

ROX RESOURCES LIMITED

ABN 53 107 202 602

**REPORT FOR THE
HALF-YEAR ENDED
31 DECEMBER 2007**

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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:

57,875,333 Fully paid ordinary shares
5,250,000 20 cent, 31 January 2009 options
2,500,000 67.5 cent, 12 July 2009 options
2,000,000 35 cent, 30 November 2010 options
1,700,000 35 cent, 30 November 2009 options
950,000 35 cent, 31 May 2010 options

Investor Relations:

Porter Novelli
The Courtyard, 33 Broadway
Nedlands WA 6009, Western Australia

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

ROX RESOURCES LIMITED

ABN 53 107 202 602

DIRECTORS REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

Your directors submit the financial report of the Company for the half-year ended 31 December 2007.

DIRECTORS

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

Mr Jeffrey Gresham
Mr Michael Blakiston
Mr Ian Mulholland

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

REVIEW OF OPERATIONS

The loss for the half-year ended 31 December 2007 was \$1,654,675 (2006: \$1,401,782). This loss was principally due to exploration expenditure of \$972,164 (2006: \$859,907) being expensed directly to the profit and loss account.

During the half year the company continued its transformation into an emerging base metals explorer.

It continued its soil sampling programme at the Pha Luang zinc-lead project in Laos as well as actively progressing its foreign Investment Licence application in that country.

At the Lennard Shelf project, meetings were held with Traditional Owners with heritage clearance surveys expected to be completed in the first half of 2008.

In early January 2008 the Company announced that it had acquired an option to purchase the Reward project tenement where previous drilling has returned mineralisation of 21 metres grading 5.2% zinc and 1.4% lead.

AUDITORS INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'J. Gresham', written in a cursive style.

J. GRESHAM

Director

Perth, Western Australia

Dated this 21st day of February 2008

ROX RESOURCES LIMITED

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**CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007****CONSOLIDATED**

	Note	31 December 2007 (\$)	31 December 2006 (\$)
Continuing operations			
Revenue	2(a)	97,417	145,968
Other income	2(b)	-	8,303
Depreciation and amortisation expense	2(c)	(12,119)	(6,091)
Other expenses	2(d)	(1,747,493)	(1,573,819)
Loss from continuing operations before income tax expense		(1,662,195)	(1,425,639)
Income tax expense		-	-
Loss from continuing operations after income tax		(1,662,195)	(1,425,639)
Discontinued operations			
Profit/(loss) from discontinued operations after income tax	3	7,520	23,857
Net Loss attributable to members		(1,654,675)	(1,401,782)
Loss per share (cents per share)			
- basic and diluted, for loss for the year attributable to ordinary equity holders		(2.9)	(2.5)
- basic and diluted, for loss from continuing operations attributable to ordinary equity holders		(2.9)	(2.5)

ROX RESOURCES LIMITED

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CONDENSED BALANCE SHEET AS AT 31 DECEMBER 2007

		CONSOLIDATED	
	Note	31 December 2007	30 June 2007
		(\$)	(\$)
CURRENT ASSETS			
Cash and cash equivalents		2,294,312	3,855,029
Trade and other receivables		3,311	181
Prepayments		30,347	4,490
		<u>2,327,970</u>	<u>3,859,700</u>
Assets of disposal group held for sale	3	<u>203,528</u>	<u>261,278</u>
TOTAL CURRENT ASSETS		<u>2,531,498</u>	<u>4,120,978</u>
NON-CURRENT ASSETS			
Available for sale investments		182,250	255,000
Other financial assets		143,227	136,452
Plant & Equipment		112,670	59,789
		<u>438,147</u>	<u>451,241</u>
TOTAL NON-CURRENT ASSETS		<u>438,147</u>	<u>451,241</u>
TOTAL ASSETS		<u>2,969,645</u>	<u>4,572,219</u>
CURRENT LIABILITIES			
Trade and other payables		206,798	235,515
Liabilities of disposal group held for sale	3	-	18,500
Provisions		24,419	25,046
		<u>231,217</u>	<u>279,061</u>
TOTAL CURRENT LIABILITIES		<u>231,217</u>	<u>279,061</u>
TOTAL LIABILITIES		<u>231,217</u>	<u>279,061</u>
NET ASSETS		<u>2,738,428</u>	<u>4,293,158</u>
EQUITY			
Contributed Equity	4	10,896,360	10,896,360
Reserves	4	769,498	669,553
Accumulated losses		(8,927,430)	(7,272,755)
		<u>2,738,428</u>	<u>4,293,158</u>
TOTAL EQUITY		<u>2,738,428</u>	<u>4,293,158</u>

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**CONDENSED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED
31 DECEMBER 2007**

	CONSOLIDATED	
	31 December 2007	31 December 2006
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(503,679)	(555,772)
Interest received	97,417	145,968
Payments for exploration	(1,147,680)	(932,605)
Net cash used in operating activities	<u>(1,553,942)</u>	<u>(1,342,409)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments – purchase of listed securities	-	(7,500)
Proceeds from sale of non-current assets	-	363,303
Purchase of non-current assets	-	(62,718)
Net cash used in investing activities	<u>-</u>	<u>293,085</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	1,315,334
Security bonds paid	(6,775)	(31,952)
Net cash provided by financing activities	<u>(6,775)</u>	<u>1,283,382</u>
Net increase (decrease) in cash held	(1,560,717)	234,058
Cash at 1 July	<u>3,855,029</u>	<u>4,294,432</u>
Cash at 31 December	<u>2,294,312</u>	<u>4,528,490</u>

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CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	CONSOLIDATED				
	Issued Share Capital (\$)	Share Option Reserve (\$)	Unrealised Gain/Loss Reserve (\$)	Accumulated (Losses) (\$)	Total (\$)
Balance as at 1 July 2006	8,439,777	123,828		(3,996,765)	4,566,840
Total income/expense recognised directly in equity	-	-		-	-
Loss for the period	-	-		(1,401,782)	(1,401,782)
Total recognised income and expense for the period	-	-		(1,401,782)	(1,401,782)
Shares issued during the period	2,436,667	-		-	2,436,667
Options & employee options	-	399,177		-	399,177
Capital raising costs	(333,084)	-		-	(333,084)
Balance as at 31 December 2006	<u>10,543,360</u>	<u>523,005</u>		<u>(5,398,547)</u>	<u>5,667,818</u>
Balance as at 1 July 2007	10,896,360	714,553	(45,000)	(7,272,755)	4,293,158
Total income/expense recognised directly in equity	-	-	-	-	-
Loss for the period	-	-	-	(1,654,675)	(1,654,675)
Total recognised income and expense for the period	-	-	-	(1,654,675)	(1,654,675)
Options & employee options	-	54,945	-	-	54,945
Fair value loss re-cycled on impairment of available for sale investments	-	-	45,000	-	45,000
Balance as at 31 December 2007	<u>10,896,360</u>	<u>769,498</u>	<u>-</u>	<u>(8,927,430)</u>	<u>2,738,428</u>

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

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

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

Basis of Preparation

This general-purpose condensed financial report for the half year ended 31 December 2007 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

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

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2007 and considered together with any public announcements made by Rox Resources Limited during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations Act of the ASX listing rules.

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

Changes in Accounting Policy

Since 1 July 2007 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2007. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

- AASB 101 (revised October 2006) Presentation of financial statements
- AASB 7 Financial Instruments: Disclosures
- AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038)
- AASB 2007- 1 Amendments to Australian Accounting Standards arising from interpretation 11 (AASB 2)
- AASB 2007- 4 Amendments to Australian Accounting Standards arising from ED 151 and other amendments
- AASB 2007- 7 Amendments to Australian Accounting Standards (AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 and AASB 128)
- Interpretation 10 Interim Financial Reporting and Impairment
- Interpretation 11 AASB 2 - Group and Treasury Share Transactions

ROX RESOURCES LIMITED

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

CONSOLIDATED

	31 December 2007	31 December 2006
	\$	\$

NOTE 2: LOSS FROM CONTINUING OPERATIONS

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

(a) Revenues		
Interest revenue	97,417	145,968
(b) Other Income		
Foreign currency gain	-	8,303
(c) Expenses		
Depreciation	12,119	6,091
(d) Other		
Staff expenses	268,977	207,669
Share based payments	54,945	194,577
Office operating	78,654	88,423
Corporate expenses	105,896	97,644
Travel expenses	28,539	64,889
Consultants	-	4,000
Impairment of available for sale		
Investments	175,500	-
Exploration expenditure	972,164	859,907
Other	62,818	56,710
	<hr/>	<hr/>
	1,747,493	1,573,819

ROX RESOURCES LIMITED

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

NOTE 3: DISCONTINUED OPERATIONS

No components of the company have been disposed of in the current half-year reporting period.

On the 15 August 2006 the company reached agreement for the sale of its South African diamond projects. The disposal of these projects is expected to be completed in the first half of 2008 and as at 31 December 2007 arrangements were being put in place to meet a number of preconditions to the sale. As at 31 December 2007 the South African diamond projects were classified as a disposal group held for sale.

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

	2007 \$		2006 \$			
	Menzies	South Africa Diamonds	Total	Menzies	South Africa Diamonds	Total
Revenue	-	-	-	-	-	-
Expenses	-	7,520	7,520	-	(48,786)	(48,786)
Gross profit (loss)	-	7,520	7,520	-	(48,786)	(48,786)
Gain from sale of non current assets	-	-	-	72,643	-	72,643
Profit(Loss) before tax from discontinued operations	-	7,520	7,520	72,643	(48,786)	23,857
Related income tax	-	-	-	-	-	-
Profit(Loss) for the year from discontinued operations	-	7,520	7,520	72,643	(48,786)	23,857

The major classes of assets and liabilities of the South African diamond projects at 31 December 2006 are as follows:

	2007 \$	2006 \$
<i>Assets</i>		
Other- capitalised exploration expenditure	203,528	261,278
<i>Liabilities</i>		
Trade creditors and payables	-	(18,500)
Net assets attributable to discontinued operations	<u>203,528</u>	<u>242,778</u>

ROX RESOURCES LIMITED

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

NOTE 3: DISCONTINUED OPERATIONS (Con't)

The net cash out-flows (inflows) of the South African diamond projects are as follows:

	2007 \$	2006 \$
Operating activities	(7,520)	31,886
Net cash outflows	<u>(7,520)</u>	<u>31,886</u>

Details of the disposal of the Menzies project are as follows:

<i>Assets</i>		
Plant and equipment	-	4,419
Other- capitalised exploration expenditure	-	1,072,938
Net assets attributable to discontinued operations	<u>-</u>	<u>1,077,357</u>

Consideration received or receivable:

Cash	-	350,000
Present value of deferred sales proceeds	-	200,000
Available for sale investments	-	600,000
Total disposal consideration	<u>-</u>	<u>1,150,000</u>
Less net assets disposed of	<u>-</u>	<u>(1,077,357)</u>
Gain on disposal before income tax	-	72,643
Income tax expense	-	-
Gain on disposal after income tax	<u>-</u>	<u>72,643</u>

The proceeds on the sale exceeded the book value of the related net assets and accordingly no impairment losses were recognised on the reclassification of those operations held for sale.

Net cash inflow on disposed

Cash	-	350,000
Less cash and cash equivalents balance disposed of	-	-
Reflected in the cash flow statement	<u>-</u>	<u>350,000</u>

Earnings per share (cents per share)

- Basic from discontinued operations	0.01	(0.04)
- Diluted from discontinued operations	0.01	(0.04)

ROX RESOURCES LIMITED

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

CONSOLIDATED

NOTE 4: ISSUED CAPITAL	31 December 2007 \$	30 June 2007 \$
(a) Issued and paid up capital: 57,875,333 fully paid ordinary shares (30 June 2007: 57,875,333)	10,896,360	10,896,360
(b) Option reserve:	769,498	669,553

(c) There were no movements in issued and paid up capital during the past six months

(d) Movements in Option Reserve during the past six months were as follows:

Date	Details	Notes	Number of Options	\$
1 July 2007	Opening Balance		10,300,000	714,553
19 Dec 2007	Employee options issued		2,100,000	5,287
-	Employee options issued in prior periods		-	49,658
31 Dec 2007	Closing Balance		12,400,000	769,498

NOTE 5: COMMITMENTS AND CONTINGENCIES

The only change to the commitments and contingencies disclosed in the most recent annual financial report is the agreement reached with Avalon Minerals Limited on the Lennard Shelf project where Rox has agreed to spend a minimum of \$500,000 on exploration by 7 August 2008, if Rox continues with the joint venture thereafter it is to issue \$300,000 worth of Rox shares to Avalon and spend a further \$1.5 million on exploration.

ROX RESOURCES LIMITED

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

NOTE 6: SEGMENT INFORMATION

The Company operates as a mineral exploration company in Australia and Laos with discontinued operations in South Africa.

	Australia		Laos		Discontinued Operations		Total	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Revenue	97,417	145,968	-	-	-	-	97,417	145,968
Other income	-	-	-	8,303	-	72,643	-	80,946
Result	(769,746)	(565,732)	(892,449)	(859,907)	7,520	23,857	(1,654,675)	(1,401,782)

NOTE 7: SUBSEQUENT EVENTS

Since the end of the financial period the company has acquired an option to purchase the Reward tenement from Rio Tinto Limited subsidiary North Mining Limited.

The acquisition agreement initially involves a two year option to purchase period during which Rox has agreed to carry out a minimum work programme of 1,200 metres of drilling and make an option payment to North of A\$50,000. In addition, Rox plans to carry out geophysical surveys and multi-element geochemical sampling.

Should Rox exercise the option to purchase, then it will acquire a 100% interest in the Reward tenement subject to a cash acquisition payment to North of A\$1/tonne based on the Mineral Resources identified at the time a decision to mine is made. North will also have a clawback entitlement to 60% should a resource valued at more than A\$5 billion be defined, by payment to Rox of four times expenditure at that point, with a minimum of A\$25 million. North can clawback additional interest to 80% by free carry of Rox to completion of bankable feasibility study.

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

ROX RESOURCES LIMITED

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DECLARATION

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

In the opinion of the directors

- (a) The financial statements and notes of the Company:
 - (i) give a true and fair view of the financial position as at 31st December 2007 and the performance for the half year ended on that date of the Company; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the 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.

On behalf of the Board



J. GRESHAM
Director

Perth, Western Australia

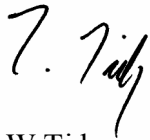
Dated this 21st day of February 2008

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

In relation to our review of the financial report of Rox Resources Limited for the half-year ended 31 December 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



V W Tidy
Partner
Perth
21 February 2008

To the members of Rox Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half year financial report of Rox Resources Limited, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with 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 half year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of Rox Resources Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

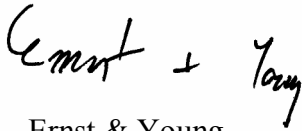
Independence

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

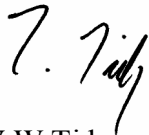
Conclusion

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

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



V W Tidy

Partner

Perth

21 February 2008