

ASX: RXL



Rox Resources

Youanmi Gold Project

07 May 2019

ASX: RXL www.roxresources.com.au

Alex Passmore

Managing Director

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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

Resource Statements

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 11 July 2018, and that all material assumptions and technical parameters underpinning the estimates in the announcement of 11 July 2018 continue to apply and have not materially changed.

The information in this report that relates to gold Mineral Resources for the Youanmi Gold 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.

Introduction



- ◆ Game changing acquisition
- ◆ Youanmi mineral inventory of 1.2Moz Au
- ◆ Rox to acquire an initial 50% interest in the Youanmi Gold Mine Joint Venture (OYG Joint Venture) with the ability to increase to 70% (any time in the next 2 years).
- ◆ Rox to manage the Project and to undertake an aggressive near-mine exploration program and pre-development work at Youanmi immediately following transaction completion
- ◆ Transaction completion likely late-May or early-June. Latest 30 June 2019
- ◆ Rox is entering into other regional JVs (50/50) to jointly explore the broader Youanmi shear zone
- ◆ Tenure position along strike from the high-grade Penny West gold deposit



Corporate Information



Capital Structure

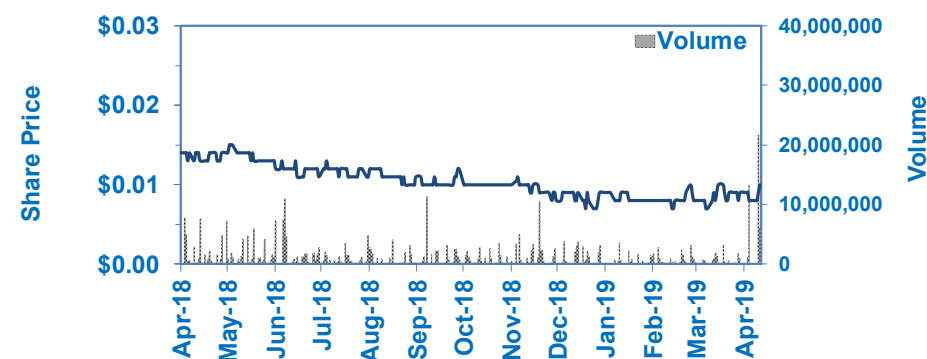
ASX Code:	RXL
Shares on Issue:	1,259M
Share Price:	A\$0.010
Unlisted Options:	65.8M
Market Capitalisation:	\$12.6M
Cash & Receivables* (at 31 March 2019):	\$11.4M
Debt:	Nil
Top 20:	18%

* A\$3.75 million deferred payment from Teck for Reward sale, plus \$0.25 million in ASX listed shares and \$7.4 million in cash (as at 31 March 2019)

Board and Management

Chairman	Stephen Dennis
Managing Director	Alex Passmore
Finance Director	Brett Dickson
Exploration Manager	Will Belbin

Rox Share Price, Last 12 Months



- Lack of market liquidity and market recognition for RXL
- H2 CY2018 was characterised by broader market weakness
- Trading below cash and receivables on low volumes.
- Youanmi transaction a game changer. It is within RXL's financial capability and skill set
- Early market response positive with lots of news to come

The Youanmi Gold Project



- The Project includes Indicated and Inferred JORC2012 Gold Resources 12.4Mt @ 2.97g/t Au for 1.19 million ounces*
- The Youanmi Mining Centre has produced 670,000 ounces at 5.4g/t Au
- Closure in 1997 when gold price was A\$400/oz – A\$450/oz
- Very limited exploration over past 10 years
- Strong potential for the resources in and around historic pits to have economic prospects at the current gold price of A\$1820/oz

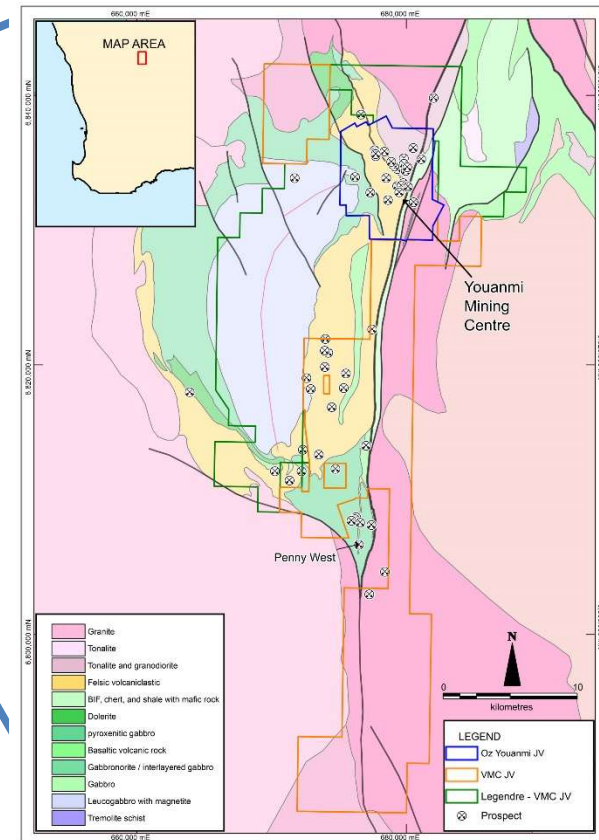
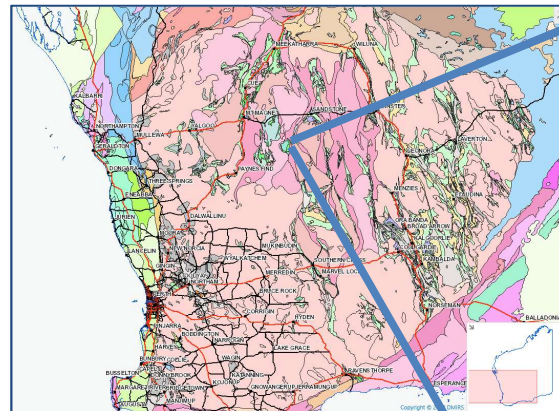


*Refer ASX Announcement dated 17 April 2019
See Appendix for full resource details

Youanmi Regional Setting



- ▶ Younami Shear Zone is a major feature observable on state wide geology maps
- ▶ Intersection of the YSZ, greenstones and cross cutting structures are highly prospective areas.
- ▶ Together the JVs extend the length of tenure to 40km of strike along the Youanmi Shear Zone
- ▶ The OYG Joint Venture area is circa 10km x 7km wide (covers 65km²), surrounds the Youanmi Gold Mine and nearby extensions
- ▶ The VMC Joint Venture covers 302km² while the Youanmi Joint Venture area covers 270km²
- ▶ Strong exploration upside and discovery potential with extensive tenure covering 637km² along the Youanmi Greenstone Belt



Transaction Summary



OYG Joint Venture – Key Terms

- Rox to initially acquire a 50% interest (all minerals) in OYG JV by funding \$2.8 million to be applied to the cash component of VMC's option exercise to acquire the OYG Tenements. Rox also to issue VMC \$0.2 million in Rox scrip at a deemed price of \$0.008 (25m shares).
- Rox to meet exploration expenditure of \$2 million over the following two years (to June 2021) and to cover the costs of holding and managing the project.
- At any point up until 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.

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

Transaction Summary



Regional Exploration JV's – Key Terms

- Rox to earn-in a 45% or 50% interest in the gold rights of the regional joint ventures. Contributes the first \$1 million of exploration expenditure across JVs.
- 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.

Table 2 - Evolution of Rox's Ownership of Regional Joint Ventures

Ownership	VMC JV - 50% of gold rights Youanmi JV – 45% of gold rights	- Rox becomes manager once OYG Joint Venture ownership moves to 70%
Acquisition Cost	n/a	- Standard contribute or dilute arrangements
Exploration Spend	\$1m	
Timing	Expected to occur under 12 months	

Key Transaction Conditions | Milestones

- VMC to complete its acquisition of the project via the exercise of a series of options as announced to the ASX on the 28 May 2018. This is expected to occur on or before 30 June 2019.

Infrastructure

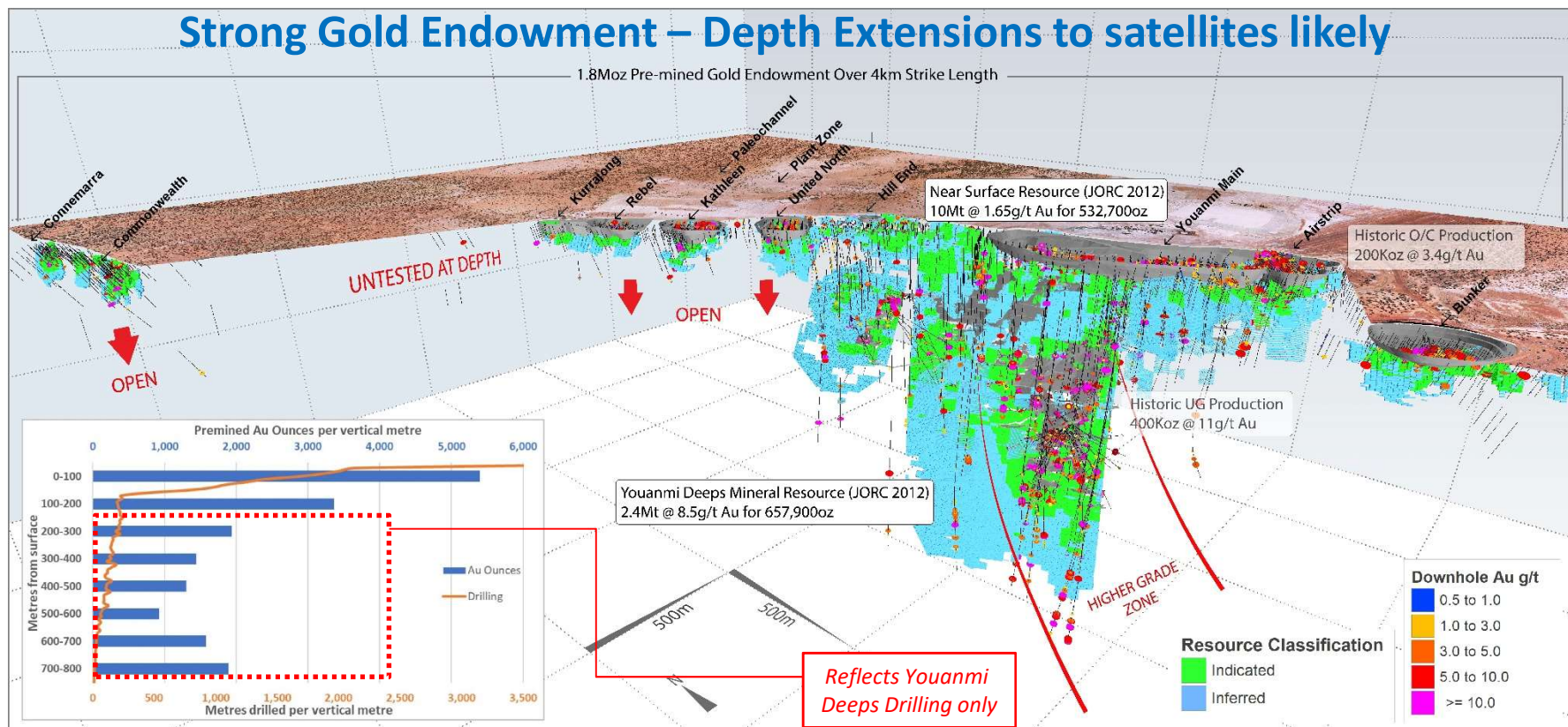


The Youanmi Project includes a developed underground mine and surface infrastructure, including:

- CIP process plant designed to treat 600,000tpa of oxide ore (requiring significant refurbishment)
- Tailings disposal facility
- Mine offices
- Core shed and workshop
- Access roads and airstrip
- Borefield
- Process water available from local aquifers
- Mine village with various facilities - well equipped for exploration crews.
- **Drilling Data/Maps/Plans: A huge historical database with enormous opportunity....**



Database of opportunity



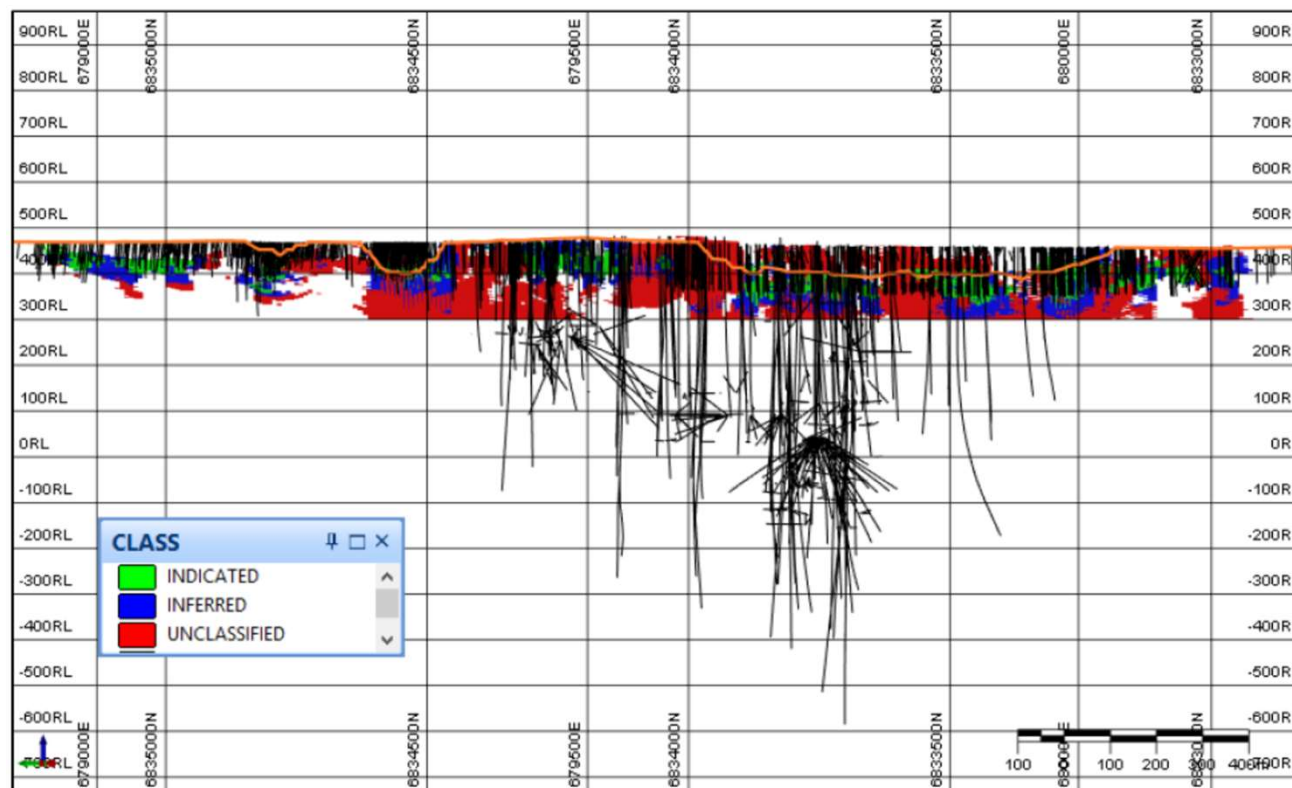
* See Appendix for Mineral Resource details

Metallurgy



Near Surface				
	COG (g/t Au)	Tonnes (Mt)	Au (g/t)	Gold (oz)
Indicated	0.5	4.72	1.76	266,200
Inferred	0.5	5.36	1.55	266,500
Total	0.5	10.07	1.65	532,700

- Rox is focused on recovery levels via standard CIP or equivalent
- <80% considered refractory
- Oxidation state of the ore zone material important
- Whether gold is free milling or encapsulated or in solid solution with sulphide (usually arsenopyrite)
- Main lode at depth is partially refractory



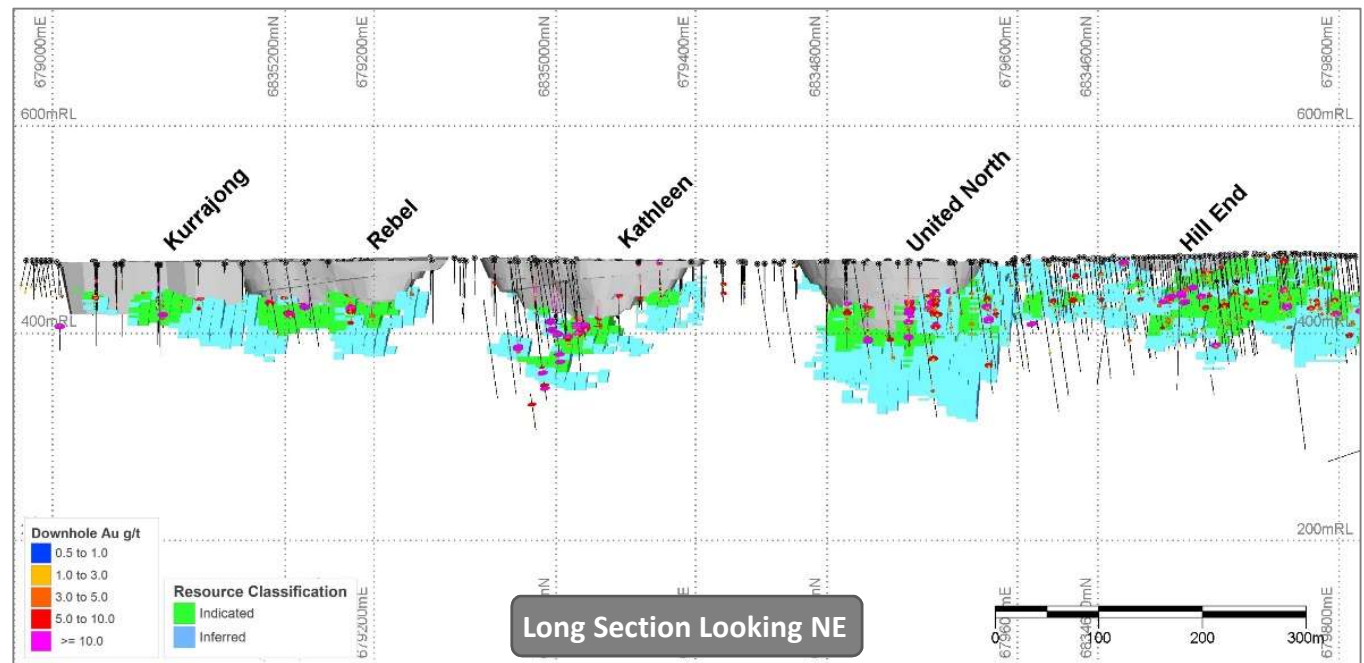
* See Appendix for Mineral Resource details

* Source VMC announcement 29 June 2018

Potential Near-Term Value Creation Northern Pits



- Last mined when gold price was A\$450-A\$500/oz (1993)
- Potential for pit extensions and cutbacks or “super pit”
- The sequence strikes northwest and dips to the west at 30-45 degrees
- Drill tested to only 160m below surface - Depth extensions likely.
- Unmined near surface Indicated and Inferred Resource (JORC 2012)
2.3Mt @ 1.57g/t Au for 115Koz*

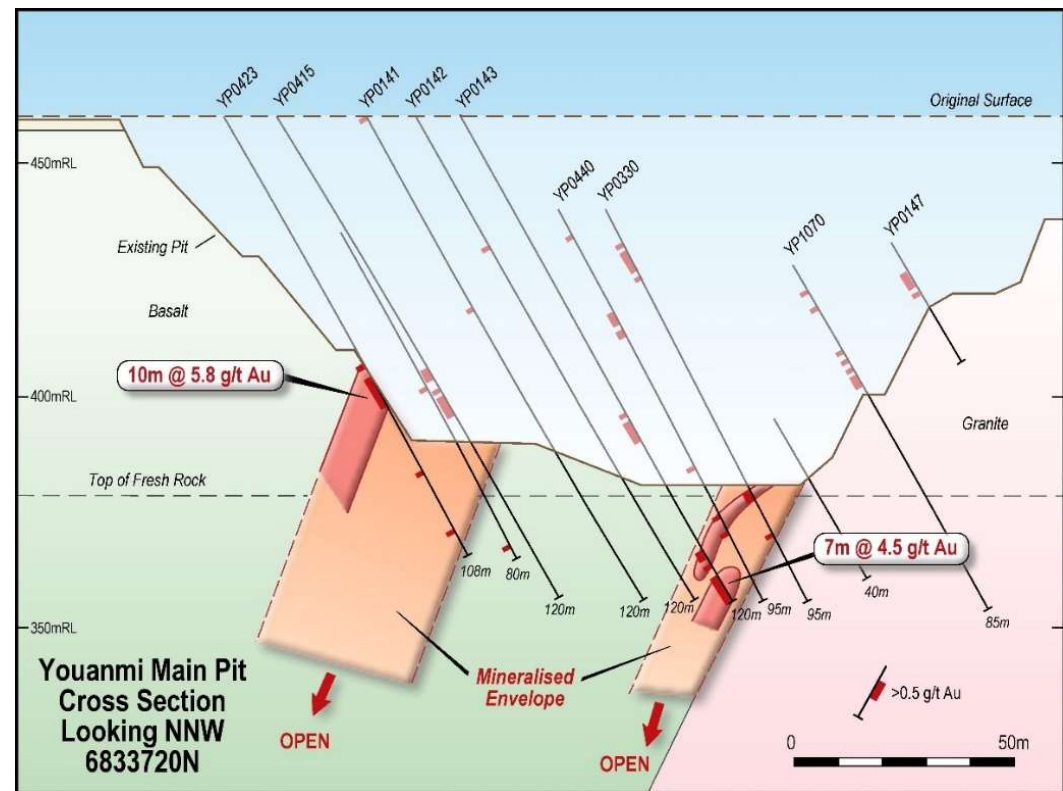


*Refer ASX Announcement dated 17 April 2019

Youanmi Main Pit / Hangingwall



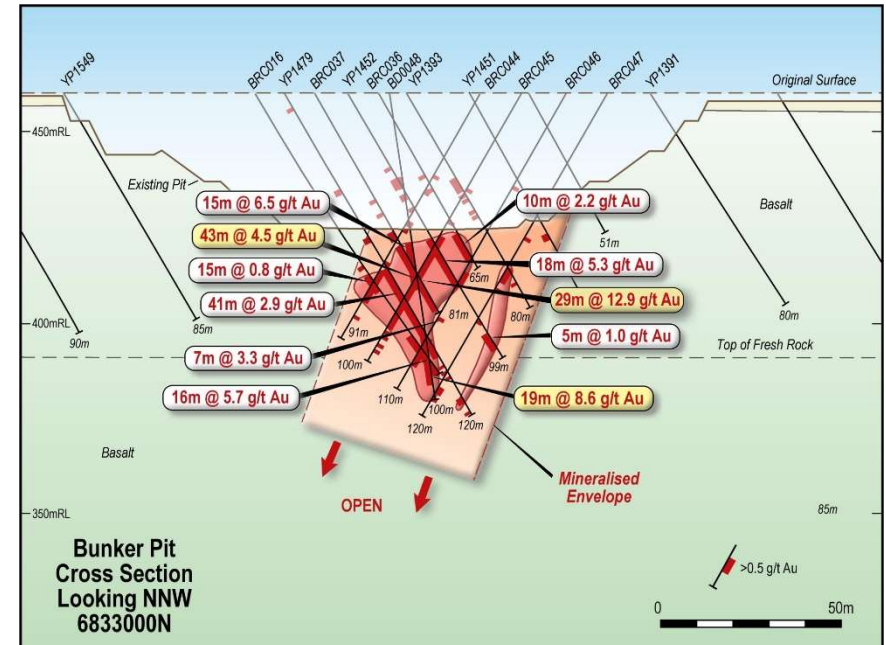
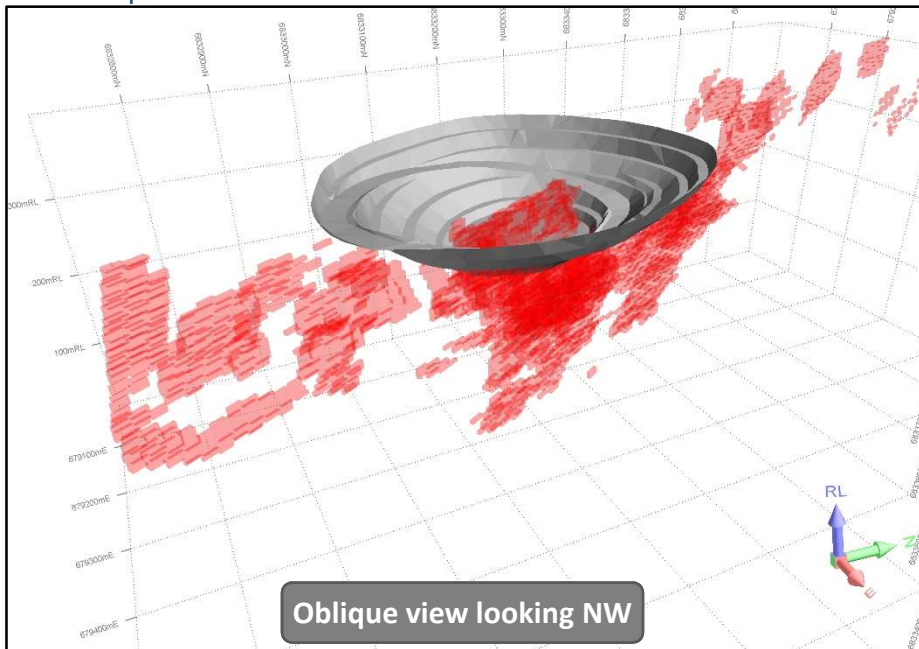
- Unmined near surface Indicated and Inferred Resource (JORC 2012) 3.2Mt @ 2.25g/t Au for 232Koz*
- Multiple follow-up targets located at depth and within mafic hanging-wall e.g. 10m @ 5.8g/t Au from 61m – not followed up*
- Gold in semi-continuous shear zones parallel to main lode
- Located immediately west of the Main Pit and processing plant
- The sequence strikes north-northwest and dips to the west at 70 degrees
- Potential for a pit extensions and cutbacks



*Refer ASX Announcement dated 17 April 2019

Bunker Pit

- High-grade unmined gold intersected in historical drilling. e.g. 29m @ 12.9g/t Au from 51m*
- Mineralisation defined over 240m of strike - open along strike and at depth
- Drill tested to only 100m below surface
- Mined to less than 45m, near-surface pit-wall failure
- Potential for pit cut-back/extensions



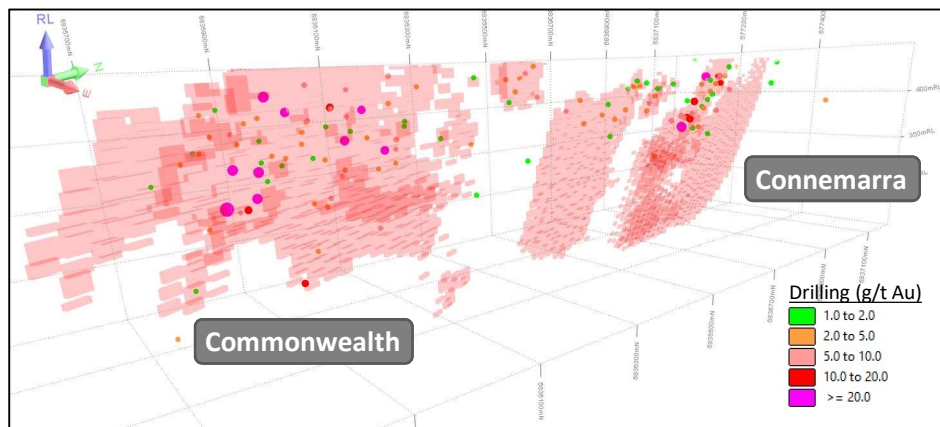
- Refer ASX Announcement dated 17 April 2019

Unmined Resources

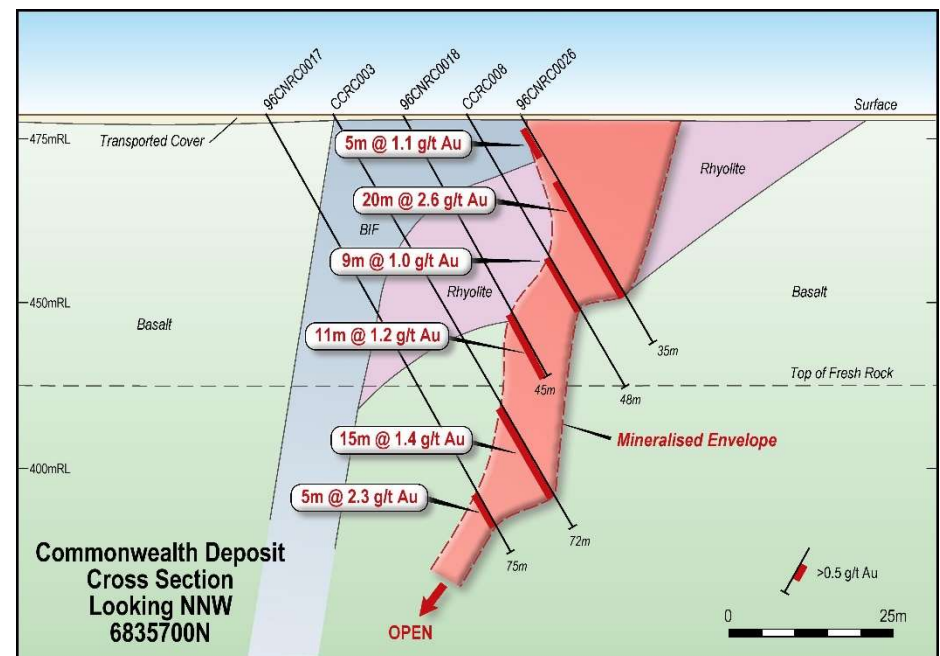
Commonwealth- Connemara Deposits



- Undeveloped Indicated and Inferred Resource (JORC 2012) 570Kt @ 1.7g/t Au for 31Koz*
- 4km NW of the Youanmi Plant
- Gold mineralisation defined over 600m strike length
- Shallow gold mineralisation intersected in historical RC drilling e.g. 5m @ 1.1g/t Au from 2m and 20m @ 2.6g/t Au from 11m
- Drill tested to only 120m depth - open at depth and along strike
- RC drilling to target open-pitatable material and high-grade extensions



*Refer ASX Announcement dated 17 April 2019

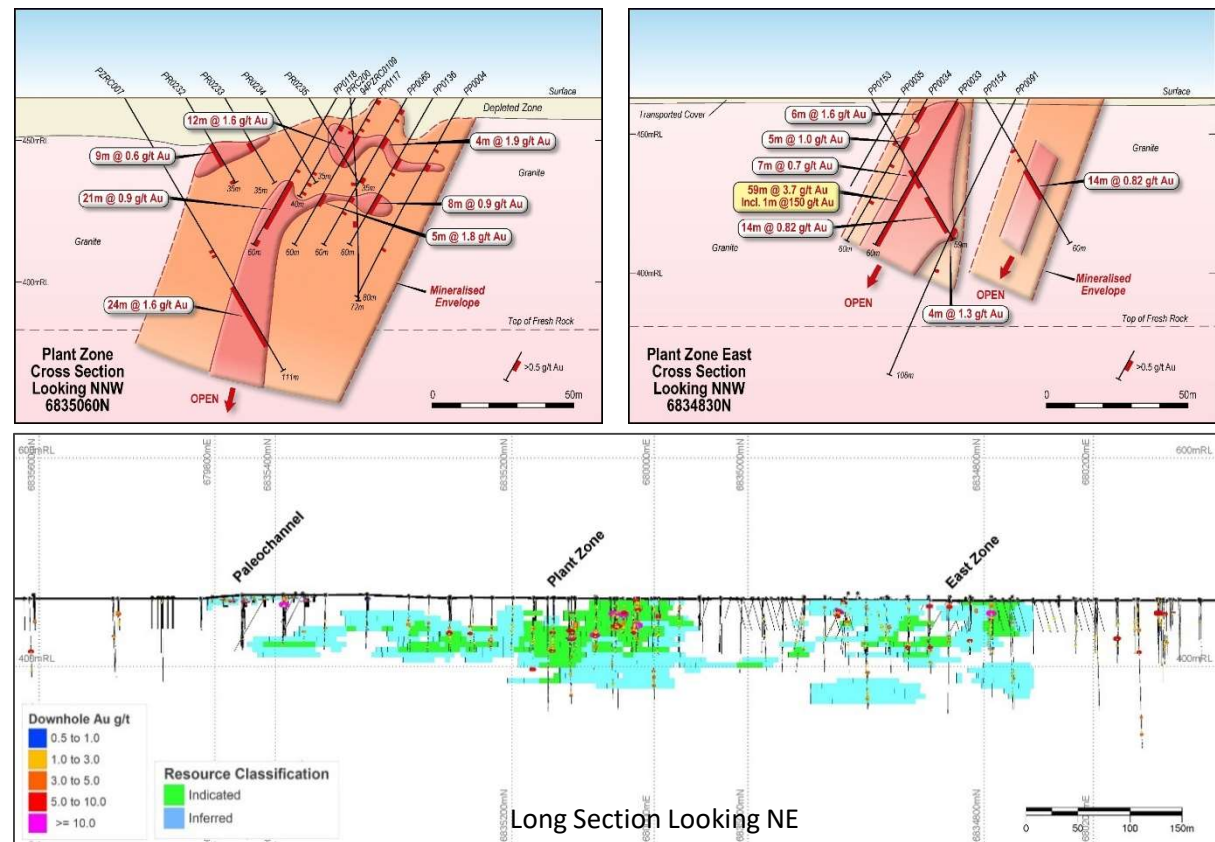


Plant Zone Deposit



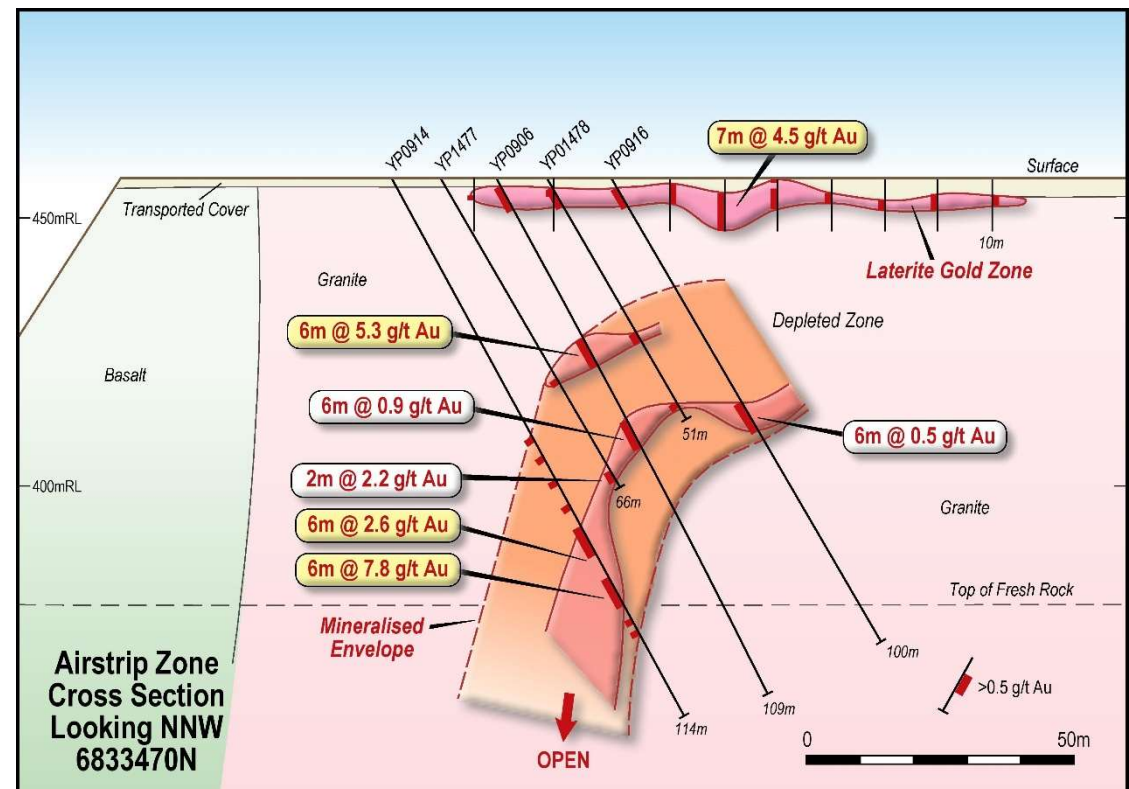
- Undeveloped Indicated and Inferred Resource (JORC 2012) 2.46Mt @ 0.93g/t Au for 74Koz*
- Gold mineralisation occurs as free particles within the sulphide-poor stockwork quartz veining in deeply weathered granite host - Free milling
- High grade near surface mineralised envelopes extends over a strike length of at least 1,200m
- Drill tested to only 100m below surface - Depth extensions likely
- Remains poorly tested at depth and along strike
- Multiple lodes with strong potential for additional resources
- Located 1km north of the Main Pit and processing plant

*Refer ASX Announcement dated 17 April 2019



Airstrip Zone

- Significant gold-in-laterite at surface (7m @ 4.5g/t Au from 3m) - Potential for early free milling gold production*
- Laterite zone seen over a wide area at the southern end of the main pit
- Free milling gold mineralisation in weathered granite parallel to Youanmi Mine
- Resource defined over 130m strike - open along strike and at depth
- Excellent potential for discovery of new resources
- Indicates the structural controls on mineralisation cross different lithologies and that the granite is a strong potential source of free milling material

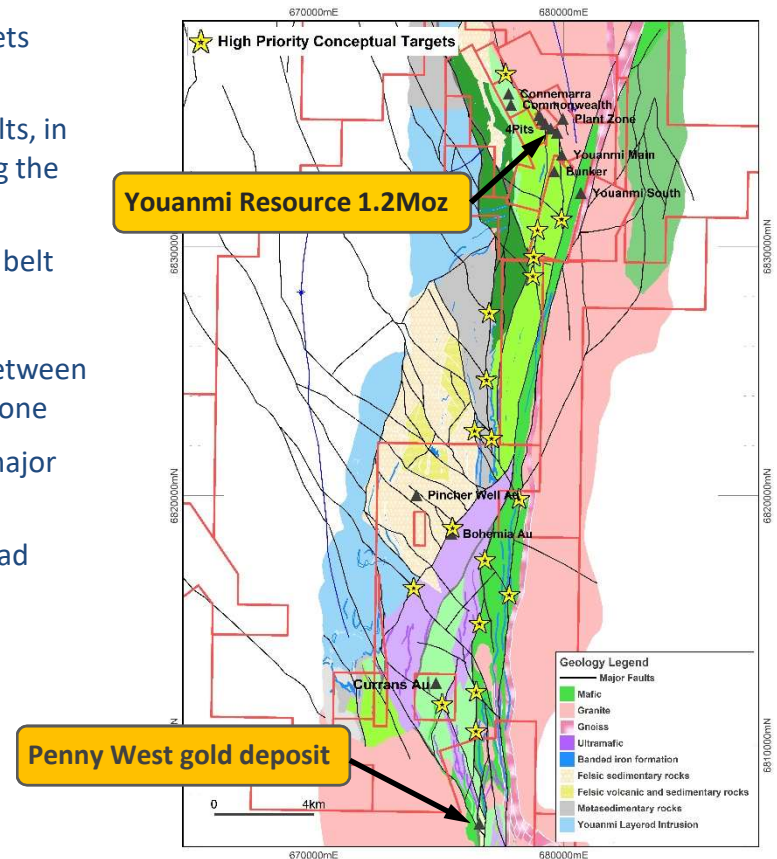


*Refer ASX Announcement dated 17 April 2019

Exploration Targets



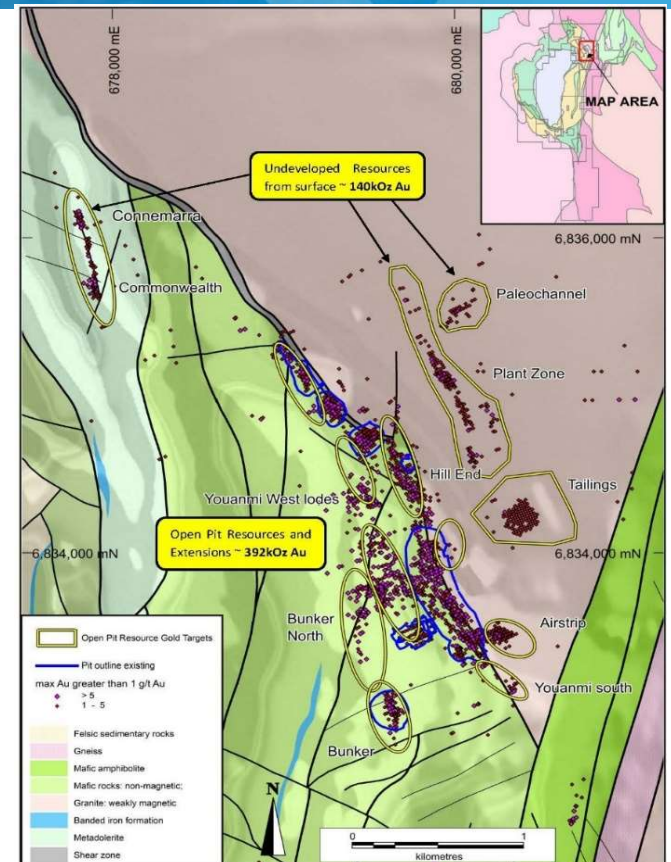
- Detailed target ranking completed - Numerous high priority exploration targets identified
- Strong known spatial correlation between most of the deposits and major faults, in particular the main north west to north-north west trending faults. (Including the Youanmi deposits and Penny West)
- Mafic Rocks host most of the gold mineralisation in the Youanmi greenstone belt
- Granite host to modest mineralisation at the Youanmi Mining Centre
- The main source of gold produced from Youanmi occurs along the contact between the greenstone belt and the granites, focussed within the Main Lode Shear Zone
- Dilation zones to be drilled test along the Main Lode Shear Zone and other major faults zones along strike from known mineralisation
- The intersection of the Commonwealth-Connemarra Trend with the Main Load granite-greenstone contact is a compelling target
- Potential for large scale deposits



Exploration Potential



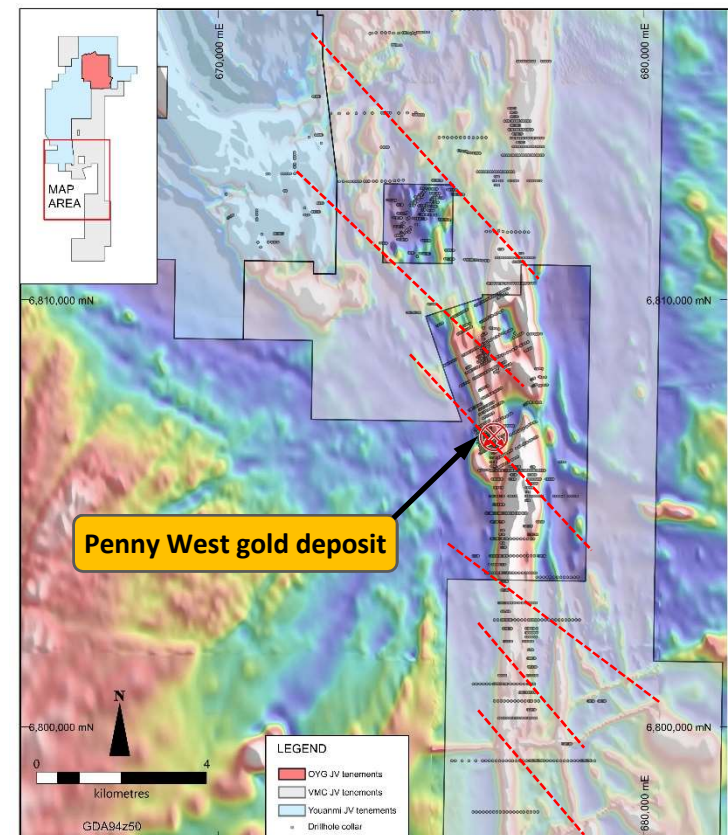
- Oxide and free milling gold mineralisation in granite and parallel belts to Youanmi
- In the immediate vicinity of main lode (at depth) mineralization is partially refractory
- Gold endowment is impressive
- We are aware of the controls on metallurgy/recovery
- Undeveloped Resources from surface and several other near-surface gold targets within 5km from the mill
- Advanced near-mine targets within close proximity of the existing mine infrastructure
- Immediate extensions of the Youanmi open pit deposits likely
- Drill ready targets along known mineralised trends



Regional Targets



- Highly prospective granite-greenstone contact along the Youanmi Shear Zone - > 40km strike length
- Tenements surround high grade Penny-West gold mine
- Historically only very limited wide-spaced RAB/AC within regional Rox JV tenements
- Drill-ready regional exploration prospects
- High grade gold targets located only 3km along strike from the Penny West deposit
- Outcrop is poor and detailed magnetics to be used for structural targeting
- Several km of prospective greenstone warrants systematic Aircore drilling
- Drilling will target NW trending structures and high-grade gold within splay faults cross-cutting the greenstone belt



Conclusion



Strategic Rationale

- Acquisition of the Youanmi Gold Project is consistent with the Company's stated objective of acquiring near-production assets within its financial capacity.
- Opportunity for Rox to efficiently deploy its capital
- Gold is a great sector to be in (margins)
- Gold is scaleable – capex, working capital, timelines, offtake are all within capability
- Rox's other assets are valuable and to remain in the portfolio

Milestones

- Analysis of database : Ongoing
- Drilling regional targets : July onward
- Drilling near mine targets : July onwards
- Further Drilling : Dec Q 2019
- Concept studies : Ongoing

Thank You

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Appendix – Mineral Resource Estimate



The information in this report that relates to gold Mineral Resources for the Youanmi Gold 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.

The full reports can be viewed at <https://www.asx.com.au/asxpdf/20190410/pdf/44467pvy382w9q.pdf>, <https://www.asx.com.au/asxpdf/20190417/pdf/444d2m1002jb0b.pdf> and <https://www.asx.com.au/asxpdf/20190415/pdf/4449mz7wr6c2t1.pdf>. Rox is of the view that as the resource estimate is JORC 2012 compliant, was prepared in the last 12 months, indicates the Modifying factors which remain relevant, and the estimate was prepared by a well-known and industry respected Competent Person, the Mineral Resource estimate can be relied upon. At this stage Rox is unaware of the work programs on which the estimates were based. There are no more estimates or data relevant to the reported mineralisation available to Rox.

Near Surface				
	COG (g/t Au)	Tonnes (Mt)	Au (g/t)	Gold (oz)
Indicated	0.5	4.72	1.76	266,200
Inferred	0.5	5.36	1.55	266,500
Total	0.5	10.07	1.65	532,700

Youanmi Deeps				
	COG (g/t Au)	Tonnes (Mt)	Au (g/t)	Gold (oz)
Indicated	4	0.808	8.1	210,200
Inferred	4	1.605	8.7	447,700
Total	4	2.413	8.5	657,900