



ASX AND MEDIA RELEASE

1 March 2005

Rox Buys Diamond Interests in South Africa

Rox Resources Limited (ASX: RXL; Rox) today announced the acquisition of four highly prospective alluvial diamond prospecting licences covering 84 km² near Kimberley in South Africa.

Rox has agreed to acquire the prospecting licences for an initial consideration of 1 million Rox shares. Subject to the achievement of various development milestones on the projects, Rox has also agreed to issue up to a further 4 million options and A\$100,000 cash.

Commenting on the acquisition, Rox Managing Director Ian Mulholland said the acquisition represented a low cost entry into projects with large tonnage and high diamond price potential in one of the most prospective alluvial diamond areas in the world.

"We are extremely excited about this acquisition as alluvial diamond mining in South Africa can produce spectacular investment returns given its history of high value diamond discoveries," he said.

"The prospecting licences are in extremely attractive locations, covering extensions to past mines on the Vaal and Orange Rivers and a downstream catchment close to the famous Jagersfontein kimberlite mine."

"South Africa offers excellent conditions for exploration and mining, with its favourable geology, world class management practices, short lead times to production and relatively low capital costs."

"These projects have the potential to be company makers for Rox."

As part of the transaction, Rox will retain the services of Mr Hugh Durey and Mr Ross Brown as consultants to Rox. Mr Durey and Mr Brown are well-regarded alluvial diamond experts in southern Africa with over 50 years experience between them. Rox is currently utilising this expertise to evaluate a range of complementary diamond opportunities in South Africa.

FOR FURTHER INFORMATION CONTACT:

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Attachment: ASX Announcement

INTRODUCTION

Rox has today agreed to enter diamond exploration in South Africa through an agreement with unlisted private South African company Nyala Resources (Pty) Limited to acquire four highly prospective alluvial diamond prospecting licences covering 84 km² near Kimberley in South Africa.

Nyala has four projects with a total area of 84 km² within 160km of Kimberley (Figure 1), the centre of the diamond industry in South Africa. The target tonnage on the four projects is 35 –70 million tonnes of alluvials.

It has been estimated that at least 3 billion carats of diamonds have been eroded from known kimberlites in South Africa and transported into alluvial hosts. Based on 25% of those liberated diamonds surviving erosion and transportation cycles, less the 90 million carats already mined from alluvials, it has been estimated that 660 million carats still await discovery.

South Africa is host to the most significant alluvial diamond production of any country, with economic quantities of diamonds being found over 1,000 km from their source.

In the Kimberley area of South Africa, it appears that most diamond production has focused almost exclusively on kimberlites, and the potential of alluvial deposits has been largely ignored by the major companies.

STRATEGY

The acquisition represents entry into a quality South African diamond play at an affordable price.

Rox believes this is an excellent opportunity for Rox consistent with the company's desire to generate early returns for shareholders. The acquisition can be a company maker if a large alluvial deposit is discovered.

PROJECTS

The four projects are Pampoene Pan, Vlakfontein, Swartsrust and Witpan. Key features of all four projects are:

- Potential for high gem content and large stones that attract premium prices.
- Medium to large target deposit size to cater for high throughput.
- Unconsolidated gravels for easy excavation and treatment with minimal calcrete hardpan.
- Low stripping ratio.
- Opportunity for an irregular bedrock profile and favourable trap sites such as splay deposits, channel confluences and changes in river gradient and direction.
- Easy accessibility to water and roads for processing needs.

All four projects are presently covered by prospecting applications, two of which have been presented to the South African Minister for Mines for granting (anticipated shortly).

Pampoene Pan

This project is located along an ancient palaeochannel joining the Saxendrift and Klipfontein alluvial diamond mines (Figure 2). Saxendrift is currently producing at a rate of 18,600 carats

per annum realising diamond prices of around US\$1,000 per carat, and Klipfontien is being developed into a 3 million tonne per annum operation.

Vlakfontein

The Vlakfontein prospecting right is positioned to capture the dispersion of alluvial diamonds down slope from the famous Jagersfontein kimberlite pipe (9.5 million carats production), which is famous for producing 8 of the world's top 24 largest diamonds.

Surface topography indicates a funnelling of drainage by dolerite ridges south-east from Jagersfontein towards alluvial flats and a break in slope at Vlakfontein 4km from the open pit mine where diamonds may have been deposited (Figure 3).

The project setting is broadly similar to the Daniel alluvial diamond project adjacent to the Finsch kimberlite diamond mine, where an alluvial system developed from the drainage off the Finsch kimberlite pipe and concentrated diamonds in the alluvials at Daniel.

COMMERCIAL TERMS

In consideration for the purchase of the four prospecting licences, Rox has agreed to issue 1 million Rox ordinary shares (to be subject to escrow for a period of 12 months) to the owners of Nyala Resources. The shares will be issued in stages upon the grant of the prospecting applications.

In addition, Rox has agreed to issue Rox options exercisable at 20 cents each on or before 30 June 2007 to the owners of Nyala Resources as follows:

- 1 million options on commencement of the first bulk sampling programme;
- 1 million options plus A\$100,000 cash on commencement of further exploration/development work on any project the subject of bulk sampling; and
- 2 million options on a decision to mine commercially for diamonds on any project.

The owners of Nyala Resources are Mr Hugh Durey and Mr Ross Brown. A key condition of the agreement is that Rox will retain the services of Mr Durey and Mr Brown during the critical exploration and bulk sampling phases of the projects. Mr Durey and Mr Brown are well-regarded alluvial diamond experts in southern Africa with over 50 years experience between them.

Rox has agreed to spend a minimum of A\$300,000 on the projects during the first 12-month period.

In addition, any projects acquired by Mr Durey or Mr Brown within a 30km radius of the existing projects will be offered to Rox at no cost. Rox will also have a right of first refusal over any tenements held by Mr Durey and Mr Brown outside of this area.

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The information on mineralisation contained in this statement accurately reflects information compiled by Mr Ian Mulholland B.Sc (Hons), M.Sc., F.Aus.I.M.M., F.A.I.G., who is a Competent Person (as defined by the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves) with relevant experience in relation to such mineralisation. Mr Mulholland has given permission for the information to be included in this statement, and is a full time employee of the Company.

ABOUT ROX

Rox was listed on the ASX on 27 April 2004, after raising \$4.5 million in its IPO.

Rox is a Perth-based exploration company with a portfolio of projects in the historic million ounce Menzies Goldfield 130 km north of Kalgoorlie in Western Australia. Menzies is a significant goldfield with past production from underground mining of more than 650,000 ounces of gold at a grade of 22.5 g/t Au and recent production from open pit mining of over 140,000 ounces at 2.6 g/t Au.

Current resources total 170,900 ounces grading 2.5 g/t Au.

Rox is now looking to expand its project portfolio and is actively looking at projects worldwide.

Rox had \$2.5 million in cash reserves as at 31 December 2004.

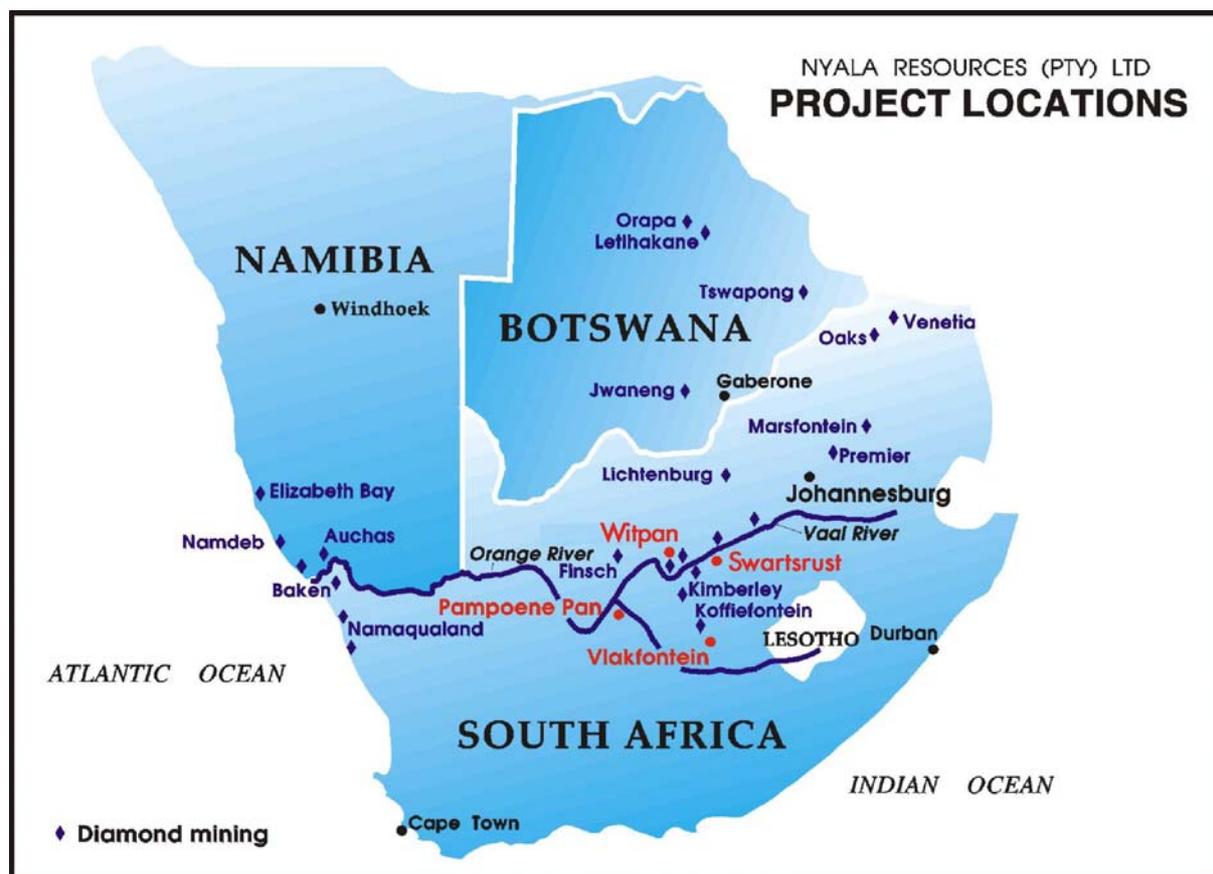


Figure 1

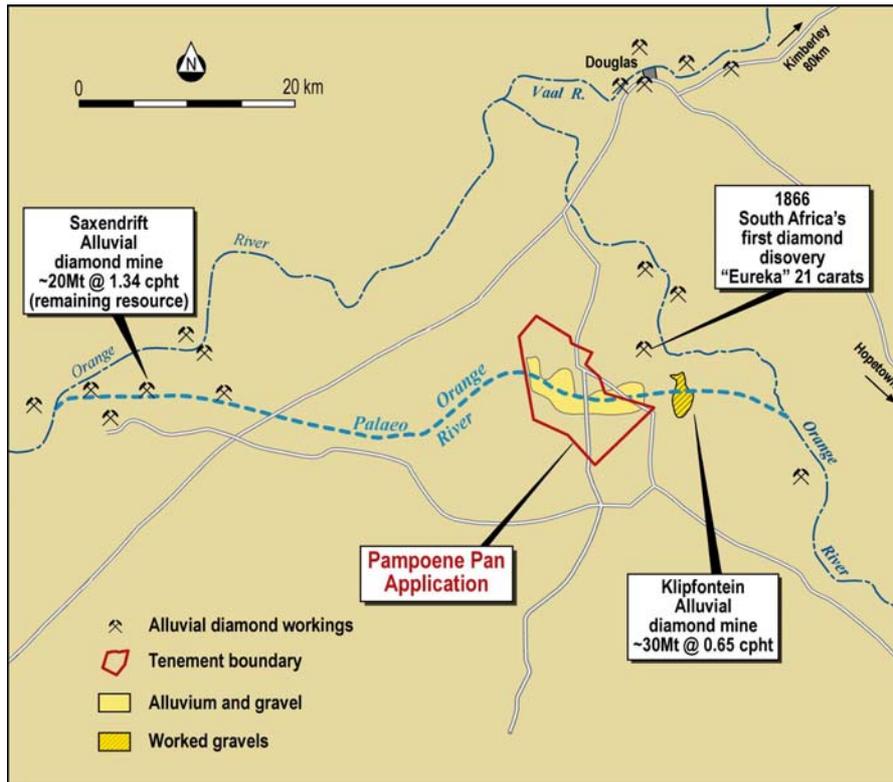


Figure 2

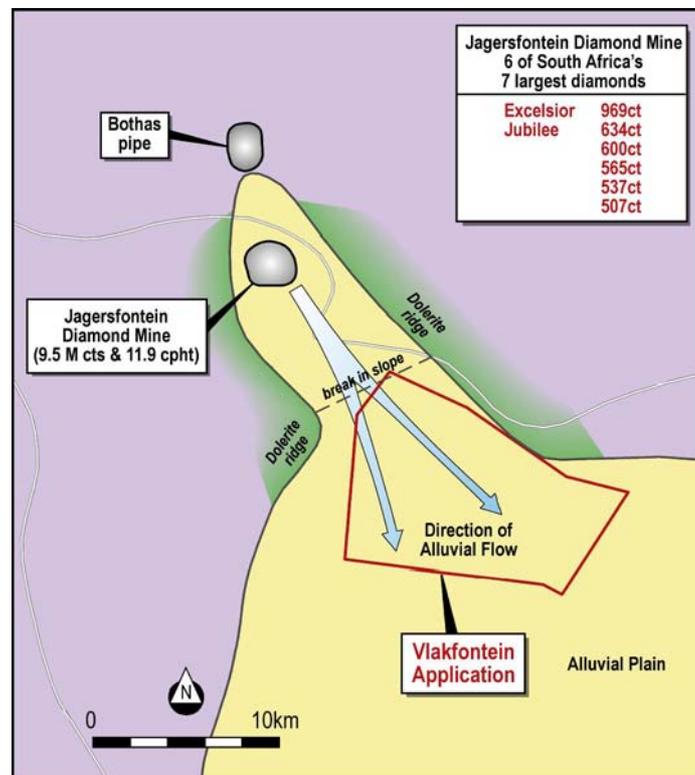


Figure 3