

22 FEBRUARY 2017

## Company Update

### Key Points

- Approximately **\$16 million received** from Reward project sale, with a further **\$3.75 million payable within 6 years**
- **New project search** to be run in parallel with **new nickel exploration program at Fisher East and Collurabbie**
- Overall objectives of **acquiring a significant new project** and **discovering additional massive nickel sulphides on existing properties**
- **Cobalt potential at Fisher East and Collurabbie** to be evaluated, with significant levels of 0.1 – 0.2% Co already identified
- **Fisher East RC drilling program** to test compelling targets at Cutlass, Sabre North, Tomahawk, Mt Tate, Horatio, and Claymore – to commence 2<sup>nd</sup> quarter 2017
- **Fisher East diamond drilling program** to test for massive nickel sulphide potential at Sabre, extend Camelwood massive sulphides, and to test a downhole EM conductor at Musket – 2<sup>nd</sup> quarter 2017
- **Collurabbie aircore drilling program** along 15km of largely untested strike, to commence following expected successful resolution of Warden's Court claim
- **Mount Fisher gold project aircore drilling program** of 16,000 metres to be carried out by Doray Minerals (ASX:DRM) – expected to start shortly

Rox Resources Limited (ASX: RXL) ("Rox" or "the Company") is pleased to update its corporate objectives following completion of the sale of its interest in the Reward Zinc-Lead project.

The proceeds from the sale of Reward total **\$19,727,273** are comprised as follows:

- a cash payment of **\$15,827,273** recently received (refer ASX release 16 February 2017)
- a **\$150,000** deposit (previously received); and
- a deferred cash payment of **\$3,750,000** (due at the earlier of a Bankable Feasibility Study being completed on the project, or 6 years).

*Rox Managing Director, Mr Ian Mulholland said “The sale of our interest in the Reward project means that we are now well funded to pursue our current projects and also to make the most of any worthwhile new opportunities.”*

*“Our cash balance now allows us to seriously consider new projects. This will be an important focus for us. We are looking for a project in base or precious metals, with a reasonably short and clear path to production. But we’re not going to necessarily jump into the first project that comes along. We’ll be careful about this process and will use our extensive networks to identify opportunities which meet our criteria. The project needs to have company-making potential.”*

*“In parallel to this project search, we intend to undertake a focussed exploration program on our existing nickel projects. Nickel prices are moving favourably – they have increased about 40% off the lows of 6 months ago – and this is a great time for exploration. It’s an appealing counter-cyclical opportunity that we can pursue with the strong treasury position we now have. The greatest value-add is through discovery – and that’s what we do well.”*

*“We see the opportunity to identify further zones of massive sulphide at our Fisher East project, which should lead to an increase in resources. There are a number of strong exploration targets for RC drilling as a follow up to aircore geochemical and EM geophysical anomalies which have been identified at Cutlass, Sabre North, Tomahawk, Mt Tate, Horatio and Claymore.”*

*“There are also compelling diamond drilling targets for massive sulphides at Sabre, Camelwood and Musket.”*

*“We also see a great opportunity at the Collurabbie project we are acquiring to define resources which might ultimately be developed in combination with Fisher East. Collurabbie deserves a well thought out and significant exploration campaign to fully evaluate its prospectivity.”*

*“In addition to the proven nickel potential at both Fisher East and Collurabbie, we also have identified significant levels of cobalt in the nickel sulphides in both projects. Cobalt levels to date are around 0.1 – 0.2% Co. We plan to do further assessment of this, given forecast demand for cobalt, since it could add significant value to these projects.”*

*“We intend to start our exploration programme late this quarter, and once this programme is completed and evaluated we will plan our programme for the rest of the year.”*

## **Fisher East Nickel**

### ***Opportunity to build the resource base with new discoveries; cobalt potential***

Rox is planning an **initial RC drilling programme** to test attractive nickel-sulphide targets at Cutlass, Sabre North, Tomahawk, Mt Tate, Horatio, and Claymore (Figures 1 & 2).

These targets are either strong, untested, EM anomalies, or follow-up of highly anomalous geochemical results (e.g. at Mt Tate, nickel sulphides in aircore drilling). Drilling is expected to start early in the second quarter of 2017.

The Company has also received significant EIS (Exploration Incentive Scheme) funding granted by the Western Australian Government for **diamond drilling** at Sabre (\$72,000) (Figure 3) and Camelwood (\$119,200) (Figure 4). These funds will allow Rox to undertake a diamond drilling programme in the second quarter of 2017.

At **Sabre**, shallow RC drilling has only tested the top of a large EM conductor, and massive and disseminated nickel sulphides have already been intersected. The diamond drill holes will test the EM conductor at around 300 metres below surface and will establish the potential for significant massive sulphides at Sabre.

The diamond drill holes at **Camelwood** will test for extension of massive sulphides below the current extent of the resource. The deepest intersection was at around 500 metres below surface. It returned **1.6m @ 3.7% Ni**, and is open at depth.

At **Musket**, a diamond hole is planned to test a downhole EM target (Figure 5) that hasn't yet been drilled. This could represent the extension of the Musket orebody (where massive sulphide grades > 20% Ni have been found).

Extensions of the mineral resources at Camelwood and Musket, and the confirmation of a mineral resource at Sabre would add significant value to the Fisher East project.

The massive nickel sulphide at Fisher East contains **cobalt** at levels of **0.1 – 0.2% Co**, and our metallurgical testwork has shown it reports to the nickel concentrate. We're currently running through our database to get a better assessment of the distribution and grade of cobalt in the known deposits, and we'll also do some further work to see if we can extract this cobalt during processing.

## **Collurabbie Nickel-Copper-PGE**

### ***Low cost exploration success for nickel and gold will add significant value. Cobalt potential to be tested***

Shortly before the anniversary date of the main tenement at Collurabbie (containing the Olympia deposit), a plaintiff for forfeiture was lodged by a third party claiming the vendor (Falcon Minerals) failed to meet the minimum expenditure requirement. Falcon Minerals (now Robo 3D) has submitted an expenditure report that exceeds the minimum expenditure requirement. On that basis both Rox and the vendor are confident that the plaintiff will be dismissed and the sale to Rox will go ahead. A hearing in mid-March 2017 has been set to determine the plaintiff, which has delayed the finalisation of the acquisition and the start of work on the project.

Pending positive resolution of the plaintiff action, an extensive **aircore drilling programme** is

planned late in the second quarter of 2017 to better define nickel-copper-PGE (platinum group elements) sulphide targets (Figure 6) along the 15km of strike that is largely untested outside of the immediate Olympia deposit vicinity.

The nickel sulphides at Collurabbie contain levels of **cobalt** between **0.1% and 0.2% Co**. More work is required to fully evaluate the distribution and potential economics of extracting the cobalt.

In addition, the Company will commence working on a **JORC 2012 Mineral Resource Estimate** for the Olympia deposit.

## **Mt Fisher Gold**

### ***Third party funding removes the risk and provides leverage***

Farm-in partner Doray Minerals (ASX:DRM) will shortly commence a 16,000 metre aircore drilling program after undertaking detailed gravity and heritage surveys last year.

The aircore drilling is testing a number of structural targets that could host gold mineralisation. The known gold occurrences at Mt Fisher are hosted in dilatatory structural zones, so this drilling will be a key indicator of the potential of the tenements.

Doray is earning in by spending \$1,000,000 in the first year (to 30 June 2017). After that, Doray can earn a 51% interest by spending a further \$4,000,000 over a further two (2) years, and then elect to increase its interest to 75% by spending a further \$5,000,000 over a further two (2) years.

## **ENDS**

### **For more information:**

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Figure 1: Project Locations



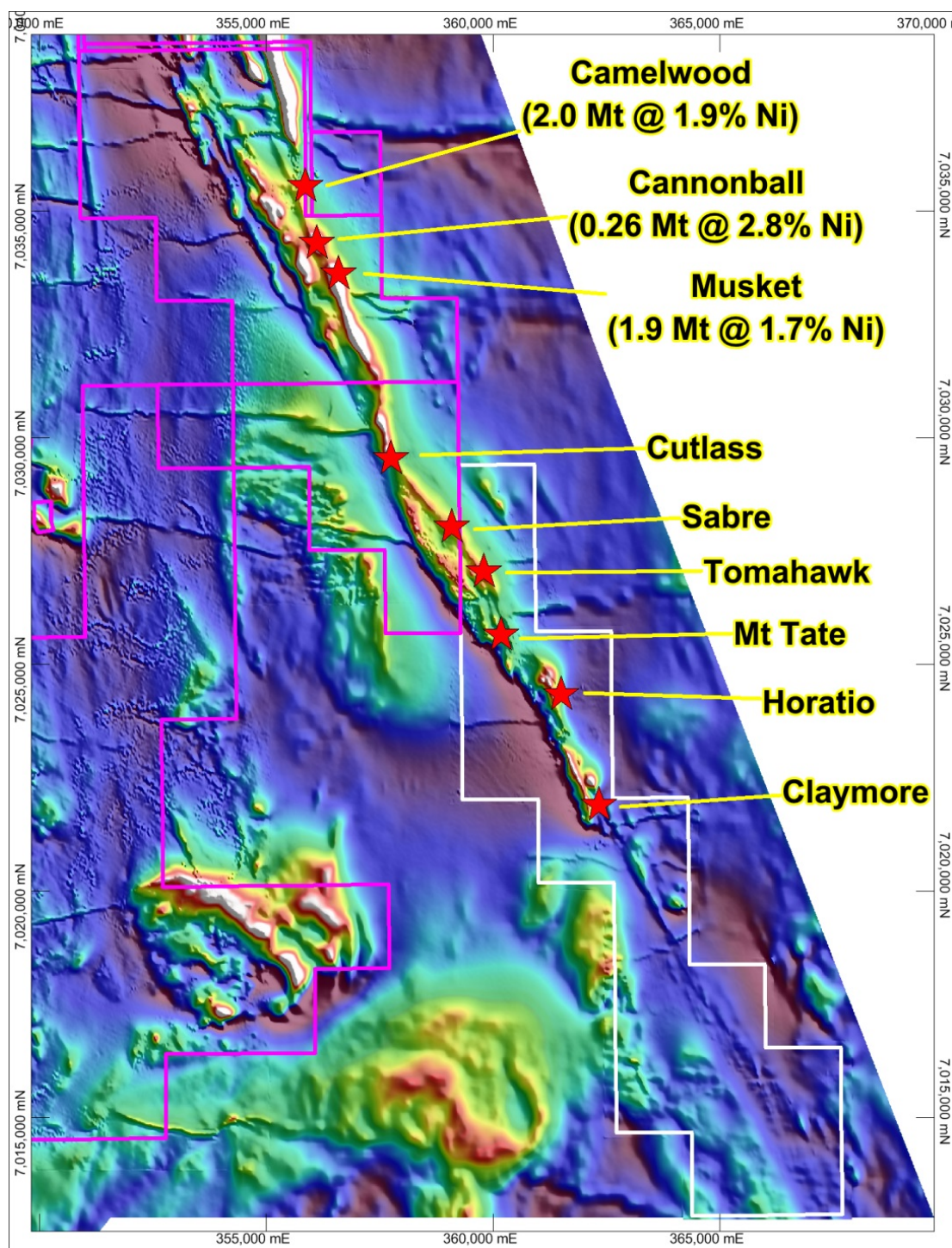


Figure 2: Fisher East Prospect Locations

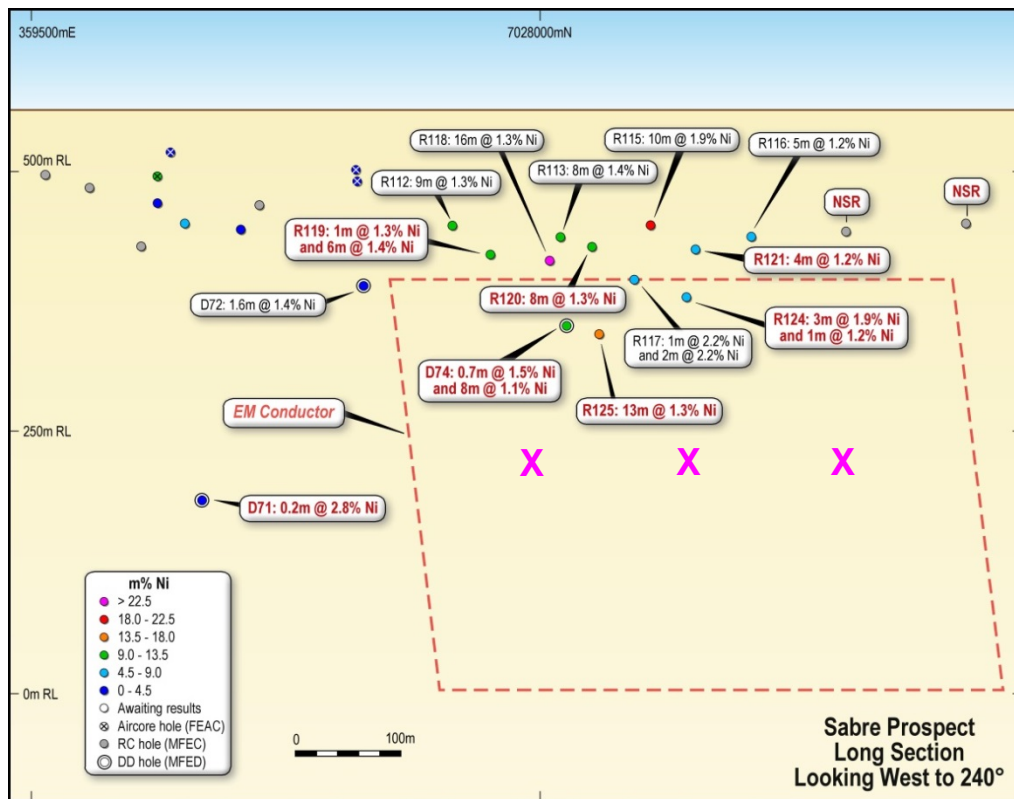


Figure 3: Planned Sabre Diamond Drill Locations (X)

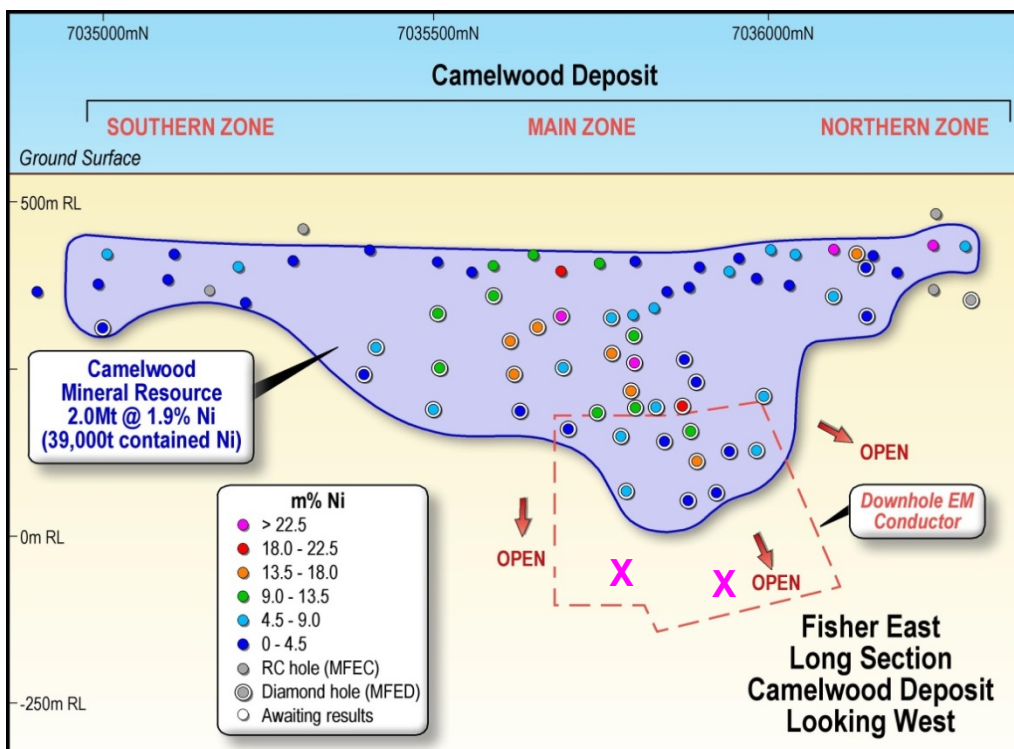


Figure 4: Planned Camelwood Diamond Drill Locations (X)

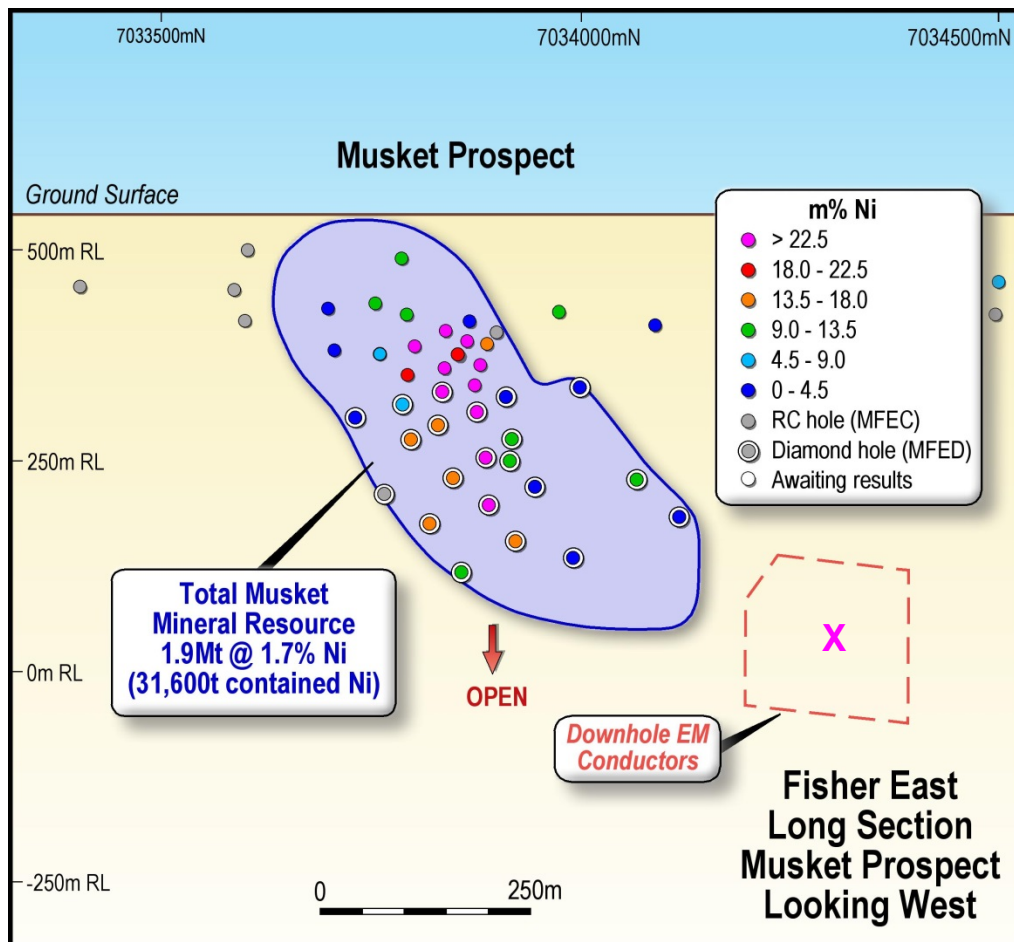


Figure 5: Musket Long Section Drill Location (X)



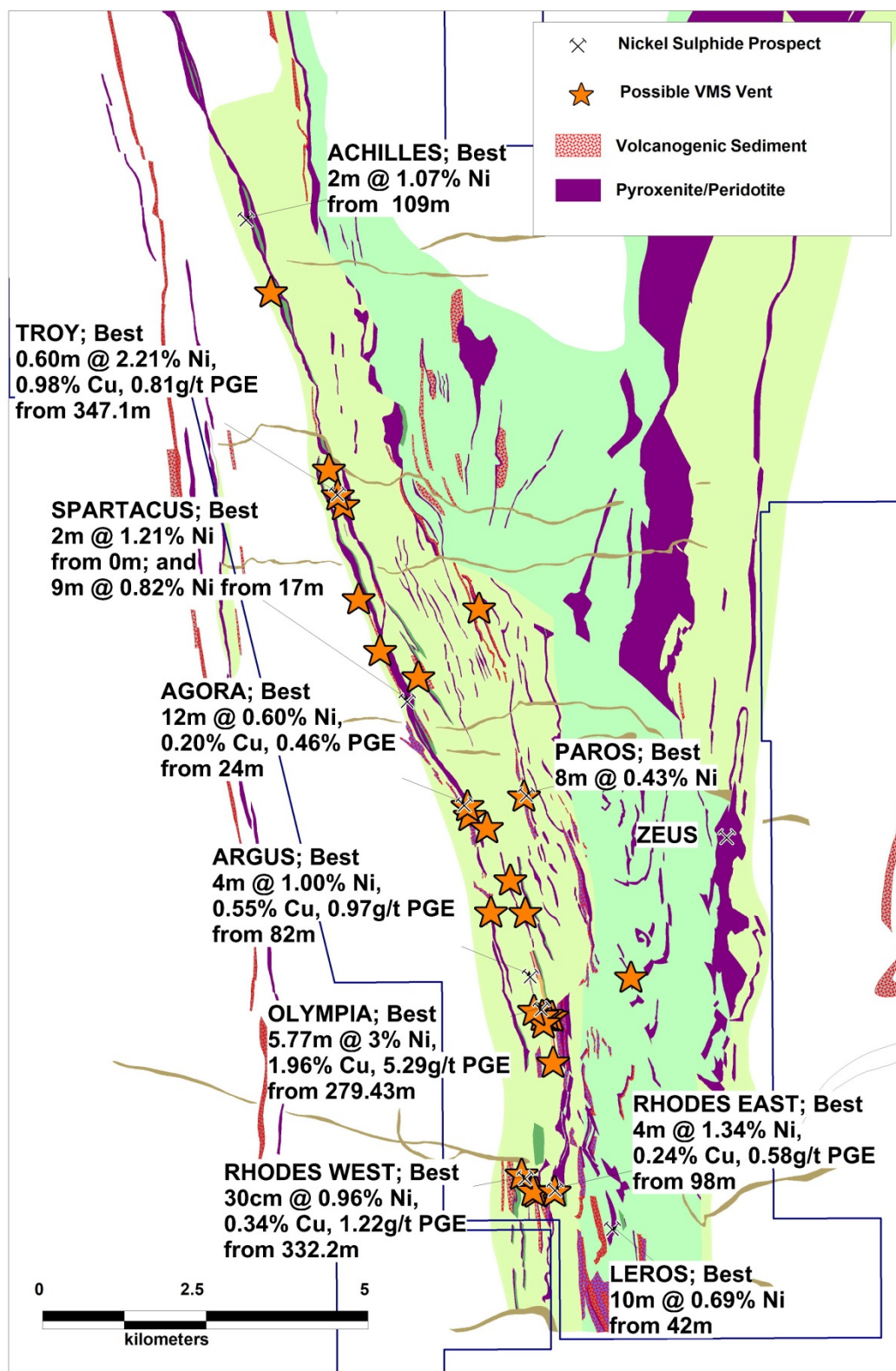


Figure 6: Collurabbie Regional Targets

**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**

The information in this report that relates to previous Exploration Results for the Bonya and Collurabbie projects, was either prepared and first disclosed under the JORC Code 2004 or under the JORC Code 2012, and has been properly and extensively cross-referenced in the text to the date of original announcement to ASX. In the case of the 2004 JORC Code Exploration Results and Mineral Resources, 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.

## About Rox Resources

Rox Resources Limited is an emerging Australian minerals exploration company. The company has a number of key assets at various levels of development with exposure to gold, nickel, copper and platinum group elements (PGE's), including the Mt Fisher Gold Project (WA), the Fisher East Nickel Project (WA), the Collurabbie Nickel-Copper-PGE 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 675km<sup>2</sup>, consisting of a 600km<sup>2</sup> area 100% owned by Rox and an Option to purchase 100% of a further 75km<sup>2</sup> 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 within the first year. Following that Doray can spend \$4 million over a further two years to earn a 51% interest, and increase its interest to 75% by expenditure of a further \$5 million over an additional two years.

### Collurabbie Gold-Nickel Project (100%)

The Collurabbie project is located in the highly prospective North Eastern Goldfields region of Western Australia and is prospective for gold and nickel. The project area of 123km<sup>2</sup> hosts the Olympia nickel sulphide deposit and a number of other prospects for nickel sulphide mineralisation. Drilling results of **5.8m @ 3.00% Ni, 1.96% Cu, 5.3g/t PGE**, have been returned from Olympia. The style of nickel sulphide mineralisation is different to that at Fisher East, with a significant copper and PGE component at Collurabbie, and has been compared to the Raglan nickel deposits in Canada (>1Mt contained nickel).

In addition there is potential for gold mineralisation, with several strong drilling intersections including **2m @ 5.2g/t Au** from the Naxos prospect.

### 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 is earning a further 19% (for 70% in total) by spending a further \$1 million by 10 December 2017.