

31 March 2023

Rox Resources and Venus Metals to Consolidate Interests in Youanmi Gold Project, WA

Transaction Highlights

The parties have agreed that, subject to conditions precedent:

- **Rox to acquire, for consideration of 110 million Rox shares:**
 - **Venus' interests in the OYG JV, giving Rox a 100% interest in OYG; and**
 - **all of Venus' gold interests in its other joint ventures covering other regional areas**
- **Venus to undertake an in-specie distribution of 55 million Rox shares to Venus shareholders, while retaining 55 million Rox shares, subject to 12 months voluntary escrow**
- **Venus Managing Director, Matthew Hogan, to be appointed to Rox's Board**
- **Transaction simplifies the ownership structure for the Youanmi Gold Project, maximising value potential for Rox and Venus shareholders**

Rox Resources Limited ("**Rox**" ASX:RXL) and its joint venture partner Venus Metals Corporation Limited ("**Venus**" ASX:VMC) are pleased to advise that they have entered into a binding agreement to consolidate their respective ownership interests in the Youanmi Gold Project in Western Australia.

Under the agreement, Rox will acquire Venus' gold interests in each of its Youanmi joint ventures (30% of OYG JV (all minerals), 45% of Youanmi JV and Currans Find JV, and 50% of Venus Metals JV) (collectively the "**Youanmi Gold Project**") for consideration of 110 million fully paid ordinary shares in Rox ("**Rox Shares**") ("**the Transaction**"), subject to the conditions precedent (as summarised below) being met. Venus will retain its non-gold interests in the Youanmi JV, Currans Find JV and Venus Metals JV, as well as its interests in its non-Youanmi gold assets.

The Transaction will see all gold rights held by Rox and Venus consolidated under a simplified, single ownership structure, providing a strong platform to progress the development of the Youanmi Gold Project.

Venus shareholders will, following completion of the Transaction, have the opportunity to benefit from the Transaction through:

- Eligible Venus shareholders (as at a record date to be advised) receiving Rox Shares through Venus proposed in-specie distribution of Rox Shares; and
- Retaining their Venus shares, and therefore, retaining an indirect interest in the Rox Shares retained by Venus and continue to participate in the value of Venus' non-Youanmi assets (which include gold, lithium, base metals and rare earths projects).

By simplifying the ownership structure, streamlining the development decision making process and increasing scale and market relevance, the parties believe that this structure will provide Rox with greater market appeal and access to capital, which is expected to unlock value for both Rox and Venus shareholders.

Management Comments

Rox Resources Managing Director, Mr Rob Ryan commented:

"Consolidating the gold interests under the Youanmi Gold Project under Rox's ownership is a logical transaction that is expected to deliver compelling value for both sets of shareholders and we are enormously excited about the strong foundation this transaction creates for the Project's ongoing exploration and development. The transaction provides investors and financiers with a clearer ownership structure and access to the full value of the Youanmi Gold Project."

"Building on our existing high-grade resource base and our recent exploration success at Midway and Youanmi South, this simplified ownership structure will enable Rox and Venus shareholders to share in the future growth of Rox as we work to unlock the full potential of the Youanmi Gold Project."

"2023 is set to be a milestone year at Youanmi, with drilling underway to convert existing Inferred Resources to Indicated status to support the Pre-Feasibility Studies. We are also very excited to see ongoing results from the Midway and Youanmi South discoveries, which are potential gamechangers for the Youanmi Gold Project."

Venus Managing Director, Mr Matthew Hogan, commented:

"This is a win-win transaction for all shareholders in both companies, unlocking considerable value and dramatically simplifying the development pathway for the Youanmi Gold Project."

"I'm extremely confident in the capabilities of the Rox Board and Management team, and very excited to be joining forces with them with the aim of bringing the Youanmi Gold Mine back into production in the near future."



Pictured above, Rox Managing Director, Mr Rob Ryan and Venus Managing Director, Mr Matthew Hogan.



Transaction Rationale

Both the Rox and Venus Boards consider there to be strong strategic rationale for the Transaction. Venus shareholders will retain their exposure to the Youanmi Gold Project both as Rox and Venus shareholders, while also allowing the market to fully recognise the value of the remaining assets held by Venus.

Both sets of shareholders are expected to benefit from:

- **Simplified ownership** – this is expected to result in cost synergies and increases the appeal of the Youanmi Gold Project to potential investors;
- **Greater market relevance** – consolidating ownership of the Youanmi Gold Project, whilst increasing the market presence and liquidity of Rox, is expected to attract greater interest from the investment community (institutional investors and brokers);
- **Access to capital** – the simplified ownership structure will appeal to potential debt providers, whilst the greater scale and relevance will appeal to institutional investors; and
- **Re-rating potential** – Rox currently trades at a resource multiple that is a substantial discount to its peers. Rox and Venus believe that the factors outlined above will position Rox well for a positive re-rating in the market.

Following completion of the Transaction, Venus will continue to hold its non-gold interests in the Youanmi JV, Currans Find JV and Venus Metals JV, as well as its interests in its projects other than Youanmi, including the Youanmi Vanadium deposit, Youanmi Base Metals Project, Sandstone Bell Chambers deposit, Bridgetown Greenbushes East Lithium Project, Marvel Loch East Rare Earth Project, Henderson Lithium Gold Nickel Project and Mangaroon Rare Earth Project.

Additionally, following completion of the Transaction and the in-specie distribution, Venus is expected to hold 55 million Rox Shares, which when aggregated with the 5 million Rox Shares held by Venus' wholly-owned subsidiary, Redscope Enterprises Pty Ltd, is expected to represent approximately 18% of Rox Shares.

Key Transaction Details

The key transaction terms are summarised below:

- **Joint venture consolidation** - upon completion of the Transaction, the ownership of the Youanmi mine tenements (and the gold and non-gold rights under those tenements) will be as set out in the map below. Rox will become the tenement holder for the majority of the Youanmi exploration tenements (where Venus will retain rights to non-gold minerals), whilst Venus will remain as tenement holder of selected tenements deemed core to their base metals and other minerals interests (Rox will retain the gold rights).
- **Consideration shares** – the Transaction will be funded through the issue of 110 million Rox Shares to Venus at a deemed issue price of \$0.25 each, representing a total value of \$27,500,000 (after adjustment for the JV loan, noted below). As soon as practical following completion of the Transaction, Venus intends to distribute 55 million Rox shares to eligible Venus shareholders. Venus intends to hold the remaining 55 million Rox shares directly.



- **Escrow** – Venus has agreed to enter into a voluntary escrow deed for a period of 12 months for the 55 million shares it will retain, subject to certain release events occurring.
- **JV loan** – under the terms of the OYG JV, Venus is entitled to be loan carried by Rox through to a decision to mine. As at the end of February a loan balance of approximately \$6.13 million has accrued. The loan (and any future loan carry rights) will be extinguished as part of this Transaction.
- **Royalty** – Venus will retain its current net smelter royalty of 0.7% at the OYG JV tenements.
- **Board** – following completion of the Transaction and provided that Venus' voting power in Rox remains above 10%, Venus will have the right to nominate a director to the board of Rox. On completion of the Transaction, Mr Matthew Hogan, Managing Director of Venus, is expected to join the board of Rox as a Non-Executive Director.
- **Equity participation** – following completion of the Transaction and provided that Venus' voting power in Rox remains above 10%, in the event Rox undertakes equity raisings (other than pursuant to a share purchase plan) in future, Rox has undertaken to consult with Venus about its potential participation.
- **End Date** – the agreement may be terminated by either party if, amongst other things, any condition precedent is not satisfied or waived (as applicable) within 6 months after execution.
- **Break fee** – a mutual break fee of \$275,000 is payable in certain circumstances where:
 - the Board of that party fails to recommend the Transaction, changes or withdraws or adversely modifies its recommendation that shareholders vote in favour of the relevant resolutions for the Transaction or otherwise makes a public statement indicating that it no longer supports the Transaction;
 - that party has materially breached the agreement, and the other party has exercised its right to terminate the agreement on that basis; or
 - any member of the Board of that party publicly recommends a competing proposal to the Transaction (except where that party has validly terminated the agreement for the other party's material breach).
- **Conditions** – the Transaction is subject to various conditions precedent, including:
 - Each party completing its due diligence on the other within 14 days, and the results being satisfactory to each party, in their absolute discretion;
 - Approval by Rox shareholders for the purposes of ASX Listing Rule 7.1 for the issue of Rox Shares as consideration for the Transaction, section 260B of the Corporations Act for the extinguishment of the JV carry and any other required approvals (ASX has confirmed that Rox will not require shareholder approval for the purposes of ASX Listing Rule 11.1.2);
 - Approval by Venus shareholders for the purposes of section 256B of the Corporations Act with respect to the proposed in-specie distribution and any other required approvals (ASX has confirmed that Venus will not require shareholder approval for the purposes of ASX Listing Rule 11.1.2);
 - Material consents and pre-emption waivers for the Sandstone JV tenements;

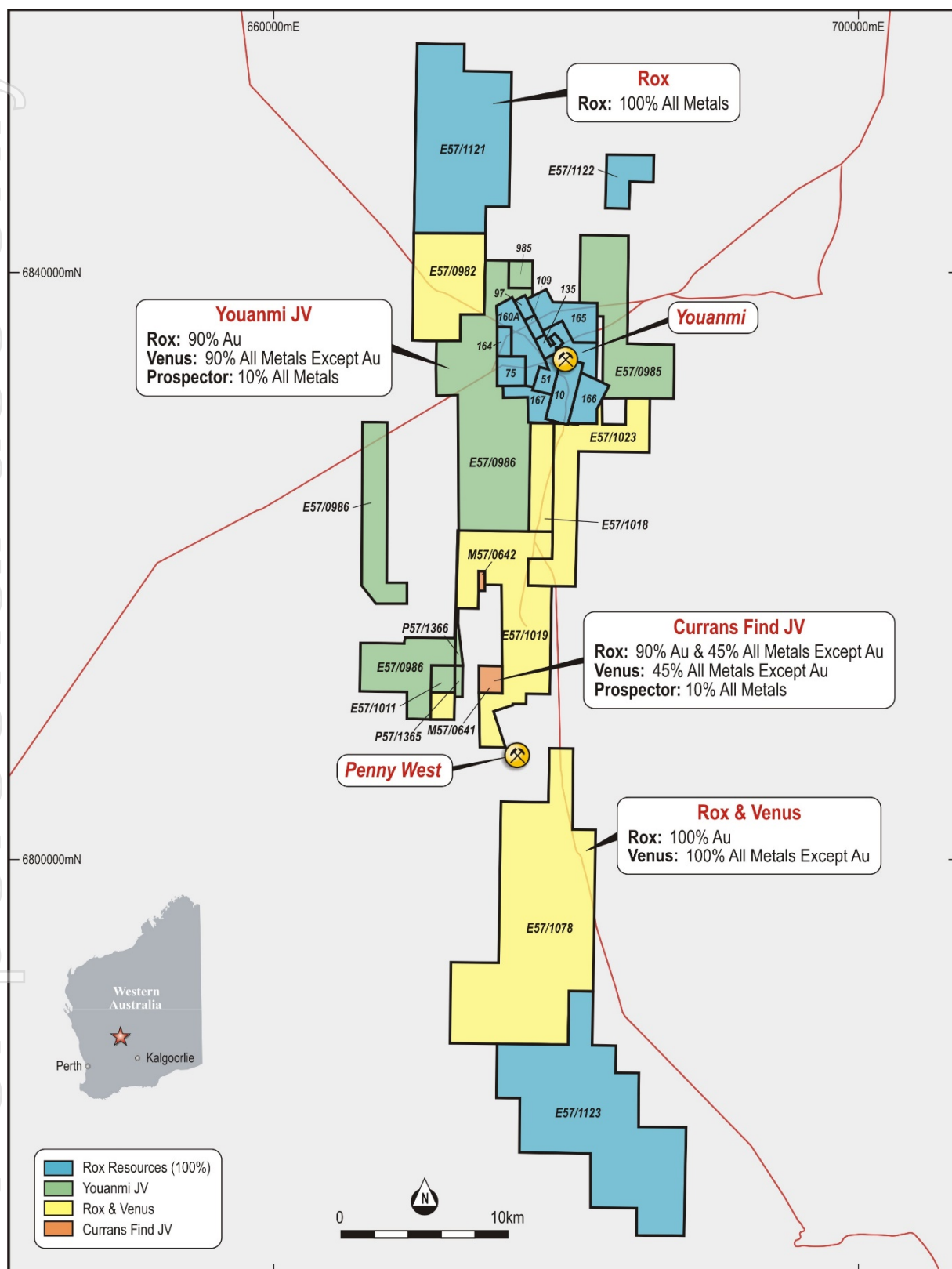


- Ministerial approval of the transfer of the mining leases the subject of the Transaction;
 - Rox to lodge a short form prospectus with ASX and ASIC;
 - Rox and Venus obtaining written confirmation from ASX that it will not exercise its discretion to require either company to re-comply with Chapters 1 and 2 of the ASX Listing Rules;
 - Venus obtaining relief from ASIC that it does not have to comply with subsections 606(1) and 606(2) of the Corporations Act (or if that relief is not provided, Rox obtaining shareholder approval under item 7 section 611 of the Corporations Act); and
 - Rox forgiving the loan carry to Venus under the terms of the OYG JV.
- **Ancillary agreements** – Venus and Rox have agreed to enter into ancillary agreements documenting the mineral sharing arrangements and for a mine gate sales agreement regarding ore from Venus' Bell Chambers deposit, to be disclosed to the market as required upon execution. It is expected that any mine gate sales agreement would be negotiated on a best endeavours basis when the Youanmi Project is further progressed. To the extent the agreements regarding mineral sharing are not executed before completion, those agreements will be deemed to operate on terms substantially the same as the parties' existing obligations under the Youanmi JV.
 - **Representations and warranties** – Venus and Rox provided standard representations and warranties for an agreement of this nature. Warranty claims are subject to customary liability caps for agreements of this nature.

Further information on the Transaction will be provided in the respective Notices of Meeting expected to be distributed by Rox and Venus in accordance with the indicative timetable below. The Boards of both Rox and Venus are supportive of the Transaction and unanimously recommend shareholders vote in favour of the Transaction, in the absence of a superior proposal.

Further explanation of their recommendation will be provided in the Notice of Meeting.

Post Transaction Tenement Ownership





Indicative Transaction Timetable

Key Event	Date
Rox – Dispatch Notice of Meeting	May
Venus – Dispatch Notice of Meeting	May
Rox – General Meeting	Late June
Venus – General Meeting	Late June
Consideration shares to be issued to Venus	Early July
Record date for in-specie distribution	Early July
Venus to undertake in-specie distribution to Venus shareholders	Early July

The timetable above is indicative only and subject to change.

Advisers

Rox's legal adviser to the Transaction is Thomson Geer and its financial adviser is Taylor Collison.

Venus' legal adviser to the Transaction is Gilbert & Tobin.

Authorised for release to the ASX by the Boards of Rox Resources Limited and Venus Metals Corporation Limited.

For more information

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Forward-Looking Statements

This document may include forward-looking statements which may be identified by words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Rox Resources Limited, Venus Metals Corporation Limited, and the respective Directors and management of those companies. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements, including but not limited to, the Transaction failing to complete. Rox Resources Limited and Venus Metals Corporation Limited have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by law. Rox Resources Limited and Venus Metals Corporation Limited cannot and do not give assurances that the results, performance or achievements expressed or implied in the forward looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.