

Rox drives exploration triple

Rox Resources (ASX: RXL) is fast becoming the 'Triple Threat' of the Australian exploration sector developing three separate projects focusing on three different commodities.

It's little wonder then that when attending industry shows, Rox becomes a star attraction as punters line up to glean information on the company's Fisher East nickel project, its Reward zinc Joint Venture with Teck Australia – a subsidiary of Canadian major Teck Resources, and its emerging Bonya copper project.

The Fisher East nickel project is part of the company's larger Mt Fisher project, located in the North Eastern Goldfields region of Western Australia 150 kilometres northeast of Leinster, where Rox has made four substantial nickel deposit discoveries over the last two and a half years.

A JORC Code 2012 Mineral Resource has been established covering two of these prospects, Camelwood and Musket, of 3.6 million tonnes at 2% nickel (1% nickel cut-off) for 72,100 tonnes of nickel.

This includes an Indicated Mineral Resource of 1.8 million tonnes at 2.2 per cent nickel and an Inferred Mineral Resource of 1.9 million tonnes at 1.8 per cent nickel.

Rox anticipates releasing a Resource covering the Cannonball prospect where drilling has confirmed nickel sulphide mineralisation, including:

MFED057

5.3 metres at 2.7% nickel from 255.3m;

MFEC082

9m at 2.8% nickel from 154m;

MFEC102

5m at 3.4% nickel, including 2m at 6% nickel from 114m;

The most recent discovery at Fisher East is the Sabre prospect, which was confirmed when follow-up RC drilling proved an earlier aircore intersection of 5m at 1.1% nickel from 74m was no orphan.

Just two years since the first discovery at Fisher East, Rox has progressed the project by completing a Scoping Study, which found it to be financially robust and technically low risk.

Two conceptual development options were examined:

Build a 500,000tpa process plant on site (Base Case); or Toll mill at a nearby processing facility (Toll Case).

Up-front capital requirements were relatively low at \$73 million for the Base Case and \$20.8 million for the Toll Case.

“At this stage toll milling certainly looks to be the preferred option,”
Rox Resources managing director Ian Mulholland told *The Resources Roadhouse*.

“We need to strike a deal with a third party – and fortunately there are options within economic proximity to the project.

“The Scoping Study came through unscathed as far as technical issues go and there are no environmental or Aboriginal heritage issues.

“We also carried out some metrics, based on mining 350,000 tonnes per year for cash flow of \$38.9 million (before taxes and finance costs), which means the up-front capital costs of \$20.8 million are paid off within the first year of production.

“Admittedly this is only for a short period – initial life-of-mine of three years – but once we get into the production phase and start generating cash, then we can carry out deeper drilling.”

Rox’s strategy entails getting the Fisher East nickel project into production quickly in order to fund future expansion of Resources and ongoing exploration and to provide a way of allowing the company to maintain its 30 per cent interest in the Reward JV with Teck Resources, which is earning 70 per cent by funding exploration to \$15 million (\$10M spent to date).

The main target at Reward is the Teena prospect where a new program of drilling has commenced targeting points within the mineralised basin.



Previous drilling at Teena intersected high-grade zinc-lead mineralisation over a strike length of 1.9km, including:

TNDD009

26.4m at 13.3% zinc and lead from 1060.1m;

TNDD010

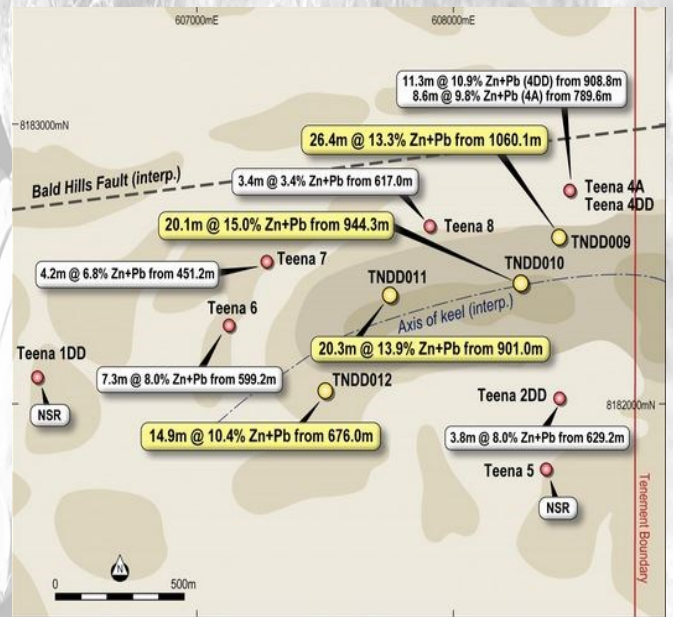
20.1m at 15% zinc and lead from 944.3m;

TNDD011

20.3m at 13.9% zinc and lead from 901m; and

TNDD017

14.7m at 13.3% zinc and lead from 801m



Rox expects further drilling at Teena will demonstrate the large size and strong continuity of the deposit, its confidence stemming from results the JV has already achieved, which have provided no reason for it to think otherwise.

“We have had no shocks at all,” Mulholland said.

“Every hole we have drilled has returned pretty much what we expected to see.

“Having said that we certainly didn’t expect to hit 26 metres at 13 per cent zinc with the first hole.

“The style of mineralisation was classic stratiform zinc, it’s just beautiful stuff.”

Although the JV is yet to establish a Resource at Reward, Mulholland is confident a mine will be developed at the project.

“The primary goal for any small company is a Resource so you actually have something people can look at and see what you have and what it is worth,” he explained.

“Big companies don’t think that way, and Teck is not overly concerned about calculating



“What Teck is endeavouring to establish is, whether or not the project is actually mine-able.”

Teck will be conducting much of the work this year focused on the metallurgy and geotechnical aspects of the Reward project in terms of mine-ability.

“It is theoretically at the stage before a Scoping Study, because we don’t have a Resource as yet,” Mulholland continued.

“The grade is there, the size is there, and an exploration target of 60 to 80 million tonnes – that’s at least as good as a number of other deposits around that are currently being looked at for development.”

More drilling is also the mantra for the company’s Bonya copper project located 350km east of Alice Springs in the Northern Territory.

This will be conducted on the back of results achieved at the deposit last year, which included:

BYRC008

11m at 4.4% copper from 30m, including 3m at 6.1% copper from 33m; and

BYRC009

38m at 4.4% copper from 60m, including 6m at 8.8% copper from 60m, and 8m at 7.9% copper from 82m. (ended in mineralisation with last sample returning 6.8% copper)

An exciting aspect of the Bonya discovery is the high-grade zone of massive copper sulphide mineralisation remains open at depth and along strike.

Rox considers this to be of significance, especially as the discovery was made in an area where no drilling had previously been undertaken.

“We are looking forward to getting in and conducting more drilling at Bonya, as well as a number of other prospective targets,” Mulholland said.

“Exploration at Bonya is still at an early stage, however from what we have already seen there is evidence of mineralisation in numerous outcrops of copper oxide, which give us confidence of encountering more copper sulphide mineralisation at depth.”



Mulholland believes the strategy Rox is adopting – using Fisher East to fund its expansion – has similarities with story of Independence Group.

“For a long time they were an exploration company, then they bought a nickel mine at Kambalda – suddenly there was cash flow – and they ran on the back of a really good nickel price at the time, which really kicked them along,” he said.

“They had the Tropicana project in their portfolio for a very long time, and we refer to the Reward zinc project as our ‘Tropicana’.

“This meant they were able to fund their interest in Tropicana and we can see parallels in what we are doing.

“For the rest of this year – we will be conducting some more drilling – but we are focused on bringing Fisher East into production.”

Rox Resources Limited (ASX: RXL) ...The Short Story

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