

ASX ANNOUNCEMENT

10 April 2019

ROX RESOURCES LIMITED

ASX:RXL

Rox Resources Limited (ASX:RXL) is an Australian listed company with advanced nickel and gold exploration projects in Western Australia: the Fisher East and Collurabbie Nickel projects, and the Mt Fisher Gold project.

DIRECTORS

Mr Stephen Dennis
Chairman

Mr Brett Dickson
Finance Director

Mr Ian Mulholland
Managing Director

Mr Alex Passmore
Chief Executive Officer

Shares on Issue	1,259M
Share Price	\$0.008
Market Cap.	\$10.1m
Cash & Receivables (at 31/12/18)	\$11.6m

Level 1, 34 Colin Street,
West Perth WA 6005

+61 8 9226 0044

admin@roxresources.com.au

www.roxresources.com.au

Joint Venture Acquisition at Youanmi with Venus Metals

HIGHLIGHTS:

- **Rox joins forces with Venus Metals in acquiring the 1.2Moz Au Youanmi Gold Mine (refer Table 1 for full details).**
- **Rox is entering into a joint venture with Venus Metals to acquire an initial 50% interest in the Youanmi Gold Mine Joint Venture (OYG Joint Venture) with the ability to increase to 70%. Rox to manage the Project.**
- **Rox to undertake an aggressive near mine exploration program and pre-development work at Youanmi immediately following transaction completion.**
- **Rox is entering into other joint ventures with Venus Metals to jointly explore the broader Youanmi shear zone which includes a significant tenure position along strike from the high-grade Penny West gold deposit.**

Rox Resources Limited (ASX: RXL) (Rox" or "the Company") is pleased to announce it has entered into a binding Term Sheet with Venus Metals Corporation Limited (ASX:VMC) ("Venus" or "VMC") under which Rox has the right to acquire a majority position in the Youanmi Gold Mine and to take on management/operatorship of the historic Youanmi Gold Mine (**OYG Joint Venture**).

The Youanmi Gold Mine is currently held by Oz Youanmi Pty Ltd ("OYG") and is on care and maintenance. VMC is a party to a Call Option Deed pursuant to which it has been granted the option to acquire all of the issued share capital in OYG on or before 30 June 2019 (see VMC announcement 28 May 2018).

VMC also holds a significant regional tenement position in its own right and as a 90% participant in joint venture with a third party. The agreement between Rox and VMC also sees two other joint ventures formed: the VMC Joint Venture, and the Youanmi Joint Venture, granting Rox the right to earn 50% and 45% respectively of the gold rights on those tenements (refer Figure 1).

VMC is to be the manager of these joint ventures initially with Rox to take over operatorship if it elects to move to a 70% interest in the OYG Joint Venture.

Rox's Chairman Mr Stephen Dennis commented:

"The acquisition of the Youanmi Gold Project is consistent with the Company's stated objective of acquiring near-production assets within its financial capacity.

Since our new CEO Alex Passmore joined the company, our efforts to identify a suitable development project have increased and we look forward to realising the potential we believe exists at Youanmi".

Youanmi Gold Mine

The Youanmi Gold Mine is located 480 km to the northeast of Perth, Western Australia. The project is accessed by the sealed Great Northern Highway for a distance of 418 km from Perth to Paynes Find and then for 150 km by the unsealed Paynes Find to Sandstone Road.

The OYG Joint Venture area covers 65km², is circa 10km x 7km wide, and surrounds the Youanmi Gold Mine and nearby extensions. The VMC Joint Venture covers 302km² while the Youanmi Joint Venture area covers 270km². The regional JVs extend the length of tenure to 40km of strike along the Youanmi Shear Zone (Figure 1).

The Youanmi Mining Centre has produced an estimated 667,000 oz of gold (at 5.47 g/t Au) since discovery in 1901 during three main periods: 1908 to 1921, 1937 to 1942, and 1987 to 1997. Most of the gold was produced from the Youanmi Mine with an estimated 96,000oz produced from Youangarra, Penny West, Columbia-Magenta, Currans and other minor prospects.

Geology

The project is situated in the Youanmi Greenstone Belt, within the Southern Cross Province of the Archaean Yilgarn Craton in Western Australia. The structure of the Youanmi Project is dominated by the north-trending Youanmi Fault Zone, which traverses the eastern margin of all Project tenements and locally separates the greenstone stratigraphy to the west from the basement granitoids and gneisses to the east.

Most of the gold mineralisation seen at the project is hosted within north-northwest splays off the north-northeast trending Youanmi Fault. The splays diverge from the Youanmi Fault to the south of the informally named Youanmi Granite and trend sub-parallel with the granite-greenstone contact (Figure 1).

Locally near the Youanmi Mine, gold mineralisation occurs within lode structures contained by shears in close proximity to the greenstone-granite contact. Gold is distributed within these lodes in a series of steeply plunging shoots. Away from the contact gold mineralisation also occurs within structures in granite, basalt-BIF sequences and felsic volcanic rocks.

Mineral Resource Estimate

In 2018 Widenbar and Associates completed a JORC 2012 compliant Mineral Resource Estimate for the Youanmi Gold Mine (released to the ASX by VMC on 28 May and 29 June 2018) of:

12.4Mt at 2.97g/t Au for 1,190,600 ounces of gold.

The full reports can be viewed at <https://www.asx.com.au/asxpdf/20180528/pdf/43vbptrhwx2660.pdf> and <https://www.asx.com.au/asxpdf/20180629/pdf/43w4mhfl04y6vb.pdf>). Rox is of the view that as the resource estimate is JORC 2012 compliant, was prepared in the last 12 months, indicates the Modifying factors which remain relevant, and the estimate was prepared by a well-known and industry respected Competent Person, the Mineral Resource estimate can be relied upon. At this stage Rox is unaware of the work programs on which the estimates were based. There are no more estimates or data relevant to the reported mineralisation available to Rox.

This Mineral Resource estimate includes a “near surface” portion of 10Mt at 1.65g/t Au for 532,000 ounces of gold (Table 1 below).

Table 1 – Widenbar and Associates Mineral Resource Estimate for the Youanmi Gold Mine

Near Surface					Youanmi Deeps				
Resource Classification	Cut-off (g/t Au)	Tonnes (Mt)	Au (g/t)	Contained Gold (oz)	Resource Classification	Cut-off (g/t Au)	Tonnes (Mt)	Au (g/t)	Contained Gold (oz)
Indicated	0.5	4.72	1.76	266,200	Indicated	4	0.808	8.1	210,200
Inferred	0.5	5.36	1.55	266,500	Inferred	4	1.605	8.7	447,700
Total	0.5	10.07	1.65	532,700	Total	4	2.413	8.5	657,900

Source: VMC ASX Release 29 June 2018

Metallurgy

Early production at Youanmi was derived from the upper oxide profile that was readily treated, but as mining reached the lower sulphide zones, gold recoveries were significantly reduced. CIP plant recovery from 1986 to 1989 was about 90% when oxide ore from Youanmi pit was mined and treated. Around 1989 and 1990, when milled Youanmi ore was increasingly sulphidic and refractory, the recovery dropped to 83%. In 1990 to 1991 the recovery increased back to 90% when the majority of oxide ore was mined and milled from the northern three pits, Rebel, Kathleen and United North.

Very successful recoveries of 89% were achieved from processing the deeper sulphide ores during the period 1993-1995 by using a combination of CIP and Biox treatment methods.

The oxidation state of the ore zone material is believed to impact the amount of gold recovered which can be expected when using typical ‘oxide ore’ CIP or equivalent milling/treatment processes.

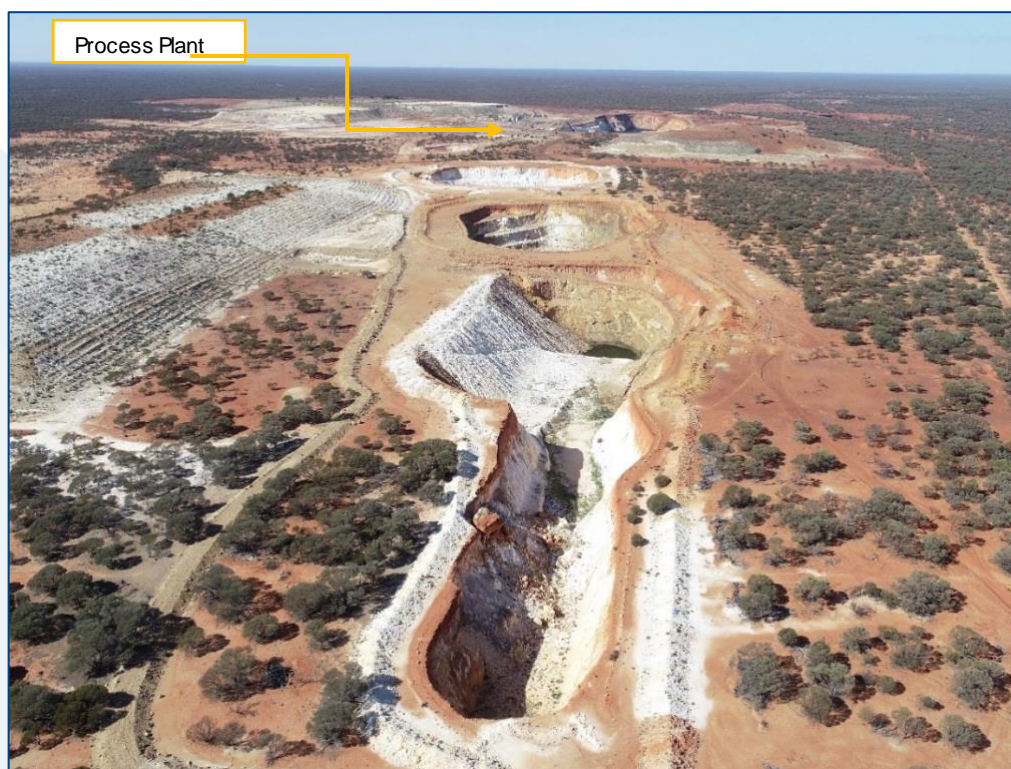


Photo taken from the air looking south east along Youanmi line of lode last mined in 1997. Process Plant in the distance.

For personal use only

Site Infrastructure

The site infrastructure includes a CIP process plant (requiring significant refurbishment) which was designed to treat 600,000tpa of oxide ore, a tailings disposal facility, mine offices, combined core shed and workshop, mine village, access roads and airstrip.

Sufficient power for the current 'care and maintenance' activities is supplied via a small generator. Potable water is sourced from a bore adjacent to the Bunker open pit. Process water is available from local aquifers and may be supplemented from abandoned open pits.

The mine village incorporates kitchen, mess, wet mess, common room, TV room, office, three self-contained houses for families, six houses (comprising 6 bedrooms and 2 bathrooms and a communal lounge), six concrete plinths for transportable cabins, six caravan bays, two communal laundries, gymnasium, squash court, combined tennis and basketball court, telephone communications and satellite.

Facilities at the village will ultimately require varying degrees of refurbishment to accommodate a full-time work force. However, for the purposes of exploration crews, the village is well equipped.

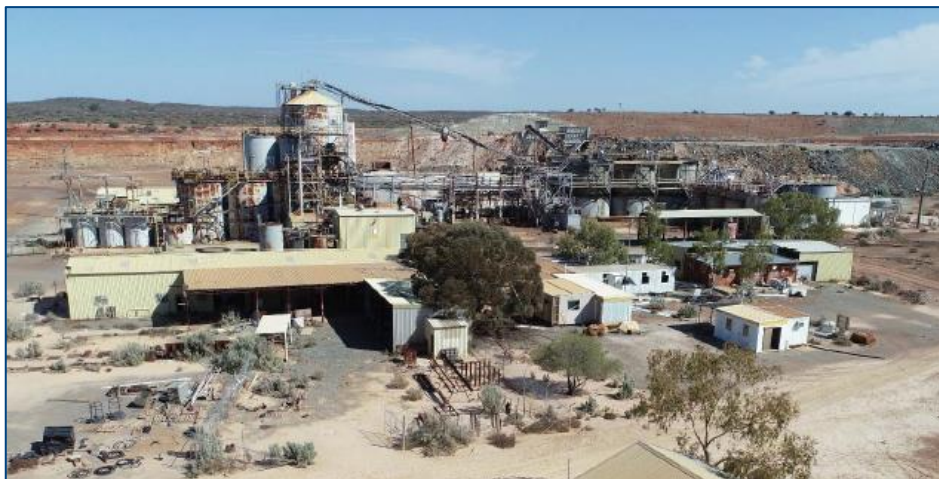


Photo looking west over the 600ktpa (design capacity) Process Plant (significant refurbishment required)



Photo looking east over village and core yard Main Pit and Process Plant in the background

For personal use only

For personal use only

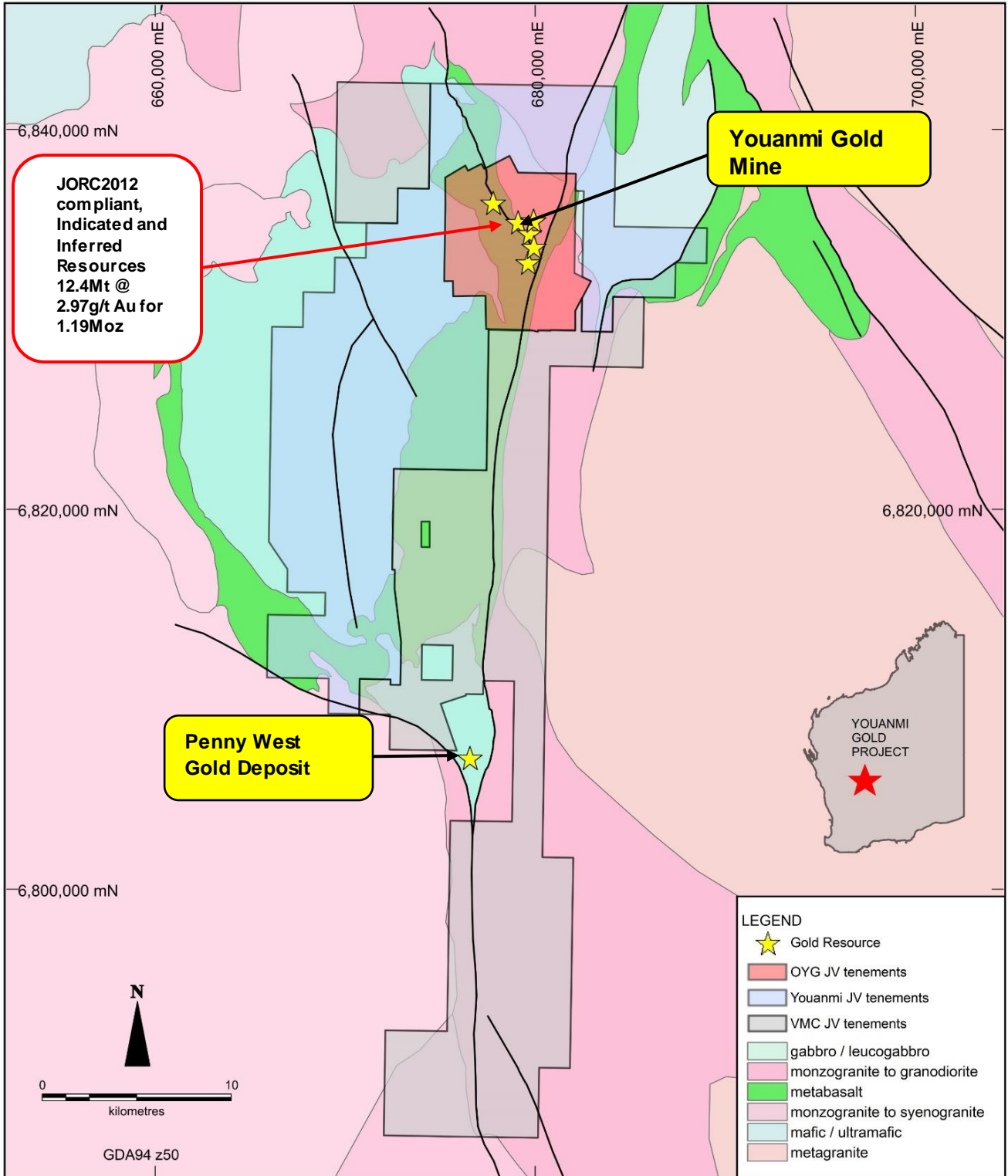


Figure 1 – Project Location and Regional Geology

Regional Geology & Other Prospects

With the inclusion of the substantial exploration prospects, there is potential to add significantly to the resource base at Youanmi. The transaction with VMC sees Rox secure an interest in over 40km of prospective strike (Figure 1) including ground to the north and south of the recently announced Penny West gold discovery (see Spectrum Metals Ltd ASX announcements: 05 March 2019, 20 March 2019, 29 March 2019 and 03 April 2019).

Transaction Summary

OYG Joint Venture

Rox to initially acquire a 50% interest (all minerals) in the OYG Joint Venture by providing funding of \$2.8 million which is to be applied to the cash component of VMC's option exercise to acquire the OYG Tenements. In addition Rox is to issue VMC \$0.2 million in Rox scrip at a deemed price of \$0.008 (25m shares).

Rox is required to meet exploration expenditure of \$2 million over the following two years (to June 2021) and to cover the costs of holding and managing the project. At any point up until June 2021, Rox may elect to move to 70% ownership of the OYG Joint Venture via the payment of \$3 million (in cash and shares) to VMC.

Joint Venture costs are then to be contributed in proportion to ownership, although if VMC elects it can require Rox to fund its 30% of costs by way of a JV loan secured over VMC's interests in the Joint Venture.

Table 2 - Evolution of Rox's Ownership of OYG Joint Venture

Ownership	50%	70%
Acquisition Cost	\$3.0m (\$2.8m cash, \$0.2m scrip)	Additional \$3m
Exploration Spend	\$2m	n/a
Timing	On OYG Completion (on or before 30 June 2019)	On or before 30 June 2021

Regional Exploration JV's

Rox to earn-in a 45% or 50% interest in the gold rights of the regional joint ventures via contributing the first \$1 million of exploration expenditure across the VMC Joint Venture and the Youanmi Joint Venture respectively. Following the earn-in the JVs are standard contribute or dilute arrangements.

VMC is to be the manager of the regional JVs initially with Rox to take over management should it elect to move to 70% ownership of the OYG Joint Venture. It is envisaged both parties will retain their initial interests in the regional joint ventures with both contributing to exploration expenditure.

Completion Milestones and Next Steps

VMC to complete its acquisition of the project via the exercise of a series of options as announced to the ASX on the 28 May 2018. This is expected to occur on or before 30 June 2019.

Under the existing VMC call option deeds that enable VMC to purchase the Youanmi Gold Mine, total consideration payable by Venus is \$5.55m. VMC will issue \$3m of its securities (voluntarily escrowed), pay approximately \$1,800,000 in cash to the vendor of Oz Youanmi Gold Pty Ltd, and pay \$650,000 to St Clair Resources Pty Ltd (St Clair) contemporaneously on the completion date of the transaction entered into with Rox. Refer to VMC announcements for further details.

For personal use only

Table 3 - Evolution of Rox's Ownership of Regional Joint Ventures

Ownership	VMC JV - 50% of gold rights Youanmi JV – 45% of gold rights	<ul style="list-style-type: none"> - Rox becomes manager once OYG Joint Venture ownership moves to 70% - Standard contribute or dilute arrangements
Acquisition Cost	n/a	
Exploration Spend	\$1m	
Timing	Expected to occur under 12 months	

Conditions

The Term Sheet entered into between RXL and VMC is legally binding, with Rox due diligence having already been completed. Further documentation governing each of the JVs is to be completed notwithstanding the Term Sheet is an operable document in its current form.

Outstanding conditions are mainly procedural in nature including transfer and registration of interests and payments to be made by Rox at required points in the transaction timeline as outlined above.

Investment Rationale

Youanmi is a substantial gold project that has not been mined since 1997. The gold price was ~A\$400/oz – A\$450/oz in the year that mining operations ceased. The Company considers there to be strong potential for the resources in and around historic pits to have economic prospects at the current gold price of A\$1820/oz. (i.e. 4x the levels it was at when operations were shut down).



Figure 2 – Long Term AUD Gold Price with Key Dates for Youanmi

The existing infrastructure in place at Youanmi provides Rox a significant head start in pre-development activities. The process plant requires significant refurbishment although there may be opportunities to refit portions of the plant and to look at early production opportunities.

The Youanmi village and infrastructure will provide Rox a substantial base for exploration activities for its regional projects in addition to Youanmi providing immediate operating cost savings to current exploration plans.

The transaction is consistent with Rox's recently re-stated strategy to acquire near-production assets within its financial capacity and skill set.

ENDS

For more information:

Shareholders/Investors

Alex Passmore

Chief Executive Officer

Tel: +61 8 9226 0044

admin@roxresources.com.au

Compliance Statement

The information in this report that relates to gold Mineral Resources for the Youanmi Gold Mine was reported to the ASX by Venus Metals Corporation Limited on 28 May and 29 June 2018 (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 28 May and 29 June 2018, and that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.