

ASX/MEDIA RELEASE

19 October 2016

ROX REWARDED WITH UP TO \$20.6 MILLION FOR SALE OF ZINC PROJECT

Highlights

- **Teck advises Rox that it has exercised its pre-emptive right to acquire Rox's interest in the Reward Zinc Project for up to A\$20.6 million**
- **Sale will represent monetisation of a Rox asset to create value for shareholders**

Rox Resources Limited (**ASX:RXL**) ("**Rox**" or "**the Company**") wishes to announce that Teck Australia Pty Ltd ("**Teck**") has advised Rox that it has exercised its pre-emptive right to match the offer previously received from Marindi Metals Limited ("**Marindi**") ("**Marindi Offer**") (ASX:RXL 17 August 2016) for the purchase of Rox's minority interest in the Reward Zinc Project (the "**Reward Project**" or the "**Project**") in the Northern Territory.

Pursuant to the Earn-in and Joint Venture Agreement ("**JVA**") between Rox and Teck, Teck retained a pre-emptive right over Rox's interest in the Project. Rox was obliged to offer to sell its interest in the Reward Project to Teck under the pre-emptive right.

Managing Director Mr Ian Mulholland said, "*Monetising our interest in the Reward Project represents a successful outcome for our shareholders. This shows that the market was significantly under-valuing the project and validates our decision to sell. Rox will now review our strategic options with a focus on generating new growth and value opportunities.*"

Subject to the finalization of a definitive asset sale agreement, Teck raising funds to complete the acquisition, and satisfaction of a number of conditions consistent with the Marindi Offer, Teck will acquire Rox's interest in the Reward project on the following terms (see Appendix for more details):

- Cash of **\$8.0 million**;
- Immediately tradeable, un-escrowed shares in any ASX or TSX listed company to a value of **\$3.6 million** or, alternatively **\$2.6 million** cash;
- A 3 year promissory note with a face value of **\$5.25 million**; and

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- A deferred payment of **\$3.75 million**, payable on completion of a bankable feasibility study, or the expiry of 6 years, whichever comes first.

If Teck pays cash in lieu of shares, then the aggregate purchase price will be \$19.6 million.

More details of the transaction and the various conditions can be found in the Appendix.

Rox has notified Marindi of Teck's notice to Rox that it has exercised its pre-emptive right.

Rox has agreed to waive its pre-emptive right under the JVA as may be required in order for Teck to satisfy the fundraising condition precedent (see Appendix for more details).

The total costs associated with the transaction, including corporate advisory fees and other costs, are likely to be circa \$1 million.

***** ENDS *****

For more information:

Shareholders

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Appendix

Terms and Conditions of the Sale

- Rox to sell its interest in the Rox-Teck JVA (including relevant tenements) to Teck;
- Teck to pay Rox a A\$150,000 non-refundable deposit;
- Purchase price to be:
 - Cash of A\$8 million, less the \$150,000 non-refundable deposit,
 - Shares or Cash at Teck's option either,
 - a) A\$2.6 million cash payable on Completion, or
 - b) A\$3.6 million in free trading shares, deliverable on Completion, of one or more companies listed on one or more of the ASX, TSX-V or TSX. The shares to be delivered must have a liquidity and project profile not materially lower than that of Marindi and will be selected by Teck subject to approval of Rox.
 - A non-transferable promissory note issued by Teck in the principal amount of A\$5.25 million, maturing 3-years from the date of issuance. Interest will accrue on the note at the rate of 10% per annum. No principal or interest will be required to be paid or repaid until maturity, provided, however, Teck may voluntarily repay the principal and accrued interest at any time without penalty. The note will be unsecured and there are no mandatory pre-payment provisions,
 - A\$3.75 million in cash, payable upon the earlier to occur of:
 - a) 6 years from the date of Completion; and
 - b) finalisation of a positive bankable feasibility study.
- Conditions Precedent to be satisfied within 90 days:
 - The parties completing deeds of assignment, assumption and novation as required;
 - Rox and Teck receiving applicable shareholder approvals, third party and regulatory approvals;
 - Teck raising funds to complete the acquisition on terms reasonably satisfactory to Teck – if Teck is not able to raise A\$8 million from unaffiliated third parties Teck is not required to fund any shortfall from its Treasury (this condition may be waived by Teck);
 - Rox and Teck executing a full Asset Sale Agreement (unless waived by Teck);
 - No events occurring that may have a material adverse effect on Rox's interest in the Reward project (this condition may be waived by Teck);
 - Rox and Teck must use all reasonable endeavours to satisfy each Condition Precedent;
- Payment by Rox to Teck of a break fee of A\$300,000 if Rox materially breaches the terms and agreement.

About Rox Resources

Rox Resources Limited is an emerging Australian minerals exploration company. The company has assets at various levels of development with exposure to gold, nickel, and copper, including the Mt Fisher Gold Project (WA) and the Bonya Copper Project (NT).

Mt Fisher Gold-Nickel Project (100% + Option to Purchase)

The Mt Fisher project is located in the highly prospective North Eastern Goldfields region of Western Australia and in addition to being well endowed with gold, the project hosts several nickel sulphide deposits. The total project area is 675km², consisting of a 600km² area 100% owned by Rox and an Option to purchase 100% of a further 75km² of nickel and gold prospective ground.

Discovery of, and drilling at the Camelwood, Cannonball and Musket nickel prospects has defined a JORC 2012 Mineral Resource (ASX:RXL 5 February 2016) of **4.2Mt grading 1.9% Ni** reported at 1.0% Ni cut-off (Indicated Mineral Resource: 3.7Mt grading 1.9% Ni, Inferred Mineral Resource: 0.5Mt grading 1.5% Ni) comprising massive and disseminated nickel sulphide mineralisation, and containing 78,000 tonnes of nickel. Higher grade mineralisation is present in all deposits (refer to ASX announcement above), and is still open at depth beneath each deposit. Additional nickel sulphide deposits continue to be discovered (e.g. Sabre) and these will add to the resource base. Exploration is continuing to define further zones of potential nickel sulphide mineralisation.

Drilling by Rox has also defined numerous high-grade gold targets and a JORC 2004 Measured, Indicated and Inferred Mineral Resource (ASX:RXL 10 February 2012) of **973,000 tonnes grading 2.75 g/t Au** reported at a 0.8 g/tAu cut-off exists for 86,000 ounces of gold (Measured: 171,900 tonnes grading 4.11 g/t Au, Indicated: 204,900 tonnes grading 2.82 g/t Au, Inferred: 596,200 tonnes grading 2.34 g/t Au) aggregated over the Damsel, Moray Reef and Mt Fisher deposits.

A joint venture has been signed with Doray Minerals Limited ("Doray") to explore the Mt Fisher gold tenements (ASX:RXL 16 May 2016), with Doray required to spend \$1 million in the first year. Doray can then spend \$4 million over two further years to earn a 51% interest, and increase its interest to 75% by expenditure of a further \$5 million over an additional two years.

Bonya Copper Project (51% + Farm-in Agreement to earn up to 70%)

Rox (51%) is exploring the Bonya Copper Project located 350km east of Alice Springs, Northern Territory, in joint venture with Arafura Resources Limited (49%) (ASX:ARU). Outcrops of visible copper grading up to 34% Cu and 27 g/t Ag are present, with the style of mineralisation similar to the adjacent Jervois copper deposits (see ASX:KGL). Drill testing has intersected visible copper mineralisation at three prospects, with massive copper sulphides intersected at the Bonya Mine prospect, including **38m @ 4.4% Cu** and **11m @ 4.4% Cu** (ASX:RXL 20 October 2014, 5 November 2014, 1 December 2014).

Under the Farm-in Agreement Rox has earned a 51% interest in the copper, lead, zinc, silver, gold, bismuth and PGE mineral rights at Bonya after spending \$500,000 (ASX:RXL 16 December 2014). Rox has elected to earn a further 19% (for 70% in total) by spending a further \$1 million by 10 December 2017.

Competent Person Statements:

Resource Statements

The information in this report that relates to nickel Mineral Resources for the Fisher East project was reported to the ASX on 5 February 2016 (JORC 2012). Rox confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 5 February 2016, and that all material assumptions and technical parameters underpinning the estimates in the announcement of 5 February 2016 continue to apply and have not materially changed.

The information in this report that relates to gold Mineral Resources for the Mt Fisher project was reported to the ASX on 10 February 2012 (JORC 2004). Rox confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 10 February 2012, and that all material assumptions and technical parameters underpinning the estimates in the announcement of 10 February 2012 continue to apply and have not materially changed.

General

In the case of any Exploration Results and Mineral Resources reported under the 2004 JORC Code, they have not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.