



Ref: RRL613L-BD

19 October 2006

The Manager  
Australian Stock Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir,

**Notice of 2006 Annual General Meeting**

Please find attached notice of the 2006 Annual General Meeting being despatched to shareholders today.

Also please be advised that Rox Resources Limited ("Company") has been granted a waiver from listing rule 7.3.2 to the extent necessary to permit the Company's notice of general meeting seeking approval to issue up to 2,000,000 ordinary fully paid shares to First Pacific Mining Lao Co. Ltd. ("First Pacific") (or its nominee) and up to 350,000 ordinary fully paid shares to Mr Campbell Baird (or his nominee) to state that the shares will be issued no later than 3 months after the date of the meeting on the following conditions.

- 1.1 The terms and conditions of the issue of the shares to First Pacific and Mr Baird are set out in the notice of meeting
- 1.2 The notice of general meeting states that the shares will be issued no later than 24 months from the date of the meeting
- 1.3 The company releases the terms of the waiver to the market no later than when the notice of annual general meeting is announced to the market
- 1.4 The company's annual report released during any period while any of the shares to be issued to First Pacific or Mr Baird remain outstanding, discloses details of the shares that remain to be issued to First Pacific or Mr Baird

Yours sincerely,

A handwritten signature in black ink, appearing to read "Brett Dickson", written over a light grey circular stamp.

**BRETT DICKSON**  
*Company Secretary*

# **ROX RESOURCES LIMITED**

ABN 53 107 202 602

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**NOTICE OF 2006 ANNUAL GENERAL MEETING**

**PROXY FORM**

**AND**

**EXPLANATORY MEMORANDUM**

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**Date of Meeting**

21 November 2006

**Time of Meeting**

3.00 pm

**Place of Meeting**

Parmelia Hilton  
14 Mill Street  
Perth, Western Australia 6000

# ROX RESOURCES LIMITED

(ABN 53 107 202 602)

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2006 Annual General Meeting of the shareholders of Rox Resources Limited ("Company") will be held at the Parmelia Hilton, 14 Mill Street, Perth, Western Australia on 21 November 2006 at 3.00pm for the purposes of transacting the following business.

### ORDINARY BUSINESS

#### Receipt of Financial Statements and Reports

To receive and consider the financial statements of the Company together with the Directors and Auditors Reports for the period ended 30 June 2006.

**1. Resolution 1 - Non-Binding Resolution to adopt the Remuneration Report as Disclosed in the 2006 Annual Report**

To consider and, if thought fit, pass the following non-binding resolution as an ordinary resolution of the Company.

*"That the Remuneration Report as set out on pages 11 to 13 of the Company's Annual Report for the year ended 30 June 2006 be adopted."*

Note: The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

**2. Resolution 2 - Re-Election of Mr Michael Blakiston as a Director**

To consider and, if thought fit, pass the following as an ordinary resolution of the Company.

*"That Mr Michael Blakiston, being a Director of the Company who retires in accordance with Rule 13.2 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected."*

**3. Resolution 3 - Election of Mr Jeff Gresham as a Director**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, Mr Jeff Gresham, being a Director of the Company appointed during the year, retires in accordance with Rule 13.5 of the Company's Constitution and, being eligible, offers himself for election, be elected as a Director of the Company."*

### SPECIAL BUSINESS

**4. Resolution 4 - Approval to Issue Shares to First Pacific Mining Lao Co. Ltd**

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company.

*"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, the Company approves and authorises the Directors to allot and issue to First Pacific Mining Lao Co. Ltd (or its nominee) 2,000,000 Shares on the terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."*

**5. Resolution 5 - Approval to Issue Shares and Pha Luang Options to Campbell Baird**

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company.

*"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes and subject to the*

*passing of Resolution 4, the Company approves and authorises the Directors to allot and issue to Mr Campbell Baird (or his nominee) a total of 350,000 Shares and 350,000 Pha Luang Options, on the terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."*

**6. Resolution 6 – Ratification of Prior Share Issue**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, the Company approve and ratify the allotment and issue of 6,933,333 Shares at an issue price of \$0.35 per Share, on the terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice of General Meeting."*

**7. Resolution 7 – Approval of Grant of Director Options to Mr Jeff Gresham**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*"That, pursuant to Section 208 of the Corporations Act and Listing Rule 10.11, the Directors be and are hereby authorised to grant and issue up to 1,000,000 Director Options for no consideration, each exercisable on or before 30 November 2009 at \$0.35 each to Mr Jeff Gresham or his nominee, on the terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice of Meeting."*

For further information please refer to the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.

By order of the Board

**Brett Dickson**  
**Company Secretary**

Date: 11 October 2006

## PROXIES

Votes at the annual general meeting may be given personally or by proxy, attorney or representative.

A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights.

A proxy may, but need not be, a shareholder of the Company.

The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer of his attorney duly authorised.

A proxy form and the authority (if any) under which it is signed or a certified copy of that authority must be deposited at the Company's registered office not less than 48 hours before the time for commencement of the meeting. Please send by post to PO Box 1167, West Perth WA 6872 or by fax to (08) 6380 2988.

## VOTING ENTITLEMENTS

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that Shares held as at 5.00pm on 19 November 2006 will be taken, for the purposes of the general meeting, to be held by persons who held them at that time.

## VOTING EXCLUSIONS

As required by the Listing Rules, the Company will disregard any votes cast on the following resolutions by the persons listed.

<b>Resolution</b>	<b>Persons Excluded from Voting</b>
Resolution 4	First Pacific Mining Lao Co. Ltd and any associate of First Pacific Mining Lao Co. Ltd
Resolution 5	Mr Campbell Baird and any associate of Mr Baird
Resolution 6	Any person who participated in the issue of Shares and their associates
Resolution 7	Mr Jeff Gresham or any associates of Jeff Gresham

In relation to Resolutions 4, 5 and 6, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

In addition, with respect to Resolution 7, the Company need not disregard a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of Mr Jeff Gresham or an associate of Mr Jeff Gresham.

# EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the resolutions contained in the accompanying Notice of Annual General Meeting of Rox Resources Limited to be held on Tuesday, 21 November 2006 at 3.00pm.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting.

## FINANCIAL STATEMENTS AND REPORTS

Shareholders will be given an opportunity to ask questions in relation to the accounts of the Company at the Annual General Meeting.

## RESOLUTION 1 - NON-BINDING RESOLUTION TO ADOPT THE REMUNERATION REPORT AS DISCLOSED IN THE 2006 ANNUAL REPORT

In accordance with Section 250R(2) of the Corporations Act the Company is required to present to its shareholders the Remuneration Report as disclosed in the Rox Resources Limited Annual Report 2006. The vote on the resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out on pages 11 to 13 of the Rox Resources Limited Annual Report for the year ended 30 June 2006 and is also available on the Company's website ([www.roxresources.com.au](http://www.roxresources.com.au)).

The report explains the Board's policies in relation to the nature and level of remuneration paid to the Directors, sets out the remuneration details for each Director and any service agreements and sets out the details of any Share-based compensation.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

## RESOLUTION 2 - RE - ELECTION OF MR MICHAEL BLAKISTON AS A DIRECTOR

Mr Blakiston is a founding Director of the Company and offers himself for re-election.

Mr Blakiston is a practising solicitor with legal experience in the resources sector. He holds the degrees of Bachelor of Jurisprudence and Bachelor of Laws from the University of Western Australia and is a partner of the corporate and resource law firm, Blakiston & Crabb. Mr Blakiston has been practising law for over 25 years.

Mr Blakiston has extensive commercial experience both in advisory and directorial capacities having been involved in project assessment, structuring and financing, joint ventures and strategic alliances in the resource industry. In addition, Mr Blakiston has experience in initial public offerings, takeovers and mergers, corporate and project fundraisings (either with debt or equity), construction, offtake and sales contracts.

## RESOLUTION 3 - ELECTION OF MR JEFF GRESHAM AS A DIRECTOR

Rule 13.5 of the Company's Constitution requires that, Mr Jeff Gresham, being a Director appointed during the year (ie, on 1 October 2006) retire at the next Annual General Meeting of the Company. Mr Gresham, being eligible, offers himself for election as a Director.

Mr Gresham is a geologist with a distinguished industry career of varied exploration, operational and corporate experience both in Australia and internationally spanning 38 years.

Most recently he was Managing Director of Titan Resources NL, an active nickel explorer in Western Australia, and roles prior to that over a 30 year period 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.

## RESOLUTIONS 4 & 5

These resolutions have been put to shareholders and approved by them on two previous occasions. Unfortunately, due to delays in achieving some of the conditions precedent for the issue of the Shares and Pha Luang Options, the allowable time frame to issue the Shares and Pha Luang Options pursuant to the Listing Rules has passed. As a consequence the resolutions are required to be put to shareholders again. The Company expects the conditions precedent to be met in the short term, in particular with respect to the issue of the Pha Luang Options. However should the conditions precedent not be met for the issue of the Shares within 3 months of the date of this Meeting and in order to alleviate the need to return to shareholders for a fourth time the Company has sought and been granted a waiver from the Listing Rules to enable the time frame for the issue of the Shares pursuant to Resolutions 4 & 5 to be extended from the usual 3 months to 24 months.

### RESOLUTION 4 - APPROVAL TO ISSUE SHARES TO FIRST PACIFIC MINING LAO CO. LTD

#### Overview

On 5 April 2005 the Company announced it had reached agreement to acquire a 60% interest in the sulphide portion of the Pha Luang zinc-lead mine ("**Pha Luang Project**") which lies 160 kilometres north of Vientiane, the capital city of the Lao People's Democratic Republic (Laos) (Figure 1).

The lateral, along strike and across strike extent of the zinc-lead-silver oxide outcrops at Pha Luang, and the intensity and widths of surface mineralisation, suggest that this area has the potential to host a zinc-lead province of world class proportions.

Rox undertook due diligence drilling to test three different types of high-grade surface oxide mineralisation. Drilling of one of the surface oxide types failed to intersect sulphide mineralisation but drilling of the other two returned excellent results and the Company elected to proceed with the Pha Luang Project.



Figure 1

### ***Pha Luang Mine***

First Pacific Mining Lao Co. Ltd ("**First Pacific**") is currently mining and processing high-grade zinc oxide ore at a grade exceeding 30% and producing zinc metal ingots for sale to the Chinese market.

Limited surface exploration in the vicinity of outcropping mineralisation has defined a shallow Inferred Oxide Resource of 800,000 tonnes grading 15.3% zinc (Zn), 5.8% lead (Pb) and 70 g/t silver (Ag) within eight (8) separate deposits over a strike length of 10 km. Resources are defined by limited trenching and mapping to a maximum depth of 20 metres and no exploration or drilling below this has been undertaken. The oxide deposits are almost certainly the weathered expression of massive and breccia hosted zinc-lead sulphides in fresh rock.

The mine is located on the top of the Pha Luang range of limestone hills which rise up to 1,400 metres above the surrounding countryside. First Pacific holds a granted mining concession covering 20 km<sup>2</sup> within a surrounding exploration permit of 48 km<sup>2</sup>.

Mineralisation within the mine occurs in steeply dipping zones of massive hydrozincite ( $Zn_5(CO_3)_2(OH)_6$ ), limestone breccia hosted hydrozincite, and zones of massive hydrozincite, smithsonite ( $ZnCO_3$ ) and cerrusite ( $PbCO_3$ ). Barite ( $BaSO_4$ ) is also abundant. Mineralisation is hosted in massive and brecciated Permian limestones.

Rock chip samples taken by Rox of zinc oxide mineralisation graded up to 51% zinc. Samples from mixed lead-zinc oxide-carbonate mineralisation graded up to 32% lead and 24% zinc, and a sample of partly oxidised galena (lead sulphide) assayed 74% lead and 400 g/t silver.

Multiple zones of mineralisation up to 10 metres thick occur over widths of 50 metres at the mine, where mineralisation can be traced along strike for up to 400 metres. The deposits identified to date together with a number of other zinc-lead oxide mineralised outcrops, occur over 10 kilometres of strike, some 400 metres of vertical elevation within the range of hills and over 2 kilometres across strike. There has been no systematic exploration to determine the lateral extent of these individual deposits or to locate additional deposits.

The style and mineralogy of the mineralisation suggests these are "Mississippi Valley Type" carbonate hosted deposits. The best known example of these in Australia are the Lennard Shelf deposits in the north Kimberley region of Australia, which hosted in excess of 20 million tonnes grading at better than 10% combined Pb-Zn. The target on First Pacific's mining concession is for a similar or better deposit. The deposits typically produce a very clean low-iron zinc concentrate that attracts premium prices.

### ***Drilling Results***

The first hole (PLD001) at Bon Noi was drilled vertically instead of inclined, because of equipment limitations at the time. The hole intersected minor sulphide mineralisation (<1% disseminated pyrite and sphalerite) in limestone and brecciated limestone, and was terminated at 83.6m. As the hole was drilled vertically, it is felt that the hole missed the plunge of the potential massive sulphide zone.

The second hole (PLD002) at Pha Luang 2 was drilled beneath hydrozincite mineralisation. Because of site access difficulties the hole was drilled from the footwall side and may have drilled largely down dip. It intersected massive and brecciated limestone with trace to minor (<1%) sulphides, similar to PLD001, and was terminated by bit failure at 73.0m.

The third hole (PLD003) was drilled at Pha Luang 3 testing the hydrozincite surface zone. Drilling was vertical to intersect the zone beneath the steeply dipping secondary zinc mineralisation. A similar result to the two previous holes was obtained, and the hole was terminated at 86m.

The fourth hole (PLD004) of the program at Bon Noi has intersected massive secondary lead-zinc mineralisation over a 17.5 metre down hole interval with weighted average assays of 18.5% zinc (Zn), 5.3% lead (Pb) and 28ppm (g/t) silver (Ag). Specific mineralised intervals were:



From (m)	To (m)	Interval (m)	Zn %	Pb %	Ag ppm
7.4	8.3	0.9	30.2	12.3	84
9.8	17.9	8.1	19.2	9.8	44
19.4	24.9*	5.5	25.6	0.3	10

\* Lost core from 24.9 – 25.6m.

Individual high assays of up to 42.0% Zn, 23.5% Pb and 134ppm Ag were obtained. The intervals from 8.3 - 9.8 metres and 17.9 - 19.4 metres were barren limestone.

The intersection also shows zonation, with a more lead-rich zone from 9.8 to 14.0 metres of 4.2 metres grading 20.9% Zn, 18.7% Pb and 79ppm Ag, and a lead-poor zone from 14.0 to 24.9 metres of 10.9 metres grading 19.2% Zn, 0.2% Pb and 19ppm Ag.

Lost core from 24.9 to 25.6 metres suggests mineralised material may have been washed out of the core barrel close to its contact with massive limestone.

The fifth hole (PLD005) was drilled at the Nam Yen prospect, where lead sulphide (galena) outcrops for over 100 metres along strike and up to 30 metres width. Secondary lead and zinc minerals are also present in this zone. Previous rock chip sampling at Nam Yen returned assays of up to 64.2 % Pb, 18.3 % Zn and 98 ppm Ag. Outcrops of secondary lead-zinc minerals have now been mapped over a strike length exceeding 200 metres at Nam Yen. Two further holes are underway at Nam Yen.

Visual inspection of drill hole PLD005 reports massive secondary lead-zinc mineralisation from surface to 9 metres down hole, followed by lead sulphide (galena) mineralisation as blebs and veinlets over a further 9 metres down hole. Assays are pending.

### *Infrastructure*

The Pha Luang Project is situated close to the main north-south bitumen highway through Laos, and is adjacent to power lines, water supplies and established towns. Relief in the area is moderate to extreme, however road access to the top of the range has been established, and the high relief will aid the underground mining techniques envisaged. There is abundant water for process needs, and there is ample suitable ground for establishment of mine infrastructure. The town of Vangvieng is 15 km south of the mine area.

### *About Laos*

The Lao People's Democratic Republic (Lao PDR) is located on the Indo-China Peninsula, is bordered by Thailand, Myanmar, China, Vietnam and Cambodia, and covers an area of 237,000 km<sup>2</sup> (similar in size to the State of Victoria). After many changes of its political system, political stability was achieved in 1975 when the Lao PDR was established by independence party the Pathet Lao.

Laos has promoted economic liberalisation since 1986 with a shift from a planned economy towards a free market system. The result was a shift towards a market-based economy, which guarantees amongst other things, the right for each Lao citizen to own private property and provides protection for both domestic and foreign investment. From 1993 to 1997 the country enjoyed strong annual economic growth of 7% p.a., and after the Asian financial crisis, it has again enjoyed strong economic growth from 2002 to 2004 of about 5.8% p.a. In 1997 Laos was admitted to the Association of South East Asian Nations (ASEAN) and is in the process of joining the World Trade Organisation (WTO).

2002 was the 50<sup>th</sup> anniversary of the establishment of diplomatic relations between Australia and Laos. According to the Department of Foreign Affairs and Trade, Australia enjoys a positive reputation in Laos both as a result of this long unbroken relationship and a high profile development cooperation program.

The Mining and Foreign Investment Laws in Laos allow foreign investment as evidenced by recent activity by three Australian companies, Oxiana Limited ("**Oxiana**"), Pan Australian Resources NL ("**Pan Australian**") and Argonaut Resources NL. Many Chinese and Thai companies have been investing in Laos mining and infrastructure projects for years.

Oxiana has successfully developed the Sepon gold-copper mine, which is the single largest capital investment in Laos. Pan Australian recently received funding for construction of their Phu Bia gold-copper project in Laos, 60km from the Pha Luang zinc mine.

### *Commercial Terms*

Subject to obtaining all necessary government and ASX approvals, Rox may acquire a 60% interest in the Pha Luang Project as follows:

1. Issue of 2,000,000 Shares to First Pacific at completion of due diligence (note that due diligence is complete).
2. Upon reaching a JORC compliant resource of 4 million tonnes grading >10% combined zinc-lead at a 3% zinc-lead cut-off, issue First Pacific 3,000,000 Shares.
3. Complete a feasibility study, and if positive, issue 9,000,000 Shares to First Pacific.

In light of the uncertainty regarding the timeframes for achievement of the second and third milestones described above, shareholder approval for tranches 2 and 3 (if required) will be sought at a later date.

In addition, Rox will have first right of refusal for 2 years to acquire interests in First Pacific's extensive portfolio of Lao mining projects, which include a coal deposit (currently being mined), an iron ore project, and a gold project covering an area of 800 km<sup>2</sup>.

The joint venture with First Pacific offers Rox a quick entry into the country with an established and credible Lao mining company, as this partner has extensive contact networks within Laos and with various government agencies. First Pacific will assist Rox to obtain the necessary foreign investment approvals from government.

Rox will explore and develop the sulphide portions of the deposits. First Pacific will continue to mine and process the oxide portion of the deposits and Rox will have no interest in the current mine.

### *Listing Rule 7.1*

Listing Rule 7.1 requires shareholder approval to the proposed issue of Shares. Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company's shares then on issue.

The following information in relation to the Shares is provided to shareholders for the purposes of Listing Rule 7.3:

- (a) the maximum number of Shares to be issued by the Company is 2,000,000 Shares;
- (b) the Shares will be allotted and issued within 24 months after the date of the Meeting in accordance with the waiver obtained from the ASX to Listing Rule 7.3.2;
- (c) the deemed issue price of the Shares to be issued under Resolution 3 is 15 cents each;
- (d) the allottee is First Pacific Mining Lao Co. Ltd;
- (e) the Shares are ordinary fully paid Shares in the capital of the Company and rank equally in all respects with the existing ordinary fully paid Shares on issue; and
- (f) no funds will be raised from the issue, but the issue comprises part consideration for the purchase by the Company of a 60% interest in the sulphide portion of the Pha Luang Project.

## **RESOLUTION 5 - APPROVAL TO ISSUE SHARES AND PHA LUANG OPTIONS TO CAMPBELL BAIRD**

### *Background*

On 11 July 2005 the Company entered into a letter agreement with Mr Campbell Baird which formalised an earlier verbal agreement between the Company and Mr Baird, to pay him a finder's fee in recognition of his introduction to the Company of the Pha Luang Project described above.

The finder's fee is to be payable upon the Company's completion of due diligence and a decision to proceed with the Pha Luang Project. Both of these pre-conditions have been satisfied. Mr Baird was not an employee of or contractor to the Company and continues to be an unrelated party.

The finder's fee is payable as follows:

- (a) 350,000 Shares at a deemed issue price of 10.5 cents per Share, being the average Share price in the five days prior to the Company's announcement of the acquisition of the 60% interest in the sulphide portion of the Pha Luang Project; and
- (b) 350,000 Pha Luang Options on the terms and conditions set out in Annexure A.

Subject to the passing of Resolution 4 and this Resolution 5, the 350,000 Shares will be issued at the same time as the 2,000,000 Shares are issued to First Pacific pursuant to Resolution 4 above. The 350,000 Pha Luang Options will be issued within 3 months of the date of this Meeting.

### ***Listing Rule 7.1***

Listing Rule 7.1 requires shareholder approval to the proposed issue of Shares and Pha Luang Options in the Company. Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of Securities by a listed company, where the Securities proposed to be issued represent more than 15% of the Company's shares then on issue.

The following information in relation to the Shares and Pha Luang Options is provided to shareholders for the purposes of Listing Rule 7.3:

- (a) the maximum number of Securities to be issued by the Company is 350,000 Shares and 350,000 Pha Luang Options;
- (b) the 350,000 Shares will be allotted and issued no later than 24 months after the date of this Meeting in accordance with the waiver obtained from the ASX to Listing Rule 7.3.2; the 350,000 Pha Luang Options will be allotted and issued no later than 3 months after the date of this Meeting;
- (c) the deemed issue price of the 350,000 Shares to be issued under Resolution 3 is 10.5 cents each, being the average Share price in the five days prior to the Company's announcement to ASX of the acquisition of the 60% interest in the Pha Luang Project. The Pha Luang Options are issued for nil consideration.
- (d) the allottee is Mr Campbell Baird or his nominee;
- (e) the Shares are ordinary fully paid Shares in the capital of the Company and rank equally in all respects with the existing ordinary fully paid Shares on issue. The Pha Luang Options have the terms as set out in Annexure A of the Explanatory Memorandum; and
- (f) no funds will be raised from the issue, but the issue comprises consideration for the finder's fee which the Company has agreed to pay Mr Baird.

### **RESOLUTION 6 - RATIFICATION OF PRIOR SHARE ISSUE**

On 16 May 2006, the Company announced it had reached agreement with Bell Potter Securities Limited to raise up to \$6.0 million to provide funds to continue and accelerate exploration at the Company's Pha Luang Project in Laos. The raising was completed by way of two tranches: the first being a placement of 6,400,000 Shares at \$0.45 per Share and the second being 6,933,333 Shares at \$0.35. The Company received shareholder approval for the first tranche of Shares and had capacity to place the second tranche of 6,933,333 Shares without Listing Rule 7.1 approval and, accordingly is seeking ratification of the placement of those Shares pursuant to Listing Rule 7.4. It should be noted that between the issue of the first and second tranche of Shares stock markets around the world experienced a severe correction and to ensure the success of the fundraising the issue price of the second tranche was reduced from \$0.45 to \$0.35, which provided an average issue price for the two tranches of \$0.40.

In summary, Listing Rule 7.4 allows a company to seek subsequent approval from shareholders of an issue of shares so that the issue of shares does not count towards the 15% limit on issue without shareholder approval contained in Listing Rule 7.1. Listing Rule 7.1 provides that a company may only issue up to 15% of its share capital in any 12 month period without first obtaining the approval

of shareholders by ordinary resolution, subject to certain exceptions.

Pursuant to Resolution 6, the Directors are seeking ratification under Listing Rule 7.4 of the issue of 6,933,333 Shares that was made on 5 July 2006 in order to restore the right of the Company to issue further Shares within the 15% limit during the next 12 months.

The following information in relation to this Resolution 6 is provided to shareholders for the purposes of Listing Rule 7.5:

- (a) 6,933,333 Shares were allotted;
- (b) the Shares were issued at a price of \$0.35 each;
- (c) the Shares issued are fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary Shares on issue;
- (d) the Shares were issued to various institutional and sophisticated investors introduced by Bell Potter Securities Limited, each of them unrelated parties of the Company; and
- (e) funds raised from the issue will be used to continue and accelerate exploration at the Company's Pha Luang Project in Laos.

#### **RESOLUTION 7 – APPROVAL OF GRANT OF DIRECTOR OPTIONS TO MR JEFF GRESHAM**

Shareholder approval is being sought in Resolution 7 to grant a total of 1,000,000 Director Options to Mr Jeff Gresham, the Non-Executive Chairman.

The grant of Director Options is designed to encourage Mr Gresham to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. Under the Company's current circumstances the Directors (in the absence of Mr Gresham) consider that the incentive intended for him, represented by the issue of these Director Options, is a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

The number of Director Options to be granted to Mr Gresham has been determined based upon a consideration of:

- the remuneration by the Directors;
- the Directors' wish to ensure that the remuneration offered is competitive with market standards. The Directors consider the proposed number of Director Options to be issued will ensure that Mr Gresham's overall remuneration is in line with market standards; and
- incentives to attract and ensure continuity of service of directors who have appropriate knowledge and expertise.

The Directors have determined the exercise price in light of the price of Shares at the time of Mr Gresham's appointment. In this regard, in the 12 month period before his appointment, the highest closing price of Shares was \$0.52 on 1 May 2006 and the lowest closing price was \$0.10 on 9 to 13 January 2006. The most recent closing price prior to the dispatch of this Notice of Meeting was \$0.28 on 5 October 2006. In respect of the Director Options to be granted to Mr Gresham, the exercise price of \$0.35 is a 22% premium to the weighted average closing Share price on the ASX over the five trading days preceding the date of the announcement of Mr Gresham's appointment.

It should be noted that in the event the Director Options are exercised Mr Gresham will be required to pay \$350,000 to the Company.

#### **Related Party Transactions Generally**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

1. the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
2. prior shareholder approval is obtained to the giving of the financial benefit.

The grant of the Director Options to Mr Gresham constitutes a "financial benefit" as defined in the Corporations Act. Further, Mr Gresham is a related party of the Company as defined under the Corporations Act because he is a Director. Accordingly, the proposed grant of Director Options to Mr Gresham pursuant to Resolution 7 constitutes the provision of a financial benefit to a related party of the Company.

**Current Holdings**

Mr Gresham has no interest in any Shares or Options at the date of this Notice:

**Information Requirements**

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

*The related party to whom the proposed resolution would permit the financial benefit to be given*

Subject to shareholder approval the following maximum number of Director Options will be granted to the following related party or his respective nominee:

Name of Related Party	Number of Director Options
Mr Jeff Gresham	1,000,000

In respect of the 1,000,000 Director Options to be granted to Mr Gresham, the exercise price of \$0.35 is a 22% premium to the weighted average closing Share price on the ASX over the five trading days preceding the date of the announcement of his appointment.

*The nature of the financial benefit*

The proposed financial benefit to be given is the grant of Director Options for no consideration to Mr Gresham as noted above. The terms and conditions of the Director Options to be granted to Mr Gresham are set out in Annexure B to this Explanatory Memorandum.

*Directors' recommendation*

For the reasons noted above:

Messrs I Mulholland and M Blakiston (who have no interest in the outcome of the Resolution), but not Mr Gresham, recommend that shareholders vote in favour of Resolution 7 as they believe it is appropriate to grant Mr Gresham the Director Options in light of his expertise and experience.

All the Directors were available to consider Resolution 7 but Mr Gresham declined to make a recommendation due to the fact that he has a material personal interest in its outcome as it relates to the proposed issue of Director Options to him personally.

*Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors*

Resolution 7 would have the effect of giving power to the Directors to grant up to 1,000,000 Director Options on the terms and conditions as set out in Annexure B to this Explanatory Memorandum and as otherwise mentioned above. The Company presently has 56,357,333 issued Shares and 7,300,000 unlisted Options.

If all Director Options granted as proposed above are exercised, together with the existing Options on issue, the effect would be to dilute the shareholding of existing shareholders and optionholders by approximately 1.5%. The market price of the Company's Shares during the period of the Director Options will normally determine whether or not Mr Gresham exercises the Director Options. At the time any Director Options are exercised and Shares are issued pursuant to the exercise of the Director Options, the Company's Shares may be trading at a price which is higher than the exercise price of the

Director Options.

Mr Gresham's base salary per annum and the total financial benefit to be received by him in this current period as a result of the grant of Director Options the subject of Resolution 7 are:

<b>Director</b>	<b>Base salary p.a. (\$)</b>	<b>Superannuation p.a. (\$)</b>	<b>Value of Director Options (\$)</b>	<b>Total Financial Benefit (\$)</b>
Mr Jeff Gresham	50,000	4,500	118,300	172,800

In the 12 months before the date of this Notice, the highest, lowest and most recent closing price of Shares on the ASX is as set out below:

	<b>Date</b>	<b>Price (cents)</b>
Highest	1 May 2006	52
Lowest	9 - 13 January 2006	10
Last	5 October 2006	28

### **Valuation of Director Options**

The Company has valued the Director Options to be granted to Mr Gresham using the Black & Scholes Model. The value of an option calculated by the Black & Scholes Model is a function of a number of variables. The Company's assessment of the value of the Director Options has been prepared using the following assumptions:

<b>Variable</b>	<b>Input</b>
Share price	\$0.28
Exercise price	\$0.35
Risk free interest rate	5.775%
Volatility	100%
Time (years) to expiry	3 years (expire 30 November 2009)

For the purposes of this valuation the Company has assumed 30 November 2006 as the issue date of the Director Options. For the Share price, the Company has assumed \$0.28 as this was the Share price on the date of the valuation was calculated. The Company has also assumed a volatility level of 100% taking into account the Share price as at 22 September 2006, the term of the Director Options (3 years), the prospectivity of the Company's mineral tenements and its past Share prices. Based on these assumptions, the estimated value of one Director Option is 16.90 cents.

A discount of 30% has been applied to reflect the fact that the Director Options will not be listed and thus will have a lower level of liquidity. It is not uncommon to have discounts of between 20% and 50% to reflect an unlisted status. After the discount, the estimated value of one Director Option is 11.83 cents.

The estimated value of 1,000,000 Director Options proposed to be granted to Mr Gresham pursuant to Resolution 7 is \$118,300.

### **Listing Rule 10.11**

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including the grant of options) to a related party of the Company. If Resolution 7 is passed, the Director Options will be granted to Mr Gresham. Mr Gresham is a related party of the Company by virtue of him being a Director.

Accordingly, approval for the grant of the Director Options to Mr Gresham is required pursuant to Listing Rule 10.11. Approval pursuant to Listing Rule 7.1 is not required in order to grant the

Director Options to Mr Gresham as approval is being obtained under Listing Rule 10.11. Shareholders should note that the grant of the Director Options to Mr Gresham with approval under Listing Rule 10.11 will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under Listing Rule 10.11. For the purpose of Listing Rule 10.13, the following information is provided to shareholders:

- (a) the Director Options will be offered and, if accepted, granted to Mr Jeff Gresham;
- (b) the maximum number of Director Options to be issued is 1,000,000;
- (c) the Director Options will be offered and, if accepted, granted on a date which will be no later than one month after the date of this Meeting;
- (d) the Director Options will be granted for no consideration;
- (e) no funds will be raised by the grant of the Director Options; and
- (f) the terms and conditions of the Director Options are set out in Annexure B to this Explanatory Memorandum.

The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options pursuant to Resolution 7.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by the proposed resolution.

## GLOSSARY

<b>"ASX"</b>	means Australian Stock Exchange Limited;
<b>"Company" or "Rox"</b>	means Rox Resources Limited ABN 53 107 202 602;
<b>"Corporations Act"</b>	means the Corporations Act 2001 (Cth);
<b>"Directors"</b>	means directors of the Company;
<b>"Director Options"</b>	means options having the terms and conditions set out in Annexure B to the Explanatory Memorandum;
<b>"Explanatory Memorandum"</b>	means this information attached to the Notice, which provides information to shareholders about the resolutions contained in the Notice;
<b>"Listing Rules"</b>	means the listing rules of ASX;
<b>"Meeting"</b>	means the annual general meeting the subject of the Notice;
<b>"Notice" or "Notice of Meeting"</b>	means the notice of annual general meeting which accompanies this Explanatory Memorandum;
<b>"Option"</b>	means an option to acquire a Share;
<b>"Pha Luang Options"</b>	means the Options having the terms and conditions set out in Annexure A to the Explanatory Memorandum;
<b>"Securities"</b>	means Shares and Options; and
<b>"Shares"</b>	means fully paid ordinary shares issued in the capital of the Company.



## ANNEXURE A

### TERMS AND CONDITIONS OF PHA LUANG OPTIONS

1. No monies will be payable for the issue of the Pha Luang Options.
2. The Pha Luang Options shall expire at 5.00pm on 30 April 2007 ("**Expiry Date**").
3. Subject to condition 11 each Pha Luang Option shall carry the right in favour of the option holder to subscribe for one fully paid ordinary share in the capital of the Company ("**Share**"). Pha Luang Options may be exercised after the date of issue and prior to the Expiry Date.
4. Subject to condition 11 the Shares allotted to option holders on exercise of Pha Luang Options shall be issued at a price of 20 cents each ("**Exercise Price**").
5. Subject to condition 11 the Exercise Price of Shares the subject of the Pha Luang Options shall be payable in full on exercise of the Pha Luang Options.
6. Pha Luang Options shall be exercisable by the delivery to the registered office on the Company of a notice in writing stating the intention of the option holder to:
  - (a) exercise all or a specified number of Pha Luang Options; and
  - (b) pay the subscription monies in full for the exercise of each Pha Luang Option.

The notice must be accompanied by a cheque made payable to the Company for the subscription monies for the Shares. An exercise of only some Pha Luang Options shall not affect the rights of the option holder to the balance of the Pha Luang Options held by him.

7. The Company shall allot the resultant Shares and deliver the holding statement within five business days of the exercise of the Pha Luang Option.
8. The Pha Luang Options shall only be transferable to a related party.
9. Shares allotted pursuant to an exercise of Pha Luang Options shall rank, from the date of allotment, equally with existing ordinary fully paid Shares in all respects.
10. The Company shall within five business days of any exercise of the Pha Luang Options apply for official quotation on the ASX of the Shares allotted pursuant to the exercise of any of the Options.
11. In the case of any entitlements issue (other than a bonus issue) the Exercise Price of the Pha Luang Option shall be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

O' = the new exercise price of the Pha Luang Option

O = the old exercise price of the Pha Luang Option

E = the number of underlying securities into which one Pha Luang Option is exercisable

P = the average market price per Share (weighted by reference to volume) of the underlying securities during the five trading days ending on the day before the ex-rights date or ex-entitlements date.

S = the subscription price for a security under the pro-rata issue.

- D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue).
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
12. In the case of a bonus issue the number of Shares over which the Pha Luang Option is exercisable shall be increased by the number of Shares which the option holder would have received if the Pha Luang Option had been exercised before the record date for the bonus issue. The Company shall notify the ASX of the adjustments in accordance with the Listing Rules.
13. In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, the number of the Pha Luang Options or the exercise price of the Pha Luang Options or both shall be reconstructed (as appropriate) in accordance with the Listing Rules of ASX.
14. The Pha Luang Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Pha Luang Options.
15. There are no participating rights or entitlements inherent in the Pha Luang Options and holders of the Pha Luang Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Pha Luang Option.

## ANNEXURE B

### TERMS AND CONDITIONS OF DIRECTOR OPTIONS

1. No monies will be payable for the issue of the Director Options.
2. The Director Options shall expire on 30 November 2009 ("**Expiry Date**").
3. Subject to condition 11 each Director Option shall carry the right in favour of the option holder to subscribe for one fully paid ordinary share in the capital of the Company ("**Share**"). Director Options may be exercised at any time during the period commencing from the date of grant and ending on the Expiry Date.
4. Subject to condition 11 the Shares allotted to option holders on exercise of the Director Options shall be issued at a price of 35 cents each ("**Exercise Price**").
5. Subject to condition 11 the Exercise Price of Shares the subject of the Director Options shall be payable in full on exercise of the Director Options.
6. Director Options shall be exercisable by the delivery to the registered office on the Company of a notice in writing stating the intention of the option holder to:
  - (a) exercise all or a specified number of Director Options; and
  - (b) pay the subscription monies in full for the exercise of each Director Option.

The notice must be accompanied by a cheque made payable to the Company for the subscription monies for the Shares. An exercise of only some Director Options shall not affect the rights of the option holder to the balance of the Director Options held by him.

7. The Company shall allot the resultant Shares and deliver the holding statement within five business days of the exercise of the Director Option.
8. The Director Options shall be freely transferable but will not be listed on the Australian Stock Exchange Limited ("**ASX**").
9. Shares allotted pursuant to an exercise of Director Options shall rank, from the date of allotment, equally with existing Shares in all respects.
10. The Company shall within five business days of any exercise of the Director Options apply for official quotation on the ASX of the Shares allotted pursuant to the exercise of any of the Director Options.
11. In the case of any entitlements issue (other than a bonus issue) the Exercise Price of the Director Option shall be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

O' = the new exercise price of the Director Option

O = the old exercise price of the Director Option

- E = the number of underlying securities into which one Director Option is exercisable
- P = the average market price per Share (weighted by reference to volume) of the underlying securities during the five trading days ending on the day before the ex-rights date or ex-entitlements date.
- S = the subscription price for a security under the pro-rata issue.
- D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue).
- N = the number of securities with rights or entitlements that must be held to receive a rights to one new security.

12. In the case of a bonus issue the number of Shares over which the Director Option is exercisable shall be increased by the number of Shares which the option holder would have received if the Director Option had been exercised before the record date for the bonus issue. The Company shall notify the ASX of the adjustments in accordance with the Listing Rules.
13. In the event of any reconstruction ( including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, the number of the Director Options or the exercise price of the Director Options or both shall be reconstructed (as appropriate) in accordance with the Listing Rules of ASX.
14. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.

# ROX RESOURCES LIMITED

ABN 53 107 202 602

## PROXY FORM

The Company Secretary

Rox Resources Limited

Address: Ground Floor, 63 Hay Street  
SUBIACO WA 6008

Facsimile: (08) 6380 2988

I/We (name of shareholder) .....

of (address) .....

being a member/members of Rox Resources Limited HEREBY APPOINT

(name) .....

of (address) .....

and/or failing him (name) .....

of (address) .....

or failing that person then the Chairman of the General Meeting as my/our proxy to vote for me/us and on my/our behalf at the 2006 Annual General Meeting of the Company to be held on 21 November 2006 at 3.00pm at the Parmelia Hilton, 14 Mill Street, Perth, WA and at any adjournment of the meeting.

*Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:*

I/We direct my/our Proxy to vote in the following manner:	For	Against	Abstain
Resolution 1 – Non-Binding Resolution to Adopt the Remuneration Report as Disclosed in the 2006 Annual Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Mr Michael Blakiston as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Re-election of Mr Jeff Gresham as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval to Issue Shares to First Pacific Mining Lao Co. Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Approval to Issue Shares and Pha Luang Options to Campbell Baird	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Ratification of Prior Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Approval of Grant of Director Options to Mr Jeff Gresham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If no directions are given my proxy may vote as the proxy thinks fit or may abstain.		<input type="checkbox"/>	
If you do not wish to direct your proxy how to vote, please place a mark in the box.		<input type="checkbox"/>	

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of Resolutions 4 - 7 and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote undirected proxies in favour of Resolutions 4 – 7

Dated: 2006

***This Proxy is appointed to represent \_\_\_\_% of my voting right, or if 2 proxies are appointed Proxy 1 represents \_\_\_\_% and Proxy 2 represents \_\_\_\_% of my total votes. My total voting right is \_\_\_\_\_ Shares***

*If the shareholder is an individual:*

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

*If the shareholder is a company:*

Affix common seal (if required by Constitution)

\_\_\_\_\_  
Director/Sole Director and Secretary

\_\_\_\_\_  
Director/Secretary

## INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this Annual General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the Company or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this General Meeting **that is by 3.00pm WST on 19 November 2006** by post or facsimile to the respective addresses stipulated in this proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
  - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
  - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
  - (c) if the proxy is Chairperson, the proxy must vote on a poll and must vote that way; and
  - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in anyway that the proxy sees fit.