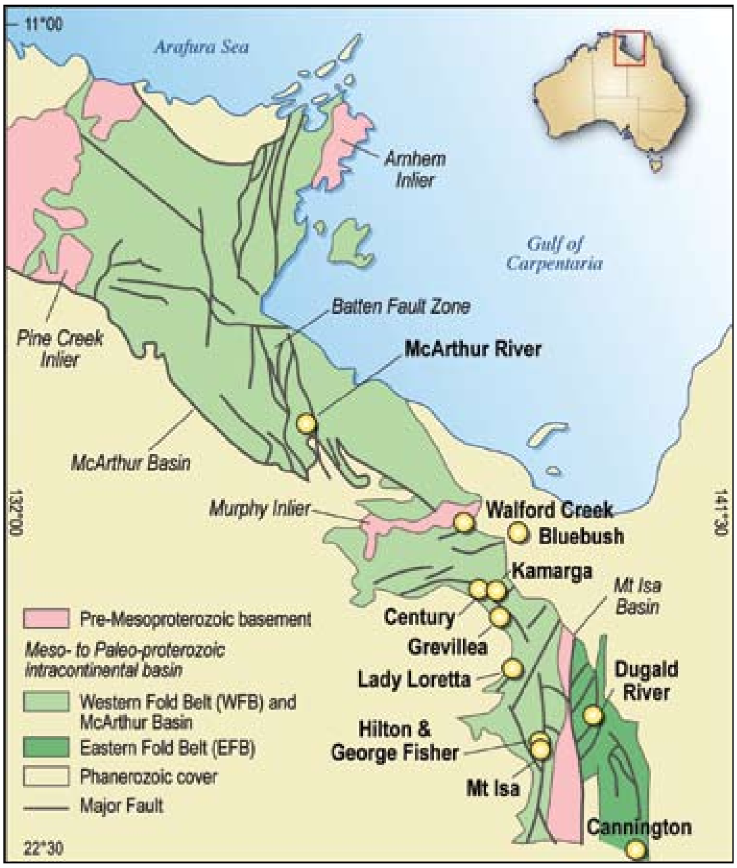


Figure 2: Mt Isa – McArthur River Region

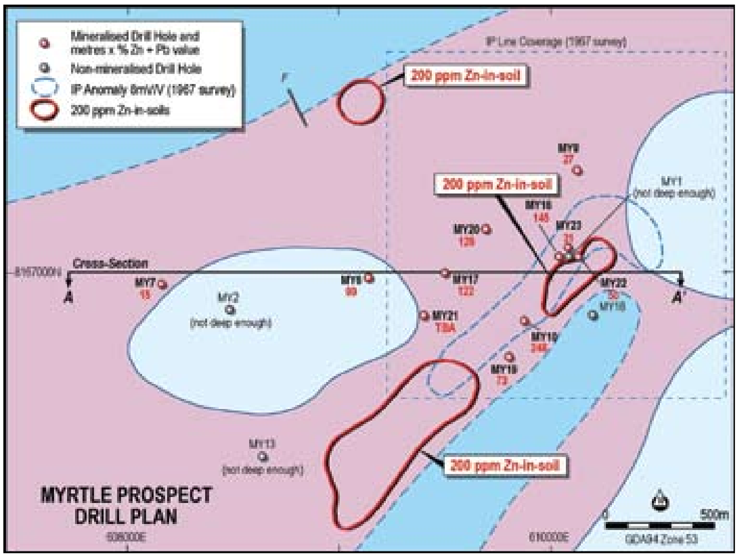


Figure 3: Plan showing drill hole locations, IP and soil anomalies

After acquiring its option to purchase Rox undertook an 8 hole, 2,300 metre drilling program to test zinc-lead mineralisation at the Myrtle prospect.

Significant mineralisation was recorded in 6 of the 8 holes drilled, with wide intersections of zinc-lead at a cut-off grade of 2.5% Zn+Pb cut-off grade:

MY16:	**19** metres grading **4.1% Zn, 1.3% Pb** from 179 metres depth
	4 metres grading **5.6% Zn, 0.5% Pb** from 160 metres depth
	4 metres grading **3.0% Zn, 1.1% Pb** from 217 metres depth
MY17:	**14.25** metres grading **3.2% Zn, 0.8% Pb** from 407.75 metres depth
	7.46 metres grading **3.5% Zn, 1.5% Pb** from 465.00 metres depth
MY19:	**12** metres grading **4.0% Zn, 0.6% Pb** from 149 metres depth
	4 metres grading **4.4% Zn, 0.2% Pb** from 163 metres depth
MY20:	**8.9** metres grading **5.3% Zn, 1.3% Pb** from 363.1 metres depth
	7.3 metres grading **4.5% Zn, 0.5% Pb** from 338 metres depth

Higher grade intervals are present at a higher (5% Zn+Pb) cut-off over mineable thicknesses:

MY16:	**4** metres grading **5.6% Zn, 0.5% Pb** from 160 metres depth
	4 metres grading **4.9% Zn, 1.1% Pb** from 180 metres depth
	5 metres grading **6.0% Zn, 2.9% Pb** from 189 metres depth
MY17:	**2.25** metres grading **6.8% Zn, 1.5% Pb** from 407.75 metres depth
	3.15 metres grading **4.1% Zn, 1.3% Pb** from 469.31 metres depth
MY19:	**4** metres grading **5.2% Zn, 0.6% Pb** from 154 metres depth
MY20:	**3.0** metres grading **5.3% Zn, 0.6% Pb** from 339.0 metres depth
	8.9 metres grading **5.3% Zn, 1.3% Pb** from 363.1 metres depth

These and earlier drill holes have now defined a very large mineralised system which stretches over 2km east-west x 1km north-south (Figure 3).

Importantly, the geological sequence at Myrtle is similar to that found 20km north at the McArthur River deposit; the uppermost unit is the Reward Dolomite, which is underlain by the Barney Creek Formation (which includes the HYC Pyritic Shale and the W-Fold Shale), the footwall unit is the Teena Dolomite.

At Myrtle, and at McArthur River, base-metal (zinc and lead) mineralisation occurs within the HYC Pyritic Shale and the mineral bearing sequence occurs over an extensive area (Figure 4).

"Significant mineralisation was recorded in 6 of the 8 holes drilled"

"Higher grades are present over mineable thicknesses"

"A very large mineralised system has been defined over 2 x 1 km"

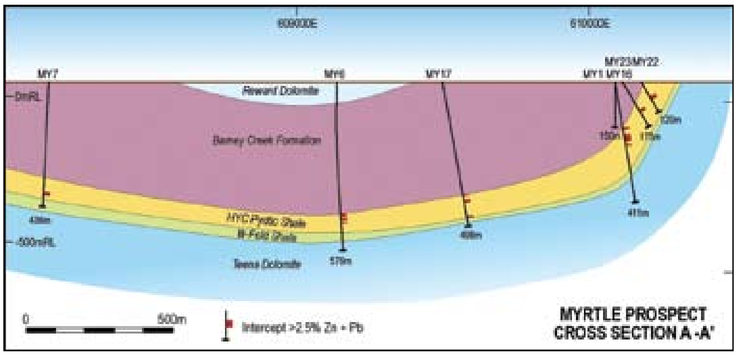


Figure 4: Cross Section A – A'

Drilling to date, which is wide spaced but over an extensive area, has shown that the Myrtle deposit has the potential to be very large and the Company plans to drill out the deposit to determine its ultimate size as time and funding permits. Preliminary metallurgical testwork has commenced and is planned to establish the grainsize of the sulphide minerals and their response to the froth flotation recovery method. Initial observation is that sulphide grain size is coarser than that at McArthur River.

"Open pit potential has been defined at Myrtle"

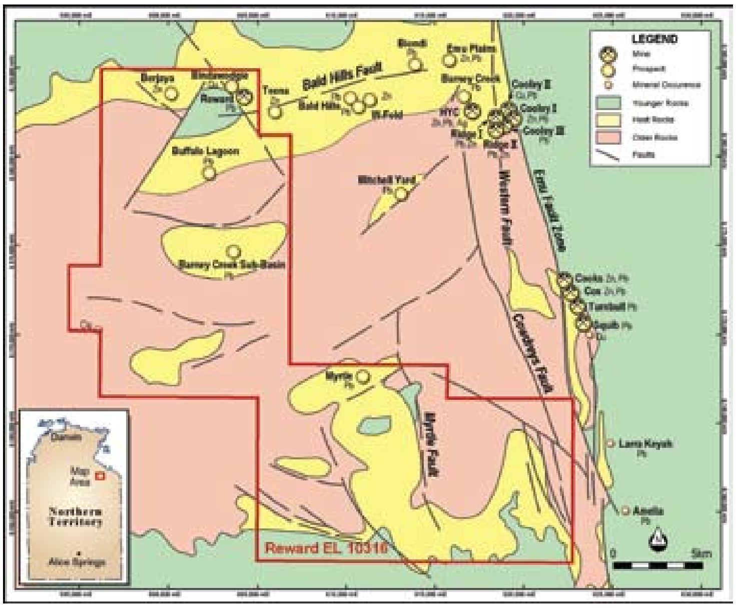


Figure 5: Regional prospects in the Reward area

Recent soil sampling has identified several zinc anomalies with the largest having an aggregate strike length of almost 2km in two co-linear zones. It is believed these soil anomalies trace the subcrop of the mineralised zone.

Open pit potential has been demonstrated at Myrtle by near surface RC drill intercepts up dip from MY16:

MYR22: **12** metres grading **3.1% Zn, 1.1% Pb** from 59 metres depth

MYR23: **9** metres grading **2.9% Zn, 0.4% Pb** from 115 metres depth

The projected subcrop of the mineralised zone is coincident with the soil anomaly which indicates near surface mineralisation in this area. Further drilling to delineate and assess the open pit potential is a high priority.

The Myrtle prospect is shaping into what could become a very significant zinc deposit, just 20km south of the world class McArthur River zinc-lead deposit. On a regional scale, the Myrtle prospect is one of a number of known base-metal occurrences on the Reward tenement, with a number of other prospects such as Barney Creek Sub-Basin, Buffalo Lagoon and Berjaya having similar potential to Myrtle.

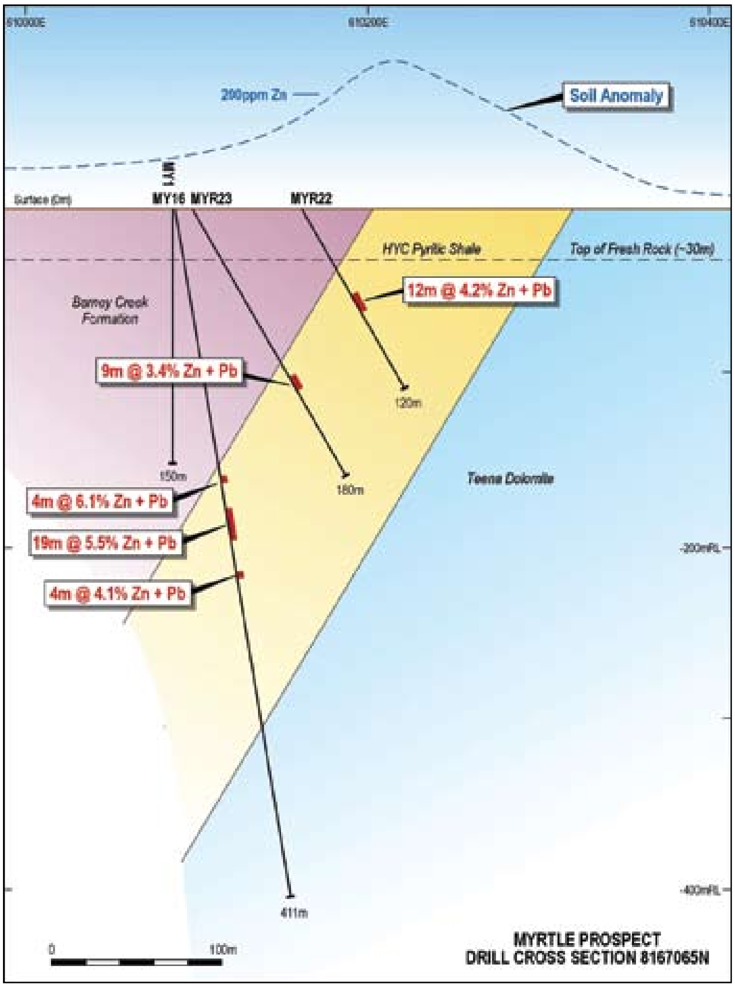


Figure 6: Mineralisation comes close to surface

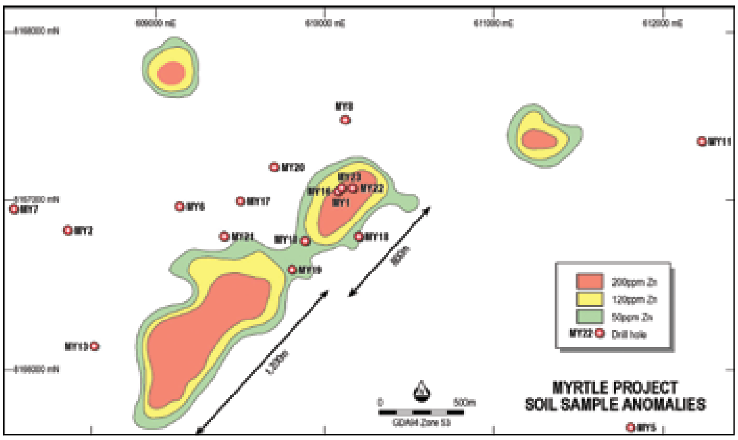


Figure 7: Extensive soil anomalism over 2 km long

“Extensive soil anomalism over 2km long”

PHA LUANG ZINC-LEAD PROJECT, LAOS

> *"High grade drill intercepts of zinc and lead"*

> *"Extensive soil anomalism over 10km long"*

INTRODUCTION

Rox has been exploring the Pha Luang zinc-lead project in Laos since 2005. High grade drill intercepts of zinc and lead have been made at the Nam Yen prospect and zinc and lead sulphides have also been drilled at the Pha Sod prospect.

During the year the Company completed an extensive soil sampling survey over the entire Pha Luang tenement and identified a number of significant new anomalies. High grade rock chip samples were also collected during the survey.

Drilling programs have been prepared to test the potentially large, high-grade mineralised system at Pha Sod, and also to test extensions of the known mineralisation at Nam Yen. This drilling has been put on "hold" pending the granting of Rox's Foreign Investment Licence ("FIL") in Laos. This FIL is expected once the Laos Government proclaims a new Mining Act in December 2008, and approves the transfer of a 60% interest in the granted Pha Luang mining concession to Rox.

Figure 8: Pha Luang project location

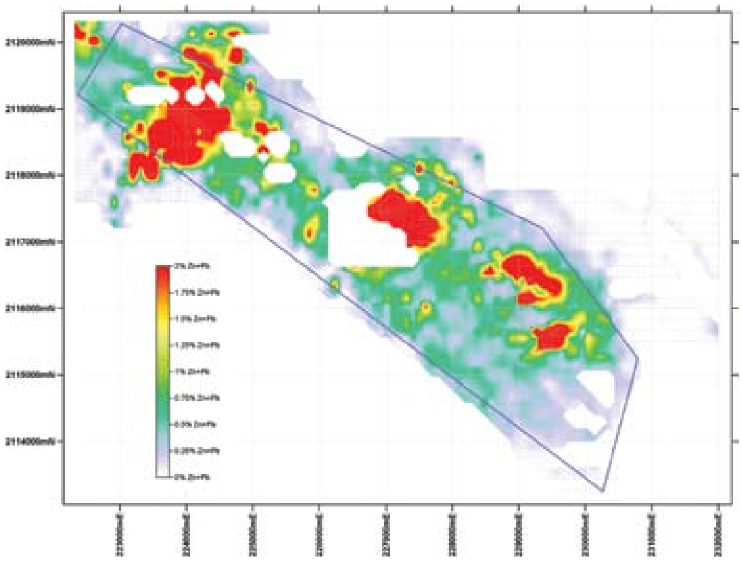


Figure 9: Extensive high grade soil anomalies >2% Zn + Pb

Figure 10: Nam Yen Drilling. Hole locations are shown with the down hole intercepts as metres @ X% Zn + Pb

Legend

1. 6m @ 11.6% Zn + Pb

2. 33m @ 11.4% Zn + Pb

3. 19m @ 8.6% Zn + Pb

4. 6m @ 7.2% Zn + Pb

5. 19m @ 7.0% Zn + Pb

6. 11m @ 4.6% Zn + Pb

7. 4m @ 4.4% Zn + Pb

OPEN

ZINC AND LEAD OUTLOOK

"Strong performance for zinc and lead in the medium term"

"Demand for zinc and lead continually growing"

Zinc's effectiveness in protecting steel against corrosion by galvanising is well recognised, and makes up about 50% of zinc's end use. The ability of zinc to die cast complicated components also makes zinc indispensable in a multitude of industry and household products.

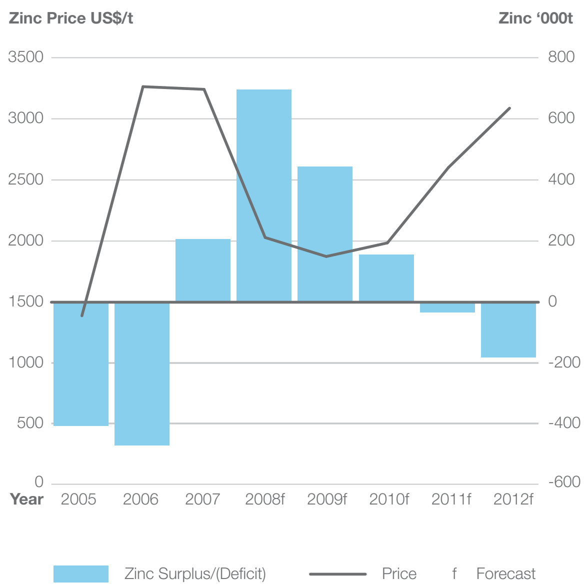
The principal use of lead is in lead-acid batteries which are used in vehicles, emergency systems and industry, making up about 80% of its end use.

The dramatic fall in zinc and lead prices over the last 12 months have caused concern amongst investors about the medium to long term future of these metals.

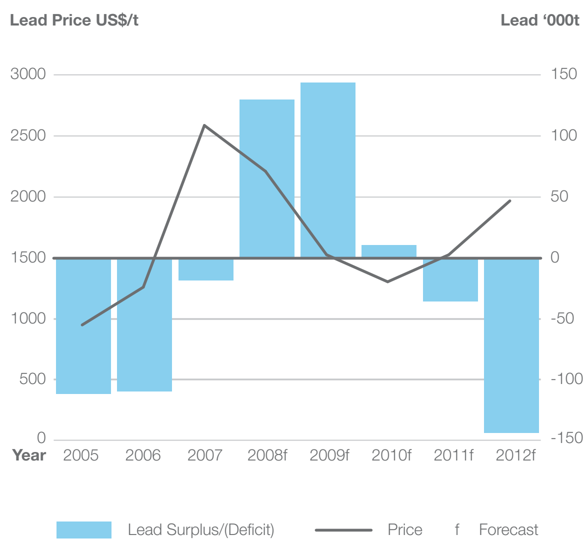
Various independent analyses of zinc and lead prices and, supply and demand trends and forecasts are available. All of these point to a softened demand for zinc and lead in the short term (i.e. 2009), but a strong performance in the medium to long term (i.e. beyond 2010).

Demand for zinc and lead is continually growing, especially as the economies of China, India, Brazil and Russia expand and modernise. The consumption of iron and steel by these countries will require zinc for galvanising and die casting, and lead for batteries in vehicles.

Zinc Surplus/(Deficit) vs. Zinc Price



Lead Surplus/(Deficit) vs. Lead Price



New supply of zinc and lead was brought on stream during 2003-2007, in response to the deficit in supply against demand during 2005-2006. Zinc and lead prices rose dramatically in 2006 and 2007 as supply struggled to meet demand.

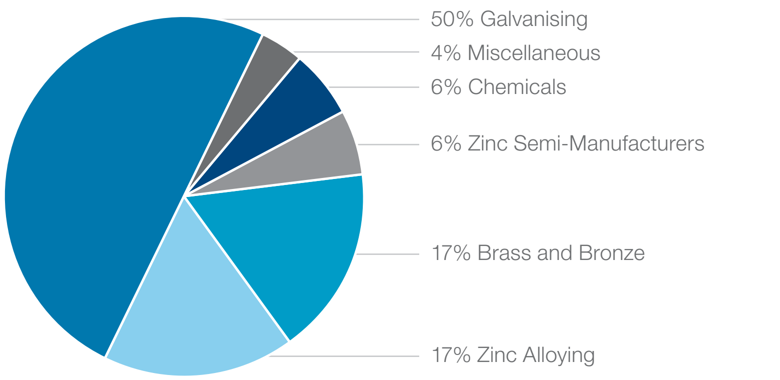
The source of recent new supply has been from mines discovered between 20 and 30 years ago, and little concerted exploration for zinc and lead has occurred since.

With demand continuing to rise, the new supply that has now met current demand (with a resultant fall in zinc and lead prices during 2008) is predicted to become a deficit in supply again by 2010, with resulting upward pressure on zinc and lead prices.

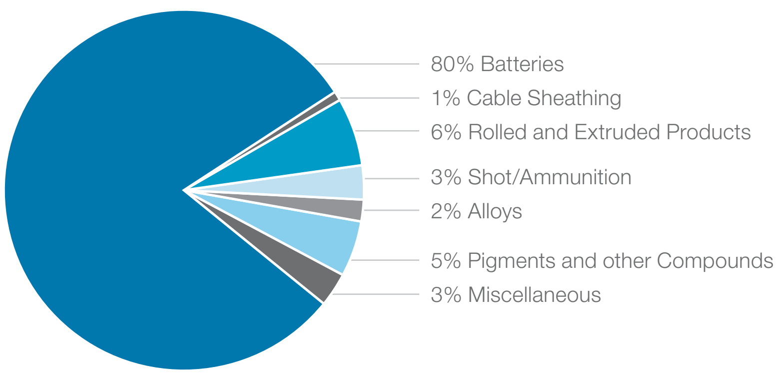
Rox believes there is an opportunity to place itself in this evolving strong zinc and lead market, by identifying, exploring and developing zinc-lead projects in preparation for this predicted upturn in 2010 - and beyond. The Myrtle and Pha Luang projects give Rox strong leverage to the predicted upsurge in zinc and lead prices.

"Upward pressure on zinc and lead prices"

Zinc End Use



Lead End Use



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

Names, Qualifications, Experience and Special Responsibilities

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

Mr Gresham is a geologist with a distinguished industry career of varied exploration, operational and corporate experience both in Australia and internationally spanning 40 years. Mr Gresham is also a Non-Executive Director of Breakaway Resources and View Resources.

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

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

During the past three years Mr Gresham has also served as a Director of the following other listed companies:

- Giants Reef (appointed 01/02/2003 and resigned 01/03/2006)
- Titan Resources (appointed 01/06/2004 and resigned 01/09/2006)
- Breakaway Resources (appointed 01/10/2006)
- View Resources (appointed 24/04/2007)

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

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

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

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

Mr Michael Blakiston *(Non-Executive Director, appointed 27/11/2003)* - B.Juris. LLB

Mr Blakiston is a practicing solicitor with legal experience in the resources sector, and 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 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 Blakiston is also a Director of the following companies:

- Platinum Australia Ltd (appointed 21/06/2000)
- Vulcan Resources Limited (appointed 28/03/2002)
- Aurora Oil & Gas Limited (appointed 07/11/2003)
- Axiom Properties Limited (appointed 24/06/2006)

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	Unlisted Options
J Gresham	241,111	1,000,000
Mulholland	2,222,222	5,000,000
M Blakiston	1,308,968	1,000,000

Included in the Director's Interest in unlisted options are the following unlisted options that have vested and are able to be exercised.

Director	Number of Options	Exercise Price	Expiry
J Gresham	1,000,000	35 cents	30 November 2009
I Mulholland	3,000,000	20 cents	31 January 2009
	2,000,000	35 cents	30 November 2009
M Blakiston	1,000,000	20 cents	31 January 2009

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

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

LOSS PER SHARE

Basic earnings (Loss) per share	2008: (5.8 cents)	2007: (5.8 cents)
Diluted earnings (Loss) per share	2008: (5.8 cents)	2007: (5.8 cents)

DIVIDENDS

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

OPERATING AND FINANCIAL REVIEW

Corporate Structure

Rox Resources Limited is a company limited by shares which is incorporated and domiciled in Australia. The Group comprising Rox Resources Limited and Rox (Laos) Pty Ltd is not considered to be materially different to the Company as Rox (Laos) Pty Ltd has not traded, therefore consolidated and Company accounts have been presented as one.

Nature of Operations and Principal Activities

The principal activity of the Company during the year was the continued exploration of its Pha Luang lead-zinc deposit in Laos and acquisition and commencement of exploration of the Reward tenement in the Northern Territory of Australia, and the continued realisation of value from the Company's other mineral assets.

Results from Operations and Financial Position

During the period the Company and Consolidated Entity have incurred a net loss after tax for the year ended 30 June 2008 of $3,359,706 which is similar to the previous year's loss of $3,275,990. The loss includes exploration expenditure charged direct to the profit and loss account of $2,025,143 (2007:$2,218,096). Net cash outflows from operating activities were $3,007,832 compared to cash outflow of $2,700,846 for the previous year.

At 30 June 2008 the Company and Consolidated Entity had cash on hand of $771,274 and since the end of the financial year a further $653,000 has been raised through a combination of private placement of shares and a Share Purchase Plan to existing shareholders. The Directors believe the Company and Consolidated Entity maintains a sound capital structure and is in an excellent position to progress its mineral properties.

Employees

At 30 June 2008 the Company had two employees (2007: two employees).

Review of Operations

During the year the Company concentrated on consolidating its activities at its Pha Luang zinc-lead project in Laos while continuing its search for complimentary projects. In that regard, in January 2008, the Company acquired an option to purchase the Reward project located in the McArthur River region in the Northern Territory, Australia. The Reward project is a sediment hosted (SEDEX) zinc-lead project with analogies to the large McArthur River deposit, located just 20km to the north. Since acquiring the Reward project the Company has completed 2000m of diamond core drilling and 300m of RC drilling at the Myrtle prospect. Results of this drilling have been very encouraging and have intersected mineralisation above a 5% Zn + Pb lower cut-off exceeding several metres in total thickness over an east-west extent of 1km and north-south of 0.8km. This indicates that a large mineralised system exists at Myrtle.

RISK MANAGEMENT

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

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

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

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The following matters have arisen since the end of the financial year:

- The Company placed 8.6 million shares at $0.045 each to raise $387,000, before expenses of the issue.
- A share purchase plan was offered to shareholders; pursuant to the plan shareholders were able to purchase up to $5,000 of Rox shares at $0.045 each. Shareholders subscribed for 5,911,095 shares raising $266,000.
- The Company reached agreement with Avalon Minerals Limited to withdraw from the Lennard Shelf joint venture.
- The Company lodged a Notice of Exercise of Option over the Reward tenement with Rio Tinto Limited subsidiary North Mining Limited which, subject to a number of preconditions being met would result in Rox acquiring 100% ownership of the Reward tenement. Consideration for the exercise of the option is deferred until a decision to mine is made by Rox, at that time Rox will be required to pay North Mining Limited $1 per tonne of the Mineral Resource defined in the bankable feasibility study. This will have no immediate financial impact on the Group, however if and once a decision to mine has been made Rox will be required to pay North Mining Limited the purchase price which will effectively increase the capital cost of any development by the amount of the purchase price.

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

ENVIRONMENTAL ISSUES

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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.

DIRECTORS' MEETINGS

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

	Directors' Normal Meetings		Directors' Audit Meetings		Directors' Remuneration Meetings		Directors' Nomination	
	No. Eligible	No. Attended	No. Eligible	No. Attended	No. Eligible	No. Attended	No. Eligible	No. Attended
J Gresham	10	10	2	2	-	-	-	-
M Blakiston	10	9	2	2	-	-	-	-
I Mulholland	10	10	2	2	-	-	-	-

Committee Membership

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

The Company has not entered into any agreement to indemnify the auditor.

SHARE OPTIONS

At the date of this report and at the reporting date there were 11,850,000 unissued shares under options. During the year 550,000 options lapsed. Refer to Note 9 of the Financial Statements for further details on options outstanding.

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

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Company's Auditors to provide the Directors of Rox Resources Limited with an Independence Declaration in relation to the audit of the full-year financial report. This report has been received and is attached to the Directors Report at page 23.

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	$12,200

REMUNERATION REPORT (AUDITED)

This remuneration Report outlines the Director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent Company, and includes the executives, of which there is one, in the Parent and the Group that fits within the above mentioned definition.

For the purposes of this report, the term 'executive' encompasses the Chief Executive, senior executives and secretaries of the Parent and the Group.

Details of key management personnel

(i) Directors

Jeffrey Gresham	Non-executive Chairman *(appointed 1 October 2006)*
Ian Mulholland	Managing Director *(appointed 27 November 2003)*
Michael Blakiston	Non-executive Director *(appointed 27 November 2003)*

(ii) Executives

Brett Dickson	Company Secretary *(appointed 27 November 2003)*

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

Remuneration Committee

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

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

Remuneration Philosophy

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

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

- Provide competitive rewards to attract high calibre executives
- Establish appropriate hurdles for variable executive remuneration

- Encouragement for Directors to sacrifice a portion of their fees to acquire shares in the Company at market price
- Due to the nature of the activities of the Company, being exploration, remuneration is not linked to the Company's financial performance

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. In addition long term incentives in the form of options may be awarded to Non-executive Directors, subject to shareholder approval, in a manner which aligns this element of remuneration with the creation of shareholder wealth.

The remuneration of Non-executive Directors for the year ending 30 June 2008 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
- ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration the Board considered market conditions and remuneration paid to senior executives of companies listed on the Hartley's Explorers Index.

Remuneration consists of the following key elements:

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

Fixed Remuneration

Objective

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

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

Structure

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

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

Variable Remuneration – Short Term Incentive ("STI")

Objective

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

Structure

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

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

STI bonus for 2007 and 2008 financial years

No STI was paid for the 2007 financial year.

During the 2008 financial year specific performance conditions were agreed with the Managing Director, Mr Mulholland, where a STI bonus to the maximum of $40,000 would be paid based on the achievement of four key objectives which would most reflect significant advances being made by the Company in its exploration and financial performance, being:

1. The location, through drilling, of a further 3 potentially economic sulphide occurrences, in addition to Nam Yen, at Pha Luang project.
2. The development of a second significant project for Rox either by ground acquisition, farm in or purchase.
3. Increase the market capitalisation of Rox by 50% as from the date of signing the letter of contract.
4. Maximisation of Rox's investments and a clear demonstration of technical and managerial leadership. Measures will include staff stability, technical breakthroughs, improved geological understanding of mineralisation at Pha Luang, preparation for board meetings and statutory compliance.

Determination on the extent to which performance conditions have been met is made by the independent board members acting as the Remuneration Committee. For the 2007/08 financial year Mr Mulholland was awarded a bonus of 50% of the maximum achievable, being $20,000 paid on 14 April 2008.

An incentive bonus to the maximum of $60,000 has been agreed with Mr Mulholland for the 2008/09 financial year. Criteria to be used when assessing the bonus will be:

1. The granting of the Foreign Investment Licence in Laos and the identification of potential resource of > 5 million tonnes @ 6.5% Zn + Pb within the Pha Luang project.
2. Identification of a resource based on the planned drilling program, of > 20 million tonnes @ 6.5% Zn + Pb at the Myrtle prospect.
3. The development of another significant project for Rox either by ground acquisition, farm in or purchase.
4. Facilitate a successful capital raising of a minimum of $2m.
5. Increase the Rox share price to 25c.
6. Maximisation of Rox's investments and a clear demonstration of technical and managerial leadership. Measures will include staff stability, technical breakthroughs including drilling success and the quality of reporting, board preparation and statutory compliance.

In addition, similar performance criteria have been set for the Company Secretary, Mr Brett Dickson, with a maximum performance bonus payable of $30,000.

The minimum amount payable assuming no executives meet their KPI's is nil. There have been no alterations to the STI bonus plans since their grant date.

Variable Remuneration – Long Term Incentive ("LTI")

Objective

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

As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth.

Structure

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

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

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

Employment Contracts

The Managing Director, Mr Mulholland is employed under contract. The current employment contract commenced on 27 April 2007 and terminates on 27 May 2009, 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 contact:

- 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 cause occurs, the MD is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.

The Company Secretary, Mr Dickson is employed under a service contract. The current contract commenced on 26 September 2006 and terminates on 26 September 2009, at which time the Company may chose to commence negotiation to enter into a new service contract with Mr Dickson. Under the terms of the present contact:

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

Remuneration of Key Management Personnel

	SHORT TERM			POST EMPLOYMENT	SHARE-BASED PAYMENTS	TOTAL	PERCENTAGE
2008	Salary & Fees $	Bonus $	Other [1] $	Superannuation $	Options $	$	PERFORMANCE RELATED %
DIRECTORS							
J Gresham	-	-	-	54,500	-	54,500	-
M Blakiston	35,000	-	-	3,150	-	38,150	-
I Mulholland	213,490	20,000	-	29,006	23,658	286,154	8
EXECUTIVES							
B Dickson	-	-	120,000	-	41,120	161,120	26
TOTAL	248,490	20,000	120,000	86,656	64,778	539,924	12

	SHORT TERM			POST EMPLOYMENT	SHARE-BASED PAYMENTS	TOTAL	PERCENTAGE
2008	Salary & Fees $	Bonus $	Other [1] $	Superannuation $	Options $	$	PERFORMANCE RELATED %
DIRECTORS							
J Gresham	-	-	-	40,875	174,700	215,575	81
M Blakiston	-	-	-	36,113	-	36,113	-
A Cowden[2]	8,750	-	-	787	-	9,537	-
I Mulholland	188,100	-	-	18,561	-	206,661	-
EXECUTIVES							
B Dickson	-	-	120,000	-	123,360	243,360	51
TOTAL	196,850	-	120,000	96,336	298,060	711,246	42

1. 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 $120,000 (2007: $120,000) for the provision of services.

2. Retired 30 September 2006.

Compensation options: Granted and vested during the year

	GRANTED		TERMS AND CONDITIONS FOR EACH GRANT					VESTED	
2008	Number	Date	Fair value $	Exercise Price $	Expiry date	First exercise date	Last exercise date	Number	%
DIRECTORS									
J Gresham	-	-	-	-	-	-	-	-	-
M Blakiston	-	-	-	-	-	-	-	-	-
I Mulholland	2,000,000	19/12/07	0.024	0.35	30/11/10	27/4/08	30/11/10	1,000,000	50%
A Cowden	-	-	-	-	-	-	-	-	-
EXECUTIVES									
B Dickson	600,000	27/11/06	0.206	0.35	30/11/09	1/04/07	30/11/09	200,000	66
TOTAL	2,600,000							1,200,000	

	GRANTED		TERMS AND CONDITIONS FOR EACH GRANT					VESTED	
2007	Number	Date	Fair value $	Exercise Price $	Expiry date	First exercise date	Last exercise date	Number	%
DIRECTORS									
J Gresham	1,000,000	27/11/06	0.175	0.35	30/11/09	30/11/06	30/11/09	1,000,000	100
M Blakiston	-	-	-	-	-	-	-	-	-
I Mulholland	-	-	-	-	-	-	-	-	-
A Cowden	-	-	-	-	-	-	-	-	-
EXECUTIVES									
B Dickson	600,000	27/11/06	0.206	0.35	30/11/09	1/04/07	30/11/09	200,000	33
TOTAL	1,600,000							1,200,000	

Value of Options granted as part of remuneration – 2008

2008	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
DIRECTORS				
J Gresham	-	-	-	-
M Blakiston	-	-	-	-
I Mulholland	47,316	-	-	15
EXECUTIVES				
B Dickson	-	-	-	-

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures nor shares issued on exercise of Compensation Options during 2008.

Value of Options granted as part of remuneration – 2007

2007	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
DIRECTORS				
J Gresham	174,700	-	-	81
M Blakiston	-	-	-	-
I Mulholland	-	-	-	-
A Cowden	-	-	-	-
EXECUTIVES				
B Dickson	93,992	-	-	51

Shares issued on exercise of compensation Options - 2007

2007	Shares Issued Number	Paid per share $	Unpaid per share $
DIRECTORS			
J Gresham	-	-	-
M Blakiston	-	-	-
I Mulholland	-	-	-
A Cowden	-	-	-
EXECUTIVES			
B Dickson	750,000	0.20	-

Signed in accordance with a resolution of the Directors.

J Gresham
Chairman
Perth
25 September 2008

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

In relation to our audit of the financial report of Rox Resources Limited for the year ended 30 June 2008, 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

Ernst & Young

V. Tidy

V W Tidy
Partner
Perth
25 September 2008

In accordance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Principles and Recommendations")[1], Rox Resources Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Principles and Recommendations, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the ASX Principles and Recommendations, the Board has offered full disclosure of the nature of and reason for the adoption of its own practice.

The Company has undertaken a review of its governance documentation as a consequence of the revision to the ASX Principles and Recommendations. The Company will be reporting against the revised ASX Principles and Recommendations in its next annual report.

Further information about the Company's corporate governance practices is set out on the Company's website at www.roxresources.com.au. In accordance with the ASX Principles and Recommendations, information published on the Company's website includes charters (for the Board and its committees), the Company's code of conduct and other policies and procedures relating to the Board and its responsibilities.

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

During the Company's 2007/2008 financial year ("Reporting Period") the Company has followed with each of the ASX Principles and Recommendations, other than in relation to the matters specified below.

Principle 2

Recommendations 2.4: The Board should establish a Nomination Committee.

Notification of Departure: The full Board fulfils the function of a Nomination Committee.

Explanation for Departure: The full Board considers those matters that would usually be the responsibility of a Nomination Committee. The composition of the Board does not make the establishment of a separate committee practicable and the Board considers that no efficiencies or other benefits would be gained by doing so. The Board has adopted, and applies, its Nomination Committee Charter.

Principle 4

Recommendations 4.2 and 4.3: The Board should establish an Audit Committee and structure it in accordance with Recommendation 4.3.

Notification of Departure: A separate Audit Committee has not been formed and therefore is not structured in accordance with the compositional recommendation. Further, Mr Gresham maintains the chair during audit related discussions.

Explanation for Departure: The full Board carries out the role of an Audit Committee. The composition of the Board is not suitable for the formation of an Audit Committee and therefore no efficiencies or other benefits would be gained by forming a separate committee. The Board has adopted, and applies, an Audit Committee Charter and the independent Directors are available to meet separately with the external auditor, should this be considered necessary.

Principle 9

Recommendations 9.2: The Board should establish a Remuneration Committee.

Notification of Departure: There is no separate Remuneration Committee.

Explanation for Departure: The full Board considers those matters that would usually be the responsibility of a Remuneration Committee. The composition of the Board does not make the establishment of a separate committee practicable and the Board considers that no efficiencies or other benefits would be gained by doing so. The Board has adopted, and applies, its Remuneration Committee Charter.

1 A copy of the ASX Principles and Recommendations is set out on the Company's website under the Section entitled "Corporate Governance".

NOMINATION COMMITTEE

The full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period, however nomination-related discussions occurred from time to time during the year as part of the Board's regular meetings.

AUDIT COMMITTEE

The full Board, in its capacity as the Audit Committee, held 2 meetings during the Reporting Period. All Board members attended those meetings.

Details of each of the Director's qualifications are set out in the Director's Report.

While none of the Board members have formal financial qualifications, all have substantial industry knowledge and experience and consider themselves to be financially literate. Further, it is usual practice that Mr Brett Dickson, the Company Secretary, attends meetings which involve audit related discussions. Mr Dickson is a Certified Practising Accountant with a Bachelors Degree in Economics and Finance.

REMUNERATION COMMITTEE

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

The full Board carries out the role of the Remuneration Committee. The full Board did not officially convene as a Remuneration Committee during the Reporting Period, however remuneration-related discussions occurred from time to time during the year as part of the Board's regular meetings.

OTHER

Skills, Experience, Expertise and term of office of each Director

A profile of each Director containing the skills, experience, expertise and term of office of each Director is set out in the Directors' Report.

Identification of Independent Directors

In considering the independence of Directors, the Board refers to the criteria for independence as set out in Box 2.1 of the ASX Principles and Recommendations (**"Independence Criteria"**). 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 Board Charter, which is disclosed in full on the Company's website.

Applying the Independence Criteria, the independent Directors of the Company are Jeff Gresham and Michael Blakiston.

In the interests of disclosure, Mr Blakiston is a principal of the firm Blakiston & Crabb. Blakiston & Crabb have been the 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.

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 chairperson, the Company will pay the reasonable expenses associated with obtaining such advice.

Confirmation whether performance Evaluation of the Board and its members have taken place and how conducted

As it is usual practice, the Board undertook an evaluation of its own performance during the year. Board members were 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. No significant issues were identified. 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 reviewed the Managing Director and key executive performances against the Company's performance objectives.

Existence and Terms of any Schemes for Retirement Benefits for Non-Executive Directors

There are no termination or retirement benefits for Non-executive Directors.

BALANCE SHEET
AS AT 30 JUNE 2008

	Notes	Consolidated & Company 2008 ($)	Consolidated & Company 2007 ($)
ASSETS			
Current Assets			
Cash and cash equivalents	11	771,274	3,855,029
Trade and other receivables	12	32,633	181
Prepayments		6,113	4,490
		810,020	3,859,700
Assets of disposal group classified as held for sale		182,250	261,278
Total Current Assets		992,270	4,120,978
Non-Current Assets			
Available for Sale investments	13	114,750	255,000
Plant and equipment	14	101,662	59,789
Other financial assets	15	143,227	136,452
Total Non-Current Assets		359,639	451,241
TOTAL ASSETS		1,351,909	4,572,219
LIABILITIES			
Current Liabilities			
Trade and other payables	17	185,132	235,515
Provisions	18	56,145	25,046
Income Tax payable	6	8,086	-
Deferred tax liability	6	28,493	-
		277,856	260,561
Liabilities directly associated with the assets classified as held for sale	7	2,700	18,500
Total Current Liabilities		280,556	279,061
TOTAL LIABILITIES		280,556	279,061
NET ASSETS		1,071,353	4,293,158
EQUITY			
Contributed equity	19	10,896,360	10,896,360
Reserves	19	807,454	669,553
Accumulated losses	21	(10,632,461)	(7,272,755)
TOTAL EQUITY		1,071,353	4,293,158

The above Balance Sheet should be read in conjunction with the accompanying notes.

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated & Company 2008 ($)	Consolidated & Company 2007 ($)
Continuing operations			
Revenue	5(a)	155,353	263,918
Other Income	5(a)	-	29,997
Depreciation and amortisation expense	5(b)	(27,275)	(19,670)
Other expenses	5(c),5(d)	(3,454,599)	(3,564,996)
Loss from continuing operations before income tax		(3,326,521)	(3,290,751)
Income tax expense	6	(36,579)	-
Loss from continuing operations after income tax		(3,363,100)	(3,290,751)
Discontinued Operations			
Profit/ (loss) from discontinued operations after income tax	7	3,394	14,761
Net loss attributable to members		(3,359,706)	(3,275,990)
Loss per share for loss for the year from continuing operations attributable to ordinary equity holders:			
- basic loss per shares (cents)	8	(5.8)	(5.8)
- diluted loss per share (cents)		(5.8)	(5.8)
Loss per share for loss for the year attributable to ordinary equity holders:			
- basic loss per shares (cents)		(5.8)	(5.8)
- diluted loss per share (cents)		(5.8)	(5.8)

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

	Note	Consolidated & Company 2008 ($)	Consolidated & Company 2007 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		155,353	263,918
Payments to suppliers and employees		(1,044,363)	(1,039,400)
Expenditure on mineral interests		(2,118,822)	(1,925,364)
Net cash used in operating activities	11(b)	(3,007,832)	(2,700,846)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments – purchase of listed securities		-	(7,500)
Investments – proceeds from sale of listed securities		-	282,144
Purchase of equipment		(69,148)	(71,582)
Proceeds from sale of Menzies Project	7	-	555,000
Security bonds paid		(6,775)	(31,952)
Net cash used in investing activities		(75,923)	726,110
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		-	1,656,666
Share issue costs		-	(121,333)
Net cash provided by financing activities		-	1,535,333
Net increase (decrease) in cash and cash equivalents		(3,083,755)	(439,403)
Cash and cash equivalents at beginning of period		3,855,029	4,294,432
Cash and cash equivalents at end of period	11(a)	771,274	3,855,029

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated & Company				
	Issued Capital $	Share Option Reserve $	Unrealised Gain/ Loss Reserve $	Accumulated Losses $	Total $
At 1 July 2007	10,896,360	714,553	(45,000)	(7,272,755)	4,293,158
Unrealised loss on available for sale investments	-	-	(198,000)	-	(198,000)
Recognition on impairment on available for sale investments	-	-	243,000	-	243,000
Loss for the year	-	-	-	(3,359,706)	(3,359,706)
Total recognised income and expense for the year	-	-	-	(3,359,706)	(3,359,706)
Issue of share capital	-	-	-	-	-
Options issued – employees	-	92,901	-	-	92,901
At 30 June 2008	10,896,360	807,454	-	(10,632,461)	1,071,353
At 1 July 2006	8,439,777	123,828	-	(3,996,765)	4,566,840
Unrealised loss on available for sale investments	-	-	(45,000)	-	(45,000)
Total income/(expense) recognised directly in equity	-	-	(45,000)	-	(45,000)
Loss for the year	-	-	-	(3,275,990)	(3,275,990)
Total recognised income and expense for the year	-	-	-	(3,275,990)	(3,275,990)
Issue of share capital	2,789,666	-	-	-	2,789,666
Options issued – employees	-	313,525	-	-	313,525
Options issued – projects	-	65,450	-	-	65,450
Options issued – cost of share issue	-	211,750	-	-	211,750
Cost of share issue	(333,083)	-	-	-	(333,083)
At 30 June 2007	10,896,360	714,553	(45,000)	(7,272,755)	4,293,158

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

The financial report of Rox Resources Limited (the Company) for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the Directors on 25 September 2008.

Rox Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

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

(a) Basis of Preparation

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

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

Going Concern

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

The Company and Consolidated Entity have incurred a net loss after tax for the year ended 30 June 2008 of $3,359,706 (2007:$3,275,990) and experienced net cash outflows from operating activities of $3,007,832 (2007: $2,700,846). At 30 June 2008, the Company and Consolidated Entity had net current assets of $711,714 (30 June 2007: net current assets of $3,841,917).

Since the end of the financial year a further $653,000 has been raised through a combination of private placement of shares and a Share Purchase Plan to existing shareholders. The Directors believe there are sufficient funds to meet the Company's working capital requirements and as at the date of this report the Company and Consolidated Entity believe they can meet all liabilities as and when they fall due. However the Directors recognise that additional funding either through the issue of further shares, convertible notes or a combination of both will be required for the Company and Consolidated Entity to continue to actively explore its mineral properties.

The Directors have reviewed the business outlook and the assets and liabilities of the Company and Consolidated Entity and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will continue to be successful in securing additional funds through debt or equity issues as and when the need to raise working capital arises.

Should the directors not achieve the matters set out above, there is significant uncertainty whether the Company and the Consolidated Entity will continue as a going concern and therefore whether it will realise its assets and liabilities in the normal course of business.

The financial report does not include any adjustments that may be necessary if the Company and Consolidated Entity are unable to continue as a going concern.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group's and Parent Entity's assessment of the impact of these new standards and interpretations is set out on the following page.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

AASB Amendment:	Affected Standard(s):	Applies to:	Application date of amendment:	Impact on Initial Application
AASB 123 (revised June 2007)	Borrowing Costs	To the extent that borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset, the option of recognising borrowing costs immediately as an expense has been removed. Consequently all borrowing costs for qualifying assets will have to be capitalised.	Periods commencing on or after 1 January 2009	The transitional provisions of this standard only require capitalisation of borrowing costs on qualifying assets where commencement date of capitalisation is on or after 1 January 2009. As such, there will be no impact on prior period financial statement when this standard is adopted.
AASB 127 (reissued March 2008)	Consolidated and Separate Financial Statements	The revised standard clarifies that changes in ownership interest which result in a change of control being retained are accounted for within equity as transactions with owners. Losses will be attributed to the non-controlling interest even if this results in a debt balance for the non-controlling interest. Investments retained where there has been a loss of control will be recognised at fair value at date of sale.	Periods commencing on or after 1 January 2009	As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is adopted. However Minera Piedra Azul , SA de CV is incurring losses. To the extent that Minera Piedra Azul, SA de CV incurs losses for the financial years ending 30 June 2010/31 December 2010, such losses will be attributed to the non-controlling interest (if any). No adjustment will be made to comparatives for losses not previously attributed to the non-controlling interest.
AASB 2008-1 (issued February 2008)	Amendments to AASB2 – Share Based Payments – Vesting Conditions and Cancellations	The definition of vesting conditions has changed and the accounting treatment clarified for cancellations to share-based payment arrangements by the counterparty. This is to ensure that conditions other than performance conditions do not result in a "true up" of the share-based payment expense and are treated in a manner similar to market conditions.	Periods commencing on or after 1 January 2009	To date the entity has not issued any options to employees that include non-vesting conditions and as such there will be no impact on the financial statements when this revised standard is adopted for the first time.
AASB 8 (issued February 2007)	Operating Segments	Replaces the disclosure requirements of AASB 114: Segment Reporting.	Periods commencing on or after 1 January 2009	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, disclosures required for the operating segments will be significantly different to what is currently reported (business and geographical segment).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

AASB Amendment:	Affected Standard(s):	Applies to:	Application date of amendment:	Impact on Initial Application
ASSB 101 (revised October 2007)	Presentation of Financial Statements	Amendments to presentation and naming of the financial statements	Annual reporting periods commencing on or after 1 January 2009	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way financial statements are presented and various changes to names of individual financial statements.

Adoption of new accounting standard

The Group has adopted AASB 7 *Financial Instruments; Disclosures* and all consequential amendments which became applicable on 1 January 2007 and AASB 2008-4 *Amendment to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities* which became applicable for period ending on 30 June 2008. The adoption of these standards have only affected the disclosures in these financial statements. There has been no effect on profit and loss or the financial position of the entity.

(c) Summary of Significant Accounting Policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Rox Resources Limited and its subsidiaries as at 30 June each year (the Group).

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements if the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the dare on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Minority interests not held by the Group are allocated their share of net profit after tax in the income statement and are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity.

(ii) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other operating business segments. Management has assessed the reportable business segments under AASB 114 *Segment Reporting* and have determined than on adoption of AASB 8 *Segment Reporting* (applicable from 1 January 2009), no additional operating segments will be reported. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iii) Cash and cash equivalents

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

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

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

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

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

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

(v) Deferred exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried to the extent that the Company's right of tenure to that area of interest are current and that the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. Costs incurred on areas where rights of tenure are not yet granted are written off as incurred.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward cost in relation to that area of interest.

(vi) Trade and other payables

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

(vii) Issued capital

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

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

(viii) Income tax

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(viii) Income tax (cont'd)

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

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

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

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

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

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

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

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

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

(ix) Trade and other receivables

Trade receivables generally have 30 day terms and 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 when identified.

(x) Plant and equipment

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

Depreciation

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

	2008	2007
Computers	3 years	3 years
Office Equipment	3 - 4 years	3 – 4 years
Vehicles	10 years	10 years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Plant and equipment (cont'd)

Impairment

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

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

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

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

Derecognition

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

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

(xi) 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.

(xii) Revenue recognition

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

Interest

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

(xiii) 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xiv) Impairment of assets

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

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

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

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

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

(xv) Goods and Service Tax (GST)

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

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

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

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

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

(xvi) Earnings per share

Basic earnings per share is calculated 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.

Diluted earnings per share 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; and
- other discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xvii) Share based payment transactions

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

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

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

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

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

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

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

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

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

(xviii) Foreign currency

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

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

(xix) Available-for-sale investments

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

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

NOTE 2 FINANCIAL RISK MANAGEMENT AND POLICIES

Overview

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

- credit risk
- liquidity risk
- market risk

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

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

Credit risk

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

Investments

The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

Trade and other receivables

As the Company operates in the mining exploration sector, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

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

Exposure to credit risk

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

		Carrying amount	
	Note	2008	2007
Available for sale investments	13	114,750	255,000
Trade and other receivables	12	32,633	181
Assets of disposal group classified as held for sale		182,250	261,278
Cash and cash equivalents	11	771,274	3,855,029

Impairment losses

None of the Company's trade and other receivables are past due (2007: nil).

The movement in the allowance for impairment in respect of available for sale investments during the year was as follows:

	2008	2007
Balance at 1 July	255,000	300,000
Acquisitions	57,750	-
Impairment loss recognised	(198,000)	(45,000)
Balance at 30 June	114,750	255,000

NOTE 2 FINANCIAL RISK MANAGEMENT AND POLICIES (CONT'D)

An impairment loss of $198,000 in respect of available for sale investments was recognised during the current year owing to a reduction in the trading value of those securities.

The movement in the allowance for impairment in respect of assets of disposal group classified as held for sale during the year was as follows:

	2008	2007
Balance at 1 July	261,278	261,278
Acquisitions/disposals	(57,750)	-
Impairment loss recognised	(21,278)	-
Balance at 30 June	182,250	261,278

An impairment loss of $21,278 in respect of assets of disposal group classified as held for sale was recognised during the current year owing to a reduction in the possible realised value of the asset.

At 30 June 2008 the Company does not have any collective impairments on its other receivables (2007: nil).

Guarantees

Company policy is to provide financial guarantees only to wholly-owned subsidiaries. At the date of this report there are no outstanding guarantees.

Liquidity risk

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

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

The Company anticipates a need to raise additional capital in the next 12 months to meet forecasted exploration activities. The decision on how the Company will raise future capital will depend on market conditions existing at that time.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 12 months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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

Consolidated & Company

	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
30 June 2008							
Trade and other payables	185,132	-	185,132	-	-	-	-
30 June 2007							
Trade and other payables	235,515	-	235,515	-	-	-	-

Market Risk

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

NOTE 2 FINANCIAL RISK MANAGEMENT AND POLICIES (CONT'D)

Currency risk

The Company is exposed to currency risk on investments and purchases that are denominated in a currency other than the respective functional currencies of Company entities, primarily the Australian dollar (AUD), but also the United States Dollar (USD). The currencies in which these transactions primarily are denominated are AUD and USD.

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

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

Exposure to currency risk

The Company's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	30 June 2008	30 June 2007
	USD	USD
Trade receivables	-	-
Trade payables	-	(133,870)
Net exposure	-	(133,870)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
AUD	2008	2007	2008	2007
USD	1.11832	1.27493	1.04110	1.17840

Sensitivity analysis

A 10 percent strengthening/weakening of the Australian dollar against the USD at 30 June 2008 would have had no significant effect on equity and profit or loss (2007: $7,000). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

Interest rate risk

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

Profile

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

	Consolidated & Company Carrying amount	
	2008	2007
Variable rate instruments		
Financial assets	771,274	3,855,029

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not carry any derivative or hedging instruments. Therefore a change in interest rates at the reporting date would not affect profit or loss.

NOTE 2 FINANCIAL RISK MANAGEMENT AND POLICIES (CONT'D)

The Company holds financial assets subject to variable interest rates and fluctuating interest rates would affect the Groups profit and equity. A change of 100 basis points in variable interest rates would have increased or decreased the Company's equity by $7,712 (2007: $38,550), and would have had the same effect on cash flow. The large difference between 2008 and 2007 reflects the difference in value of financial assets subject to variable interest rates.

Capital Management

The group's total capital is defined as shareholders' equity. The group's overriding objectives when managing capital are to safeguard the business as a going concern: to maximise returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure in order to reduce the cost of capital.

Fair Values

Other than for available for sale investments the net fair value approximates their carrying value because of their short term to maturity.

Available for sale investments are readily traded on organised markets in standardised form and the carrying value equates to fair value.

NOTE 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTMATES AND ASSUMPTIONS

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

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

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

Exploration and evaluation

The Company's accounting policy for exploration and evaluation is set out in Note 1 to the accounts. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under our policy, we conclude that we are unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the Income Statement.

NOTE 4 SEGMENT INFORMATION

The Company operates as a mineral exploration company in Western Australia, South Africa and Laos and these are the primary segments for reporting purposes.

Consolidated & Company

	Australia		South Africa (ii)		Laos		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Revenue								
Interest revenue (Unallocated)	-	-	-	-	-	-	155,353	263,918
Segment result	(2,118,376)	(1,089,232)	3,394	(57,882)	(1,208,145)	(2,128,876)	(3,323,127)	(3,275,990)
Depreciation	(27,275)	(19,670)	-	-	-	-	(27,275)	(19,670)
Other segment information								
Segment assets	1,151,827	4,278,598	182,250	261,278	17,832	32,343	1,351,909	4,572,219
Capital expense	69,149	71,583	-	-	-	-	69,149	71,583
Segment liabilities	(241,277)	(93,223)	(39,279)	(18,500)	-	(167,338)	(280,556)	(279,061)
Non-cash transactions (i)	-	-	-	-	-	198,450	-	198,450

(i) The non-cash transactions relates to the acquisition of, and interests in, exploration assets. See Note 11 for details of non-cash transactions.

(ii) Refer to Note 7 for details of discontinued operations in South Africa in relation to the sale of the South African Diamond projects.

	Notes	Consolidated & Company 2008 ($)	Consolidated & Company 2007 ($)

NOTE 5 REVENUE AND EXPENSES FROM CONTINUING OPERATIONS

	Notes	Consolidated & Company 2008 ($)	Consolidated & Company 2007 ($)
(a) Revenue and other income from non-operating activities			
Bank interest received		155,353	263,918
Other Income		-	29,997
		155,353	293,915
(b) Depreciation		27,275	19,670
(c) Other expenses from ordinary activities			
Corporate expenses		329,468	427,239
Occupancy and related expenses		160,367	141,511
Exploration expenditure expenses during the period		2,025,143	2,160,214
Impairment of assets of disposal group classified as held for sale		21,278	-
Movement in fair value of available for sale investments		243,000	25,356
		2,779,256	2,754,320
(d) Employee benefits expense			
Salaries and wages		551,465	469,407
Superannuation		30,977	27,744
Share based payments		92,901	313,525
		675,343	810,676
		3,454,599	3,564,996

NOTE 6 INCOME TAX

The major components of income tax expenses are:

Income Statement			
Current Income Tax			
Current income tax charge/Benefit		8,086	-
Deferred Income Tax			
Relating to origination and reversal of temporary differences		28,493	-
Over provision of prior year		-	-
Deferred income tax charge not recognised		-	-
Income tax expense reported in the income statement		36,579	-

	Notes	Consolidated & Company 2008 ($)	Consolidated & Company 2007 ($)

NOTE 6 INCOME TAX (CONT'D)

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:

	Notes	Consolidated & Company 2008 ($)	Consolidated & Company 2007 ($)
Accounting loss before tax from continuing operations		(3,326,521)	(3,290,751)
Profit before tax from discontinued operations		3,394	14,761
Accounting loss before income tax		(3,323,127)	(3,275,990)
At the Company's statutory income tax rate of 30%		(996,938)	(982,797)
Foreign exploration expenditure not deductible		391,125	665,429
Loss on investments		79,283	-
Capital gains tax		8,086	-
Other		9,844	-
Share based payments		27,870	94,058
Deferred tax losses not previously recognised		28,493	-
Losses not recognised		488,816	223,310
Income tax expense reported in the income statement		36,579	-

	BALANCE SHEET		INCOME STATEMENT	
	2008 ($)	2007 ($)	2008 ($)	2007 ($)
NOTE 6 INCOME TAX (CONT'D)				
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Deferred tax liabilities				
Prepayments	(1,834)	(1,347)	(487)	(1,043)
Plant & equipment	2,550	(548)	3,098	-
Exploration tenements	-	-	-	550,297
Assets held for sale	(28,493)	(78,383)	49,889	(78,383)
Deferred tax assets				
Accruals	16,500	3,000	13,500	-
Share issue costs	7,685	53,467	(45,782)	(43,399)
Provision for annual leave	16,844	7,514	9,330	2,856
Revenue tax losses	1,294,285	868,778	425,507	(92,378)
Deferred tax assets not brought to account as realisation is not probable	(1,279,044)	(852,481)	(426,562)	(337,950)
	28,493	-		
Current year losses not recognised			-	-
Deferred tax (income)/expense			28,493	-

Potential future income tax benefits attributable to tax losses carried forward have not been brought to account at 30 June 2008 because Directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. These benefits will only be obtained if:

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

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

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

Tax consolidation for the Group has not been adopted.

NOTE 7 DISCONTINUED OPERATIONS

On 11 August 2006, the Company completed the sale of the Menzies gold project.

In addition to the sale of the Menzies gold project in Western Australia, the Company reached agreement for the sale of its South African diamond projects on the 15 August 2006.

The sale of the two geographically diverse projects was undertaken to enable the Company to concentrate on its Pha Luang lead-zinc project in Laos.

The disposal of the South African diamond projects is expected to be completed in the second half of 2008 and as at 30 June 2008 arrangements were being put in place to meet a number of preconditions to the sale. As at 30 June 2008 the South African diamond projects were classified as a disposal group held for sale.

NOTE 7 DISCONTINUED OPERATIONS (CONT'D)

The results of the discontinued operations for the period until disposal are presented below:

	Consolidated & Company 2008 $			Consolidated & Company 2007 $		
	Menzies Gold	South Africa Diamonds	Total	Menzies Gold	South Africa Diamonds	Total
Revenue	-	-	-	-	-	-
Expenses	-	3,394	3,394	-	(57,882)	(57,882)
Gross profit (loss)	-	3,394	3,394	-	(57,882)	(57,882)
Gain from sale of non current assets	-	-	-	72,643	-	72,643
Profit (Loss) before tax from discontinued operations	-	3,394	3,394	72,643	(57,882)	14,761
Related income tax	-	-	-	-	-	-
Profit (Loss) for the year from discontinued operations	-	3,394	3,394	72,643	(57,882)	14,761

	Consolidated & Company 2008 $
The major classes of assets and liabilities of the South African diamond projects at 30 June 2008 are as follows:	
Assets	
Other- capitalised exploration expenditure	182,250
Liabilities	
Trade creditors and payables	(2,700)
Net assets attributable to discontinued operations	179,550
The net cash flows of the South African diamond projects are as follows:	
Operating activities	(12,406)
Investing activities	-
Finance activities	-
Net cash outflows	(12,406)

	Consolidated & Company 2008 $	Consolidated & Company 2007 $
NOTE 7 DISCONTINUED OPERATIONS (CONT'D)		
Details of the disposal of the Menzies project are as follows:		
Assets		
Plant and equipment	-	4,419
Other- capitalised exploration expenditure	-	1,072,938
Total assets	-	1,077,357
Net assets attributable to discontinued operations	-	1,077,357
Consideration received or receivable:		
Cash	-	550,000
Available for sale investments	-	600,000
Total disposal consideration	-	1,150,000
Less net assets disposed of	-	(1,077,357)
Gain on disposal before income tax	-	72,643
Income tax expense	-	-
Gain on disposal after income tax	-	72,643
Net cash inflow on disposal		
Cash	-	555,000
Less cash and cash equivalents balance disposed of	-	-
Reflected in the cash flow statement	-	555,000
Earnings per share (cents per share)		
Basic from discontinued operations	-	0.03
Diluted from discontinued operations	-	0.03

	Consolidated & Company 2008 $	Consolidated & Company 2007 $

NOTE 8 LOSS PER SHARE

The following reflects the income and share data used in the calculation of basic and diluted earnings per share

Net loss	(3,359,706)	(3,275,990)
Adjustments:		
- Nil	-	-
- Earnings used in calculating basic and diluted earnings per share	(3,359,706)	(3,275,990)
Weighted average number of ordinary shares used in calculating basic earnings per share	57,875,333	56,687,159
Effective of dilutive securities:		
- Share options (i)	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	57,875,333	56,687,159

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

There were a total of 11,850,000 share options that were potentially dilutive shares on issue at 30 June 2008 (2007:10,300,000).

Conversion, calls, subscriptions or issues after 30 June 2008

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.

NOTE 9 DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

Jeffrey Gresham	Non-executive Chairman (appointed 1 October 2006)
Ian Mulholland	Managing Director (appointed 27 November 2003)
Michael Blakiston	Non-executive Director (appointed 27 November 2003)
Brett Dickson	Company Secretary (appointed 27 November 2003)

(b) Compensation of Key Management Personnel by Category

	Consolidated & Company 2008 $	Consolidated & Company 2006 $
Short Term	388,490	316,850
Post Employment	86,656	96,336
Share-Based Payments	64,778	298,060
	539,924	711,246

NOTE 9 DIRECTOR AND EXECUTIVE DISCLOSURES (CONT'D)

(c) Share holdings of Key Management Personnel

Ordinary shares issued by Rox Resources Limited 2008

	Balance at 1 July 2007	Granted as Remuneration	Purchased	Net Change Other	Balance at 30 June 2008
M Blakiston	1,197,857	-	-	-	1,197,857
I Mulholland	1,400,000	-	400,000	-	1,800,000
J Gresham	20,000	-	110,000	-	130,000
B Dickson	1,712,279	-	427,000	(200,000)	1,939,279
	4,330,136	-	937,000	(200,000)	5,067,136

Ordinary shares issued by Rox Resources Limited 2007

	Balance at 30 June 2006	Granted as Remuneration	Purchased	Net Change Other	Balance at 30 June 2007
J Gresham	-	-	20,000	-	20,000
M Blakiston	1,197,857	-	-	-	1,197,857
I Mulholland	1,400,000	-	-	-	1,400,000
A Cowden[1]	2,620,000	-	-	-	2,260,000
B Dickson	1,505,000	-	-	207,279	1,712,279
	6,722,857	-	20,000	207,279	6,590,136

(d) Options holdings of Key Management Personnel

Options issued by Rox Resources Limited 2008

	Balance at 1 July 2007	Granted as Remuneration	Options Exercised	Net Change Other	Balance at 30 June 2008
J Gresham	1,000,000	-	-	-	1,000,000
M Blakiston	1,000,000	-	-	-	1,000,000
I Mulholland	3,000,000	2,000,000	-	-	5,000,000
B Dickson	600,000	-	-	-	600,000
	5,600,000	2,000,000	-	-	7,600,000

Options issued by Rox Resources Limited 2007

	Balance at 1 July 2006	Granted as Remuneration	Options Exercised	Net Change Other	Balance at 30 June 2007
J Gresham	-	1,000,000	-	-	1,000,000
M Blakiston	1,000,000	-	-	-	1,000,000
I Mulholland	3,000,000	-	-	-	3,000,000
A Cowden[1]	1,250,000	-	-	-	1,250,000
B Dickson	750,000	600,000	(750,000)	-	600,000
	6,000,000	1,600,000	(750,000)	-	6,850,000

NOTE 9 DIRECTOR AND EXECUTIVE DISCLOSURES (CONT'D)

All options held by Directors are fully vested and may be exercised any time until expiry. Options granted to Mr Dickson are exercisable in three equal transactions; the first after 1 April 2007, the second after 1 April 2008 and the third after 1 April 2009.

1. Share and option holdings shown at 30 June 2007 for A Cowden represent his holding at the time of his resignation as a Director on 30 September 2006.

	Notes	Consolidated & Company 2008 ($)	Consolidated & Company 2007 ($)
NOTE 10 AUDITOR'S REMUNERATION			
Remuneration of the auditor of the Company, Ernst & Young (Australia) for:			
Auditing and reviewing the financial report		54,140	26,059
Taxation services		12,200	13,766
		66,340	39,825
NOTE 11 CASH AND CASH EQUIVALENTS			
(a) Cash and cash equivalents		771,274	3,855,029
Cash at bank earns interest at floating rates based on daily deposit rates			
(b) Reconciliation of net loss after income tax to net cash flow from operations:			
Net loss after Income Tax		3,359,706	3,275,990
Adjustments for non-cash expense items			
- Depreciation		(27,275)	(19,670)
- Provision for employee benefits		(92,901)	(313,525)
- Issue of shares for project		-	(198,450)
- Loss on sale of investments		-	(25,356)
- Profit on sale of project		-	72,643
- Impairment on assets of disposal group		(21,278)	-
- Provision for diminution of investments		(243,000)	-
Changes in assets and liabilities			
- Increase decrease in prepayments		1,623	3,477
- Increase in provisions		(31,099)	(9,521)
- Increase (decrease) in receivables		32,453	(7,261)
- Increase (decrease) in payables		66,182	(77,481)
- Increase in income tax payable		(8,086)	-
- Increase in deferred tax liability		(28,493)	-
Cash out-flow from operations		3,007,832	2,700,846

NOTE 11 CASH AND CASH EQUIVALENTS (CONT'D)

(c) Non Cash Financing and Investing Activities

During the 2007 year the Company issued 350,000 fully paid ordinary shares and 350,000 options exercisable at 20 cents by 30 April 2007 as part consideration for the purchase of the Pha Luang project. There were no other non cash financing and investing activities during the year.

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

	Notes	Consolidated & Company 2008 ($)	Consolidated & Company 2007 ($)
NOTE 12 TRADE AND OTHER RECEIVABLES			
Trade Debtors		32,633	181

Terms and Conditions

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

NOTE 13 NON-CURRENT ASSETS - AVAILABLE FOR SALE ASSETS

At fair value			
Shares – listed (b)		114,750	255,000

Available for sale investments consists of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

(a) Movements in available for sale assets

Balance at 1 July		255,000	300,000
Acquisitions		57,750	-
Unrealised loss on available for sale investments transferred to equity		45,000	(45,000)
Recognition of Impairment transferred from equity to profit & loss		(243,000)	-
Balance at 30 June		114,750	255,000

(b) Listed shares

The fair value of listed available for sale investments has been determined directly by reference to published price quotations in an active market.

There are no individually material investments.

NOTE 14 PLANT AND EQUIPMENT

Equipment at cost		156,915	87,766
Accumulated depreciation		(55,253)	(27,977)
	11(a)	101,662	59,789

(a) Movements in plant and equipment

- At 1 July, net of accumulated depreciation		59,789	12,295
- Additions		69,148	71,583
- Disposals		-	(4,419)
- Depreciation		(27,275)	(19,670)
At 30 June, net of accumulated depreciation		101,662	59,789

	Notes	Consolidated & Company 2008 ($)	Consolidated & Company 2007 ($)

NOTE 15 OTHER FINANCIAL ASSETS

Receivables - Security deposits		143,227	136,452

Cash security deposits have been placed with the Company's bank to secure guarantees required to be put in place to cover environmental bonds placed with the Western Australia Department of Industry and Resources. The deposits are interest bearing with interest maturing each 180 days.

NOTE 16 EXPLORATION AND EVALUATION

Exploration expenditure			
Areas of interest in exploration and evaluation phases			
Balance at beginning of period		-	1,339,216
Project disposed during the year		-	(1,077,938)
Transfer to assets of disposal group held for sale (Note 7)		-	(261,278)
		-	-

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

NOTE 17 TRADE AND OTHER PAYABLES

Trade creditors and accruals (a)		185,132	235,515

(a) Terms and Conditions

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

NOTE 18 PROVISIONS

Employee benefits	18(a)	56,145	25,046
(a) Movements in Employee Benefits			
At 1 July		25,046	15,525
Additions		31,099	9,521
At 30 June		56,145	25,046

	Consolidated & Company 2008 ($)	Consolidated & Company 2007 ($)
NOTE 19 CONTRIBUTED EQUITY AND RESERVES		
(i) Contributed Equity		
(a) Issued and paid up capital		
Ordinary shares fully paid	10,896,360	10,896,360
(b) Movement in shares on issue		
Issued and paid up capital – Ordinary shares fully paid		
Ordinary shares at beginning of period – 57,875,333 (2007: 49,442,000)	10,896,360	8,439,777
Issue of 6,933,333 shares at $0.35 per share (net of issue costs)	-	2,093,583
Exercise of 1,150,000 options at $0.20 each	-	230,000
Issue of 350,000 shares to purchase mineral tenement	-	133,000
At reporting date: 57,875,333 ordinary shares	10,896,360	10,896,360

Effective 1 July 1998, the corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued shares.

(c) Share Options

During the year Mr Mulholland, Managing Director, was issued with 2,000,000 options exercisable at $0.35 as part of his long term performance incentive. Refer to Note 20 for further information. In addition 100,000 options exercisable at $0.35 were issued to staff as part of their performance incentive, 550,000 employee options lapsed.

No other options were issued during the year and no other options have been exercised up to the date of this financial report.

At the end of the financial year there were 11,850,000 (2007: 10,300,000) 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.

	Consolidated & Company 2008 ($)	Consolidated & Company 2007 ($)
NOTE 19 CONTRIBUTED EQUITY AND RESERVES (CONT'D)		
(ii) Reserves		
Reserves	807,454	669,553
(a) Share Option Reserve		
Movements		
Balance at beginning of year	714,553	123,828
Options issued - project acquisition	-	65,450
- staff	92,901	313,525
- capital raising	-	211,750
Balance at end of year	807,454	714,553
(b) Unrealised Gain/Loss Reserve		
Movements		
Balance at beginning of year	(45,000)	-
Loss on available for sale investments	45,000	(45,000)
Balance at end of year	-	(45,000)

Nature and Purpose of Reserves

Share Option Reserve

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

Unrealised Gain/(Loss) Reserve

This reserve is used to record the unrealised gains and losses on available for sale investments.

NOTE 20 SHARE BASED PAYMENTS

A. Directors and Employees

(i) Employee Share Incentive Scheme

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

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

NOTE 20 SHARE BASED PAYMENTS (CONT'D)

Set out below are summaries of options granted under the plan.

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
2008									
27/11/06	30/11/09	35.0	20.6	600,000	-	-	-	600,000	400,000
31/05/07	31/05/10	35.0	13.8	950,000	-	-	(550,000)	400,000	400,000
19/12/07	30/11/09	35.0	2.5	-	100,000	-	-	100,000	50,000
				1,550,000	100,000	-	(550,000)	1,100,000	850,000
Weighted average exercise price				$0.35	$0.35	-	$0.35	$0.35	$0.35

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
2007									
27/04/04	30/04/07	20.0	-	750,000	-	(750,000)[1]	-	-	-
27/04/04	30/04/07	20.0	-	50,000	-	(50,000)[2]	-	-	-
27/11/06	30/11/09	35.0	20.6	-	600,000	-	-	600,000	200,000
31/05/07	31/05/10	35.0	13.8	-	950,000	-	-	950,000	475,000
				800,000	1,550,000	(800,000)	-	1,550,000	675,000
Weighted average exercise price				$0.20	$0.35	$0.20	-	$0.35	$0.35

1 The Rox Resources Limited share price at time of exercise was $0.25.

2 The Rox Resources Limited share price at time of exercise was $0.34.

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.6 years (2007: 2.8 years).

Fair value of options granted

The weighted average fair value of the options granted during the year was 2.5 cents (2007: 16.4). The price was calculated by using the Binominal Option valuation methodology.

Weighted average exercise price (cents)	35.0
Weighted average life of the option (years)	1.3
Weighted average underlying share price (cents)	10.0
Expected share price volatility	93%
Risk free interest rate	6.64%

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

The life of the options is based on historical exercise patterns, which may not eventuate in the future. No other features of options granted were incorporated into the measurement of fair value.

NOTE 20 SHARE BASED PAYMENTS (CONT'D)

(ii) Other Share Options

At the Company's 2007 Annual general meeting shareholders approved the issue of a further 2,000,000 options to a Director The following illustrates the options issued to Directors other than through the ESS.

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
2008									
14/01/04	31/01/09	20.0	-	5,250,000	-	-	-	5,250,000	5,250,000
27/11/06	30/11/09	35.0	17.5	1,000,000	-	-	-	1,000,000	1,000,000
19/12/07	30/11/10	35.0	3.9	-	2,000,000	-	-	2,000,000	1,000,000
				6,250,000	2,000,000	-	-	8,250,000	7,250,000
Weighted average exercise price				$0.224	$0.35	-	-	$0.255	$0.241

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
2007									
14/01/04	31/01/09	20.0	-	5,250,000	-	-	-	5,250,000	5,250,000
27/11/06	30/11/09	35.0	17.5	-	1,000,000	-	-	1,000,000	1,000,000
				5,250,000	1,000,000	-	-	6,250,000	6,250,000
Weighted average exercise price				$0.20	$0.35	-	-	$0.224	$0.224

The weighted average remaining contractual life of share options outstanding at the end of the year was 0.96 years (2007: 1.72 years).

Fair value of options granted

The weighted average fair value of the options granted during the year was 17.5 cents (2006: nil). The price was calculated by using the Binominal Option valuation methodology.

Weighted average exercise price (cents)	35.0
Weighted average life of the option (years)	4.8
Weighted average underlying share price (cents)	10.0
Expected share price volatility	86%
Risk free interest rate	6.7%

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

The life of the options is based on historical exercise patterns, which may not eventuate in the future.No other features of options granted were incorporated into the measurement of fair value.

NOTE 20 SHARE BASED PAYMENTS (CONT'D)

B. Unrelated Parties

No options were granted to unrelated parties during the financial year. The following table illustrates the number, exercise prices and movements in share options to unrelated parties during the year.

Set out below are summaries of options granted.

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
2008									
12/07/06	12/07/09	67.5	8.5	2,500,000	-	-	-	2,500,000	2,500,000
				2,500,000	-	-	-	2,500,000	2,500,000
Weighted average exercise price				$0.675	-	-	-	$0.675	$0.675

Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Balance of the start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
2007									
21/02/06	30/06/07	20.0	3.1	4,000,000	-	-	(4,000,000)	-	-
27/04/04	30/04/07	20.0	18.7	-	350,000	(350,000)	-	-	-
12/07/06	12/07/09	67.5	8.5	-	2,500,000	-	-	2,500,000	2,500,000
				4,000,000	2,850,000	(350,000)	(4,000,000)	2,500,000	2,500,000
Weighted average exercise price				$0.20	$0.617	$0.20	$0.20	$0.675	$0.675

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.0 years (2007: 2.0 years).

	Notes	Consolidated & Company 2008 ($)	Consolidated & Company 2007 ($)
NOTE 21 ACCUMULATED LOSSES			
Balance at beginning of year		7,272,755	3,996,765
Net loss attributable to members of Rox Resources Limited		3,359,706	3,275,990
Balance at end of year		10,632,461	7,272,755

No dividends were paid during or since the financial year. The amount of franking credits available are nil (2007: nil).

NOTE 22 EXPENDITURE COMMITMENTS

(a) Exploration Commitments

As of 30 June 2008 the Company had entered into an agreement with Avalon Minerals Ltd over the Lennard Shelf project where it has agreed to spend a minimum of $500,000 within a twelve month period commencing from when Native Title clearance is granted. Since the end of the financial period this agreement has been terminated, refer Note 24.

The Company has expenditure commitments in regard to its Reward exploration project as follows:

	2008 $	2007 $
Not later than one year	380,000	-
Later than one year and not later than five years	300,000	-
	680,000	-

(b) Lease expenditure Commitments

The Company has entered into a non-cancellable operating lease over its office premises. Future minimum rentals payable are:

	2008 $	2007 $
Not later than one year	120,597	112,584
Later than one year and not later than five years	284,910	424,583
	405,507	537,166

(c) Remuneration Commitments

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

	2008 $	2007 $
Not later than one year	349,167	360,000
Later than one year and not later than five years	30,000	370,000
	379,167	730,000

NOTE 23 CONTINGENT LIABILITIES

Rehabilitation

The Company has placed mining bonds with the Western Australia Department of Industry and Resources totalling $116,377 to secure the Company's obligation to complete rehabilitation on certain mining leases which it has sold. These bonds will be released upon the completion of all rehabilitation requirements in regard to the mining tenements at Menzies or by the purchaser replacing the bonds. The exact cost of rehabilitation is not known at this stage but may equal the total of the bonds put in place. In addition the Company has a bond of $26,850 in place to secure its office premises.

NOTE 24 EVENTS SUBSEQUENT TO REPORTING DATE

The following matters have arisen since the end of the reporting date:

- The Company placed 8.6 million shares at $0.045 each to raise $387,000, before expenses of the issue.
- A share purchase plan was offered to shareholders; pursuant to the plan shareholders were able to purchase up to $5,000 of Rox shares at $0.045 each. Shareholders subscribed for 5,911,095 shares raising $266,000.
- The Company reached agreement with Avalon Minerals Limited to withdraw from the Lennard Shelf joint venture.
- The Company lodged a Notice of Exercise of Option over the Reward tenement with Rio Tinto Limited subsidiary North Mining Limited which, subject to a number of preconditions being met would result in Rox acquiring 100% ownership of the Reward tenement. Consideration for the exercise of the option is deferred until a decision to mine is made by Rox, at that time Rox will be required to pay North Mining Limited $1 per tonne of the Mineral Resource defined in the bankable feasibility study. This will have no immediate financial impact on the Group, however if and once a decision to mine has been made Rox will be required to pay North Mining Limited the purchase price which will effectively increase the capital cost of any development by the amount of the purchase price.

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

NOTE 25 RELATED PARTY TRANSACTIONS

(a) Other Director Related Transactions

Blakiston & Crabb, an entity of which Mr Blakiston is a partner, received fees totalling $11,692 (2007: $21,136) for legal advice. No amount is payable at year end. Coolform Investments Pty Ltd, a company in which Mr Dickson is a Director and shareholder, received fees totalling $120,000 (2007: $120,000) for the provision of services. An amount of $10,000 is payable at year end.

The above transactions were entered into on normal commercial terms.

(b) Subsidiaries

The consolidated financial statements include the financial statements of Rox resources Limited and its subsidiaries listed in the following table.

		% Equity Interest		Investment $	
Name	Country of Incorporation	2008	2007	2008	2007
Rox (Laos) Pty Ltd	Australia	**100**	100	**2**	2
Nyala Resources (Proprietary) Limited	South Africa	**100**	100	**182,250**	261,278

(d) Ultimate Parent

(e) Rox Resources Limited is the ultimate Australian parent entity.

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, notes and the additional disclosures included in the Director's Report designated as audited, 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 2008 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 2008.

On behalf of the Board

J Gresham
Chairman
Perth
25 September 2008

ERNST & YOUNG

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Independent auditor's report to the members of Rox Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Rox Resources Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Rox Resources Limited is in accordance with the *Corporations Act 2001*, including:
   i) giving a true and fair view of the financial position of Rox Resources Limited and the consolidated entity at 30 June 2008 and of their performance for the year ended on that date; and
   ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001.*
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

ERNST & YOUNG

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 27 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Rox Resources Limited for the year ended 30 June 2008 complies with section 300A of the Corporations Act 2001.

Inherent Uncertainty Regarding Continuation as a Going Concern

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

Ernst + Young

Ernst & Young

T. Tidy

V W Tidy
Partner
Perth
25 September 2008

SCHEDULE OF MINING TENEMENTS

Laos Projects

PROJECT	INTEREST	INTEREST HELD
Pha Luang	Sulphide lead & zinc & associated minerals	Entitled to 60%
Nam Them	All minerals	Application for 100%

Australian Projects

PROJECT	INTEREST	INTEREST HELD
Reward		
E10316	All minerals	100%

South African Diamond Projects *

PROJECT	INTEREST	INTEREST HELD
Annex Klipfontein	Alluvial Diamonds	100%
Bulpan	Diamonds General	100%
Droogfontein	Diamonds General	100%
Langleg	Diamonds General	100%
Lendale	Diamonds General	100%
Pampoene Pan	Diamonds General	100%
Vlakfontein	Alluvial Diamonds	100%
Williamstown	Alluvial and Kimberlite Diamonds	100%
Zoutpansfontein	Diamonds General	100%
Zoutpansfontein South	Diamonds General	100%
Harrisdale	Option for Kimberlite Diamonds	100%

* Note that the Company has reached agreement to sell these projects to Paramount Mining Corporation Limited.

The following information was applicable as at 17 September 2008.

1. Shareholding

(a) Distribution of Shareholders Number

Category (size of Holding)	Number
1 - 1,000	7
1,001 - 5,000	105
5,001 - 10,000	153
10,001 - 100,000	383
100,001 and over	114

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

(c) Substantial Shareholder Notices have been provided by:

Name	Number of Shares	% of Issued Share Capital
Ivernia Inc.	3,688,593	6.37

(d) Top 20 shareholders

	Name	Number of Shares	% of Issued Share Capital
1	National Nominees Limited	3,468,776	4.79
2	Deep Yellow Limited	2,000,000	2.76
3	Mr Steven Craig Saunders	1,605,436	2.22
4	Mr Ian Robert Mulholland	1,311,111	1.81
5	Residuum Nominees Pty Ltd	1,308,968	1.81
6	Howard-Smith Investments	1,293,000	1.79
7	Mr Brett Dickson	1,250,000	1.73
8	Mr Simon Craig Watson	1,202,930	1.66
9	Maji Investments Pty Ltd	1,150,000	1.59
10	Mr John Damian Kennedy	1,131,545	1.56
11	Capital Pro International	1,126,167	1.56
12	Ivernia Inc	1,096,862	1.52
13	Uniting Properties Pty Ltd	1,021,134	1.41
14	Mr Richard Fish	1,013,356	1.40
15	Future Super Pty Ltd	1,000,000	1.38
16	Jasper Hill Resources Pty Ltd	1,000,000	1.38
17	Comma Pty Ltd	951,000	1.31
18	Mr Ian Robert Mulholland	911,111	1.26
19	Cheetah Holdings Pty Ltd	888,890	1.23
20	RBC Dexia Investor Services Australia Nominees	818,379	1.13
		25,548,665	35.3

There is a total of 72,386,428 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

There are no restricted securities.