EL10316 REWARD

Northern Territory, Australia

Annual Progress Report
for the period ending 21 July 2010

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1. SUMMARY

The Reward exploration licence, EL10316 contains several prospects for SEDEX (sediment-hosted) style zinc-lead mineralisation. Among these is the Myrtle prospect where a significant SEDEX style zinc-lead deposit has been discovered. The current mineral resource is:

43.6 million tonnes grading 4.09% Zn, 0.95% Pb at a lower cut-off of 3% Zn + Pb.

RC drilling carried out during the year totalled 2,632 metres in 25 holes and successfully extended near-surface Zn-Pb mineralisation for a strike length of 700 metres. The drilling also discovered a new zone of Zn-Pb mineralisation at the Eastern Zone (Myrtle B soil anomaly), which is still open at depth and along strike.

Re-logging of diamond drill core at Myrtle has enabled a stratigraphic framework to be established. A number of lithological features and marker units were identified which can be correlated across the width of the Myrtle Basin – a distance of up to 3km. Significantly, these marker units now enable mineralised lenses to be correlated across this distance also.

To date the majority of the mineralisation at Myrtle has a strong nodular dolomite association, with only minor intercepts of laminated sphaleritic siltstone reported. However, recent studies by researchers on the nearby HYC Zn-Pb-Ag deposit report that the nodular dolomite forms a low-grade 200-700m wide halo peripheral to the high grade laminated ore facies.

Further comparison of the broad stratigraphic, sedimentalogical, mineralogical, and geochemical characteristics of the Myrtle Prospect with those of the nearby HYC Zn-Pb-Ag deposit reveal many similarities and it is proposed that the mineralisation at Myrtle is analogous to that at HYC. The acceptance of a syn-sedimentary origin for the Myrtle mineralisation has significant implications for future exploration targeting.

Studies at HYC have indicated that the best accumulations of high-grade zinc and lead are located proximal to:

- The deepest part of the basin;
- Areas where nodular dolomite is weakly developed or absent; and
- Areas where the sulphide textures are dominated by laminar sphaleritic siltstone.

Physical property tests on mineralised core from Myrtle indicated that the best geophysical responses are likely from IP (induced polarisation) and gravity.

Metallurgical testwork produced encouraging results from froth flotation tests conducted at 53 microns and 38 microns. No ultra-fine grind testwork was undertaken.

QEMSCAN analysis showed that the mineralogy of the ore at Myrtle was 36% dolomite, 23% feldspar, 14% pyrite, 13% sphalerite, 6% quartz, 1% galena, and 7% other gangue minerals.

Initial selective flotation tests achieved recovery into rougher concentrates of 72-74% for Pb and 90-93% for Zn from 24-25% of the mass of the sample.

Recoveries into cleaner concentrates were lower, and more work and optimisation is needed on this step (including fine grinding and reagent selection).

Other test work, e.g. bond ball mill work index, particle size analysis, flash flotation for Pb, and heavy liquid separation all produced encouraging initial results.

An evaluation of the Berjaya prospect shows that a large (1.5 – 3.5km strike length) low-grade stratabound zinc-pyrite deposit is present. This system is similar in size to Myrtle, and further exploration is warranted at Berjaya.

2. INTRODUCTION

Exploration Licence EL10316 Reward is centred approximately 700 kilometres southeast of the Northern Territory's capital, Darwin, and some 20km south of the world class McArthur River zinc-lead mine, as shown in Figure 1, below.

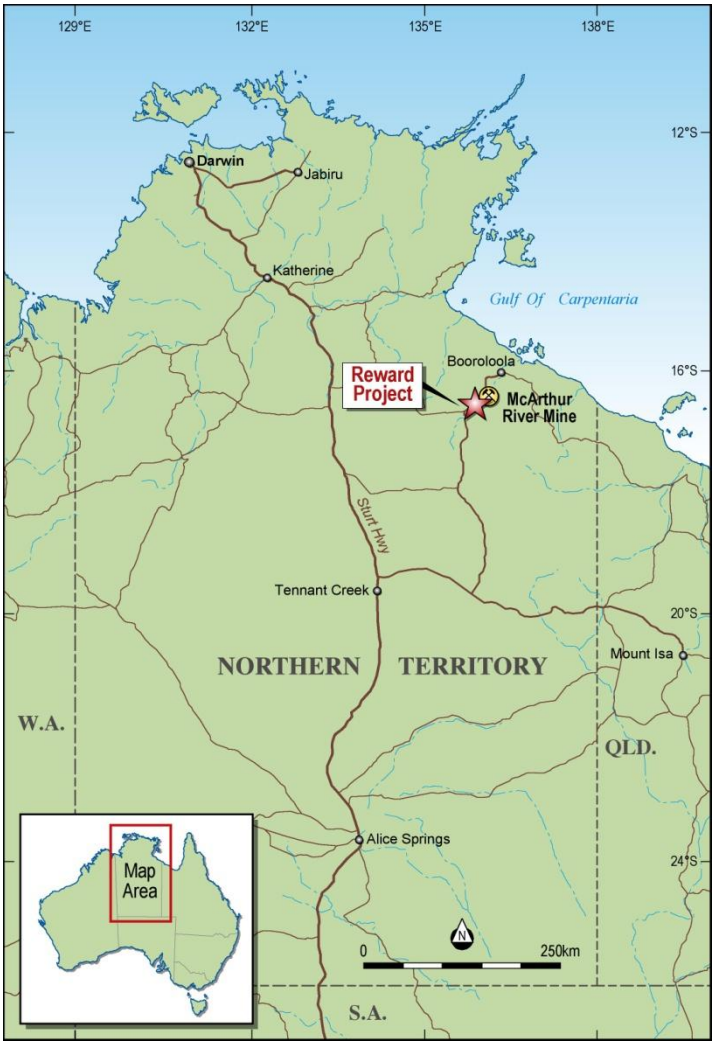

Figure 1: Location of the Reward project

Access from Darwin is via the Stuart Highway south to Daly River (approximately 550km), thence westward via the Carpentaria Highway to the McArthur River mine (approximately 400km). Access to the southern portion of the tenement is via the Merlin diamond mine road and access to the northern part of the area is via the Reward mine track.

Vehicle access within the tenement is quite good, by way of graded station tracks, old exploration tracks and fence lines. Track condition is variable depending upon the season; many areas become waterlogged and boggy during the wet season whilst bulldust rapidly forms in the pale clayey soils during the dry season.

The McArthur River is the major drainage system in the area, passing through the centre of the tenement and all watercourses within the tenement drain into this system either directly or via major tributaries including the Kilgour River, Glyde River, Buffalo Creek or Barney Creek.

Land use in the local region is predominantly beef cattle grazing on large pastoral holdings. Mining, fishing and tourism are also quite active within the region. The Exploration Licence is located entirely within the boundary of the McArthur River Station pastoral lease, which is owned by Mount Isa Mines Pty Ltd, a wholly owned subsidiary of Xstrata PLC, the operator of the McArthur River mine (which is also on that pastoral holding). McArthur River Station is over 8,000km² in area and stocks approximately 10,000 head of beef cattle.

The region is one of the more sparsely populated areas of the Northern Territory. The actual population varies considerably on a seasonal basis, as tourists, fishermen and local residents vacate the area during the wet season, which invariably brings heavy rain, flooded rivers and frequent cyclones.

The nearest township is Borroloola, which is located some 70km to the north-northeast by road. Borroloola has a permanent population of about 700 people, the majority of which are indigenous residents.

The Reward project comprises several occurrences of zinc + lead + silver mineralisation, including the Reward lead deposit, which was discovered and mined briefly in the late 1950's by Mount Isa Mines Ltd. MIM retain title to a small Mining Lease over the Reward deposit.

During 2008 Rox demonstrated the economic potential of the Myrtle zinc-lead deposit, located just 17km south of the McArthur River mine. In 2009 further drilling extended the mineral resource and metallurgical test work was undertaken.

This report is the third Annual Report prepared by Rox for EL10316, and describes the field exploration program undertaken by the company during the annual period ending 21 July 2010.

3. TITLE & TENURE

3.1. Title

Exploration Licence 10316 was originally granted to North Mining Limited on 21 July 2002, but was transferred to Rox Resources Limited in September 2008.

The tenement currently consists of 115 sub blocks, covering an area of approximately 379km^2 (Figure 2), and is current to 21 July 2010 over the same area. A renewal to 21 July 2012 has been applied for.

3.2. Tenement Co-ordinates

Commencing at a point being the intersection of latitude 16º25'S longitude 135º54'E, thence east to longitude 135º59'E, south to latitude 16º27'S, east to longitude 136º00'E, south to latitude 16º34'S, east to longitude 136º05'E, south to latitude 16º35'S, east to longitude 136º09'E, south to latitude 16º40'S, west to longitude 135º59'E, north to latitude 16º35'S, west to longitude 135º54'E, north to latitude 16º33'S, west to longitude 135º53'E, north to latitude 16º31'S, east to longitude 135º54'E, and north to the point of commencement, all within the latitudes and longitudes being geodetic and express in terms of the Australian Geodetic Datum as defined on p.4984 of Commonwealth Gazette number 84 dated 6 October 1966.

3.3. Sub-block Description

SE53 Block
407 e, k, p, u, z
408 a, b, c, d, f, g, h, j, l, m, n, o, p, q, r, s, t, u, v, w, x, y, z
479 e, j, k, o, p, u, z
480 a, b, c, d, e, f, g, h, j, k, l, m, n, o, p, q, r, s, t, u, v, w, x, y, z
481 v, w, x, y, z
552 e, k, p, u, z
553 a, b, c, d, e, f, g, h, j, k, l, m, n, o, p, q, r, s, t, u, v, w, x, y, z
554 a, b, c, d, f, g, h, j, l, m, n, o, q, r, s, t, v, w, x, y

Area = 115 sub-blocks.

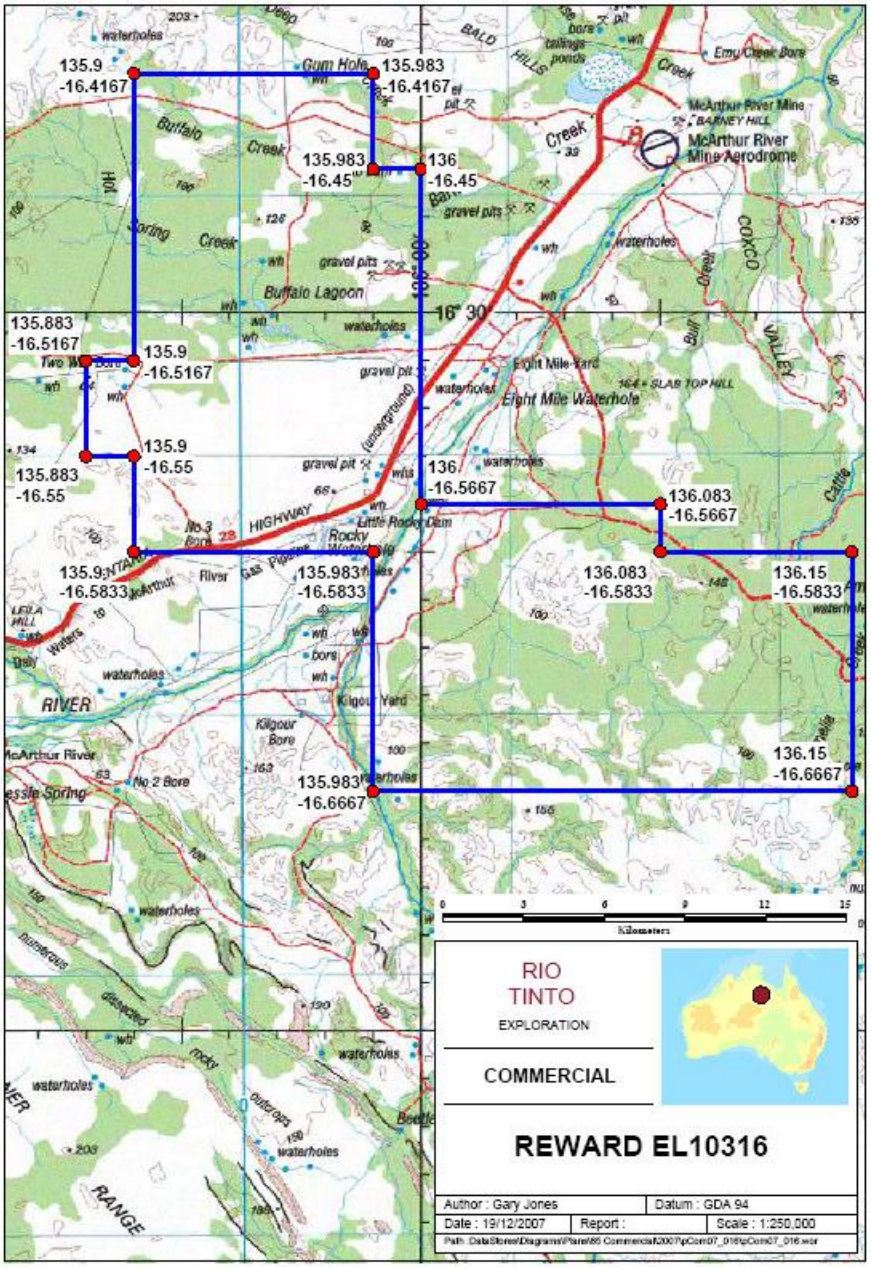

Figure 2: Reward Tenement Location Plan

4. GEOLOGICAL SETTING

4.1. Regional Geology

The Reward Project is located within the McArthur Basin, a north-westerly extension of the Proterozoic rocks that comprise the Mt Isa Block, which hosts several world class base metal and precious metal deposits (Figure 3). The tenement is located adjacent to the McArthur River mine.

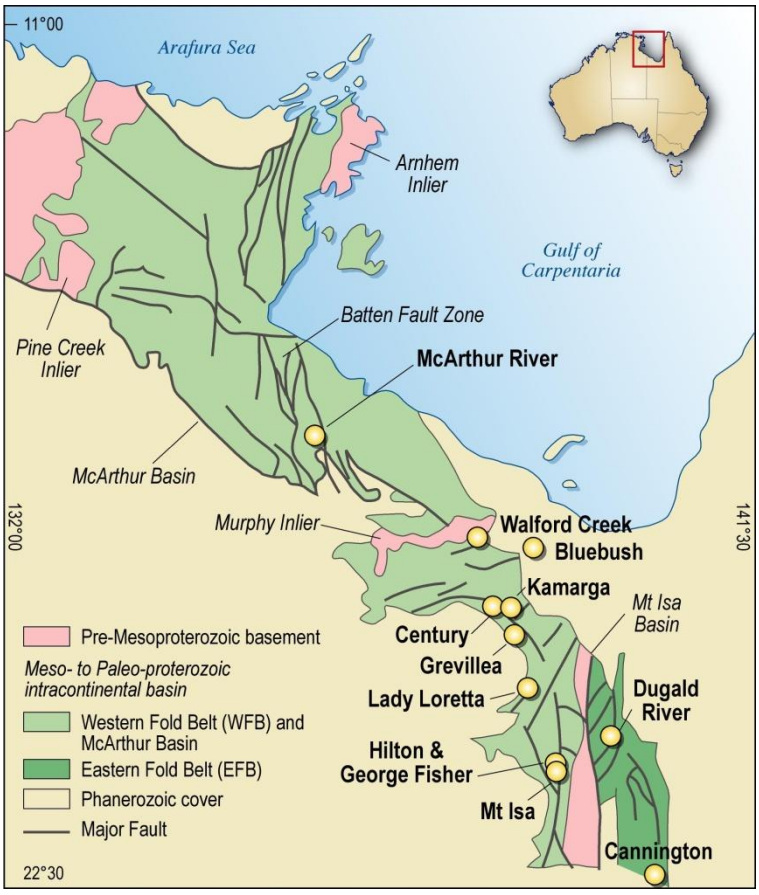

Figure 3: Regional geological setting of the Reward Project

The McArthur Basin comprises Carpentarian and Adelaidean rock units and extends from the Queensland border to the Alligator River in the Northern Territory, including the bulk of Arnhem Land and the western hinterland of the Gulf of Carpentaria.

The basin hosts numerous base metal and diamond occurrences, the largest of which is the McArthur River zinc-lead deposit, which is a world class deposit with a pre-mining resource 227 million tonnes at 9.3% zinc, 4.1% lead and 60 g/t silver (Leach et. al., Economic Geology 100th Anniversary Volume, 2000, pp 561-607). The current mining reserve is 46 million tonnes grading 9.6% zinc, 4.2% lead and 43 g/t silver.

4.2. Local Geology

Exploration Licence 10316 is underlain by several main stratigraphic units, which are summarised below (from Anglo memorandum). A brief stratigraphic column of the local geology is:

Lynott Formation	Hot Spring Member
	Caranbirini Member
	Reward Dolomite
Barney Creek Formation	HYC Pyritic Shale Member
	Cooley Dolomite Member
	W-Fold Shale Member
Teena Dolomite	Coxco Dolomite Member
	Lower undifferentiated member
Emmerugga Dolomite	Mitchell Yard Member

The Lynott Formation contains thinly bedded and laminated, medium to dark grey, variably pyritic, carbonaceous dolomitic siltstone and minor dolomitic siltstone, sandstone and breccia. Traction current-generated sedimentary structures, load casts and soft sediment slump folds commonly occur within the unit.

The Reward Dolomite in the tenement area is a thick unit comprising massive to (less commonly) thinly bedded dolostone, algal dolostone and dolomitic siltstone with black shaly flakes and fragments of carbonaceous siltstone that conformably overlies the Barney Creek Formation. It also includes monomictic breccia which may be matrix or clast supported. The unit is characterised by chert or dolomitic nodules, which are generally 1-10mm in size. The unit commonly exhibits load casts, water escape structures, sedimentary dykes, soft sediment slump folds and convoluted bedding.

The Barney Creek Formation comprises massive to thinly bedded and laminated, variably pyritic, carbonaceous dolomitic siltstone and minor dolomitic siltstone, sandstone, breccia and tuffaceous siltstone. Interbedded and interlaminated green-grey siltstone and dolostone occurs at the base of the Barney Creek Formation in parts of the Glyde and Myrtle sub-basins. The Barney Creek Formation has been interpreted to have been deposited in a moderate to deep water, reasonably placid environment, dominated by periodic emplacement of dolostone rich turbidites and mass flow units. The Barney Creek Formation includes the target HYC Shale Member, which comprises very thinly laminated pyrite ± sphalerite ± galena and black, carbonaceous, dolomitic siltstone with minor matrix to clast supported breccia, granular siltstone and sandy siltstone. The upper contact of the HYC Shale is characterised by the appearance of massive to laminated pyritic carbonaceous dolomitic siltstone.

The Teena Dolomite is a thick unit of interbedded massive to laminated, light grey to pinkish grey dolostone, algal and stromatolitic dolostone, dolomitic siltstone, dolomitic breccia and peletal sandstone. The unit conformably overlies the Emmerugga Dolomite and has a gradational upper contact.

The Emmerugga Dolomite is represented in the tenement area by the Mitchell Yard Dolomite, which is the upper part of the unit. It consists of massive light grey dolostone and algal dolostone and minor algal plate breccia. The upper contact is characterised by a change from laminated algal and stromatolitic dolostone (Teena) to massive dolostone (Mitchell Yard).

Geology local to the tenement area is shown on Figure 4, below.

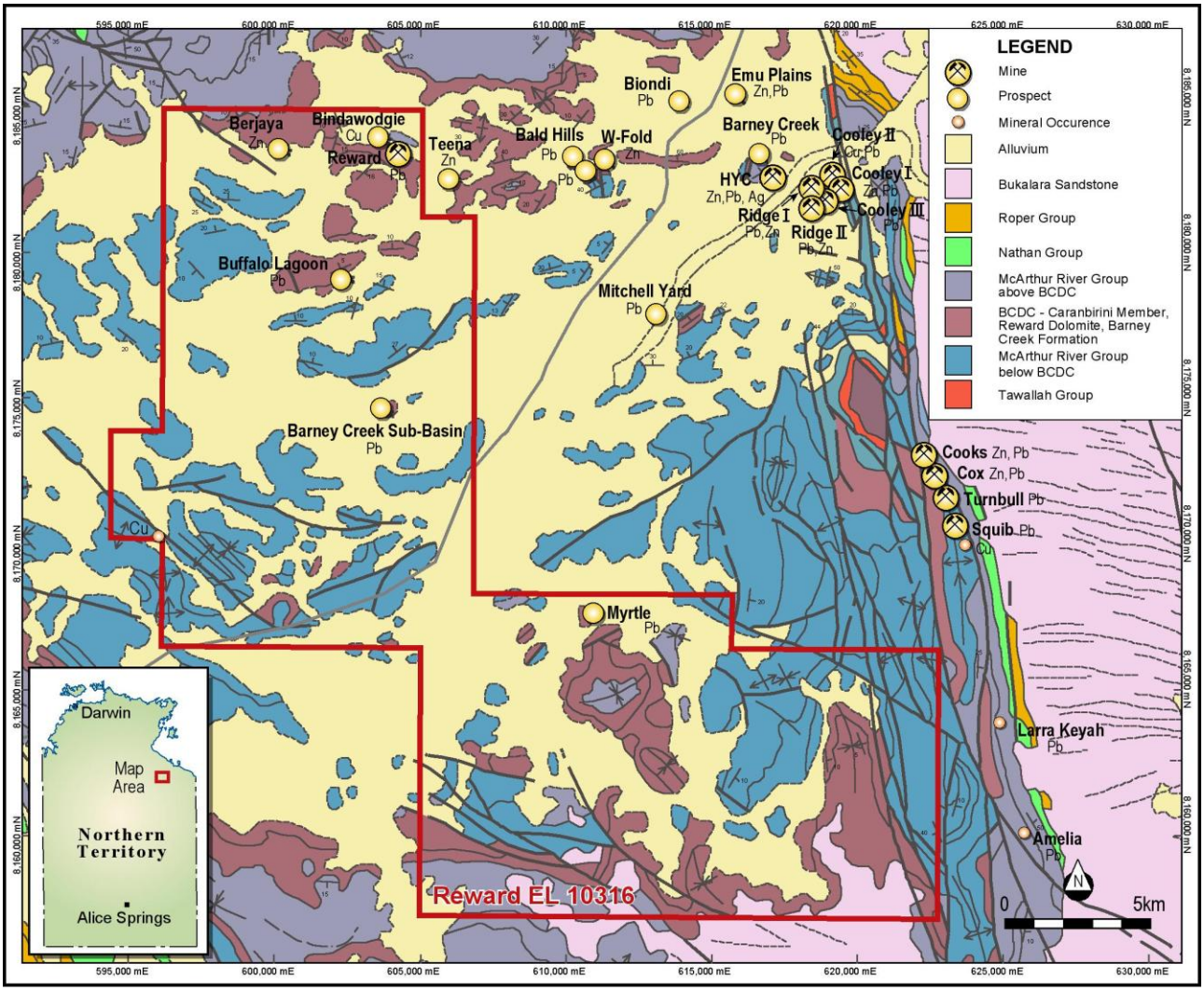

Figure 4: Local geology of Exploration Licence 10316, Reward

5. PREVIOUS EXPLORATION ACTIVITY

Diamond core drilling was undertaken during 2008, with 6 holes (MY16 to MY21) drilled for 2,057 metres, and 2 RC holes (MYR22 to MYR23) drilled for 295 metres. Results were reported in Mulholland, 2009.

These drill holes allowed the establishment of a significant zinc-lead mineral resource at the Myrtle propect of:

37 million tonnes grading 4.2% Zn, 1.0% Pb at a 3% Zn + Pb lower cut-off.

Within this large mineral resource, higher grade cut-offs gave subsets of the resource as follows:

15 million tonnes grading 5.5% Zn, 1.5% Pb at a 5% Zn + Pb lower cut-off, and

8.4 million tonnes grading 6.4% Zn, 1.9% Pb at a 6% Zn + Pb lower cut-off.

Initial mineralogical examination showed the host rock for mineralisation to be carbonated tuffs and dolomites, with principal minerals K-feldspar and dolomite. Principal sulphide minerals were sphalerite, galena and pyrite.

Initial flotation testwork on pulverised samples was not successful, and further metallurgical testwork was carried out during the current year.

Soil geochemistry defined a number of surface soil anomalies greater than 200ppm (Figure 5), and these were followed up with RC drill testing during the current year.

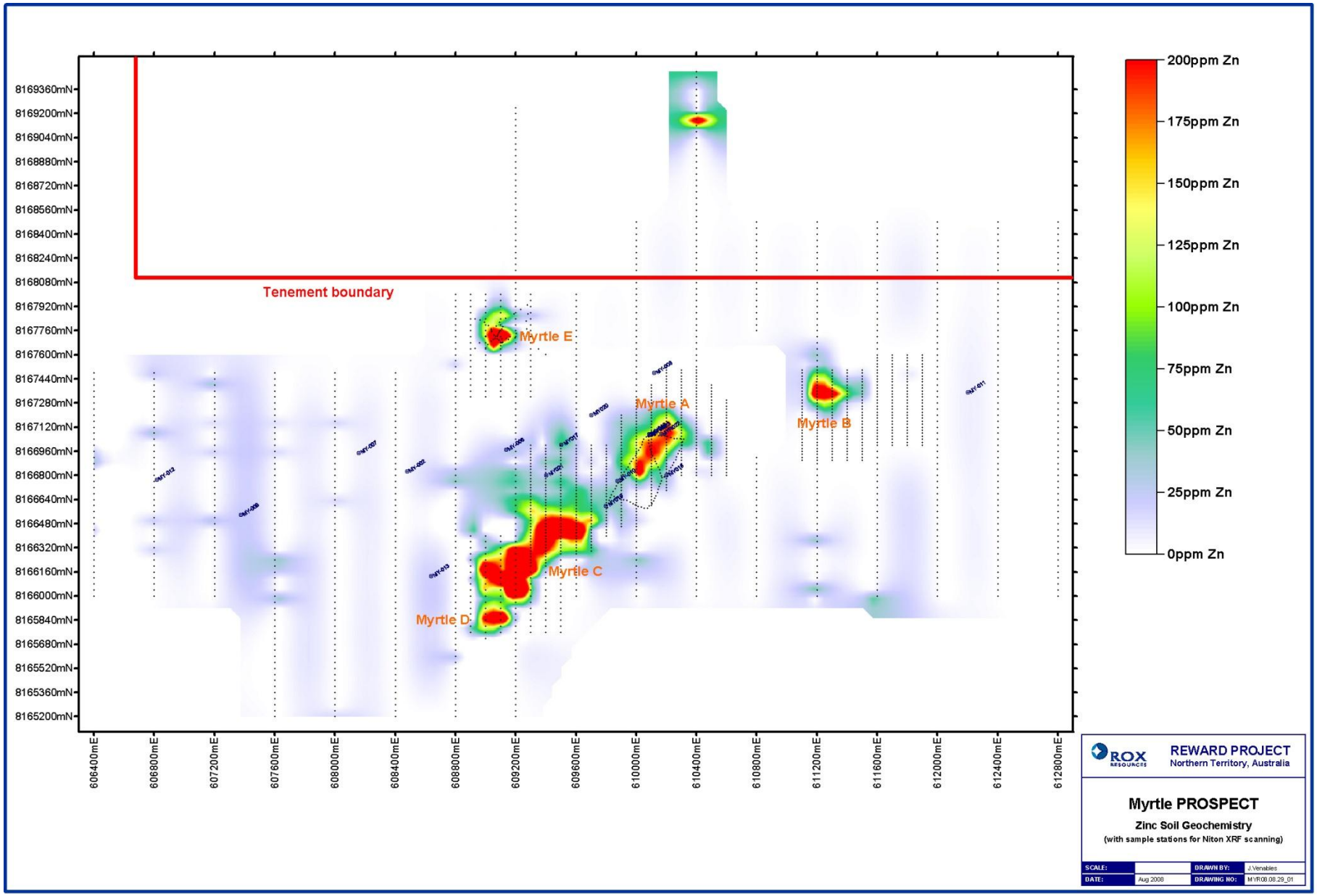

Figure 5: Soil geochemistry of Myrtle Prospect area at the end of August 2008

6. CURRENT EXPLORATION

6.1 RC Drilling

An RC drilling program was undertaken at the Myrtle prospect during October – November 2009. The program was supervised by Helen Tanner and Wally Herrmann from Digirock Pty Ltd, geological consultants. Their full report is included as Appendix 1.

A total of 25 RC holes (MYR24 – MYR48) were completed for 2,632 metres. The program successfully extended near-surface Zn – Pb mineralisation previously identified at the Myrtle prospect for a strike length of 700 metres and a depth of approximately 135 metres. A further three Zn ± Pb soil anomalies were drill tested with Zn – Pb mineralisation being intersected at the Myrtle B Anomaly (Eastern Zone).

Mineralisation within the Myrtle A area is hosted by the HYC Member which ranges in apparent thickness from 3m to 46m. It is typified by coarse-grained dolomite nodules/spherules and interstitial pale yellow (low-Fe) sphalerite. The sphalerite content varies from 1-10%, but it typically makes up about 3 - 5% of the host rock. The dolomitic HYC Member commonly takes on a banded appearance defined by dolomite nodules and carbon±pyrite-rich beds. Galena is a minor phase (tr-1%), however when present, it exists as fine to medium grained blebs.

The HYC Member is commonly interbedded with thin sandy mass flow units. In contrast, the mineralisation at Myrtle B is possibly more representative of a typical SEDEX-style of mineralisation. The HYC Member at Myrtle B is comprised of interbedded siltstone and dolomite, and reflects an area of less-intense dolomitisation than observed at Myrtle A. Pale yellow sphalerite is observed to be associated with the dolomite, however blebby mid brown and red brown (increased Fe) sphalerite and bedded fine-grained sphalerite-pyrite in grey siltstone were also logged.

The complete Myrtle sequence of variably pyrite-mineralised black siltstone (Barney Creek Formation - BCF), mineralized banded dolomite-siltstone (HYC Member), unmineralized banded dolomitesiltstone (W-Fold Shale), and the basal Teena Dolomite was intersected in the central part of the Myrtle A anomaly. However, drillholes on the southern-most section (8,177,700N) revealed the absence of the W-Fold Shale and further south at Myrtle C, both the HYC Member and W-Fold Shale were absent. In contrast, hole MYR47 on the northern-most section (8,167,400N) at Myrtle A was terminated in the BCF at 144m.

The distribution of the stratigraphic units reflects the basin architecture at the time of deposition and also highlights its significance in controlling sedimentation and mineralisation. These results suggest that deepest (and possible most prospective parts) of the NW Myrtle sub-basin are located to the southeast of the Myrtle E Anomaly area. The significance of the mineralisation intersected at Myrtle B is not fully understood at this stage, however the lower intensity dolomitisation may be a useful vector for follow-up work.

A drill hole plan, drilling data, geological logs and Niton X-ray analyser data are included in Appendix 1.

Certified Laboratory Assay Reports are included as Appendix 2, and tables of drill intercepts are in Appendix 3. Drill cross-sections for the RC holes are contained in Appendix 4.

6.2 Diamond Core Re-logging

Relogging of diamond drill core from the Myrtle Zn-Pb±Ag Prospect was completed in October-November 2009 and has enabled a stratigraphic framework to be established. A number of lithological features and marker units were identified which can be correlated across the width of the Myrtle NW Basin – a distance of up to 3km. Significantly, these marker units now enable mineralised lenses to be correlated across this distance also.

To date the majority of the mineralisation at Myrtle has a strong nodular dolomite association, with only minor intercepts of laminated sphaleritic siltstone reported. However, recent studies by researchers on the nearby HYC Zn-Pb-Ag deposit report that the nodular dolomite forms a low-grade 200-700m wide halo peripheral to the high grade laminated ore facies.

Further comparison of the broad stratigraphic, sedimentalogical, mineralogical, and geochemical characteristics of the Myrtle Prospect with those of the nearby HYC Zn-Pb-Ag deposit reveal many similarities and it is proposed that the mineralisation at Myrtle is analogous to that at HYC. The acceptance of a syn-sedimentary origin for the Myrtle mineralisation has significant implications for future exploration targeting.

Studies at HYC have indicated that the best accumulations of high-grade zinc and lead are located proximal to:

- The deepest part of the basin;
- Areas where nodular dolomite is weakly developed or absent; and
- Areas where the sulphide textures are dominated by laminar sphaleritic siltstone.

Reconstruction of the Myrtle NW Basin architecture at the time of deposition of the Barney Creek Formation and hence ore deposition was completed based on stratigraphic and structural information gathered during the diamond core re-logging. The probable location of the basin depocentre and lithological vectors were also identified.

Based on a syn-sedimentary deposit model for the Zn-Pb±Ag mineralisation at Myrtle, it is apparent that future exploration targeting high-grade (>14%Zn+Pb) mineralisation should focus on the area to the northwest of MY20 in the Myrtle NW Basin. Limited RC drilling completed within the northern portion of the Myrtle Basin reveals the presence of both nodular dolomite and bedded sphaleritic siltstone within the HYC Member in the gently north-west plunging basin. Although the vectors are not definitive, it is suggested that further exploration activity target the area to the northwest of the current drilling towards the predicted local basin depocentre.

The diamond core re-logging was undertaken by Helen Tanner of Digirock Pty Ltd, and her report is contained in Appendix 5.

6.3 Resource Estimate

A revised resourse estimate was made in March 2010 incorporating the understanding and data from the RC drilling and diamond core re-logging programs.

The closer spaced drilling (200 x 50 - 75m) of the RC allowed much of that drilling to be classified as Indicated in the resource. The wider spaced diamond drilling (400 x 200 - 400m) remained in the Inferred category.

The revised resource contains 13% in the Indicated category and represents an 18.5% increase in tonnes and 14.7% increase in contained metal over the previous estimate.

The resource is still open to the north and west and at a lower cut-off of 3% Zn + Pb is:

43.6 million tonnes @ 4.09% Zn, 0.95% Pb, for 5.03% Zn + Pb

The resource contains **2,193,000 tonnes (approximately 4.8 billion pounds) combined insitu zinc and lead metal**, comprising **1,780,000 tonnes of zinc** and **412,000 tonnes of lead**.

At a lower cut-off of 5% Zn + Pb the resource is:

15.3 million tonnes @ 5.45% Zn, 1.40% Pb, for 6.84% Zn + Pb

Table 1: Myrtle Deposit Mineral Resource

Cut-off Zn+Pb%	Category	Tonnes (Mt)	Zn %	Pb %	Zn+Pb %	Zn kt	Pb kt	Zn+Pb kt
3	Indicated	5.8	3.56	0.90	4.45	205	52	257
3	Inferred	37.8	4.17	0.95	5.12	1,575	361	1,936
TOTAL		**43.6**	**4.09**	**0.95**	**5.03**	**1,780**	**412**	**2,193**
Previous		36.8	4.19	1.01	5.20	1,541	372	1,912
5	Indicated	1.2	5.38	1.42	6.80	64	17	81
5	Inferred	14.1	5.45	1.39	6.85	768	196	965
TOTAL		**15.3**	**5.45**	**1.40**	**6.84**	**833**	**213**	**1,046**
Previous		15.1	5.49	1.46	6.95	831	221	1,051

6.4 Drill Core Physical Property Tests

Six core samples comprising mineralised and unmineralised rocks from the Myrtle deposit were tested for physical properties. The aim of this testing was to identify physical properties that characterise the mineralisation and contrast with unmineralised rocks in order to determine the most applicable geophysical exploration methods.

Mineralised samples have moderate to high IP chargeabilities (21-103 ms) associated with sulphide mineralisation in contrast to weak responses from the unmineralised samples (3-5 ms). They also have low to moderate resistivities (4-559 Ωm) when the current direction is oriented parallel to bedding. The unmineralised hanging wall shale and footwall dolomite have moderate to high resisitivities respectively (~700 Ωm, ~28,000 Ωm). An IP survey targeting depths of up to 300m should be carried out over the mineralised area with the objective of delineating highly chargeable, weakly resistive Zn-Pb mineralisation.

All EM conductivity results are very low to zero and EM surveying methods are unlikely to detect mineralisation.

All magnetic susceptibility values are very low (4-11 SI x 10^{-5}) to low (23 SI x 10^{-5}), although the HYC Shale sample exhibits two to three times the susceptibility of other samples. Detailed magnetic surveying is unlikely to be able to delineate possible weak magnetic highs associated with mineralisation in the presence of other broad magnetic highs observed in the region.

Mineralised samples show a consistently higher density (2.98-3.12 g/cc) than the unmineralised samples (2.60-2.71 g/cc) which is attributed to the contained sulphides. Detailed gravity surveying could be considered for delineating local gravity highs associated with Zn-Pb mineralisation if mineralisation is of sufficient tonnage and shallow depth.

A detailed sub-audio magnetic (SAM) survey could also be considered in areas where mineralisation is expected to be ≤100 in depth. This would have the objective of high-resolution mapping of any resistive/conductive zones via the magnetometric resistivity (MMR) method and would also delineate any magnetic responses in high detail.

6.5 Metallurgical Testwork

Metallurgical testwork was designed and supervised by Mineral Engineering Technical Services Pty Ltd ("METS"), and was undertaken in a number of stages at AMMTEC Laboratories in Perth.

The results received for the first stage of the test work, reported on 14 October 2009, established that high recoveries for zinc (90%) and lead (74%) were achievable and gave the company the encouragement to proceed to a second stage of testwork. This second stage extended the scope to investigate various flotation processes to produce separate zinc and lead concentrates, and to establish the grade of those concentrates.

A QEMSCAN analysis showed that the mineralogy of the ore was:

35.8% dolomite (carbonate gangue mineral)
22.8% feldspar (silicate gangue mineral)
13.8% pyrite (iron sulphide, FeS)
13.3% sphalerite (zinc sulphide, ZnS)
6.4% quartz (silicate gangue mineral)
1.2% galena (lead, sulphide, PbS)
6.7% other gangue minerals

Flotation testwork initially focussed on selective flotation to produce separate zinc (Zn) and lead (Pb) concentrates. An improved reagent regime in Stage 2 achieved a rougher concentrate at a higher lead grade than in Stage 1 (Table 2, 12.5% Pb vs. 6.04% Pb). The result for Zn in Stage 2 was also an improvement on the Stage 1 result (Table 2, 26.7% Zn vs. 25.2% Zn). The grind size was 53 microns in both stages.

Table 2: Comparison of Stage 1 vs Stage 2 Selective Flotation Results

	Pb %	Pb Rec %	Zn %	Zn Rec %	Mass %
Stage 1 Feed Grade	1.20		5.06		
Pb Ro Con	6.04	33.0	6.44	8.1	6.6
Zn Ro Con	2.78	41.0	25.20	82.3	18.1
Total Ro Con	***3.65***	***74.0***	***20.12***	***90.4***	***24.7***
Stage 2 Feed Grade	1.28		5.50		
Pb Ro Con	12.50	55.8	4.87	5.1	5.7
Zn Ro Con	1.48	15.9	26.70	88.2	18.2
Total Ro Con	***3.98***	***71.7***	***21.49***	***93.3***	***23.9***

Overall recoveries in Stage 2 for Pb and Zn were similar to Stage 1 (slightly higher for Zn, slightly lower for Pb). For lead, the recovery and grade to the lead rougher concentrate in Stage 2 was significantly better (12.5% Pb, 55.8% Pb Rec) than for Stage 1 (6.04% Pb, 33.0% Pb Rec). For zinc, the recovery and grade to the zinc rougher concentrate was marginally better in Stage 2 than in Stage 1.

The Stage 2 rougher concentrates were then "cleaned" by re-grinding to 38 microns and further "cleaning" flotation stages. While this cleaning was not optimised for reagents, grind size or other conditions, a further improvement for Zn grade was shown, from 26.7% to 41.6% (Table 3), an upgrade of 56%, with a decrease in recovery from 88.2% to 77.0%. For Pb the grade was increased from 12.5% Pb to 17.6% Pb, an upgrade of 41%, and recovery fell from 55.8% to 36.6%.

Given that the cleaning stages (and the roughing stage) have not yet been optimised, these are encouraging results and indicate that with further optimisation a marketable grade concentrate will probably be able to be produced.

Table 3: Cleaning of Stage 2 Rougher Concentrates

	Pb %	Pb Rec %	Zn%	Zn Rec %	Mass %
Feed Grade	1.28		5.50		
Pb Ro Con	12.5	55.8	4.87	5.07	5.70
Pb Cl Con	17.6	36.6	4.35	2.10	2.66
Pb Ro/Cl Upgrade %	***141***	***66***	***89***	***41***	***47***
Zn Ro Con	1.48	15.9	26.7	88.2	18.2
Zn Cl Con	1.88	14.9	41.6	77.0	10.2
Zn Ro/Cl Upgrade %	***127***	***94***	***156***	***87***	***56***

A bulk flotation test at 53 microns achieved a concentrate grade of 31.1% Zn and 7.1% Pb after cleaning at 38 microns (Table 4). Recoveries were 68.5% for Zn and 67.7% for Pb. Again, given that this test was not optimised for reagents, grind size or other conditions, it is an encouraging result.

Table 4: Bulk Flotation Results

	Pb %	Pb Rec %	Zn%	Zn Rec %	Mass %
Feed Grade	1.28		5.50		
Total Ro Con	4.57	72.0	19.5	71.3	19.6
Total Cl Con	7.12	67.7	31.1	68.5	11.8
Total Ro/Cl Upgrade %	***156***	***94***	***159***	***96***	***60***

Other tests that were carried out included:

Bond Ball Mill Work Index: 18.8 kWh/dry tonne, which is an average value for the hard rock industry and indicates there will be few comminution issues.

Particle Size Analysis: Almost 90% of rougher concentrate particles are less than 38 microns in size, however, recovery of Zn was very good at 53 microns, while Pb was good at 38 microns.

Flash Flotation for Pb: Flash flotation recovers liberated coarse particles. A flash flotation test showed that improved recoveries of Pb could be achieved, with 43.7% recovery at a grade of 27.2% Pb. Compare this with the selective flotation result in Table 3 of 36.6% recovery and grade of 17.6% Pb.

Heavy Liquid Separation: This test indentified that the best upgrade occurred at the coarsest size attempted, 3.35 mm, with upgrade of Pb and Zn both by approximately 100% on the feed grade. A “sinks” concentrate of 2.35% Pb and 10.8% Zn was produced from 25.5% of the mass.

In summary, the results from the testwork, while not exhaustive nor optimised, have produced encouraging results at relatively coarse grind sizes (for this type of mineralisation). It is important to note that no ultra-fine grinding has yet been carried out, and this technique, commercially employed at the McArthur River mine, would probably add considerably to the recoveries and concentrate grades.

There are a number of options still open for the treatment of ore from Myrtle. The best option seems to be a selective flotation (to produce separate concentrates of Pb and Zn), with a combination of

flash flotation and heavy liquid separation to aid recoveries. Finer grinding at the cleaning stages would probably enable increased grades and recoveries to be achieved, although this has not yet been tested.

Further metallurgical testwork will be required to determine the optimum processing techniques, however enough testwork has been completed at this stage to encourage the Company to continue with exploration by drilling the identified high grade targets.

The two reports prepared by METS for Stage 1 and 2 are contained in Appendices 7 and 8 respectively.

6.6 Processing of Regional Gravity Data

The company acquired the Barkly Regional Gravity Survey data provided by the NTGS and had it's consultants, Southern Geoscience, compile and process the data into usable Map Info format and images.

6.7 Berjaya Prospect Assessment

A review of previous exploration at the Berjaya prospect was undertaken by consulting geologist Wally Herrmann. His report is attached as Appendix 9.

Fourteen exploration drill holes, and down hole geophysical logging have shown that an extensive IP-chargeability and EM-conductivity anomaly at the Berjaya prospect is attributable to a gently north-dipping pyritic carbonaceous shale unit, apparently fault-bounded to the south and east. The pyritic unit contains low-grade stratabound zinc, locally up to about 3% Zn, and averaging about 0.6% Zn, over thicknesses of up to a few tens of metres. The mineralized unit extends at shallow depths for at least 1.5 km strike length, and potentially greater than 3.5 km. Its stratigraphic position is uncertain, but it probably lies in the lower part of the Caranbirini Member of the Lynott Formation, just above a dolomite unit of variable thickness that is correlated with the Reward Dolomite.

Limited gravity data do not support the existence of a large massive sulfide deposit. However, the existing drill holes are widely spaced and there is untested scope for smaller zones of better grade. Targeting of future exploration could combine step-out or infill, essentially stratigraphic–exploratory drilling, and detailed geophysical, geochemical and geological investigations to define favourable empirical or conceptual drilling targets.

7. CONCLUSIONS & RECOMMENDATIONS

RC drilling at Myrtle has extended the resource, and defined a near surface zone of 700 metres strike. A new zone of mineralisation at the Eastern Zone (soil anomaly Myrtle B) has also been discovered.

Re-logging of diamond drill core and recognition of strong similiarities to the nearby McArthur River (HYC) deposit have opened up the potential for a major Zn – Pb deposit to the discovered at Myrtle. Further drilling to the north-west of MY20 is required.

Physical property tests show that the Myrtle mineralisation will respond well to IP and gravity techniques, and those should be considered in future exploration planning.

Metallurgical testwork has shown that the Myrtle mineralisation responds to froth flotation and that separate concentrate products for Zn and Pb are possible. However, more testwork and optimisations needs to be done.

The Berjaya prospect is another large sulphide-bearing system, like Myrtle, and potential exists for economic base-metal mineralisation there with further work.

COMPETENT PERSON STATEMENT

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, MAICD, 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.

8. REFERENCES

Herrmann, W., 2010: Exploration Potential of the Berjaya Prospect. TR394 Rox Resources Limited.

Herrmann, W., & Tanner, T., 2009: Report on Exploration Activities Completed October – November 2009, Myrtle Prospect. TR395 Rox Resources Limited.

METS, 2009: Metallurgical Testwork Report, J368, Myrtle Lead Zinc Project. TR388 Rox Resources Limited.

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Morrell, A., & Peters, W.S., 2009 Drill Core Physical Property Tests, Myrtle Project. TR389 Rox Resources Limited.

Mulholland, I.R., & Venables, J.G., 2009: Annual Progress Report for the period ending 21 July 2009, EL10316 Reward, Northern Territory, Australia. TR386 Rox Resources Limited.

Tanner, H., 2010: Report on Diamond Core Re-logging, Myrtle Prospect. TR396 Rox Resources Limited.

APPENDIX 1: Report on Exploration Activities, October-November 2009, TR395, includes drill logs and sample location data

APPENDIX 2: ALS Chemex Certified Laboratory Reports

(Attached as separate file)

Submission Number	Lab Number
255263	BR09128010
255264	BR09130207
255265	BR09130206
255266	BR09131330
255267	BR09130809
255268	BR09133212
255269	BR09133213
255270	BR09133214
255271	BR09137389
255272	BR09139310

APPENDIX 3: Drill Intercepts Tables

Minimum Length 2 metres, Maximum Internal Dilution 2 metres

Cut-off: 3.0% Zn+Pb

Hole	From (m)	To (m)	Interval (m)	Pb %	Zn %	Ag g/t	Pb+Zn %
MY 6	455.95	465.20	9.25	0.49	2.91	0.7	3.40
MY 6	473.50	480.20	6.70	1.81	5.70	0.4	7.51
MY 6	487.00	489.00	2.00	0.99	3.01	0.0	4.00
MY 7	389.40	391.40	2.00	0.49	4.13	0.4	4.62
MY 8	240.63	247.00	6.37	0.40	3.84	0.1	4.24
MY 10	120.00	127.00	7.00	0.95	3.19	0.9	4.14
MY 10	141.00	145.00	4.00	0.33	4.20	1.0	4.52
MY 10	191.00	195.00	4.00	1.61	5.57	0.8	7.18
MY 10	216.00	241.00	25.00	1.35	4.82	0.2	6.17
MY 16	160.00	164.00	4.00	0.50	5.57	1.4	6.07
MY 16	179.00	198.00	19.00	1.34	4.14	0.8	5.48
MY 16	217.00	219.00	2.00	1.42	4.12	1.2	5.54
MY 17	407.75	417.00	9.25	1.00	4.07	0.7	5.07
MY 17	465.00	472.46	7.46	1.48	3.47	2.5	4.95
MY 17	394.77	397.03	2.26	0.32	3.37	0.7	3.69
MY 19	149.00	161.00	12.00	0.55	4.02	1.0	4.57
MY 19	163.00	167.00	4.00	0.21	4.44	1.6	4.64
MY 20	327.00	330.00	3.00	0.49	4.24	0.8	4.73
MY 20	339.00	345.30	6.30	0.48	4.85	0.6	5.33
MY 20	363.10	372.00	8.90	1.28	5.31	0.6	6.59
MY 20	430.00	433.00	3.00	1.23	2.79	1.3	4.02
MYR 22	60.00	71.00	11.00	1.12	3.19	0.6	4.32
MYR 23	115.00	121.00	6.00	0.30	3.31	0.6	3.62
MYR 24	41.00	50.00	9.00	1.28	3.44	0.9	4.72
MYR 25	58.00	63.00	5.00	1.17	4.13	1.1	5.30
MYR 25	69.00	72.00	3.00	1.63	2.48	1.8	4.11
MYR 25	74.00	76.00	2.00	1.21	2.12	1.1	3.33
MYR 26	128.00	133.00	5.00	0.64	3.02	0.9	3.66
MYR 26	136.00	137.00	1.00	0.70	2.45	1.0	3.15
MYR 27	35.00	37.00	2.00	0.88	3.16	0.7	4.03
MYR 27	42.00	43.00	1.00	0.69	3.60	1.4	4.29
MYR 27	45.00	47.00	2.00	0.88	2.71	0.9	3.59
MYR 28	99.00	104.00	5.00	0.24	3.37	0.9	3.61
MYR 29	59.00	62.00	3.00	0.30	3.62	1.3	3.92
MYR 29	72.00	73.00	1.00	0.45	4.74	2.7	5.19
MYR 37	47.00	48.00	1.00	1.59	3.33	0.5	4.92
MYR 38	16.00	19.00	3.00	0.93	3.68	1.8	4.61
MYR 38	21.00	23.00	2.00	0.73	2.97	1.3	3.70
MYR 41	94.00	106.00	12.00	0.75	2.99	0.5	3.74
MYR 42	47.00	48.00	1.00	0.82	2.82	1.3	3.64
MYR 43	66.00	71.00	5.00	1.83	3.87	0.5	5.70
MYR 44	37.00	38.00	1.00	0.51	3.54	0.5	4.05
MYR 44	41.00	42.00	1.00	1.68	3.94	0.5	5.62
MYR 44	48.00	49.00	1.00	1.43	2.63	1.1	4.06
MYR 45	62.00	70.00	8.00	1.42	3.41	0.7	4.83
MYR 46	66.00	67.00	1.00	1.84	2.64	0.6	4.48
MYR 46	71.00	72.00	1.00	1.08	2.45	0.7	3.53
MYR 48	61.00	64.00	3.00	0.41	2.83	0.5	3.26
MYR 48	66.00	72.00	6.00	0.93	2.93	0.5	3.86

Cut-off: 5.0% Zn+Pb

Hole	From (m)	To (m)	Interval (m)	Zn %	Pb %	Ag g/t	Zn+Pb %
MY 6	473.50	480.20	6.70	5.70	1.81	0.4	7.51
MY 10	125.00	127.00	2.00	4.22	1.62	3.0	5.84
MY 10	192.00	194.00	2.00	7.92	2.42	1.5	10.34
MY 10	216.00	231.00	15.00	5.50	1.09	0.3	6.59
MY 10	233.00	237.00	4.00	5.07	2.80	0.0	7.86
MY 16	160.00	164.00	4.00	5.57	0.50	1.4	6.07
MY 16	180.00	184.00	4.00	4.89	1.05	1.0	5.94
MY 16	189.00	194.00	5.00	6.03	2.94	1.0	8.97
MY 17	407.75	410.00	2.25	6.78	1.53	0.7	8.31
MY 17	469.31	472.46	3.15	4.13	1.29	2.8	5.42
MY 19	154.00	158.00	4.00	5.22	0.61	1.2	5.83
MY 20	339.00	342.00	3.00	5.31	0.55	0.5	5.86
MY 20	363.10	372.00	8.90	5.31	1.28	0.6	6.59
MYR 22	60.00	63.00	3.00	4.82	1.46	0.5	6.27
MYR 24	42.00	44.00	2.00	5.87	2.67	1.3	8.54
MYR 25	59.00	61.00	2.00	5.46	1.94	1.5	7.40
MYR 28	99.00	100.00	1.00	5.56	0.17	1.4	5.73
MYR 28	103.00	104.00	1.00	4.55	0.80	1.2	5.35
MYR 29	61.00	62.00	1.00	6.72	0.64	2.1	7.36
MYR 41	99.00	100.00	1.00	5.50	1.71	0.5	7.21
MYR 43	66.00	67.00	1.00	5.30	1.77	0.5	7.07
MYR 43	69.00	70.00	1.00	5.44	2.93	0.5	8.37
MYR 45	62.00	66.00	4.00	4.52	1.76	0.8	6.28
MYR 48	66.00	67.00	1.00	4.43	1.41	0.5	5.84

APPENDIX 4: Drill Cross Sections

APPENDIX 5: Report on Diamond Core Re-logging, TR396

APPENDIX 6: Drill Core Physical Property Tests, TR389

APPENDIX 7: Phase II Metallurgical Testwork, TR388

APPENDIX 8: Phase III Metallurigcal Testwork, TR400

APPENDIX 9: Exploration Potential of the Berjaya Prospect, TR394