

## Quarterly Report

For the period ended 30 September 2006

### HIGHLIGHTS

#### Pha Luang Project, Laos

- **Drilling at the Nam Yen prospect continued to extend lead zinc sulphide mineralisation with new intersections including;**
  - 12.6 metres grading 4.5% combined Pb+Zn and 6 g/t Ag from 64.2 metres
  - 5.0 metres grading 3.6% combined Pb+Zn and 9 g/t Ag from 66.5 metres
- **Development of infrastructure and new targets in preparation for aggressive drill programme which is set to commence following the recent conclusion of wet season.**

#### Corporate

- **South African diamond projects sold to Paramount Mining for \$30,000 cash and up to 6 million Paramount shares, for a total potential value of A\$450,000 at current share price.**
- **Settlement on the sale of the Menzies gold project with A\$350,000 cash and 3,000,000 shares (value \$600,000 at \$0.20 share price) in Regal Resources received.**
- **New Chairman, Mr Jeff Gresham appointed effective 1 October 2006.**
- **New company office established at 63 Hay Street, Subiaco, WA 6008.**

#### PHA LUANG LEAD-ZINC PROJECT, LAOS

Since acquiring a 60% interest in Pha Luang in 2005 Rox has significantly advanced its understanding of the project and now believes it has the potential to become a large new lead-zinc district. Mineralisation at Pha Luang is widespread with zinc oxides and lead sulphides outcropping in various places over a strike length of 10km.

The company has now defined five major soil geochemical anomalies greater than 2% Pb+Zn to date (Figure 2) and a further 12 known occurrences of outcropping mineralisation have yet to be mapped and soil sampled (Figure 3).

Rock outcrops grade up to 50% Zn, 60% Pb and 480 g/t Ag, and Pb and Zn values in soils grade over 20% in places. Given the success of testing one of these soil anomalies at Nam Yen, the company's confidence in the project to host significant sulphide deposits is high.

During the quarter drilling at the Nam Yen prospect has continued to extend sulphide mineralisation, which is encouraging given the early stage of exploration.

Highlights from the most recent drilling at Nam Yen before operations ceased in July due to the onset of the wet season included:

PLD041: **12.6 metres** grading **4.5%** combined Pb+Zn and **6 g/t Ag**, from 64.2 metres,  
*including* **2.5 metres** grading **5.8%** combined Pb+Zn and **11 g/t Ag**, from 64.2 metres,  
**3.0 metres** grading **6.7%** combined Pb+Zn and **5 g/t Ag**, from 67.9 metres,  
**2.7 metres** grading **8.1%** combined Pb+Zn and **7 g/t Ag**, from 74.1 metres.

PLD039: **5.0 metres** grading **3.6%** combined Pb+Zn and **9 g/t Ag**, from 66.5 metres, and  
**2.2 metres** grading **2.9%** combined Pb+Zn and **5 g/t Ag**, from 92.2 metres.

Full drill results are included in Table 1, while hole locations are shown in Figure 1.

Drilling at the Switchback prospect failed to intersect significant lead or zinc sulphides, but given the size of the soil anomaly, the limited access for drilling, and the numerous outcrops of sulphides, this prospect remains a high priority. Further drilling is planned in the new field season, which commenced in October following conclusion of the wet season.

Completion of a new road to the Pha Sod prospect has allowed soil and rock chip sampling and geological mapping to commence to generate new drill targets. During October field activities were recommenced, with road/track building underway to allow access for drilling in November. New outcrops of sulphides have since been discovered at Pha Sod and assays are awaited.

RC drilling is planned during November and December at the Nam Yen and Switchback prospects, with the Pha Sod and Pha Daeng prospects slated for drilling in the New Year.

An aggressive exploration program over the ensuing 9 months is planned involving 7,000 metres of drilling, extensive soil sampling, and geophysical surveys. The company's goal is to drill test five prospects during the 2006-2007 field season to establish the project as a mineralised district of large potential.

Extensions of the outcropping mineralisation are known to exist for at least 5-10 km outside of the Company's joint venture area and Rox has made application in its own right for a further 300km<sup>2</sup> of unexplored prospective ground.

## **SOUTH AFRICA - DIAMONDS**

Rox reached agreement for the sale of its South African diamond projects to Paramount Mining Corporation during the quarter. Paramount will issue Rox up to 6 million Paramount shares, and make a payment of \$30,000 cash.

Immediately after settlement Rox will hold approximately 5.4% of Paramount based on the current capital structure, increasing up to a possible holding of 13%.

The transaction will enable the company to concentrate its efforts on the Pha Luang lead-zinc project in Laos, while at the same time offering Rox shareholders the opportunity to participate in Paramount's success with the diamond projects.

The sale of the diamond projects to Paramount will be completed in stages. At settlement Rox will be paid the \$30,000 cash and be issued 2.25 million Paramount shares for the three projects granted so far, with the remainder of the shares anticipated to be issued progressively over the next 24 months as the other projects are granted by the South African DME and site access secured.

All projects are held by 100% Rox-owned South African subsidiary company, Nyala Resources (Proprietary) Limited ("Nyala") and Paramount is purchasing all of the shares in Nyala from Rox.

## CORPORATE

During the quarter Rox settled the sale of the Menzies project, receiving \$350,000 cash and being issued 3 million shares in Regal Resources Limited representing some 7% of its current issued capital. A second cash payment of \$200,000 is due on 11 February 2007.

Mr Jeff Gresham has been appointed Chairman effective 1 October 2006, replacing Dr Alistair Cowden who retired on 30 September 2006.

Mr Gresham is a geologist with a distinguished industry career of varied exploration, operational and corporate experience both in Australia and internationally spanning 38 years.

Most recently he was Managing Director of Titan Resources Limited, an active nickel explorer in Western Australia, and roles prior to that over a 30 year period included Managing Director of gold miner Wiluna Mines Limited, General Manager - Exploration for Homestake Gold of Australia Limited, and several senior executive roles with Western Mining Corporation.

The company has relocated its head office to:

Physical Address: Ground Floor, 63 Hay Street  
Subiaco WA 6008

Postal Address: PO Box 1167  
West Perth WA 6872

Phone: +61 8 6380 2966

Fax: +61 8 6380 2988

Email: [admin@roxresources.com.au](mailto:admin@roxresources.com.au)

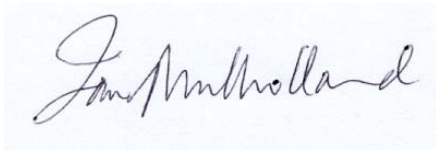
Website: [www.roxresources.com.au](http://www.roxresources.com.au)

## FINANCIAL

At the end of the quarter Rox had 56,375,333 shares and 12,550,000 unlisted options on issue together with cash and receivables of \$5.9 million.

Dated this 26th day of October 2006.

Signed on behalf of the Board of Rox Resources Limited.



**IAN MULHOLLAND**  
**Managing Director**

### FOR FURTHER INFORMATION CONTACT:

Ian Mulholland, Managing Director  
Tel: (08) 6380 2966

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Ian Mulholland BSc (Hons), MSc, FAusIMM, FAIG, FSEG, who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists. Mr Mulholland has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Mulholland is a full time employee of the Company and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

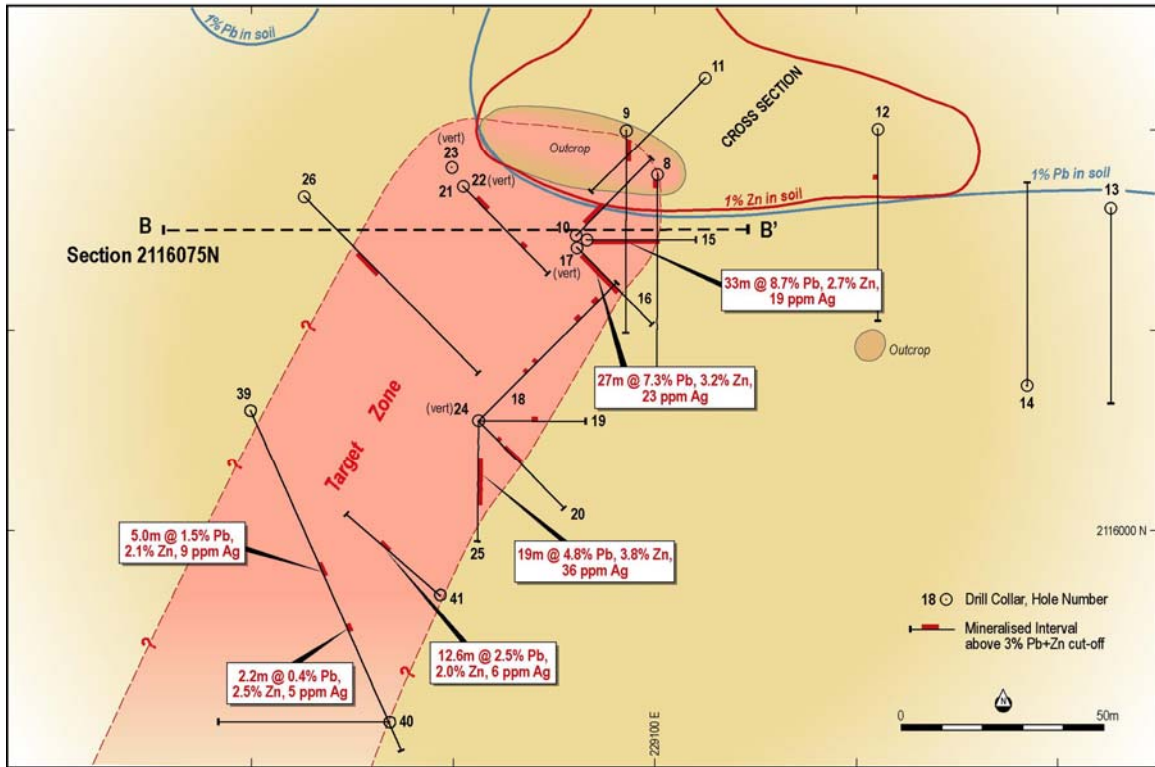


Figure 1: Nam Yen Drill Plan, Soil Contours and mineralised outcrop locations

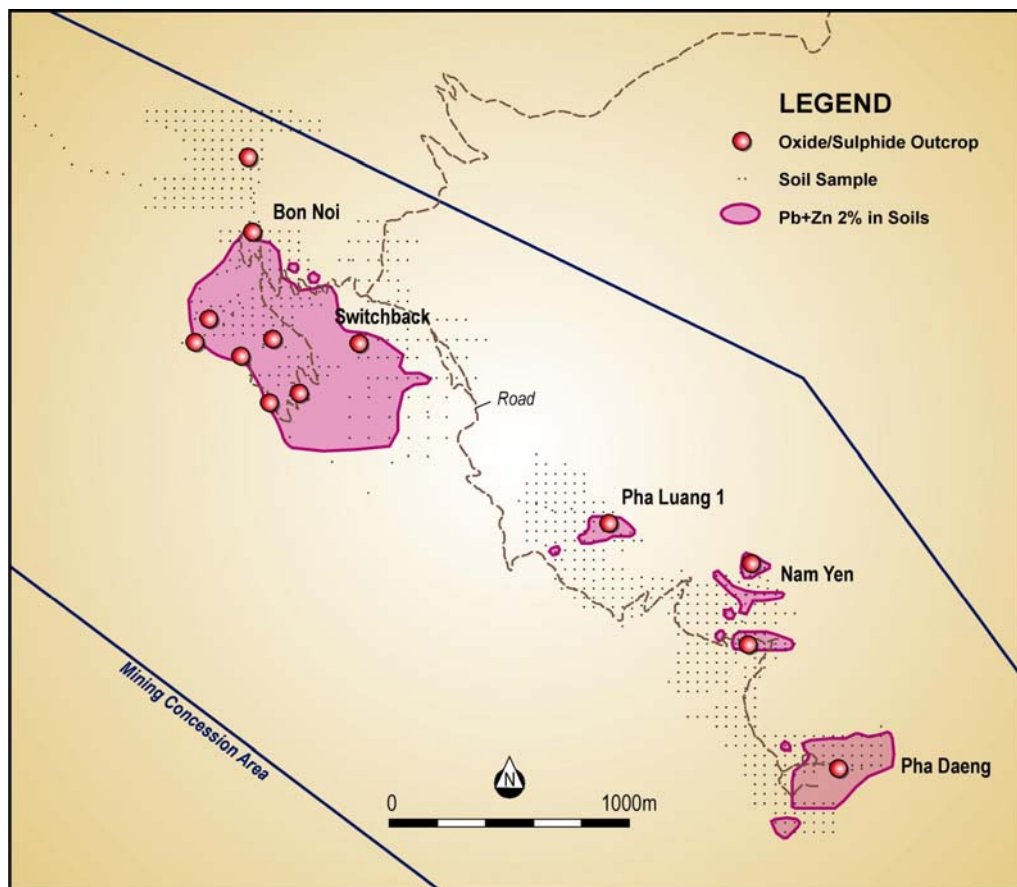


Figure 2: Pha Luang Project, showing soil anomalies

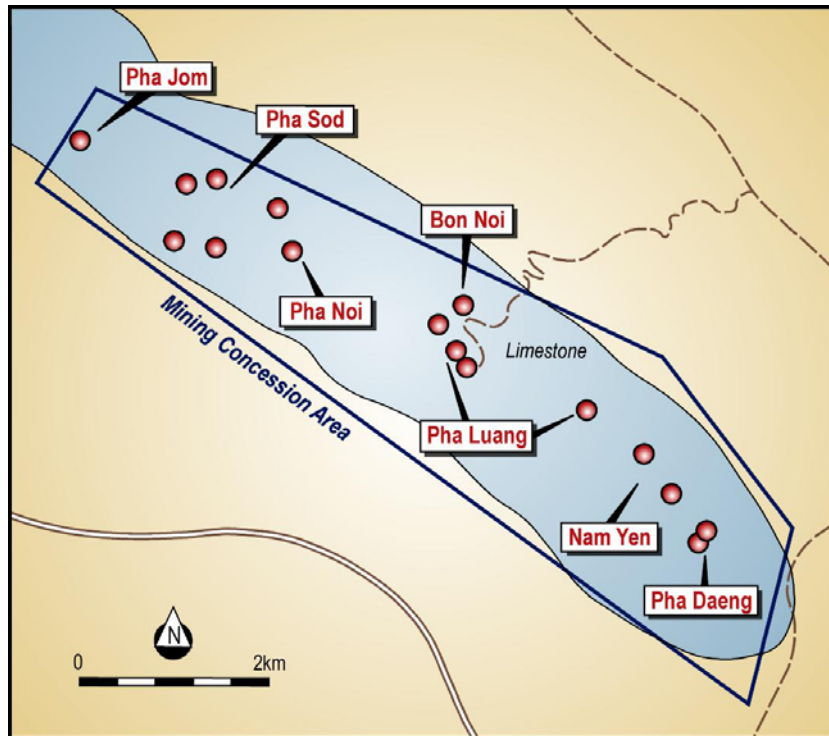


Figure 3: Pha Luang Project, prospect locations

Table 1: Drill Results

PROSPECT	HOLE NUMBER	NORTH	EAST	RL	AZIMUTH	DIP	TOTAL DEPTH	FROM	TO	INTERVAL	Pb %	Zn %	Ag ppm	Pb+Zn %
Switchback	PLD037	2117167	227263	1590	180	-60	96.7	86	87	1	0.01	1.1	6.5	1.1
Switchback	PLD038	2117167	227263	1590	0	-90	160.0	NSR						
Nam Yen	PLD039*	2116031	229000	1100	155	-50	141.5	66.5	71.5	5.0	1.5	2.1	9	3.6
								92.2	94.4	2.2	0.4	2.5	5	2.9
Nam Yen	PLD040	2115984	229047	1120	310	-75	119.8	NSR						
Nam Yen	PLD041*	2115954	229034	1144	270	-70	119.8	64.2	76.8	12.6	2.5	2.0	6	4.5
	<i>incl.</i>							64.2	66.7	2.5	2.5	3.3	11	5.8
	<i>incl.</i>							67.9	70.9	3.0	4.3	2.4	5	6.7
	<i>incl.</i>							74.1	76.8	2.7	4.5	3.6	7	8.1

\* Above 3% Pb+Zn cut-off

**APPENDIX 5B**  
**Mining Exploration Entity Quarterly Report**

Name of entity

ROX RESOURCES LIMITED

ACN or ARBN

107 202 602

Quarter ended ("current quarter")

September 2006

**Consolidated statement of cash flows**

	Current Quarter A\$'000	Year to Date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for: (a) exploration and evaluation	(518)	(518)
(b) development	-	-
(c) production	-	-
(d) administration	(288)	(288)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	58	58
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - Security bonds	-	-
<b>Net Operating Cash Flows</b>	<b>(748)</b>	<b>(748)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(26)	(26)
1.9 Proceeds from sale of: (a) prospects	350	350
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	(27)	(27)
<b>Net investing cash flows</b>	<b>297</b>	<b>297</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(451)</b>	<b>(451)</b>



1.13 Total operating and investing cash flows (brought forward)	(451)	(451)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares (net of costs)	1,305	1,305
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other	-	-
<b>Net financing cash flows</b>	<b>1,305</b>	<b>1,305</b>
<b>Net increase (decrease) in cash held</b>		
1.20 Cash at beginning of quarter/year to date	4,294	4,294
1.21 Exchange rate adjustments to 1.20	-	-
1.22 <b>Cash at end of quarter</b>	<b>5,148</b>	<b>5,148</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	71
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

*During the quarter the company received 3,000,000 shares in Regal Resources Limited as part consideration for the Menzies gold project.*

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil
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**Financing facilities available**

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	965
4.2 Development	-
<b>Total</b>	965

**Reconciliation Of Cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	191	3,378
5.2 Deposits at call	4,957	916
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	5,148	4,294

**Changes in interests in mining tenements**

See attached Schedule A for list of tenements.

**Issued and quoted securities at end of current quarter**

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 <b>Preference securities</b> <i>(description)</i>	-			
7.2 Changes during quarter	-			
7.3 <b>Ordinary securities</b>	56,375,333	56,375,333		
7.4 Changes during quarter - Issued	6,933,333	6,933,333	\$0.35	\$0.35
7.5 <b>Convertible debt securities</b> <i>(description and conversion factor)</i>	-			
7.6 Changes during quarter	-			
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise Price</i>	<i>Expires</i>
	5,250,000	Nil	\$0.20	31 January 2009
	800,000	Nil	\$0.20	30 April 2007
	4,000,000	Nil	\$0.20	30 June 2007
	2,500,000	Nil	\$0.675	12 July 2009
7.8 Issued during quarter	2,500,000	Nil	\$0.675	12 July 2009
7.9 Exercised during quarter				
7.10 Expired during quarter	-			
7.11 <b>Debentures</b> <i>(totals only)</i>	-			
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-			

**Compliance statement**

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX.
2. This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 26 October 2006

Company Secretary

Print Name: Brett Dickson

## SCHEDULE A

### Interests in mining tenements relinquished, reduced or lapsed during the quarter

Tenement Reference	Nature of Interest	Interest at beginning of quarter	Interest at end of quarter
M29/14	Owned	100%	0%
M29/88	Owned	100%	0%
M29/153	Owned	100%	0%
M29/154	Owned	100%	0%
M29/184	Owned	100%	0%
M29/212	Owned	100%	0%
MLA29/223	Owned	100%	0%
MLA29/225	Owned	100%	0%
L29/41	Owned	100%	0%
L29/42	Owned	100%	0%
L29/43	Owned	100%	0%
L29/44	Owned	100%	0%
L29/58	Owned	100%	0%

### Interests in mining tenements held

The company holds a beneficial 60% interest in the Pha Luang Mining Lease in Lao PDR.

### Glossary

M	Mining Lease
MLA	Mining Lease Application
L	Miscellaneous Licence