

ASX Announcement : 19 October 2012

Bonya Copper Project Farm-in



Open Briefing interview with MD Ian Mulholland

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Rox Resources Limited (ASX: RXL) is an Australian multi-commodity exploration company with three key projects: the Mt Fisher gold project in Western Australia, and the Reward zinc-lead project and Marqua phosphate project, both located in the Northern Territory.

Market capitalisation: \$6.0 million

In this Open Briefing®, Ian discusses:

- Bonya Copper Project farm-in agreement
- Bonya mineralisation style and history
- Exploration and outlook

Record of interview:

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Rox Resources Limited (ASX: RXL) recently entered into a farm-in agreement with Arafura Resources (ASX: ARU) to explore the Bonya Copper Project, located approximately 250km north west of Alice Springs, allowing Rox to earn an interest of up to 70% in the copper, lead, zinc, silver, gold, bismuth and platinum group element (PGE) mineral rights attached to the 279 km² tenement. What is the rationale for investing in this project and how does it fit within Rox's overall strategy?

MD Ian Mulholland

Our strategy is to grow the company through exploration success. Copper fits our strategy very nicely because we like the prospects for the copper price, and we really like the prospects of finding a significant copper deposit on this ground. The addition of the Bonya project to our portfolio rounds out our spread of commodities: we now have strong exploration opportunities in a zinc, copper, gold, lead, nickel and phosphate.

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The agreement requires Rox to spend \$500,000 within two years to earn an initial 51% interest, including an initial \$150,000 minimum spend in the first year. Given Rox had \$1.3 million cash at the end of June, do you have adequate funds to cover these requirements as well as your other planned exploration activities?

MD Ian Mulholland

We're required to spend only \$150,000 in the first year, and that will enable us to have a good look at the project to decide whether we want to proceed further. Our exploration plan is to do some soil and rock chip sampling and then drill under the old workings. That exploration will be relatively cheap. Of course if we have some success we'll need extra funds to pursue the project further; we'll cross that bridge when we come to it.

We want to keep progressing our other projects as well, so we'll put our efforts toward where we think we have the best chances of success for our shareholders. We have some really good gold and nickel prospects on our Mt Fisher project in Western Australia, so we're currently spoilt for choice.

The farm-in deal we have on Bonya is a fair one to both sides. We can prioritise our spending to quickly assess the project, and if we find something we'll do a reasonable amount of exploration to earn our interest.

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You've indicated that your assessment of historical mining activities at the site shows the potential for depth extensions to the outcropping mineralisation. Why was the old mine abandoned if the mineral system is so prospective?

MD Ian Mulholland

The old mine pre-dates the Second World War. In those days there was quite an industry in digging up shallow deposits of copper oxides, such as those found at Bonya and Jervois, and trucking them to Mount Isa as flux for the smelter. Miners were paid well for the copper, but it had to be oxide material. There was no ready market for copper sulphides at the time, so there was no reason to dig any deeper.

The photo below shows drums of oxide copper material ready to be shipped, but for some reason (probably the onset of WWII) they got left behind. After WWII the needs of the smelter changed and there wasn't the same demand for copper oxides from outside the Mount Isa area. There were a lot of drums left behind at Jervois as well, which are still there.

Drums of oxide copper material at the old Bonya Mine



Kentor Gold (ASX: KGL) has since found extensive copper sulphide mineralisation at Jervois beneath the surface copper oxides and there is no reason to think it will be any different at Bonya. The current mineral resource at Jervois is 11.9 Mt @ 1.3% Cu and 25 g/tAg (KGL ASX announcement), and we believe this could be substantially increased based on recent drilling results released by KGL. The comparison to Bonya is very strong, which is what excites us about this project.

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Portable x-ray fluorescence (XRF) analyses* taken on outcropping rocks show readings up to 34% copper and 27 g/t silver, indicating copper as the predominant mineral. How much surface sampling has been done and how does XRF analysis usually translate to in-ground mineralisation?

MD Ian Mulholland

There has been very little modern surface exploration done. The samples we've reported were analysed during a brief field visit to the area earlier this year. We're now having those samples properly analysed by the laboratory, but we usually find the results of copper analyses done by the portable XRF analyser are fairly accurate when compared with the laboratory results.

There has also been very little drilling on the property. We've only found records of some limited wide-spread shallow rotary air blast (RAB) drilling and there doesn't appear to have been any deeper drilling done at the old Bonya mine.

* Portable XRF analyses may not be representative of the whole sample, nor should they be taken as a substitute for laboratory analyses.

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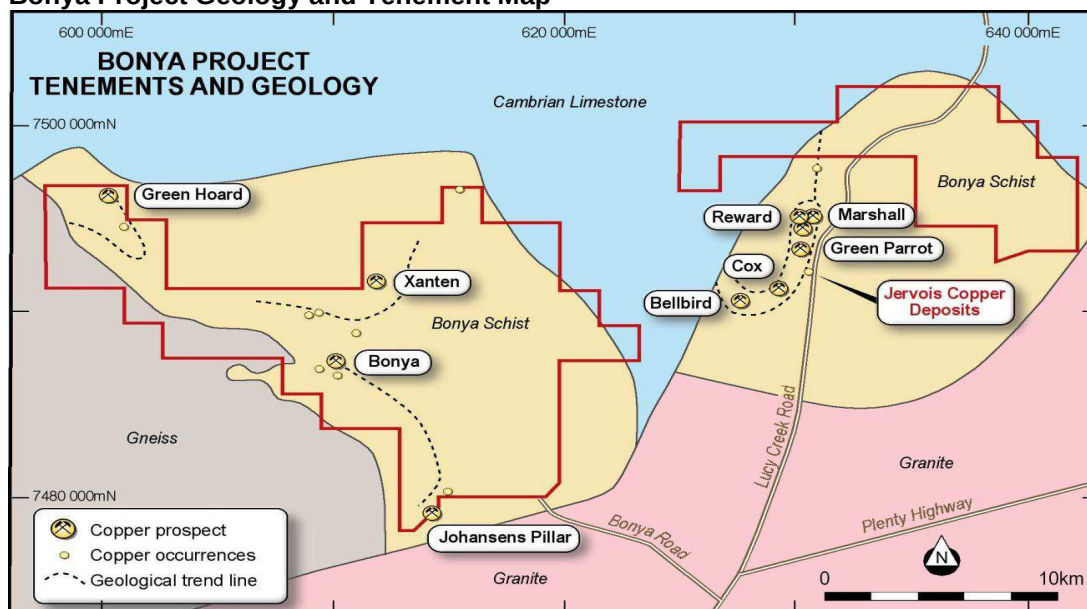
Bonya is described as a Volcanogenic Massive Sulphide (VMS) geological setting, similar to other nearby deposits such as the Mount Hardy Copper Project to the west and the Jervois copper deposits to the east. What are the challenges you face with this style of mineralisation?

MD Ian Mulholland

There aren't challenges with this style of mineralisation as much as opportunities.

While we interpret the geological setting for the copper mineralisation to be a VMS style, there has been moderate-high grade metamorphism which has cooked up the rocks and changed the mineralogy considerably. The effect this metamorphism has on sulphide material is generally to remobilise it and make the grain size much coarser, which generally produces excellent metallurgical recoveries. At Jervois for example, KGL has quoted 94% copper recovery from test work.

Bonya Project Geology and Tenement Map



On the other hand the remobilisation can break the deposits up a bit and make them harder to explore for and piece together, which is another reason exploration hasn't been extensive. Overall though, the coarse grain size is a huge plus, far out-weighing any remobilisation effects.

The other effect such metamorphism can have is to change the mineralogy of the surrounding rocks (the alteration patterns and vectors associated with mineralisation) which makes it much harder to identify the vectors to ore. One competitive advantage we feel we

have is our experience in working in high grade metamorphosed VMS terrains before and successfully identifying these vectors.

One of the drums of copper oxides showing green copper carbonate mineralisation



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What is your exploration strategy for Bonya? Will you be conducting electromagnetic (EM) surveying of the targets and other areas within the tenement?

MD Ian Mulholland

Initially we'll conduct surface geochemical sampling (soils and rock chips). We hope to get that done before the end of this calendar year. Generally this is the most cost effective and successful first step. Naturally we'll start at the old Bonya mine and work our way out from there. That should enable us to identify the areas we want to concentrate further exploration on, and there are a number of known copper shows on the tenements.

We may consider EM surveying or other geophysical methods, depending on the results we get from the first stage of exploration. Often it's more effective to just drill, especially if the target is very obvious from your surface work. We'd aim to have our first drilling completed before the middle of next calendar year, regardless of whether we do EM or geophysics first or not.

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What are the next key steps required to progress the Bonya Copper Project once you've satisfactorily completed the 30-day due diligence period?

MD Ian Mulholland

We're very close to completing our due diligence, and then we'll commence our surface exploration program. We'll need to consult with the landowner and go through a few standard preliminary steps and then we'll be on the ground getting results. We should be exploring there in November and have the results coming in before the end of the year.

Once we've got those results we'll be able to decide what next step is best. It might be some geophysics or it might be drilling. Based on what we see already, I'm sure whatever we do will produce some very interesting results.

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Thank you Ian.

For more information about Rox Resources, visit www.roxresources.com.au or call Ian Mulholland on (+61 8 6380 2988).

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The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Ian Mulholland BSc (Hons), MSc, FAusIMM, FAIG, FSEG, MAICD, who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists. Mr Mulholland has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Mulholland is a full time employee of the Company and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Bonya Project Location Map

