

30 APRIL 2019

# Quarterly Report

For the period ending 31 March 2019

## Highlights

### New Chief Executive Officer appointed

- During the quarter the Company announced the appointment of Mr Alex Passmore as Chief Executive Officer.
- Mr Passmore's appointment follows the announced retirement of current Managing Director Mr Ian Mulholland from the Rox Board effective 30 April 2019.

### Youanmi Joint Venture acquisition (announced subsequent to quarter end)

- Rox to acquire a majority position in the Youanmi Gold Mine (Figure 1) and to take on management/operatorship of the historic Youanmi Gold Mine in joint venture with Venus Metals Ltd (OYG Joint Venture).
- Rox and VMC also entered into an agreement to form two other joint ventures: 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 which cover regional exploration areas near the Youanmi Gold Mine.
- Rox expects transaction completion to occur during the June 2019 quarter and is currently planning its near mine exploration programs which are to commence immediately after completion.

### Youanmi Gold Resource confirmed (announced subsequent to quarter end)

- Rox announced confirmation of Mineral Resource Estimates at the Youanmi Gold Project totalling **12.4Mt at 2.97g/t Au for 1,190,600 ounces of gold** on 17 April 2019.

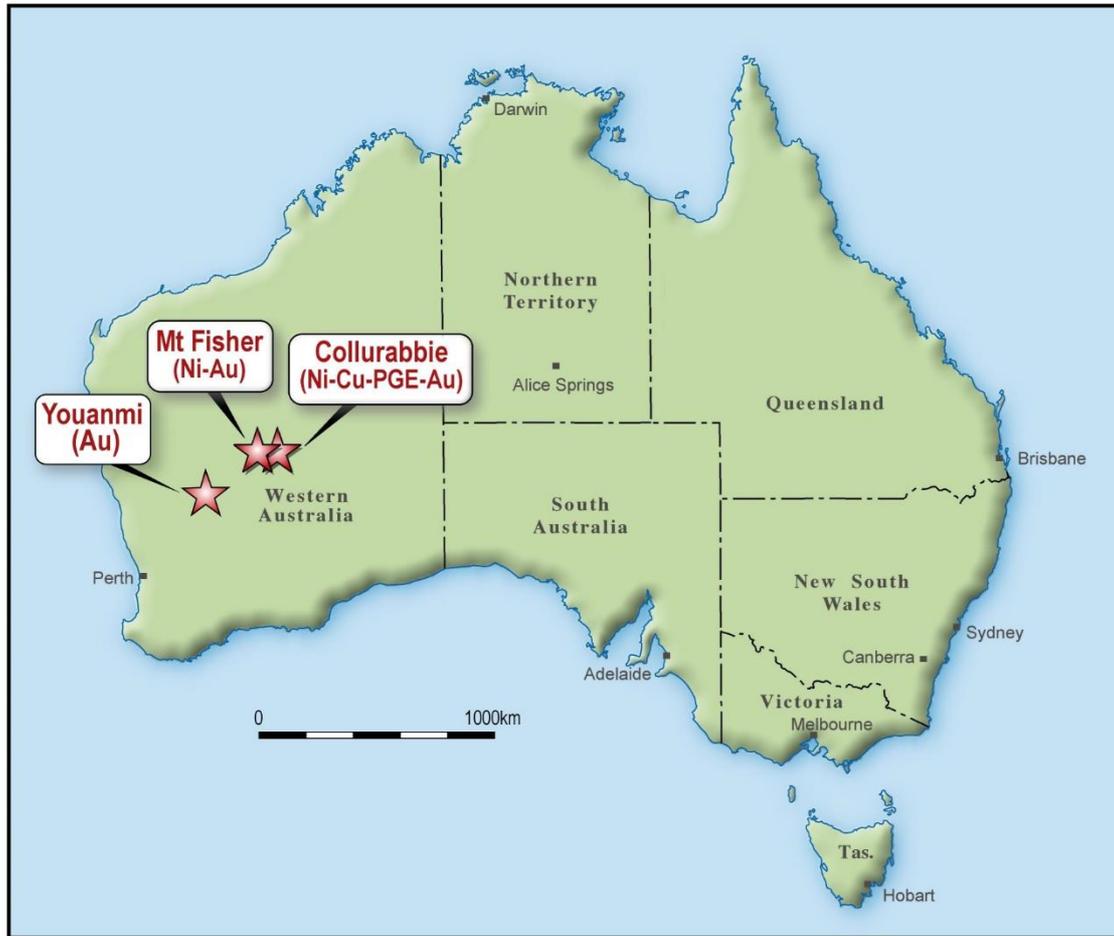


Figure 1: Rox Project Location Map

## Youanmi Gold Project

On 10 April 2019 Rox announced that it had entered into a substantial and transformative transaction to jointly acquire the historic Youanmi Gold Mine and to farm-in to surrounding regional exploration tenure.

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. four times the level it was when operations were shut down).

## Transaction Summary

### OYG Joint Venture

Rox is 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 30 June 2021) and to cover the costs of holding and managing the project. At any point up until 30 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 1 - 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 is to earn a 45% interest in the gold rights of the regional VMC Joint Venture and a 50% interest in the gold rights of Youanmi Joint Venture via contributing the first \$1 million of exploration expenditure spread across both joint ventures. Following the earn-in phase, 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.

## Exploration Strategy

Several prospects present as priority drill targets with potential to identify additional near-surface oxide resources. These targets can be classified as:

- Undeveloped open-pit resources
- Open pit extensions and/or cut-backs
- Other near surface resources

Aside from the partly mined deposits there are significant undeveloped open-pit resources at the Commonwealth and Connemara Deposits, the Plant Zone and Paleochannel Zone. There are also potential near surface laterite resources surrounding the Main Pit (e.g. Airstrip zone) which require more investigation (refer Figure 2).

A full list of unmined drill intersections above 0.5g/t Au was included in the announcement of 17 April 2019. However, the Company notes some of the more material intersections are:

**Youanmi Main Pit Area** – Historically the Youanmi Main Pit and underground resources have been the most important source of gold mineralisation. Unmined lodes of high-grade gold have been intersected in the western and eastern zones. Many of the better intersections have not been tested along strike or at depth. A number of hanging-wall (western lodes) intersections were received from drillholes which targeted deeper mineralisation at Youanmi Deeps, including unmined high-grade hits such as:

Drill hole      **YD0004**                      **5m @ 9.1g/t Au from 106m**

**YD0423**                      **10m @ 5.8g/t Au from 61m**

**Commonwealth – Connemarra** – The undeveloped Commonwealth-Connemarra deposits and mineralised trend is centred 4km northwest of the Youanmi Plant. Gold mineralisation is from surface and hosted within a 3m to 10m wide zone of sheared quartz-veining and highly altered mafic volcanic rocks. Some of the intersections include:

Drill hole      **96CNRC0026**                      **20m @ 2.6 g/t Au from 11m**

**88CRC0066**                      **18m @ 12.9g/t Au from 39m**

**85CRC0012**                      **10m @ 9.2g/t Au from 8m**

**Plant Zone** - The Plant Zone represents an undeveloped extensive resource comprising gold mineralisation and associated stockworks of quartz-veining within granite. The resource is open at depth and along strike. There is additional exploration potential for new zones of mineralisation surrounding the Plant Zone.

Drill hole	<b>PP0033</b>	<b>59m @ 3.7 g/t Au from 1m</b>
	<b>5YMR0099</b>	<b>12m @ 4.7 g/t Au from 16m</b>
	<b>PR0250</b>	<b>20m @ 2.2g/t Au from 15m</b>

**Bunker Pit** - The Bunker Pit was mined down to about 40m below surface. The pit was reportedly abandoned due to a rock fall/slump. There is scope for evaluating economics of remaining ore beneath the pit. There is also potential for extensions to the north and south of the pit. Unmined intersections include:

Drill hole	<b>YP1479</b>	<b>41m @ 2.9 g/t Au from 65m</b>
	<b>BRC037</b>	<b>29m @ 12.9g/t Au from 51m</b>

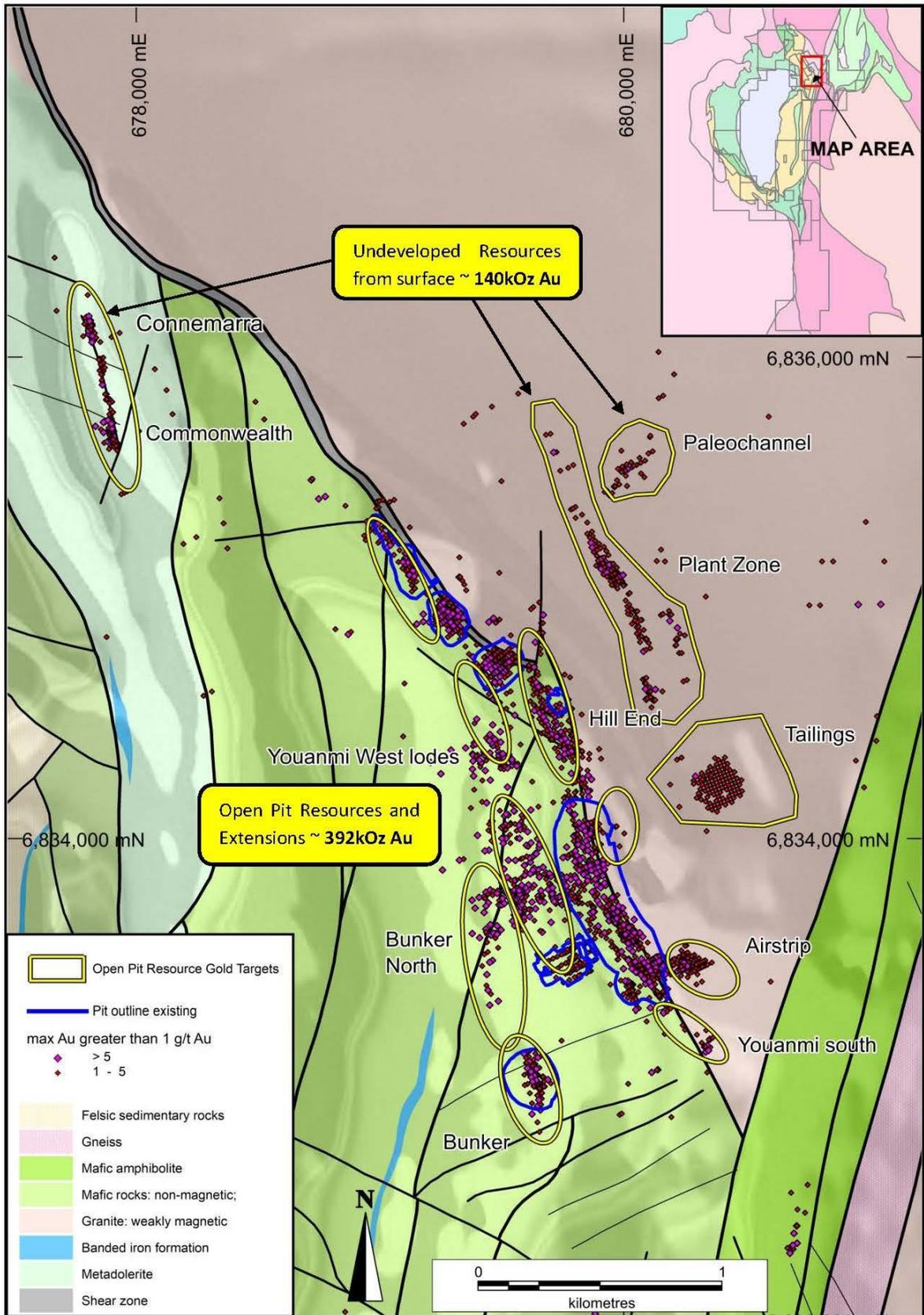


Figure 2: Youanmi Near Mine Resource Targets

## **Mt Fisher Gold Project**

Following the cancellation of the Helios Gold IPO a further review of the gold potential at the Mt Fisher Gold Project was undertaken.

The project has a JORC 2012 Measured, Indicated and Inferred Mineral Resource (ASX:RXL 11 July 2018) of 1.0 million tonnes grading 2.7 g/t Au reported at a 0.8 g/tAu cut-off for 89,000 ounces of gold (Measured: 170,000 tonnes grading 4.1 g/t Au, Indicated: 220,000 tonnes grading 2.7 g/t Au, Inferred: 630,000 tonnes grading 2.3 g/t Au) aggregated over the Damsel, Moray Reef and Mt Fisher deposits.

The review indicated strong potential to increase the resources through drilling along strike and downdip of current resources and drilling other strong exploration targets.

Drilling is expected to commence in the next quarter.

## **Fisher East Nickel Project**

No significant activity undertaken during the quarter.

## **Collurabbie**

No significant activity undertaken during the quarter.

## **Corporate**

### **New CEO appointed**

During the quarter the Company announced the appointment of Mr Alex Passmore as Chief Executive Officer.

Mr Passmore is a qualified geologist with extensive corporate experience. He holds a Bachelor of Science degree with First Class Honours in Geology from the University of Western Australia and a Graduate Diploma of Applied Finance from the Securities Institute of Australia.

Mr Passmore is an experienced corporate executive and company director with recent appointments including Managing Director of Cockatoo Iron NL, Non-Executive Director of Aspire Mining Ltd, Non-Executive (and Executive) Director of Equator Resources Ltd/Cobalt One Ltd (which merged with TSX-listed First Cobalt Corp), and CEO of Draig Resources (now Bellevue Gold Ltd).

In these positions, Mr Passmore was instrumental in acquiring the assets of the companies, re-organising their capital and funding, and setting them on a path to success. For example, Cobalt One Ltd's market capitalisation grew from ~\$2.5 million to ~\$70 million under his guidance.

Mr Passmore has also spent a considerable time in the finance sector, where he became well known over ten years at Patersons Securities Ltd in roles such as Director – Corporate Finance, Head of Research, Resources Analyst, and Institutional dealer. He was also Executive Director – Natural Resources & Institutional Banking for Commonwealth Bank of Australia for two years.

Mr Passmore's appointment follows the announced retirement of Mr Ian Mulholland from the Rox Board effective 30 April 2019.

## **Financial**

As of 31 March 2019, the Company's cash balance was \$7.4 million. In addition, a deferred payment of A\$3.75 million cash from Teck Australia is due by 15 February 2023, and has a current value of \$2.5 million in the Company's accounts. The 14,527,205 Thor shares held by the Company had a market value of \$0.22 million as of 31 March 2019. In total, the Company's cash, liquids (shares) and receivables are \$11.37 million.

### **For more information:**

Shareholders/Investors  
Alex Passmore  
Chief Executive Officer  
Tel: +61 8 9226 0044  
[admin@roxresources.com.au](mailto:admin@roxresources.com.au)

## **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 nickel Mineral Resources for the Collurabbie project was reported to the ASX on 18 August 2017 (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 18 August 2017, and that all material assumptions and technical parameters underpinning the estimates in the announcement of 18 August 2017 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 11 July 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 March 2018, and that all material assumptions and technical parameters underpinning the estimates in the announcement of 28 March 2018 continue to apply and have not materially changed.

The information in this report that relates to gold Mineral Resources for the Youanmi project was reported to the ASX on 17 April 2019 (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 17 April 2019, and that all material assumptions and technical parameters underpinning the estimates in the announcement of 17 April 2019 continue to apply and have not materially changed.

### **Exploration Results**

The information in this report that relates to previous Exploration Results, 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). The 1.2Moz Youanmi Gold Project and the Fisher East Nickel Project (78kt Ni) being the most advanced projects with exploration ongoing at the Mt Fisher Gold Project and the Collurabbie Nickel-Copper-PGE Project.

### Youanmi Project (51% and option to increase to 70%)

The Youanmi Gold Mine is located 480 km to the northeast of Perth, Western Australia. 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.

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. Most of the gold mineralisation seen at the project is hosted within north-northwest splays off the north-northeast trending Youanmi Fault.

### Fisher East Nickel Project (100%)

The Fisher East nickel project is located in the North Eastern Goldfields region of Western Australia and hosts several nickel sulphide deposits. The total project area is ~350km<sup>2</sup>.

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.

### 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. A JORC 2012 Inferred Mineral Resource of 573,000t grading 1.63% Ni, 1.19% Cu, 0.082% Co, 1.49g/t Pd, 0.85g/t Pt has been defined at Olympia (ASX:RXL 18 August 2017). 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 @ 2.4g/t Au from the Naxos prospect.

### Mt Fisher Gold Project (100%)

The Mt Fisher gold project is located in the North Eastern Goldfields region of Western Australia, adjacent to the Fisher East nickel project, and hosts several gold deposits. The total project area is ~220km<sup>2</sup>.

Drilling by Rox has defined numerous high-grade gold targets and a JORC 2012 Measured, Indicated and Inferred Mineral Resource (ASX:RXL 11 July 2018) of 1.0 million tonnes grading 2.7 g/t Au reported at a 0.8 g/tAu cut-off exists for 89,000 ounces of gold (Measured: 170,000 tonnes grading 4.1 g/t Au, Indicated: 220,000 tonnes grading 2.7 g/t Au, Inferred: 630,000 tonnes grading 2.3 g/t Au) aggregated over the Damsel, Moray Reef and Mt Fisher deposits.

**Appendix 5B**

**Name of entity**

**ROX RESOURCES LIMITED**

**ABN**

**53 107 202 602**

**Quarter ended ("current quarter")**

**31-Mar-19**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1 Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for	-	-
(a) exploration & evaluation	(93)	(1,079)
(b) development	-	-
(c) production	-	-
(d) staff costs	(258)	(491)
(e) administration and corporate costs	(89)	(463)
1.3 Dividends received	-	-
1.4 Interest received	10	123
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other - Helios IPO expenses	(53)	(408)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(483)</b>	<b>(2,318)</b>

<b>2 Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(15)
(b) tenements (see item 10)	-	(639)
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	13
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1)</b>	<b>(641)</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>3 Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4 Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	7,903	10,378
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(483)	(2,318)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1)	(641)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>7,419</b>	<b>7,419</b>

<b>5 Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	334	415
5.2 Call deposits	7,085	7,488
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,419</b>	<b>7,903</b>

<b>6 Payments to directors of the entity and their associates</b>		<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	152
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Includes salaries, fees and superannuation to executive and non-executive directors.		

<b>7 Payments to related entities of the entity and their associates</b>		<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
n/a		

<b>8</b>	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
n/a			

<b>9 Estimated cash outflows for next quarter</b>		<b>\$A'000</b>
9.1	Exploration and evaluation	500
9.2	Development	-
9.3	Production	-
9.4	Staff costs	300
9.5	Administration and corporate costs	120
9.6	Other (Acquisition)	2,800
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>3,720</b>

<b>10</b>	<b>Changes in tenements (items 2.1(b) &amp; 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	E53/2018 E53/2068	All Minerals All Minerals	0% 0%	Application Application

Refer to Annexure 1 for full list of mining tenements.

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:   
(Company secretary)

Date: 29 April 2019

Print name: Brett Dickson

**Annexure 1 - Mining Tenements**

<b>Project</b>	<b>Tenement Number</b>	<b>Interest</b>	<b>Interest Held</b>
<b>Mt Fisher, WA</b>	E53/1061	All Minerals	100%
	E53/1106	All Minerals	100%
	E53/1319	All Minerals	100%
	E53/1788	All Minerals	100%
	E53/1836	All Minerals	100%
	E53/2068	All Minerals	Application
	M53/09	All Minerals	100%
	M53/127	All Minerals	100%
	<b>Fisher East, WA</b>	E53/1218	All Minerals
E53/1318		All Minerals	100%
E53/1716		All Minerals	100%
E53/1802		All Minerals	100%
E53/1884		All Minerals	100%
E53/1885		All Minerals	100%
E53/1886		All Minerals	100%
E53/1887		All Minerals	100%
E53/1950		All Minerals	100%
E53/2002		All Minerals	Application
E53/2018		All Minerals	Application
E53/2062	All Minerals	Application	
<b>Collurabbie, WA</b>	E38/2009	All Minerals	100%
	E38/2912	All Minerals	100%
	E38/3193	All Minerals	100%