

Rox Resources Limited

ASX: RXL

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Projects:

Mt Fisher: nickel-gold (100%)

Reward: zinc-lead (49%)

Bonya: copper-silver (earning up to 70%)

EXCLUSIVITY AGREEMENT FOR SALE OF REWARD ZINC PROJECT FOR \$14.8M

- **Exclusivity agreement with IMI to facilitate offer to purchase Reward zinc project for \$14.8M consisting of \$2.0M cash and \$12.8M in shares**
- **Purchase of Reward by IMI to be subject to Teck's pre-emptive right to match**
- **Reward zinc project includes**
 - **the Teena deposit with an Inferred Mineral Resource of 58 Million tonnes grading 12.7% Zn+Pb, (11.1% Zn, 1.6% Pb), and**
 - **the Myrtle deposit with an Inferred and Indicated Mineral Resource of 44 Million tonnes grading 5.0% Zn+Pb (4.1% Zn, 1.0% Pb)**
- **Rox will retain a significant shareholding in the acquiring company retaining upside to the project and the zinc price**

Rox Resources Limited (**ASX: RXL**) ("**Rox**" or "**the Company**") is pleased to announce that IMI Zinc Exploration Pty Ltd ("**IZE**"), a wholly owned subsidiary of IM Medical Limited (**ASX: IMI**) ("**IMI**"), has today made an offer to acquire Rox's interest in the Reward zinc-lead project in the Northern Territory (Figure 1) ("**Offer**").

Subject to Rox entering into an Exclusivity Agreement, which Rox has agreed to do, the Offer remains open for acceptance until 17 August 2016 ("**Exclusivity Period**"). Further details of the Exclusivity Agreement and the Offer are set out below.

The Exclusivity Period allows Rox 30 days to complete due diligence on the \$14.8 million Offer from IZE, which comprises \$2.0 million payable in cash and the issue of \$12.8 million worth of shares in IZE's parent company, IMI.

The Offer is conditional upon Rox's option/joint venture partner, Teck Australia Pty Ltd ("**Teck**"), not exercising and waiving its pre-emptive right to acquire Rox's interest, and is subject to additional conditions set out below.



The Reward project includes the Teena zinc-lead deposit where a maiden JORC (2012) Inferred Mineral Resource of **58 Million tonnes grading 12.7% Zn+Pb (11.1% Zn, 1.6% Pb) for 7.4 Million tonnes (16.3 Billion pounds) of contained Zn and Pb**, at a 6% Zn+Pb cut-off, was recently announced (ASX:RXL 1 June 2016), making it the largest high grade (>8% Zn+Pb) zinc-lead mineral resource announced in Australia for the last 20 years. It ranks 7th all-time amongst zinc-lead deposits in Australia.

The Reward project also contains the Myrtle zinc-lead deposit with an Indicated and Inferred Mineral Resource of **44 Million tonnes grading 5.0% Zn+Pb (4.1% Zn, 1.0% Pb) for 2.2 Million tonnes (4.8 Billion pounds) of contained Zn and Pb** at a 3% Zn+Pb cut-off (ASX:RXL 15 March 2010).

Managing Director Ian Mulholland commented, *“This offer from IZE vindicates our view of the value of the Reward project (and Teena deposit), and the fact that it has gone unrecognised in our share price for so long.”*

“This is a significant outcome for the Company which will not only allow our shareholders to retain an exposure to Reward, but will also facilitate a release of funds to Rox which will enable us to pursue other growth opportunities. We also believe that through this transaction Reward will be able to be more fairly valued in the market, and at the same time our future funding exposure for the project will be reduced.”

“Rox will use the Exclusivity Period to complete its due diligence and determine the necessary statutory, shareholder and other approvals.”

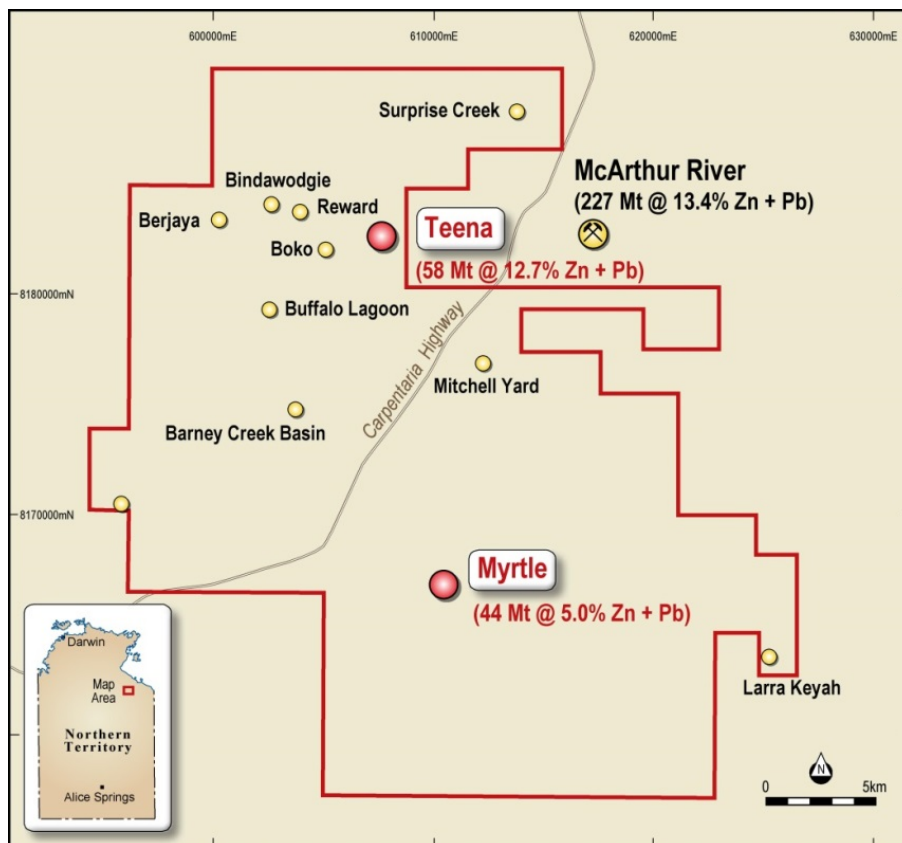


Figure 1: Reward Project Tenement Plan showing prospect locations

(Myrtle Mineral Resource, ASX:RXL 15 March 2010; Teena Mineral Resource, ASX:RXL 1 June 2016; McArthur River Mineral Resource, *Leach et. al., 2005, Economic Geology 100th Anniversary Volume, pp561-607)

Details of the Exclusivity Agreement

The key terms of the Exclusivity Agreement are as follows:

1. Rox agrees that during the Exclusivity Period it will not solicit or discuss any transaction that would result in any party (other than IMI) acquiring Rox's interest in the Reward zinc-lead project (other than making a pre-emptive right offer to Teck).
2. Rox will pay a break fee to IZE of \$300,000 should Teck exercise its pre-emptive right to match the Offer.
3. If Rox does not accept the Offer within the Exclusivity Period, Rox agrees to reimburse IZE for its reasonable costs incurred in relation to its proposed acquisition of Rox's interest in the Reward zinc-lead project.

The Exclusivity Agreement also contains an acknowledgment by IZE that Teck has a pre-emptive right in respect of IZE's Offer and that Rox is not permitted to accept IZE's offer unless its acceptance is conditional on and it has first offered to sell its interest in the Reward zinc-lead project to Teck on the same terms and conditions as IZE's offer.

If Rox makes a pre-emptive right offer to Teck (which it will need to do in advance of any proposed acceptance of IZE's Offer) then Teck will have 60 days to accept the pre-emptive right offer.

Details of the Offer

The key terms of the Offer are as follows:

1. The consideration for the purchase of Rox's interest in the Reward zinc-lead project is \$2.0 million cash and \$12.8 million in shares of IMI, being 64,000,000 IMI shares at an issue price of \$0.20.
2. The Offer is conditional on:
 - a) all shareholder, regulatory and other approvals and consents being obtained which are necessary for the transaction under the Offer to proceed. Rox anticipates that the approval of Rox's shareholders will not be required to proceed with the transaction;
 - b) Teck not exercising and waiving its pre-emptive right (if Teck does exercise this pre-emptive right, then Teck will be the purchasing party in the Offer, not IZE), and Rox not otherwise being prevented from proceeding with the transaction by virtue of the pre-emptive right;
 - c) IZE having cash assets, or assets readily convertible into cash, of not less than \$ 6 million; and
 - d) a formal agreement containing customary terms being executed between the parties.

If any of these conditions are not satisfied or waived within 90 days of any acceptance of the Offer by Rox, either party may terminate the Offer.

About IMI

IMI is a company listed on the Australian Securities Exchange ("ASX") which has been suspended since 29 December 2015. IMI has advised Rox that should this transaction proceed, it intends to seek reinstatement on the ASX and undertake a capital raising of up to \$12 million to meet its commitments to Rox as well as ASX Listing requirements. As part of that capital raising, Rox has agreed subject to shareholder approval to issue up to 240 million Rox Options (with an exercise price of \$0.03 and a three year term) to investors in the IMI capital raising on the basis of 4 Rox Options for every IMI share subscribed for.

ENDS

For more information:

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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 zinc-lead Mineral Resources for the Reward project was reported to the ASX on 15 March 2010 (JORC 2004) and 1 June 2016 (JORC 2012). Rox confirms that it is not aware of any new information or data that materially affects the information included in the announcements of 15 March 2010 and 1 June 2016, and that all material assumptions and technical parameters underpinning the estimates in the announcements of 15 March 2010 and 1 June 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.

About Rox Resources

Rox Resources Limited is an emerging Australian minerals exploration company. The company has three key assets at various levels of development with exposure to gold, nickel, zinc, lead, and copper, including the Mt Fisher Gold Project (WA), Myrtle/Reward Zinc-Lead Project (NT), 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 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.

Reward Zinc-Lead Project (49% + Farm-out Agreement diluting to 30%)

Rox has signed an Earn-In and Joint Venture Agreement with Teck Australia Pty Ltd. ("Teck") to explore its highly prospective 670km² Myrtle/Reward zinc-lead tenements, located 700km south-east of Darwin, Northern Territory, adjacent to the McArthur River zinc-lead mine.

The first deposit explored, Myrtle, has a current JORC 2004 zinc-lead Mineral Resource (ASX:RXL 15 March 2010) of **44 Mt @ 5.0% Zn+Pb** reported at a 3.0% Zn+Pb cut-off (Indicated: 5.8 Mt @ 3.6% Zn, 0.9% Pb; Inferred: 37.8 Mt @ 4.2% Zn, 1.0% Pb).

Drilling at the Teena zinc-lead prospect from 2013 to 2015 discovered significant zinc-lead mineralisation over thicknesses exceeding 20m over a strike length of at least 1.3km (ASX:RXL 5 August 2013, 26 August 2013, 18 September 2013, 11 October 2013, 27 October 2014, 10 November 2014, 15 December 2014, 29 September 2015, 9 November 2015, 17 November 2015, 17 December 2015).

Teena has a JORC 2012 Inferred zinc-lead Mineral Resource (ASX:RXL 1 June 2016) of **58 Mt @ 12.7% Zn+Pb** (11.1% Zn, 1.6% Pb) at a 6% Zn+Pb% cut-off, and is the most significant new discovery of zinc in Australia since Century in 1990.

Under the terms of the Agreement, Teck has earned a 51% interest, with Rox holding the remaining 49%. Teck has elected to earn a further 19% (for 70% in total) by spending a total of \$15m by 31 August 2018 (ASX:RXL 21 August 2013).

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 2016.