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Company Announcements Office
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ASX / Media Announcement

**AUROX CONSIDERS JOINT IRON – VANADIUM - TITANIUM
PRODUCTION AT BALLA BALLA**

West Pilbara titanomagnetite developer Aurox Resources Limited (ASX: AXO) has advanced its studies into the production of ferrovanadium (“FeV”) in conjunction with its plans to produce iron and titanium concentrate from the Company’s 100% owned Balla Balla project.

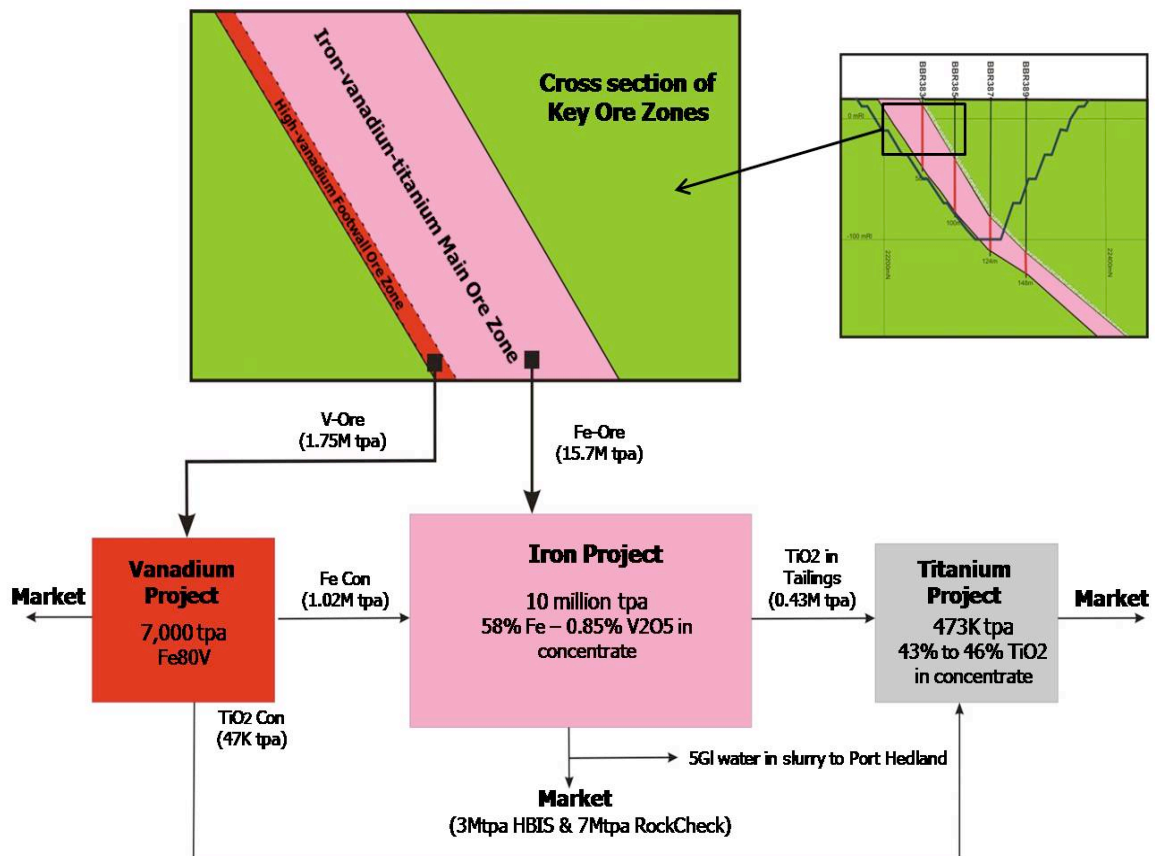
In 2006 Aurox completed a Bankable Feasibility Study (“BFS”) for the production of ferrovanadium (“FeV”) from a stand-alone operation at Balla Balla. FeV is a popular alloy used to strengthen all grades of steel, especially tool, heat-treated, and structural steels. Although the BFS results for the standalone FeV project were very favourable, the reliance on spot-market sales of the lone FeV commodity increased the potential volatility of revenues and in turn project risk. These issues were addressed when the Company decided in favour of producing a vanadium-rich iron concentrate and thereafter secured binding off-take sale agreements with Chinese steel-vanadium makers Chengde Iron & Steel and the RockCheck Steel Group.

In 2009 the Balla Balla FeV project was revisited as part of the staged expansion of the Balla Balla iron concentrate project from 6M to 10M tonnes per annum (“tpa”). Investigations show that 7,000 tonnes of FeV could be produced annually from 1.75M tpa of titanomagnetite feed. Importantly, the FeV plant produces 1M tpa of iron concentrate as a bi-product which grades +61% Fe and is suited for blending with the iron concentrate produced from Balla Balla’s 10M tpa iron concentrate operation. The blended iron concentrate will be transported to Port Hedland via a buried slurry pipeline where Aurox has secured a 15 year agreement with the Port Hedland Port Authority for use of the new Utah Point multi-user berth and shipping facility.

Preliminary financial analysis shows the sale of 7,000 tpa of FeV plus 1M tpa iron concentrate puts the Balla Balla vanadium project on par with the world's largest, lowest cost ferrovanadium producers.

The non-magnetic material discarded as waste during the concentration of the titanomagnetite contains approximately 12% TiO₂ (as ilmenite). Ilmenite is used mainly as raw material for pigment production and is a readily saleable product in China when concentrated to +40% TiO₂. Metallurgical studies by Aurox has confirmed that over 470,000 tpa of titanium concentrate grading between 43% and 46% TiO₂ can be recovered from the Balla Balla tailings once iron concentrate production reaches 10 million tpa.

The figure below illustrates the 'feed to market' flow-sheet of the 3-product Balla Balla Project.



The efficiencies and synergies of producing 3 products from a single deposit translates to considerable capital and operating cost savings and in turn will further increase the profitability of the Balla Balla project. Areas where cost savings will be recognized are listed below.

THREE PROJECTS / SINGLE OREBODY

Shared Facilities & Infrastructure

MINESITE

Management and Technical Staff
Mining Fleet and Port Facilities
Processing Equipment / Slurry Pipeline
Civil and Road works
Accommodation and messing
Offices and Workshops
Personnel transport (fly-in fly-out)
Supply and consumables Transport
Vehicles and spares
Tailings Storage and ponds
Environmental / Health and safety

PERTH OFFICE

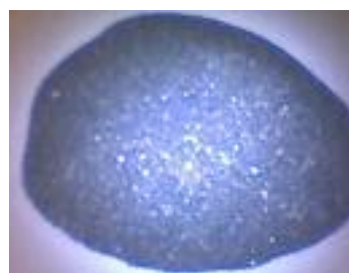
Executive Management
Corporate Administration
Accounting and Finance
Marketing and Sales
Office overheads
Procurement and Supplies
Engineering/Technical Services
Human Resources and Payroll



Ferrovandium



Iron concentrate



Titanium concentrate

Source: Company

GR Engineering Services Pty Ltd (GRES) are currently reworking the capital and operating costs for the 3-product operation taking into account the many cost-saving synergies listed above. The GRES cost study is due for completion in September at which time Aurox will report the new operating and capital cost estimates.



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