

# Quarterly Activities Report

## For the period ending 30 September 2022

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### HIGHLIGHTS

- **Scoping Study for Youanmi Gold Project progressed during the quarter and released in October**
- **Drilling programs at Mt Fisher Gold Project to increase and expand Resource**
- **All cash takeover for Cannon Resources, Rox holds a 10% stake in the company which equates to A\$3.8m in value at the bid price**

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West Australian focused gold exploration and development company ("**Rox**" or "**the Company**") (ASX: RXL), is pleased to present its quarterly activities report for the period ending 30 September 2022.

The quarter was highlighted by extensive exploration drilling at the Company's 100%-owned Mt Fisher Gold Project, in the Northern Goldfields approximately 120km east of Wiluna, Western Australia, as well as the progression of a major Scoping Study into the re-commencement of mining operations at the Company's flagship Youanmi Gold Project.

The Scoping Study was announced to the market on October 19, with a supporting presentation.

**Managing Director Robert Ryan commented:** *"It was another busy quarter for Rox with our primary focus upon completing the extensive Scoping Study investigating the best model for the return to mining at the Youanmi Gold Project.*

*A number of alternative options were fully assessed, and we are confident the additional work we have completed, and the depth of information considered and analysed, ensures the final Scoping Study is robust and feasible.*

*We have taken a sensible, conservative and pragmatic approach to mining at Youanmi and produced a plan that proposes a modest cost, high grade, profitable project that will re-establish operations at Youanmi and provide a solid platform for future investment and growth. Notwithstanding only 20% of the total Youanmi resource has been included in the Study production target (expected to change with project advancement) the Project financial model demonstrates robust key financial metrics."*

## **Youanmi Gold Project**

The Company progressed the Scoping Study during the quarter and released the results of the study to the ASX on October 19.

Following a substantial upgrade to the Youanmi underground gold resource in January 2022, and a subsequent increase to the near surface resource in April 2022, Rox commenced scoping work to understand the economics and likely development scenarios for the Youanmi Gold Project. The project-wide resource currently stands at 27.9Mt at 3.57g/t Au for 3.2Moz Au contained gold. The Study is based on this resource estimate.

Rox is targeting average annual gold production of approximately 71koz per annum with an average gold head grade of 5.0g/t Au for total gold production target of approximately 569koz over an 8-year life of mine at Youanmi.

The first three years of the production target are underpinned by 79% / 21% Indicated to Inferred Resource Material in the production target plan. As a historic mining centre, the economics for Youanmi benefit significantly from existing infrastructure and mining approvals.

A combination of gold-in-concentrate and carbon-in-leach (CIL) bullion production has been pursued by Rox as the optimum commercialisation strategy for initial cashflow generation at Youanmi. The Project will require funding of approximately \$134m, consisting of the following:

- Total pre-production capital expenditure of approximately \$99m;
- Total pre-production operating cost of approximately \$31m (including pre-production mining and site general and administrative costs in the first 7 months until the first gold production); and
- Assumed financing charges until the first gold production of approximately \$4m.

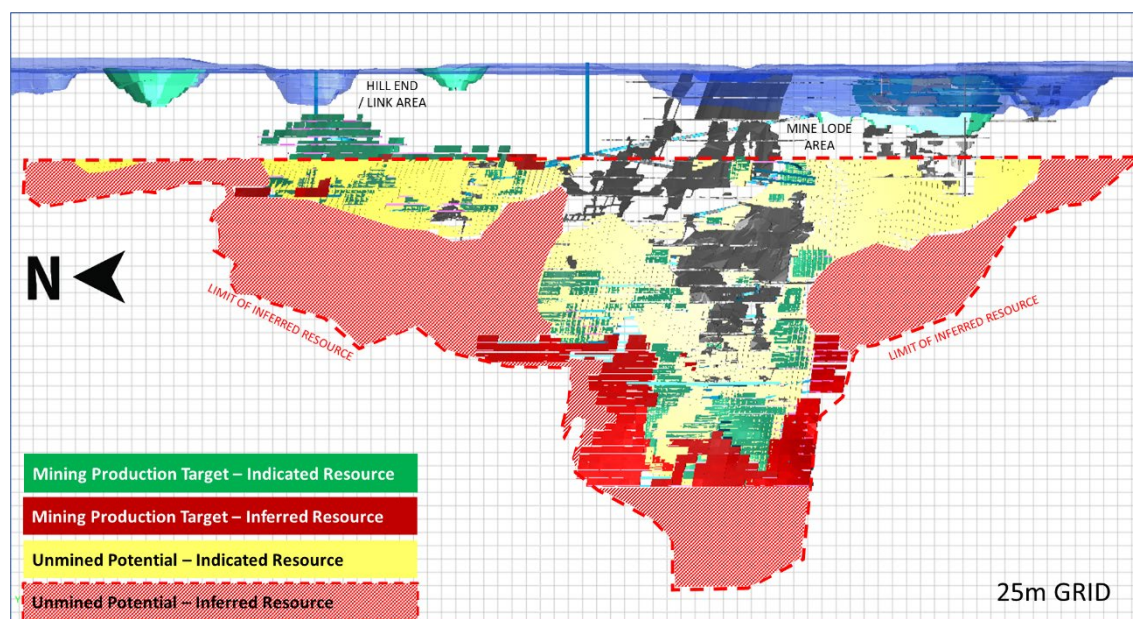
The Study shows compelling financial outcomes reflecting the high grade and low capital intensity of the Youanmi Gold Project, including:

- Project life of 8 years
- Cumulative EBITDA of approximately \$577m over the life of the Project
- Pre-tax undiscounted free cash flow of approximately \$418m over the life of the Project
- Pre-tax and unleveraged Net Present Value (NPV<sub>5%</sub>) of approximately \$303m
- Pre-tax and unleveraged Internal Rate of Return (IRR) of approximately 45%
- Pre-tax and unleveraged payback of approximately 3.0 years (from commencing the production target)

Importantly, the plan retains plenty of upside for future growth, with the production target accounting for only 3% of the near surface mineral resource and about 27% of the underground mineral resource (Figure 1).

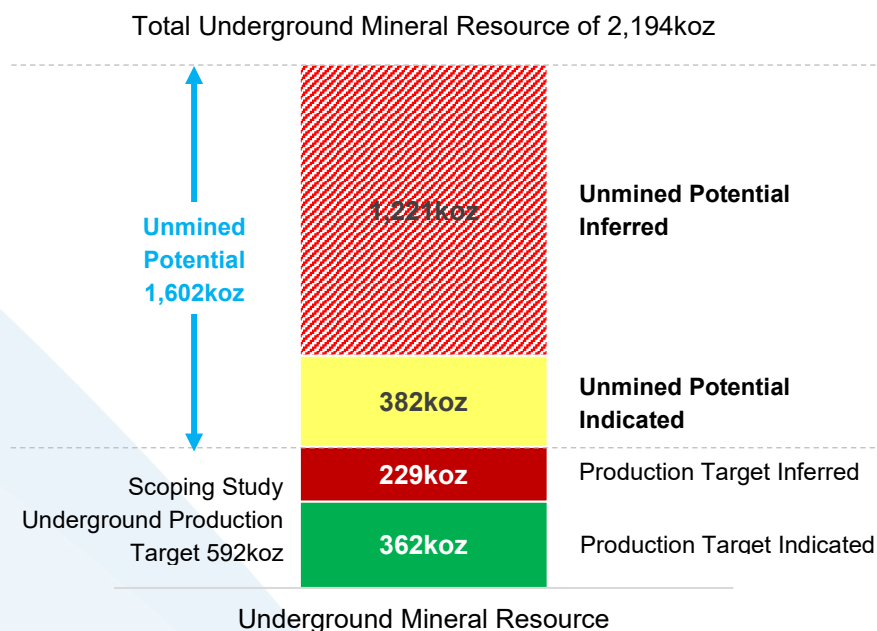
All results above are based on the Youanmi Gold Project in 100% terms (Rox 70% economic interest and Venus 30% economic interest), unless otherwise stated.

## Small Mining Envelope Relative to Underground Mining Resource



## Potential Upside Beyond Production Profile – Underground Resource

(koz)



**Figure 1: Project Potential – Underground Resource<sup>1</sup>**

### Notes

1. Refer ASX Announcement 19 October 2022

## **Mt Fisher Gold Project**

On July 4 the Company announced reverse circulation drilling had commenced at the Mt Fisher Gold Project.

The Mt Fisher Gold Project is located in the Northern Goldfields, approximately 500km northeast of Kalgoorlie within the Mt Fisher greenstone belt. This belt is located 40km east of the prolific Yandal greenstone belt, host of significant gold deposits including Jundee, Bronzewing and Mt McClure

Rox's tenure covers a large area over the Mt Fisher greenstone belt (850km<sup>2</sup> in total, comprising: Rox 100% 500km<sup>2</sup>, and Cullen Resources JV 350km<sup>2</sup>). Under the Cullen JV Rox is earning up to 75%, with Cullen Resources Limited holding the remaining 25%.

The RC program consisted of 16 holes for approximately 2,000m at the Damsel Prospect on Rox 100% owned tenure, to follow up on results announced in April 2022 where drilling intersected a thick shallow zone of high gold grades in MFRC081 (18m @ 6.99g/t Au from 69m, including 10m @ 10.27g/t Au from 74m), identifying a potential shallow high grade north plunge ore shoot (ASX: RXL 27 April 2022).

On July 26, Rox announced it had commenced a diamond drilling program targeting a strong electromagnetic conductor down plunge of the high-grade historical Mt Fisher Gold Mine, co-funded by up to \$67,000 from a drill grant by the Western Australian Government.

The co-funded diamond drilling program comprised one deep diamond hole (600m total depth), designed to test a strong electromagnetic conductor potentially related to pyrrhotite associated gold mineralisation.

The Company was successful in its application for a grant of a maximum of \$67,000 towards diamond drilling costs at Mt Fisher, under Round 25 of the Western Australian Government Exploration Incentive Scheme ("EIS"). The EIS grant contributed towards 50% of direct drilling cost.

## **Corporate**

In August, the Company presented an outline of current and future operations at Australia's biggest resources conference, Diggers & Dealers, in Kalgoorlie.

Towards the end of the third quarter on September 28, Rox released its 2022 Annual Report outlining progress for FY2022, including:

- Establishing a quality high grade resource at Youanmi of 3.2Moz at 3.57 g/t Au;
- Significantly advancing studies into the potential restart of Youanmi;
- Intersecting high gold grades at the Damsel Prospect at Mt Fisher;
- Successfully demerging the nickel and base metals assets into Cannon Resources Limited which listed 12 August 2021; and
- Completing a capital raising of A\$4.0 million (before costs) in March 2022.

On October 31 Cannon Resources Limited ("**Cannon**") (ASX: CNR) announced its entry into a bid implementation agreement with Kedalion Nickel Pty Ltd, a wholly owned subsidiary of Kinterra Battery Metals Mining Fund, LP, in respect of an off-market takeover for all of the ordinary shares in Cannon at a bid price of A\$0.45 per share.

The announcement by Cannon advises that the Takeover is subject to a minimum acceptance condition of 50% amongst other conditions.

Rox holds 8,553,130 Cannon shares which is equal to approximately 10% of all Cannon ordinary shares on issue. Rox's shareholding is subject to ASX imposed escrow restrictions until 12 August 2023, which prevent the transfer of the shares. However, pursuant to ASX Listing Rule 9.5, Rox is permitted to accept its Cannon shares into the Takeover once the holders of at least half the Cannon shares which are not subject to escrow have accepted into the Takeover (and certain other conditions in ASX Listing Rule 9.5 are satisfied).

If the Takeover completes on the terms announced by Cannon, Rox will receive cash proceeds of approximately A\$3.8m for its Cannon shares. These funds could be utilised to progress the Company's objectives, strengthen Rox's Balance Sheet and minimise equity dilution.

## Financial

As at 30 September 2022, the Company's cash balance was \$1.8 million, a decrease of \$2.6m from 30 June 2022. The primary cash movements for the quarter were as follows:

| Description                                                             | \$m        |
|-------------------------------------------------------------------------|------------|
|                                                                         |            |
|                                                                         |            |
| Exploration and evaluation expenditure (including Investing Activities) | 2.1        |
| Administration and employee costs                                       | 0.5        |
| <b>Total</b>                                                            | <b>2.6</b> |

Payments to related parties of the entity and their associates totalled \$158k and consisted of Executive and Non-Executive Director Fees.

Authorised for release to the ASX by the Board of Rox Resources Limited.

**\*\*\*ENDS\*\*\***

## For more information:

Robert Ryan  
 Managing Director  
 Tel: +61 8 9226 0044  
 E: [admin@roxresources.com.au](mailto:admin@roxresources.com.au)



## **Competent Person Statements**

### **Resource Statements**

The Statement of Estimates of Mineral Resources for the Youanmi Near Surface Resource was reported by Rox in accordance with ASX Listing Rule 5.8 in the announcement released to the ASX on 20th April 2022. Rox confirms it is not aware of any new information or data that materially affects the information included in the previous announcements and that all material assumptions and technical parameters underpinning the estimates in the previous announcements continue to apply and have not materially changed.

The Statement of Estimates of Mineral Resources for the Youanmi Underground Resource was reported by Rox in accordance with ASX Listing Rule 5.8 in the announcement released to the ASX on 20th January 2022. Rox confirms it is not aware of any new information or data that materially affects the information included in the previous announcements and that all material assumptions and technical parameters underpinning the estimates in the previous announcements continue to apply and have not materially changed.

The Statement of Estimates of Mineral Resources that relates to gold Mineral Resources for the Mt Fisher project was reported by Rox in accordance with ASX Listing Rule 5.8 in the announcement released to the ASX on 11th July 2018. Rox confirms it is not aware of any new information or data that materially affects the information included in the previous announcements and that all material assumptions and technical parameters underpinning the estimates in the previous announcements continue to apply and have not materially changed.

### **Exploration Results**

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 prepared and first disclosed under the JORC Code 2012 and has been properly and extensively cross-referenced in the text to the date of the original announcement to the ASX.

## 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 and copper.

### Youanmi Gold Project (45% - 70%)

The Youanmi Gold Project 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.

The Youanmi Gold Project consist of four joint ventures with Venus Metals Corporation Limited. The OYG JV (Rox 70%, all minerals) covers 65km<sup>2</sup> and surrounds the Youanmi Gold Mine and nearby extensions; the VMC JV (Rox 50%, gold rights) lies immediately south of the OYG JV and covers 302km<sup>2</sup> with some 35km of strike the Youanmi shear zone; The Youanmi JV (Rox 45%, gold rights) covers 270km<sup>2</sup> and lies to the south west and north east of the OYG JV and the Currans Find JV (Rox 45%, all minerals) which covers 4km<sup>2</sup> and is located within the Youanmi Greenstone Belt and situated approximately 5 km north-northwest of the historical Penny West gold mine.

### Mt Fisher Gold Project (100%)

The Mt Fisher / Mt Eureka Project is located in the Northern Goldfields, about 500km north of Kalgoorlie (about 120km east of Wiluna). Rox holds 850km<sup>2</sup> of the Mt Fisher greenstone belt and surrounding prospective zones (Rox 100% 500km<sup>2</sup>) and in the Mt Eureka area via the Cullen Resources JV, 350km<sup>2</sup> (Rox currently earning up to 75%, Cullen Resources Limited 25%).

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 1 – Mining Tenements

| Project                         | Interest     | Tenement Number | Interest held at beginning of quarter | Interest held at end of quarter |
|---------------------------------|--------------|-----------------|---------------------------------------|---------------------------------|
| <b>Mt Fisher, WA</b>            | All Minerals | E53/1061        | 100%                                  | 100%                            |
|                                 | All Minerals | E53/1106        | 100%                                  | 100%                            |
|                                 | All Minerals | E53/1836        | 100%                                  | 100%                            |
|                                 | All Minerals | E53/1319        | 100%                                  | 100%                            |
|                                 | All Minerals | E53/1788        | 100%                                  | 100%                            |
|                                 | All Minerals | M53/0009        | 100%                                  | 100%                            |
|                                 | All Minerals | M53/0127        | 100%                                  | 100%                            |
|                                 | All Minerals | E36/0948        | 100%                                  | 100%                            |
|                                 | Gold Rights  | E53/1218        | 100%                                  | 100%                            |
|                                 | All Minerals | E53/2002        | 100%                                  | 100%                            |
|                                 | All Minerals | E53/2075        | 100%                                  | 100%                            |
|                                 | All Minerals | E53/2095        | 100%                                  | 100%                            |
|                                 | All Minerals | E53/2102        | 100%                                  | 100%                            |
|                                 | Application  | E53/2199        | 100%                                  | 100%                            |
|                                 | Application  | E53/2201        | 0%                                    | 0%                              |
|                                 | Application  | E53/2254        | 0%                                    | 0%                              |
|                                 | Application  | L53/0262        | 0%                                    | 0%                              |
| <b>Youanmi Gold Project, WA</b> | All Minerals | E57/1121        | 100%                                  | 100%                            |
|                                 | All Minerals | E57/1122        | 100%                                  | 100%                            |
|                                 | All Minerals | E57/1123        | 100%                                  | 100%                            |
|                                 | Application  | E57/1209        | 0%                                    | 0%                              |
|                                 | Application  | E57/1210        | 0%                                    | 0%                              |
|                                 | Application  | E57/1236        | 0%                                    | 0%                              |
|                                 | Application  | E57/1237        | 0%                                    | 0%                              |
|                                 | Application  | L57/0058        | 0%                                    | 0%                              |
|                                 | Application  | L57/0059        | 0%                                    | 0%                              |
| <b>Youanmi - OYG JV, WA</b>     | All Minerals | M57/0010        | 70%                                   | 70%                             |
|                                 | All Minerals | M57/0051        | 70%                                   | 70%                             |
|                                 | All Minerals | M57/0075        | 70%                                   | 70%                             |
|                                 | All Minerals | M57/0097        | 70%                                   | 70%                             |
|                                 | All Minerals | M57/0109        | 70%                                   | 70%                             |
|                                 | All Minerals | M57/0135        | 70%                                   | 70%                             |
|                                 | All Minerals | M57/0160A       | 70%                                   | 70%                             |
|                                 | All Minerals | M57/0164        | 70%                                   | 70%                             |



## Appendix 1 – Mining Tenements

| Project                                       | Interest     | Tenement Number | Interest held at beginning of quarter | Interest held at end of quarter |
|-----------------------------------------------|--------------|-----------------|---------------------------------------|---------------------------------|
|                                               | All Minerals | M/570165        | 70%                                   | 70%                             |
|                                               | All Minerals | M57/0166        | 70%                                   | 70%                             |
|                                               | All Minerals | M570167         | 70%                                   | 70%                             |
| <b>Youanmi - Sandstone<br/>Youanmi JV, WA</b> | Gold Rights  | E57/0985        | 45%                                   | 45%                             |
|                                               | Gold Rights  | E57/0986        | 45%                                   | 45%                             |
|                                               | Gold Rights  | E57/1011        | 45%                                   | 45%                             |
|                                               | Gold Rights  | P57/1365        | 45%                                   | 45%                             |
|                                               | Gold Rights  | P57/1366        | 45%                                   | 45%                             |
| <b>Youanmi - VMC JV, WA</b>                   | Gold Rights  | E57/0982        | 50%                                   | 50%                             |
|                                               | Gold Rights  | E57/1018        | 50%                                   | 50%                             |
|                                               | Gold Rights  | E57/1019        | 50%                                   | 50%                             |
|                                               | Gold Rights  | E57/1023-I      | 50%                                   | 50%                             |
|                                               | Gold Rights  | E57/1078        | 50%                                   | 50%                             |
| <b>Youanmi - Currans JV,<br/>WA</b>           | All Minerals | M57/0641        | 45%                                   | 45%                             |
|                                               | All Minerals | M57/0642        | 45%                                   | 45%                             |
| <b>Mt Eureka - Cullen JV,<br/>WA</b>          | All Minerals | E53/1209        | 51%                                   | 51% (Earning up to 75%)         |
|                                               | All Minerals | E53/1299        | 51%                                   | 51% (Earning up to 75%)         |
|                                               | All Minerals | E53/1637        | 51%                                   | 51% (Earning up to 75%)         |
|                                               | All Minerals | E53/1893        | 51%                                   | 51% (Earning up to 75%)         |
|                                               | All Minerals | E53/1957        | 51%                                   | 51% (Earning up to 75%)         |
|                                               | All Minerals | E53/1958        | 51%                                   | 51% (Earning up to 75%)         |
|                                               | All Minerals | E53/1959        | 51%                                   | 51% (Earning up to 75%)         |
|                                               | All Minerals | E53/1961        | 51%                                   | 51% (Earning up to 75%)         |
|                                               | All Minerals | E53/2052        | 51%                                   | 51% (Earning up to 75%)         |
|                                               | All Minerals | E53/2063        | 51%                                   | 51% (Earning up to 75%)         |