



**Breakaway
Research**

November 2012

Grant Craighead | Research Manager
gcraighead@breakawayinvestmentgroup.com

Andrew McLeod | Research Analyst
amcleod@breakawayinvestmentgroup.com

Company Information

ASX Code	RXL
Share Price	A\$0.015
Ord Shares	398.3m
Options	0.5m
Market Cap	A\$6.0m
Cash (Sept 12)	A\$0.8m
Total Debt	A\$0m
Enterprise Value	A\$5.2m

Directors

Non- Exec Chairman	Jeff Gresham
Managing Director	Ian Mulholland
Finance Director	Brett Dickson

Substantial Share Holders

Avoca Resources	5.02%
David Webb	2.68%
Siat Yoon Chin	2.58%
Ian Mulholland	2.52%
Teck Australia	2.51%

Company Details

Address	Level 1, 30 Richardson Street West Perth WA 6005
Phone	+618 9226 0044
Web	www.roxresources.com.au

1 Year Price Chart



Source: Bloomberg

Rox Resources Limited (RXL)

A portfolio of high quality exploration projects

Recommendation: Speculative BUY

Key Points

- **Large Mt Fisher gold and nickel project located on underexplored greenstone belt**
- **Myrtle zinc-lead JV with Teck provides free carried exploration to augment existing JORC Resource of 43.6Mt @ 5.04% Zn+Pb**
- **Teena has exploration target of 100-200Mt @ 10-12% Zn+Pb**
- **'Ore grade' phosphate identified along 30km of strike at Marqua**
- **Bonya rock chips assay up to 30.7% Cu, 34.1g/t Ag and 0.52g/t Au**
- **SPP to provide funds to advance prospective Mt Fisher and Bonya**

Rox Resources has an interest in four quality Australian based exploration projects, all of which have the potential to significantly enhance the company valuation as ongoing exploration results are released to the market.

Company Overview

Rox Resources Limited (ASX: RXL) is a mineral exploration company with a diversified portfolio of early stage, yet highly prospective projects located in Western Australia and the Northern Territory.

The company's exploration efforts are currently focused on the Mt Fisher gold and nickel exploration project, located in WA. The tenements encompass 655km² of exploration ground within a previously underexplored greenstone belt. A small JORC resource of ~1Mt @ 2.75g/t Au for ~86koz of gold has already been identified, and is likely to grow with ongoing exploration.

Teck Australia has entered into a JV with Rox for the exploration and development of the highly prospective Myrtle zinc-lead project which already hosts a sizable JORC resource of 43.6Mt @ 5.04% Zn+Pb. Significant opportunity exists to extend this resource and for the delineation of new nearby deposits. As per the terms of the farm in agreement, Teck will earn 51% of the project by sole funding exploration up to A\$5m. Teck may then elect to spend a further A\$10m to increase its interest to 70%.

Rox also has an interest in two earlier stage exploration projects. Marqua hosts 30km of strike along a highly prospective limestone unit where drilling has intersected 'ore grade' phosphate. At Bonya, Rox is earning into the project by funding A\$500,000 of exploration. Rock chips recently assayed as high as 30.7% Cu, 34.1g/t silver and 0.52g/t gold, highlighting the prospectivity of the project.

A recently announced Share Purchase Plan (SPP) will seek to raise a maximum of A\$1.8m @ 0.015/share (a historically low share price) which will be used to advance the Mt Fisher gold and nickel project and the Bonya copper project.

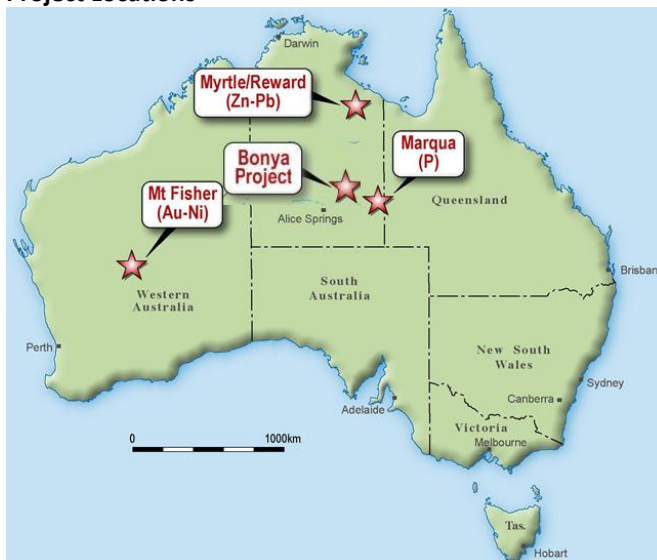


Investment Review

Four highly prospective projects located in Australia

Rox has an interest in four Australian exploration projects focused on (i) zinc-lead, (ii) gold-nickel (iii) phosphate and (iv) copper. All four of these projects have significant exploration potential and are at various stages of advancement.

Project Locations



Source: Rox Resources and Breakaway Research

Previously under-explored greenstone belt

At Mt Fisher, Rox continues to explore a previously underexplored greenstone belt which has the potential to host a multi-million ounce gold inventory. The exploration ground is extensive with numerous high priority targets identified for follow up drilling. Breakaway sees significant potential within the Dam-Dirks prospect area in particular, which has been interpreted to host three parallel structures with highly anomalous gold-in-soil values. Shallow drilling has intersected 9m @ 7.1g/t Au and 3m @ 17.4g/t Au, **however these targets are largely untested at depth.**

Cost free exploration

The **Myrtle/Reward** is highly prospective for the identification of additional 'ore grade' zinc+lead mineralisation to supplement the 43.6Mt @ 5.04% Zn+Pb resource already identified. Teck Australia are currently earning into the project by sole funding exploration of up to A\$5m by 2014 for a 51% interest, thus reducing Rox's overall exploration cash burn, whilst still maintaining exposure to exploration success.

Teena exploration target of 100-200Mt @ 10-12% Zn+Pb

Teck have had some early success with the uncovering of historical drill results (worth ~A\$2m) which had not previously been released and which demonstrate significant intercepts of 'ore grade' zinc and lead mineralisation. These intercepts include 11.3m @ 10.9% Zn+Pb and 8.6m @ 9.84% Zn+Pb. Ongoing exploration in this highly prospective tenure is likely to lead to further positive news flow.

High grade phosphate intercepts along a 30km strike

Elsewhere, Rox's 100% owned **Marqua** Phosphate project hosts a 30km strike length over a highly prospective limestone unit. An initial drilling campaign intersected 'ore grade' mineralisation (20-26% P₂O₅) with surface samples returning values as high as 39.4% P₂O₅. Significant opportunity exists for a material deposit to be delineated with further exploration.

Highly prospective copper project

The recently signed farm-in agreement over the **Bonya** copper project also provides Rox with exposure to highly prospective tenure. Assessment of historic mining activities at the old Bonya Copper mine indicates the potential for depth extensions to the outcropping mineralisation, which has never been drill tested.



Project Review

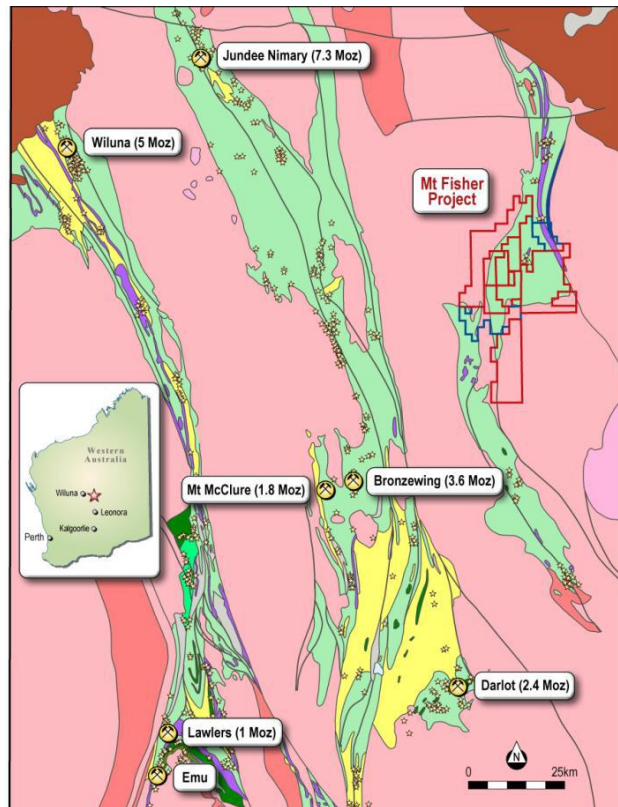
Mt Fisher Project, WA – 100% interest

Gold and Nickel exploration in underexplored greenstone belt

655km² of exploration tenure

The Mt Fisher project encompasses 655km² of exploration tenure located in the North Eastern Goldfields of WA. The tenements are loosely split up into two groups. The first is a 100% owned 485km² tenement package (acquired from Avoca Resources in 2011) while the second consists of an option to purchase a further area of 170km² (outlined in blue) and includes the Mt Fisher gold mine which historically produced ~27koz from open cut and underground mining methods.

Regional Geology and Project Location



*green-greenstone, pink-granite, purple – ultramafic, blue – banded iron formation
Source: Rox Resources

Geological setting similar to that of the prolific nearby greenstone belts

Over 100Moz in neighbouring greenstone belts

Dingo Range belts are underexplored

Only 0.5Moz defined to date

The image above illustrates the prolific Yandal (middle) and the Norseman-Wiluna (left) greenstone belts which are known to host over 100Moz of gold collectively.

Prior to 1990 the Yandal Belt attracted limited attention from explorers. This was primarily due to the thick cover sequences over much of the greenstone rocks, making exploration more difficult and expensive. Deeper drilling campaigns carried out in the late 1990's resulted in the discovery of 5 major gold mines (Jundee, Darlot, Bronzewing, Mt McClure and Thunderbox). The Yandal Belt has now produced over 17 Moz of gold.

The greenstone belts to the east are known as the Mt Fisher and Dingo Range belts and extend ~300km north to south. These two belts have also been relatively underexplored (with only 0.5Moz defined to date) and from a geological point of view, there is no reason why they should not be similarly well gold-endowed.



Since acquiring the Mt Fisher project in 2011, Rox has undertaken an extensive detailed airborne magnetic, radiometric and VTEM survey. The results of these surveys produced a number of targets, some of which were recently tested with RC drilling. The three most advanced prospects are the Moray Reef, Mt Fisher and Damsel prospects which already host a small combined gold resource of 973kt @ 2.75g/t Au for ~86koz. **This resource is likely to grow with ongoing exploration.**

*~1Mt @ 2.75g/t Au
for 86koz*

Mt Fisher - JORC Resource

Deposit	Tonnes	Grade (g/t Au)	Gold (Oz)
Moray Reef	31,800	7.50	7,664
Mt Fisher	215,200	3.57	24,707
Damsel	726,000	2.30	55,705
Total	973,000	2.75	86,080

Source: Rox Resources

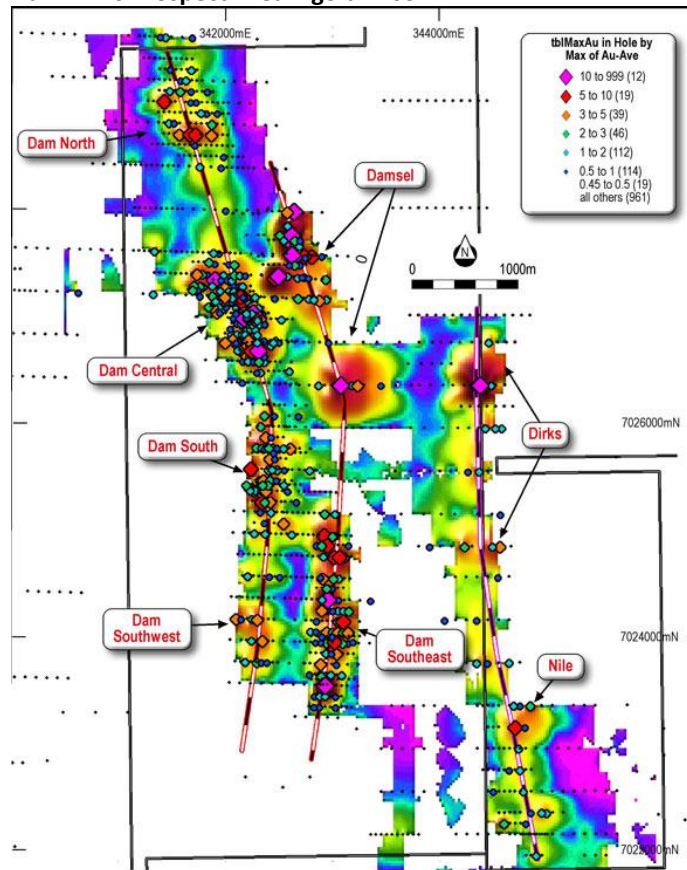
Over 120,000m of drilling has been completed within the Mt Fisher tenements however the majority of this has been vertical, shallow RAB and aircore drill holes used to test a combination of regional structural, geophysical and geochemical targets.

Dam Dirks - gold

The Dam-Dirks prospect is the most prospective area in the gold exploration portfolio. Geochemical sampling has identified strong gold in soil anomalies extending over several kilometres in length, defining major gold mineralised structures. The most significant of these are three sub-parallel structures which are illustrated below:

*Dirks Dam area is
highly prospective for
additional gold
mineralisation*

Dam Dirks Prospect Area – gold in soil



Prospect Highlights

Damsel

Shallow resource of 54koz, open at depth

Dam central

9m @ 7.1g/t Au
3m @ 17.4g/t Au
4m @ 9.0g/t Au and
8m @ 4.1g/t Au

Dirks

2m @ 13.7g/t Au

Source: Rox Resources



Deeper drilling campaigns yield encouraging results

These three sub-parallel anomalous zones have largely only been tested by shallow drilling. Rox has begun conducting deeper drilling campaigns and has intersected encouraging drill results such as **4m @ 5.53g/t Au** from 106m and **2m @ 4.83 g/t Au** from 149m at the Dam Central prospect.

The Dam Central area remains a high priority area for discovery of a Bronzewing type gold deposit (a 3.6 million ounce gold deposit in the adjacent Yandal Greenstone Belt).

Moray Reef - gold

The Moray Reef deposit sits within an existing Mining Lease where historical small scale mining occurred. Limited drilling by Rox has been successful in identifying a small high grade deposit to ~100m and further exploration exists at depth in some areas.

Moray Reef on an existing Mining Lease

As the deposit is already on an existing Mining Lease, there may be an opportunity to fast track production if additional resources can be established in the region.

Mt Fisher - gold

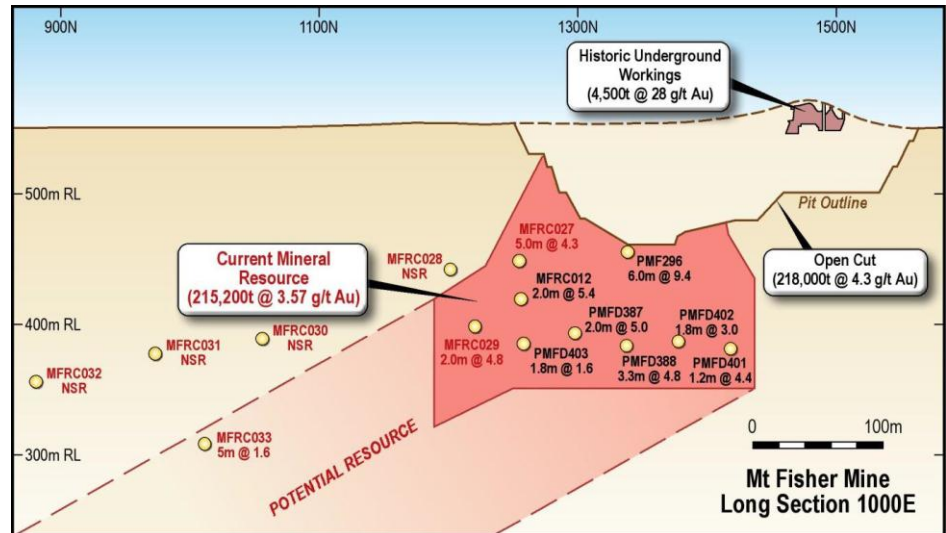
The Mt Fisher deposit lies beneath the historical Mt Fisher open pit and currently extends to a depth of ~200m. Mineralisation is sulphide hosted and appears to be plunging to the south within a sulphidic chert unit (which has been detected by a VTEM survey). A recent RC drilling campaign intersected 5m @ 1.6g/t Au (MFRC033) demonstrating the mineralised system is open at depth below the reach of RC drilling.

Diamond drilling to test the extent of the mineralisation down plunge

Rox intend to conduct down hole EM surveying, possibly followed by deeper diamond drilling. The Mt Fisher deposit is currently held under an 'Option to Purchase' over which Rox has two years remaining on its option.

Significant opportunity to extend resource at depth

Mt Fisher Section



Source: Rox Resources

Fisher East - Nickel

Mt Fisher is also prospective for nickel sulphide mineralisation. Rox recently identified a nickel geochemical anomaly in RAB/Aircore drilling overlying a strong VTEM anomaly which may indicate a bedrock nickel sulphide source. Further drilling is planned to better define the extent of the mineralisation.

Potential for nickel sulphide mineralisation



Myrtle/Reward, NT-100% interest, moving to 49% interest
Joint Venture with Teck Australia targeting lead and zinc

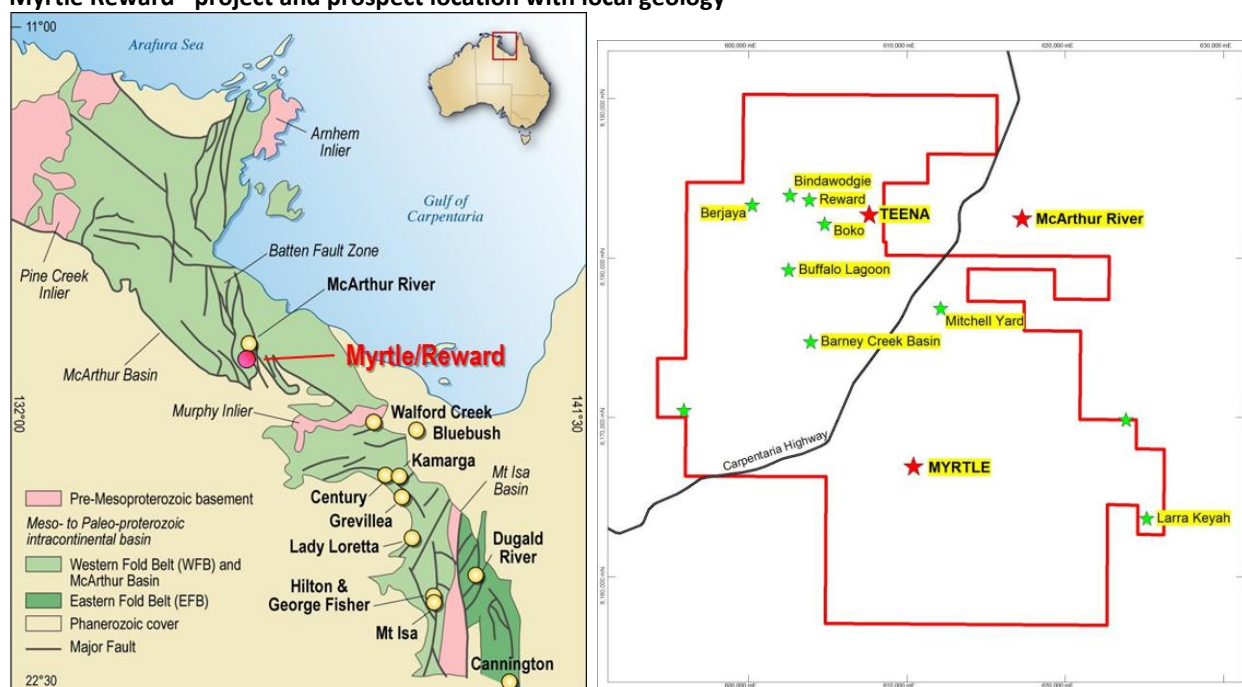
Established infrastructure

The Myrtle/Reward exploration project encompasses 669km² of exploration tenure and is located within 20km of the world-class the McArthur River lead-zinc mine (owned by Xstrata) in the Northern Territory. The project area is well serviced by existing infrastructure (bitumen roads, gas pipeline and airstrip) with access to the nearby Bing Bong port also a possibility.

One of the most well-endowed zinc-lead regions on earth

On a regional basis, the area extending from Mt Isa through McArthur River and for 500km to the northwest is **probably one of the most well-endowed zinc-lead regions on Earth** containing approximately 25% of the world's zinc reserves.

Myrtle Reward –project and prospect location with local geology



Source: Rox Resources

Only 5,000m of drilling completed to define current resource

The most advanced prospect is Myrtle which already hosts a sizable, albeit low grade, JORC resource of **43.6Mt @ 4.09% Zn and 0.95% Pb (5.04% Zn+Pb)** at a 3% combined cut-off grade. A higher grade core of 15.3Mt @5.45% Zn and 1.40% Pb (6.84% Zn+Pb) also exists above a cut-off grade of 5%. Encouragingly, this resource was defined on only ~5,000m of drilling.

Myrtle Deposit: JORC Resource

Category	Tonnes (Mt)	Zn %	Pb %	Zn + Pb %	Zn (kt)	Pb (kt)	Zn + Pb (kt)
3% Cut-off Zn+Pb %							
Indicated	5.8	3.56	0.9	4.45	205	52	257
Inferred	37.8	4.17	0.95	5.12	1,575	361	1936
Total	43.6	4.09	0.95	5.03	1,780	412	2,193
5% Cut-off Zn+Pb %							
Indicated	1.2	5.38	1.42	6.80	64	17	81
Inferred	14.1	5.45	11.39	6.85	768	196	965
Total	15.3	5.45	1.4	6.84	833	213	1,046

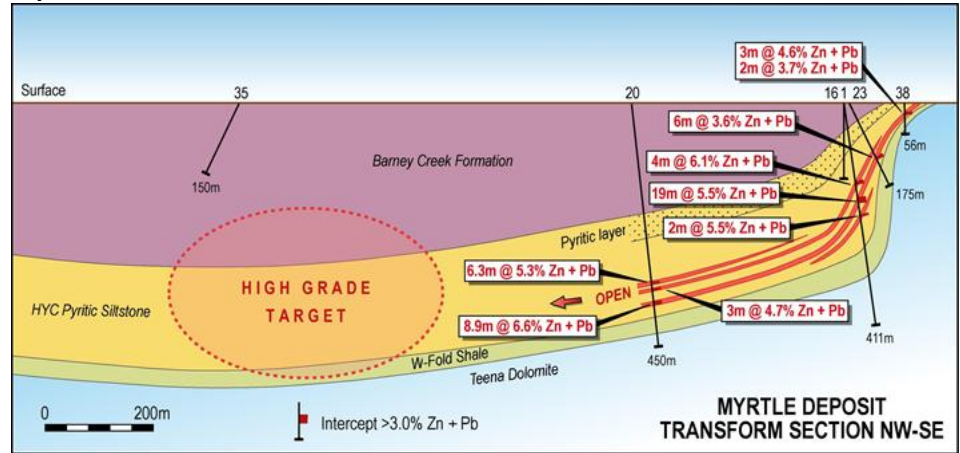
Source: Rox Resources

Large resource with high grade core



Significant exploration potential still exists around the Myrtle deposit. Drilling to date has generally been wide spaced and has covered a large area. Further infill and extensional drilling programs are planned, particularly targeting a continuation of mineralisation along strike within the HYC Pyritic Siltstone and the W-Fold Shale. (The nearby McArthur River deposit is hosted within a similar geological sequence).

Myrtle Section



Source: Rox Resources

Additional mineralisation targeted along strike

JV with Canadian 'giant' Teck Resources

Teck to sole fund exploration for at least the next 2 years

In 2010, Rox and Teck Australia (a wholly owned subsidiary of Canadian mining giant 'Teck Resources') signed an 'earn-in and JV agreement' which gives Teck the right to earn 51% interest in the project by spending A\$5 million on exploration before September 2014. Under the terms agreed, Teck also has the right to further increase its interest to 70% by spending an additional \$10 million by 2018.

Since the signing of the agreement, Teck has completed extensive geochemical and geophysical surveys over large portions of the tenement package and has defined numerous high priority targets. An initial 6 hole diamond drilling campaign focused around the margins of the North Myrtle Basin and intersected thick, low-moderate grade mineralisation, highlighting the potential size of the mineralised system. Highlights include 7m @ 2.52% Zn+Pb from 290m and 10m @ 1.77% Zn+Pb from 299m.

Teena Prospect

Between 1976 and 1978, Mount Isa Mines (MIM), then operators of the exploration licence, drilled numerous deep diamond holes at the Teena Prospect, located ~10km west of the McArthur River mine. For reasons unbeknown, the assay results from these holes were never released.

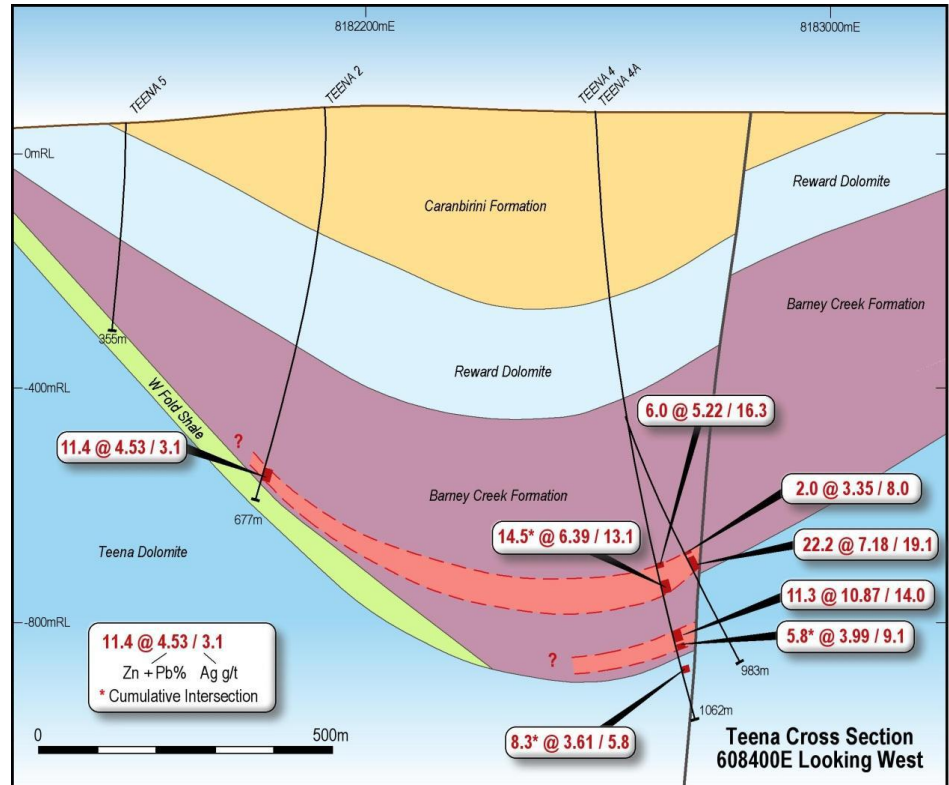
Uncovered historical drill results highlight prospectivity of Teena

Teck tracked down the original core and the associated assay results. So as to check the integrity of the historical assays, random sections of drill core from the Teena 4 and the Teena 6 holes were re-assayed. Encouragingly, these sections demonstrated a close comparison to the original results.

Highlights from the assays include:

- 11.3 metres grading 10.9% Zn + Pb, 14 g/t Ag from 908.8 metres
- 8.6 metres grading 9.84% Zn + Pb, 23 g/t Ag from 789.6 metres
- 3.8 metres grading 7.98% Zn + Pb, 4 g/t Ag from 629.2 metres
- 13.1 metres grading 6.02% Zn + Pb, 5 g/t Ag from 599.2 metres

Teena Schematic Cross Section



Source: Rox Resources

Teena has an exploration target of 100-200Mt @10-12% Zn+Pb

Drilling set to commence early 2013

Significant potential for a large high grade resource

Near-by prospects provide project pipeline

Exploration risk reduced with JV/earn in agreement

Teena is shaping up to be a significant zinc-lead prospect with ongoing exploration likely to identify additional thick intersections of mineralisation. Teck will soon commence a surface geochemical sampling campaign over the prospect and is also expected to commence a diamond hole drill program early in the 2013 field season. Rox and Teck have an exploration target for Teena of 100-200Mt @ 10-12% Zn+Pb.

Breakaway's view

Breakaway has been highly encouraged by the uncovering of the historical drill hole data as it demonstrates the potential for a large zone of higher grade zinc-lead mineralisation over an area of at least 1.0 x 1.5km with a cumulative thickness of between 5 and 40 metres.

Whilst Myrtle and Teena are the most advanced prospects, significant exploration potential still exists within the 669km² project area (located within one of the most prolific zinc lead regions in the world). The recent geophysical and geochemical campaigns have identified at least another ten early stage high priority targets, which will warrant follow up drilling in due course.

The funding of exploration projects can be challenging for junior companies, especially the undertaking of deep diamond drill campaigns. Breakaway is further encouraged by the earn in and JV agreement with Teck as it ensures Rox will not commit any of its own capital to the exploration project for at least the next two years (and possibly 5 years) whilst still retaining significant upside as the prospects are advanced.

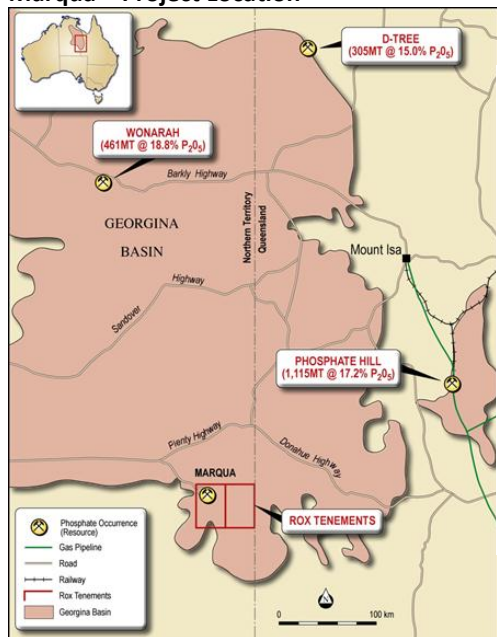


Marqua Project, NT – 100% interest
High grade phosphate intercepts across a 30km strike

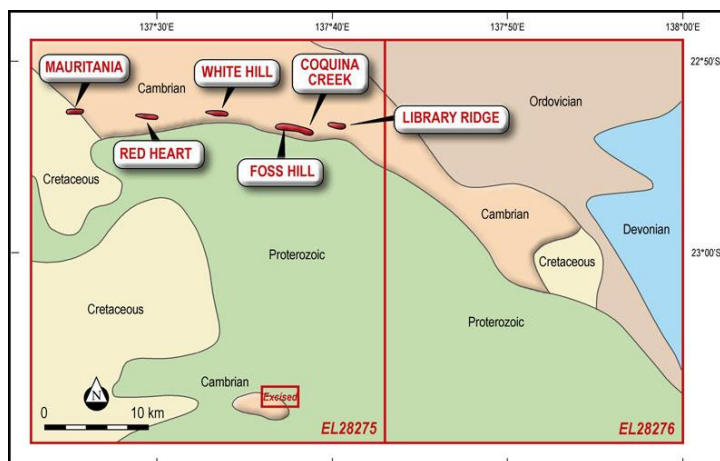
Georgina Basin hosts 90% of Australia's hard rock phosphate resources

The Marqua Project is located in the Northern Territory within the Georgina Basin and consists of four tenements encompassing an area of ~1,900km². The project area is particularly prospective for phosphate deposits (the Georgina Basin hosts 90% of Australia's hard rock phosphate resources) whilst also hosting potential for lead-zinc mineralisation.

Marqua – Project Location



Source: Rox Resources



In 2011, Rox Resources carried out a wide spaced RC drilling program targeting numerous phosphate occurrences along a 30km strike length of a prospective rock unit known as the Thornton Limestone.

30km prospective strike

Highlights from the campaign include:

High grade intercepts

- 4m @ 26.3% P₂O₅ from 45 metres
- 7m @ 20.2% P₂O₅ from 12 metres
- 5m @ 20.7% P₂O₅ from 25 metres
- 1m @ 21.8% P₂O₅ from 15 metres

Rox exploring JV opportunities

Exploration is at a relatively early stage however early drill results highlight the potential for a significant deposit to be identified. Rox has a provisional exploration target of 50-100Mt @ 15-20% P₂O₅ and is currently assessing the potential for a Joint Venture partner to earn into the project and assist with the ongoing exploration costs.



Bonya Copper Project, NT – Moving to 51% interest Early stage copper exploration with gold and silver opportunity

In October 2012, Rox signed a farm-in agreement with Arafura Resources (ASX:ARU) to explore the Bonya copper project, located 350km east of Alice Springs, NT.

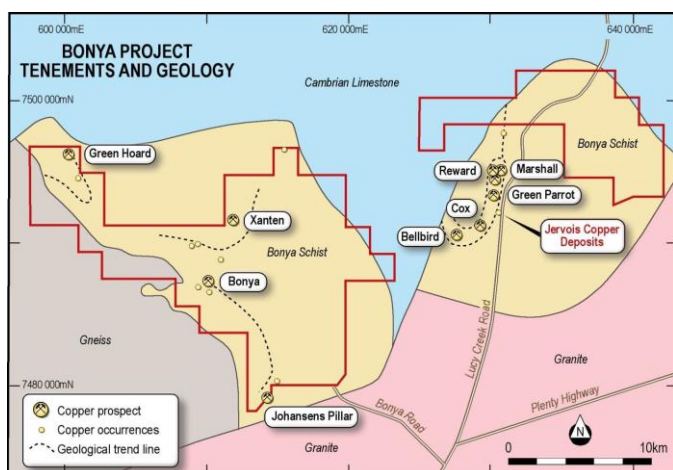
Terms of farm in agreement

Under the terms of the agreement, Rox is required to spend \$500,000 within the first two years to earn a 51% interest in the copper, lead, zinc, silver, gold, bismuth and PGE mineral rights. Rox can then elect to earn a further 19% (for 70% in total) by spending a further \$1 million over a further two years. Once Rox has earned either a 51% or 70% interest it can form a joint venture with Arafura to further explore and develop the area.

The Bonya project tenements cover an area of 279km² and incorporate the old Bonya copper mine and are adjacent to the Jervis copper deposit which hosts a JORC resource of ~12Mt @ 1.3% Cu and 25g/t Ag.

*Attractive terms
agreed for earn in to
Bonya Copper*

Bonya prospects: Location and historical mine shaft



Source: Rox Resources



*Rock chip assays up to
30% copper*

*Walk-up drill ready
targets*

At the Bonya prospect particularly, there is abundant outcropping copper mineralisation which has returned values of **up to 30.7% Cu, 34.1g/t silver and 0.52g/t gold**. These 'walk-up' drill targets have never been drill tested. Geological interpretation suggests Bonya is in a highly metamorphosed Volcanogenic Massive Sulphide (VMS) geological setting, which is considered particularly prospective for hosting high grade copper deposits.

The Bonya farm in agreement gives Rox an opportunity to enter into a quality copper exploration play under favourable terms with 'walk-up' drill ready targets. Historical mining in the area bodes well for additional mineralisation to be identified as exploration advances over the coming years.



Directors

Non-Executive Chairman

Jeffrey Gresham

Jeffrey Gresham a geologist and has more than 40 years' experience in exploration, operations and corporate affairs in Australia and internationally. Previously Mr Gresham was Managing Director of Titan Resources, an active nickel explorer in Western Australia, and roles prior to that have included Managing Director of gold miner Wiluna Mines Limited, General Manager – Exploration for Homestake Gold of Australia, and several senior executive roles with Western Mining Corporation (WMC) including Chief Geologist of the Kambalda Nickel Operations, and Executive Vice President Exploration for WMC's Canadian subsidiary Westminster Canada Ltd. Mr Gresham is also currently Non-Executive Director of Breakaway Resources.

Managing Director

Ian Mulholland

Ian Mulholland is a geologist with over 30 years of broad experience in the exploration and mining industry in a number of commodity groups including gold, silver, copper, lead, zinc, uranium, nickel and kaolin. He has been Managing Director of Rox Resources since its inception, and prior to that he managed activities from grass roots exploration to advanced resource definition, feasibility studies and mining operations for a number of major, medium sized and junior companies including WMC, Esso, Otter Gold, Aurora Gold, Anaconda Nickel, Archaean Gold, Summit Resources and Conquest Mining.

Finance Director

Brett Dickson

Brett Dickson has over 20 years' experience in the financial management of companies, principally companies in early stage development of its resource or production, and offers broad financial management skills. He has been Company Secretary and Chief Financial Officer (CFO) for a number of successful resource companies listed on the ASX, and in addition to Rox Resources currently also acts as Company Secretary and CFO for Azure Minerals Limited.

**CV's extrapolated from company annual report*



Analyst Verification

We, Grant Craighhead and Andrew McLeod, as the Research Analysts, hereby certify that the views expressed in this research accurately reflect our personal views about the subject securities or issuers and no part of analyst compensation is directly or indirectly related to the inclusion of specific recommendations or views in this research.

Disclosure

Breakaway Investment Group (AFSL 290093) may receive corporate advisory fees, consultancy fees and commissions on sale and purchase of the shares of Rox Resources and may hold direct and indirect shares in the company. It has also received a commission on the preparation of this research note.

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Breakaway Investment Group
AFSL 290093 ABN 84127962387
T+61292621363
F+61292792727
PO Box H116 Australia Square
Sydney, NSW 2001
Suite 505, 35 Lime Street,
Sydney, NSW 2000