

ASX ANNOUNCEMENT

RRL1730D

18 March 2021

Hawke's Point Joins Rox to Progress Youanmi Towards Development

ROX RESOURCES LIMITED

ASX: RXL

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

DIRECTORS

Mr Stephen Dennis
Chairman

Mr Alex Passmore
Managing Director

Dr John Mair
Non-Executive Director

Pro-forma post placement:

Shares on Issue	2,363m
Share Price	\$0.037
Market Cap.	\$87.4m
Cash & Receivables	\$20.3m
(incl \$3.75m receivable, cash as at 31 Dec 2020, plus gross placement proceeds)	

Highlights:

- **Rox to issue \$11m in equity to highly regarded asset manager Hawke's Point equating to a holding of 13% in the Company**
- **Cornerstone investment by Hawke's Point to support further exploration and transition to mining at Youanmi Gold project**

Australian gold and nickel company, Rox Resources Limited (**Rox** or the **Company**) (ASX: RXL) is pleased to announce that it has entered into a binding subscription agreement with Hawke's Point (RRL) L.P. (together with certain affiliates, **Hawke's Point**) for Hawke's Point to subscribe for \$11 million in new fully paid ordinary shares in Rox plus one free attaching option in Rox for every two shares subscribed for (**Subscription Agreement**).

The investment decision of Hawke's Point comes after extensive due diligence on the Youanmi Gold Project and supports Rox's strategy of acquiring and exploring the Youanmi Gold Project with a forward looking objective of bringing the project into production. The investment from Hawke's Point underpins the Company's exploration and development plans over the coming 18 months.

These plans comprise additional drilling in near mine and resource extension areas, such as Link and Junction zones as previously announced. In parallel, Rox will commence a review of existing mineral resource assets within the project area as part of a transition to mining. This will include metallurgical, hydrogeological, geotechnical and environmental studies to underpin an updated and optimised development plan.

Youanmi shows strong potential to be a high-grade, high-return gold operation. Rox's work programs for the coming 6 to 9 months are focussed on delivering these studies with the primary aim of adding substantial value to the existing Youanmi project assets, in parallel to on-going exploration.

Rox Resources Managing Director Alex Passmore commented: "The investment by Hawke's Point is just its third in Australia and demonstrates confidence in the Rox team and the Youanmi Gold Project. Hawke's Point and Rox share a common exploration and development philosophy for Youanmi which we look forward to progressing rapidly from here."

Share Placement to Hawke's Point

Pursuant to the Subscription Agreement, Rox will, subject to the satisfaction or waiver of the conditions precedent summarised below, place 314,285,714 fully paid ordinary shares in Rox to Hawke's Point in consideration for an issue price of 3.5 cents per share to raise \$11 million (in Australian dollars). In addition, Hawke's Point will receive 157,142,857 options, each exercisable at 7 cents into a fully paid ordinary share in Rox for a period of 4 years after their issue (see Schedule 2 for full terms and conditions of the options).

The issue price per new share in Rox represents a 5.1% discount to the volume weighted average market price (**VWAP**) over the 15 trading days ending 17 March 2021 (ie prior to the date of signing of the Subscription Agreement) and a 6.9% discount to the 30-day VWAP of Rox's shares prior to the date of this announcement. It is intended that 109,303,714 of the shares and all of the options will be issued under the Company's existing 15% capacity in accordance with Listing Rule 7.1 and that the remaining 204,982,000 shares will be issued under Listing Rule 7.1A. The shares to be issued under the placement will rank equally with the existing Rox shares quoted on ASX, as at the date of issue.

Completion of the placement to Hawke's Point is subject to a limited number of conditions precedent (see Schedule 1).

The Company expects that the full Subscription Agreement will be annexed to a substantial shareholder notice to be lodged by Hawke's Point following completion of the placement.

Upon completion of the placement, anticipated to take place on or around 30 March 2021, Hawke's Point's voting power in the Company is anticipated to be approximately 13.3%.

Indicative Use of Funds

It is anticipated that funds from the placement will be allocated to the following budget items. This schedule is subject to refinement with exploration success and with project development requirements and the discretion of Rox's Board.

Item	\$
Youanmi Gold Project	
RC & DD Drill to Scope Size	5,184,000
Scoping & Technical Management	950,000
DFS Studies (commencement)	1,200,000
Other & Ancillary	827,000
Sub-total Youanmi	8,161,000
Regional Youanmi	1,047,000
Mt Fisher Gold Project	498,000
Mt Eureka Gold Project	412,000
Total (Project Spend 12 to 18 months)	10,118,000

About Rox Resources

Rox Resources Limited (ASX: RXL) is an Australian listed company with advanced gold and nickel projects in Australia. Rox owns a 70% interest in the Youanmi Gold Mine, and wholly-owns the Mt Fisher Gold project and the Fisher East and Collurabbie Nickel Projects, all located in Western Australia.

The Youanmi Gold Mine is the company's flagship project and offers significant upside in both development and exploration potential. Rox co-owns the Youanmi Gold Mine with Venus Metals Corporation Limited ("VMC"). Rox is responsible for the management of the Youanmi Gold Mine.

The Youanmi Gold Mine has a JORC 2012 compliant Mineral Resource Estimate of 12.4Mt at 2.97g/t Au for 1,190,600 ounces of gold, including a "near surface" portion of 10Mt at 1.65g/t Au for 532,000 ounces of gold.

About Hawke's Point

Hawke's Point is the mining finance arm of TFG Asset Management, a diversified alternative asset management business. Hawke's Point provides strategic financing solutions across a range of instruments, structures and geographies to development stage and producing mining companies (refer: <https://www.tetragoninv.com/portfolio/tfg-asset-management>)

Authorised for release to ASX by Alex Passmore, Managing Director

*****ENDS*****

For more information:

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Schedule 1

Key Conditions Precedent:

- receipt by Hawke's Point of KYC approvals from its custodian and administrator,
- Hawke's Point maintaining registration approval from its regulator and
- there being no material adverse change or breach of warranty.

Other key terms of the Subscription Agreement include:

- Creation of a technical steering committee by Rox in relation to key projects
- For so long as Hawke's Point holds voting power of at least 9% or more, then until the occurrence of a Terminating Event (see definition below) there will be a:
 - Right for Hawke's Point to nominate a director to the Company's Board of Directors
 - Right for Hawke's Point to nominate a member of the Company's technical steering committee
 - Right for Hawke's Point to be given 10 business days' notice of a proposed equity issuance and obligation to negotiate in good faith to identify whether Rox will agree the terms on which Hawke's Point may participate in the equity issuance
 - Right of first refusal for Hawke's Point to participate in up to 50% of any debt, royalty or streaming agreement (other than in relation to debt on customary commercial terms relating to the construction of a mine at the Youanmi Gold Project or in relation to bank guarantees or the novation, assignment or other disposal of any existing royalties)
 - Consent right for Hawke's Point in relation to certain fundamental matters
- Standard warranties and termination events

A Terminating Event means the occurrence of any of the following:

- (a) Hawke's Point or any of its associates directly causes or allows their voting power in the Company to reduce below 9%, for example:
 - (i) by disposing of shares; or
 - (ii) where Hawke's Point refuses to accept an offer of shares from the Company that is made on terms no less favourable than those offered to other shareholders (in the case of an entitlement offer) or the proposed placees (in the case of a placement); or
- (b) Hawke's Point's Voting power in the Company is less than 9% for a continuous period of 12 months.

Schedule 2 - Terms and conditions of Options

The following terms and conditions apply to the Options (each an **Option**):

- (a) Each Option will give the holder the right, but not the obligation, to subscribe for one fully paid ordinary share in the Company (a **Share**) in consideration for payment of the Exercise Price (as defined below).
- (b) The exercise price, being the amount payable on exercise of one Option, is \$0.07 (**Exercise Price**).
- (c) Each Option is exercisable within the exercise period (**Exercise Period**) commencing upon the issue of the Option and ending at 5:00pm (Perth time) on the four year anniversary of the date of issue of that Option (**Expiry Date**). Any Options not exercised during the Exercise Period will automatically lapse upon the Expiry Date.
- (d) Options may be exercised by the holder during the Exercise Period by the holder:
 - (1) paying to the Company the amount (in Australian currency) of the Exercise Price multiplied by the number of Options being exercised;
 - (2) giving the Company a notice of exercise of that number of Options (in such form as is acceptable to the Company (acting reasonably)); and
 - (3) returning to the Company any option certificate or certificates for those Options, following which:
 - (4) the Company must issue the Shares pursuant to the exercise of the relevant Options, free from any securities, liens, charges, encumbrances or pre-emption and ranking in full for all voting rights, dividends and other distributions;
 - (5) the Company must apply to the ASX for official quotation of the Shares at its own cost and as soon as practicable after the issue of the Shares following the exercise of such Options; and
 - (6) upon the quotation of the Shares issued pursuant to the exercise of the Options, the Company must give at the election of the holder of the Options, a CHES holding statement or issuer-sponsored holding statement in respect of the Shares.
- (e) There will be no entitlements inherent in the Options to participate in new issues of capital that may be offered to Shareholders during the currency of the Options.
- (f) If the Company completes a bonus issue of securities, the number of Shares over which the Options are exercisable shall be increased by the number of Shares that the option holder would have received if the Options had been exercised before the record date for the bonus issue.
- (g) In the event of a reorganisation, including the consolidation, subdivision, reduction or return, of issued capital of the Company by the Expiry Date, all rights of an Option holder are to be changed in a manner consistent with the ASX Listing Rules.
- (h) If there is a pro rata issue (other than a bonus issue), the exercise price of the Options shall be adjusted in the manner provided for in the ASX Listing Rules (including ASX Listing Rule 6.22 as at the date of these option terms).
- (i) Other than as expressly provided under these terms and subject to compliance with the ASX Listing Rules, there is no right to a change in the exercise price of the Options or to the number of Shares over which the Options are exercisable.
- (j) Shares issued pursuant to an exercise of Options will rank, from the date of issue, in all respects equally with existing Shares.

- (k) An Option does not confer any rights to dividends or to notice of, or to vote or attend at, a meeting of Shareholders.
- (l) The Company must take all action necessary (including, without limitation, the issuance of a Cleansing Statement, or the issuance of a prospectus under Chapter 6D of the Corporations Act or obtaining exemptions from or modifications to the Corporations Act from ASIC) to ensure that an offer of the Shares issued on exercise of an Option for sale will not require disclosure under section 707(3) of the Corporations Act.
- (m) The Options shall be freely assignable and transferable without the Company's consent, subject to the provisions of Chapter 6D of the Corporations Act.
- (n) The Company will not seek official quotation of the Options. However, in accordance with the ASX Listing Rules, the Company will apply for, and take all action necessary to procure, official quotation of all Shares issued and allotted pursuant to the exercise of Options in accordance with the ASX Listing Rules.

The terms and conditions of the Options are governed by the laws of Western Australia.

Competent Person's Statement

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 either prepared and first disclosed under the JORC Code 2004 or under the JORC Code 2012 and was previously disclosed to ASX on 24 Sep, 7 Nov, 19 Nov 2019 and 6 May, 26 Jun, 23 Jun, 28 Jul, 1 Sep and 7 Oct 2020 or has been 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.

Resource Statements

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.

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 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.

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 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 Gold Project (Youanmi Gold Mine 70%, Regional JV's 50% earn-in)

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 ~350km².

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 ~123km² 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 ~220km².

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/t Au 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.