

ASX ANNOUNCEMENT

RRL1836D

31 October 2022

All Cash Takeover Offer for Cannon Resources

ROX RESOURCES LIMITED

ASX: RXL

Rox Resources Limited (ASX: RXL) is an Australian listed company with advanced gold assets in Western Australia: the Youanmi Gold Project and the Mt Fisher Gold project.

DIRECTORS

Mr Stephen Dennis
Chairman

Mr Robert Ryan
Managing Director

Dr John Mair
Non-Executive Director

Shares on Issue	168.9m
Share Price	\$0.165
Market Cap.	\$27.9m
Cash	\$4.4m

(as at 30 June 22)

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Highlights:

- All cash takeover for Cannon Resources, Rox holds a 10% stake in the company which equates to A\$3.8m in value at the bid price
- Offer reflects significant value created for Rox shareholders
- Offer recognises potential of Rox's Mt Fisher - Mt Eureka Project

West Australian gold exploration and development company Rox Resources Limited ("**Rox**" or "the **Company**") (ASX: RXL) notes the announcement by Cannon Resources Limited ("**Cannon**") (ASX: CNR) of its entry into a bid implementation agreement with Kedalion Nickel Pty Ltd, a wholly owned subsidiary of Kinterra Battery Metals Mining Fund, LP, in respect of an off-market takeover for all of the ordinary shares in Cannon at a bid price of A\$0.45 per share (**Takeover**). The announcement by Cannon advises that the Takeover is subject to a minimum acceptance condition of 50% (**Minimum Acceptance Condition**), amongst other conditions.

Rox holds 8,553,130 Cannon shares which is equal to approximately 10% of all Cannon ordinary shares on issue. Rox's shareholding is subject to ASX imposed escrow restrictions until 12 August 2023, which prevent the transfer of the shares. However, pursuant to ASX Listing Rule 9.5, Rox is permitted to accept its Cannon shares into the Takeover once the holders of at least half the Cannon shares which are not subject to escrow have accepted into the Takeover (and certain other conditions in ASX Listing Rule 9.5 are satisfied).

If the Takeover completes on the terms announced by Cannon, Rox will receive cash proceeds of approximately A\$3.8m for its Cannon shares. These funds could be utilised to progress the Company's objectives, strengthen Rox's Balance Sheet and minimise equity dilution.

Rox Managing Director Robert Ryan commented: "*Rox de-merged its base metals assets into Cannon Resources in August 2021, unlocking significant value for Rox shareholders.*"

"The offer announced by Cannon today will further crystallise value for those shareholders that have retained exposure to Cannon, as well as for Rox shareholders through our 10% holding in Cannon."

Overview of Cannon Resources

Cannon Resources Limited is a Western Australia focused nickel exploration company with two core projects, Fisher East and Collurabbie. Both Projects are located in the northern Goldfields region of Western Australia, approximately 200km north-east of Leonora.

Cannon's flagship project, Fisher East, hosts four high grade nickel sulphide deposits all in close proximity to each other. These are the Musket, Camelwood, Cannonball, and Sabre nickel sulphide deposits. These deposits, all located on 100% Cannon tenements, have a combined JORC 2012 Mineral Resource containing 134,100 tonnes of nickel at an average grade of 1.8% nickel.

The Fisher East Project is located immediately along strike Rox's Mt Eureka Project.

Mt Eureka Project Overview

Rox's tenure covers a large area over the Mt Fisher greenstone belt (1,150km² in total, comprising: Rox 100% 500km², and Cullen Resources JV 650km²). Under the Cullen JV Rox is earning up to 75%, with Cullen Resources Limited (ASX:CUL) holding the remaining 25%.

The Mt Eureka Project is located immediately along strike of Cannon Resources' 134kt (contained nickel) Fisher East Nickel deposits with the host ultramafic unit extending onto JV tenure.

Geological Setting

The Mt Eureka Project is located in the Northern Goldfields, approximately 500km northeast of Kalgoorlie (about 120km east of Wiluna) within the Fisher East greenstone belt. The Fisher East Greenstone Belt has a strike length of ~50km of which Rox holds ~30km of strike.

The Mt Eureka Project area straddles the Kurnalpi - Burtville Terrane boundary, with the boundary transecting the greenstone belt. This major NNW trending structure (Hootanui Shear) is potentially a major mantle-tapping structure. Such features provide optimum conduits for magma flux from mantle and are linked to the occurrence of nickel-sulphide deposits.

Exploration Potential

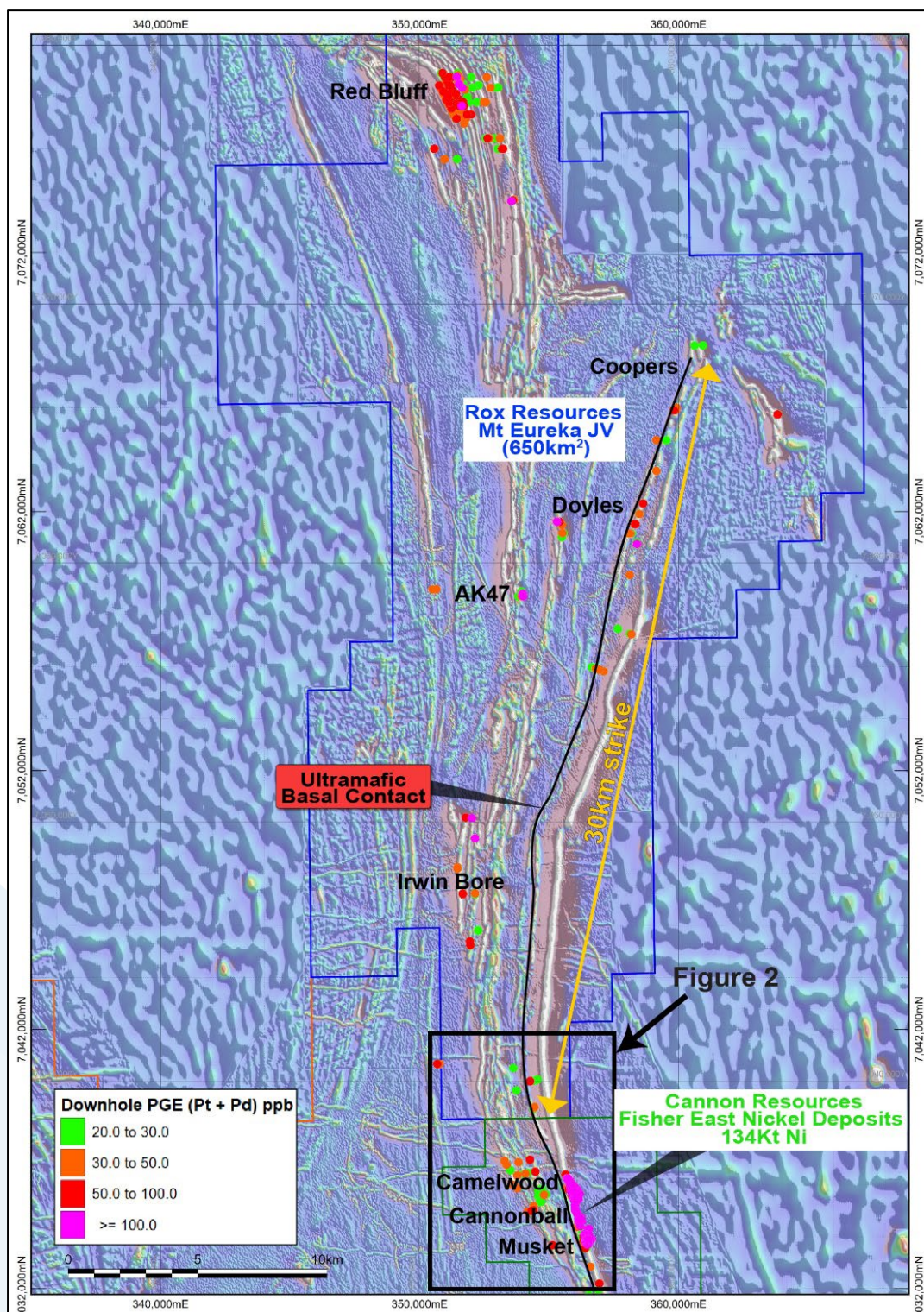
The Mt Eureka Project area is located 2.5km along strike of the Fisher East Nickel deposits (Cannon Resources) and is considered highly prospective for nickel sulphide mineralisation (Figures 1, 2 & 3).

The Fisher East Nickel deposits are typical Archaean komatiite-associated deposits having affinities with Kambalda-style Type 1 massive sulphide ores. Four known nickel sulphide ore bodies occur over a 10km section of the basal komatiite at Camelwood, Cannonball, Musket and Sabre for 134.1kt of contained nickel.

New regional scale high resolution aeromagnetic data and associated nickel sulphide pathfinder geochemistry in regolith (platinum and palladium) has defined the extension of the fertile Fisher East ultramafic basal contact position from Cannon's tenure onto the Mt Eureka tenure.

Only minimal historical work has been completed along the highly prospective interpreted basal contact on the Mt Eureka JV tenements.

Additionally, numerous ultramafic flows with associated Ni-Cu-PGE anomalism occur throughout the belt which demonstrates further potential for the project area to host economically viable nickel deposits.



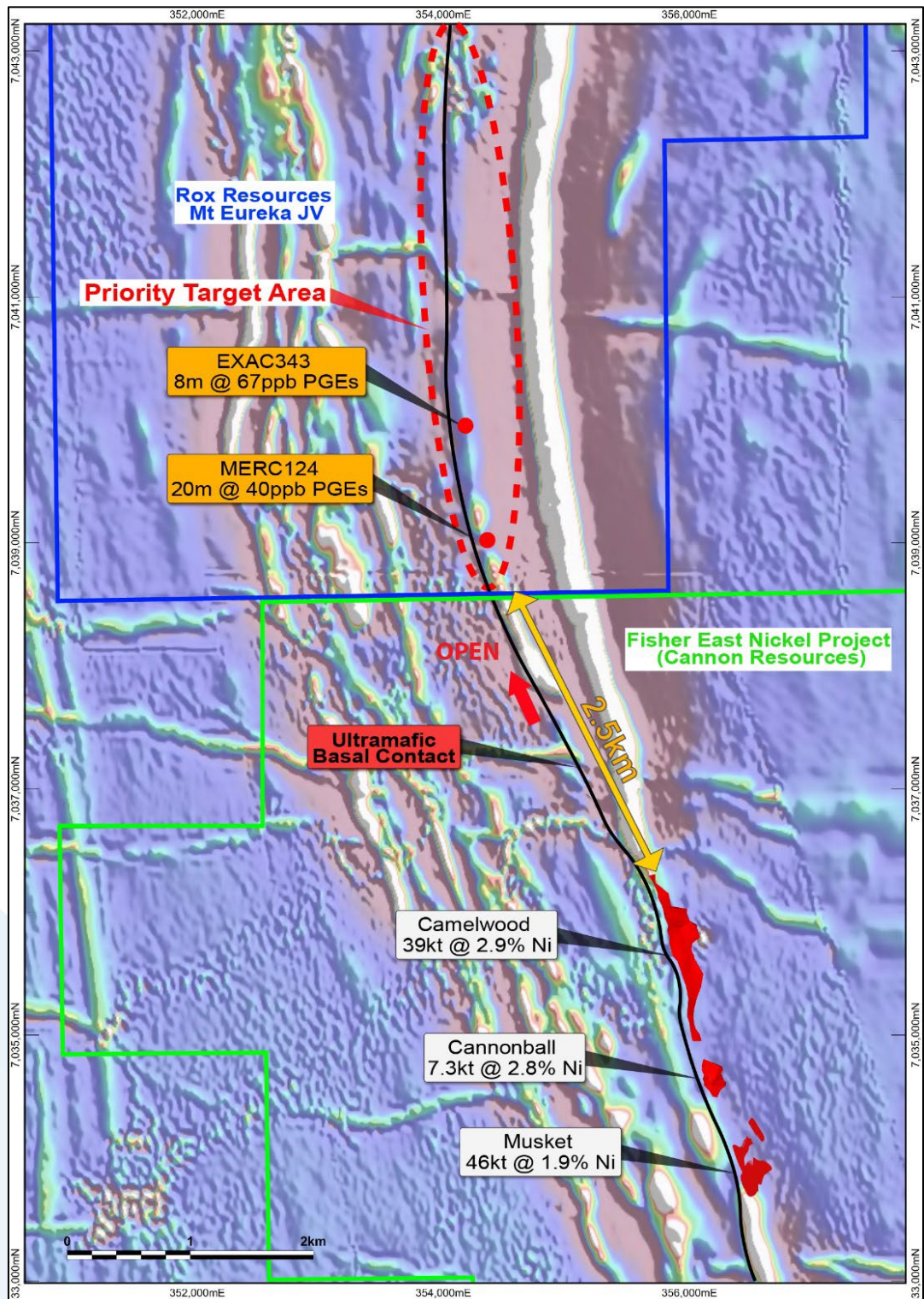


Figure 2. Aeromagnetic plan of the Mt Eureka Project and Cannon Resources' Fisher East Project and interpreted ultramafic basal contact.

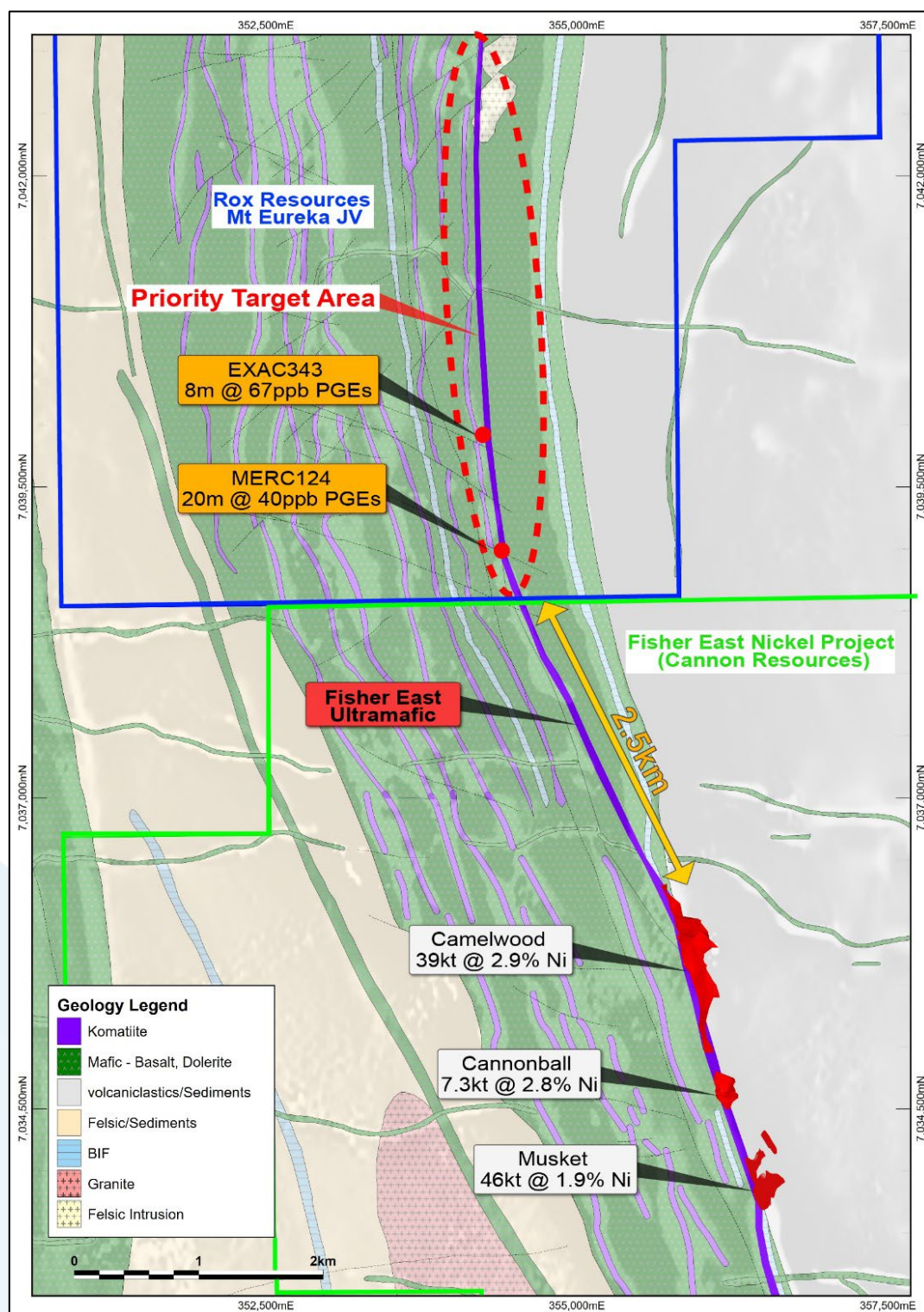


Figure 3. Geology plan of the Mt Eureka Project and Cannon Resources' Fisher East Project and interpreted ultramafic basal contact.

Next Steps:

- Geochem surveying is planned to improve definition of the key basal contact position and delineate areas of elevated platinum group elements (PGE), an indicator of basement nickel mineralisation;
- Systematic target generation is underway, combining geological, geophysics and geochemical data to refine priority areas; and
- In due course ground EM surveying will be completed over Ni-Cu-PGE geochemical footprints to identify conductors targeting massive sulphide zones.

Authorised for release to the ASX by the Board of Rox Resources Limited.

***** ENDS *****

For more information:

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Competent Person Statements

Exploration Results

The information in this report that relates to Data and Exploration Results is based on information compiled and reviewed by Mr Gregor Bennett a Competent Person who is a Member of the Australian Institute Geoscientists (AIG) and Exploration Manager at Rox Resources. Mr Bennett has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bennett consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Where reference is made to previous releases of exploration results in this announcement, the Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the exploration results included in those announcements continue to apply and have not materially changed.

The information in this report that relates to previous Exploration Results was prepared and first disclosed under the JORC Code 2012 and has been properly and extensively cross-referenced in the text to the date of the original announcement to the ASX.

Resource Statements

The Statement of Estimates of Mineral Resources for the Youanmi Near Surface Resource was reported by Rox in accordance with ASX Listing Rule 5.8 in the announcement released to the ASX on 20th April 2022. Rox confirms it is not aware of any new information or data that materially affects the information included in the previous announcements and that all material assumptions and technical parameters underpinning the estimates in the previous announcements continue to apply and have not materially changed.

The Statement of Estimates of Mineral Resources for the Youanmi Underground Resource was reported by Rox in accordance with ASX Listing Rule 5.8 in the announcement released to the ASX on 20th January 2022. Rox confirms it is not aware of any new information or data that materially affects the information included in the previous announcements and that all material assumptions and technical parameters underpinning the estimates in the previous announcements continue to apply and have not materially changed.

The Statement of Estimates of Mineral Resources that relates to gold Mineral Resources for the Mt Fisher project was reported by Rox in accordance with ASX Listing Rule 5.8 in the announcement released to the ASX on 11th July 2018. Rox confirms it is not aware of any new information or data that materially affects the information included in the previous announcements and that all material assumptions and technical parameters underpinning the estimates in the previous announcements continue to apply and have not materially changed.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Rox Resources Limited planned exploration program(s) and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward looking statements.

About Rox Resources

Rox Resources (ASX:RXL) is a West Australian focused gold exploration and development company. It is 70 per cent owner and operator of the historic Youanmi Gold Project near Mt Magnet, approximately 480 kilometres northeast of Perth, and wholly-owns the Mt Fisher Gold project approximately 140 kilometres southeast of Wiluna. Youanmi has a Total Mineral Resource of 3,199 koz of contained gold, with potential for further expansion with the integration of existing prospects into the Resource and further drilling. Youanmi was a high-grade gold mine and produced 667,000oz of gold (at 5.47 g/t Au) before it closed in 1997. Youanmi is classified as a disturbed site and is on existing mining leases which has significant existing infrastructure to support a return to mining operations.