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ASX / Media Announcement

FOX TO ALLOW ITS BID FOR HANNANS TO LAPSE

Highlights:

- **Fox to allow its bid for Hannans Reward to lapse on 10 July 2009 if not withdrawn earlier.**
- **Will focus solely on unlocking the significant value in its own projects.**

Pilbara-based minerals developer Fox Resources Limited (ASX: FXR) today announces that, unless withdrawn earlier, its bid for Hannans Reward Limited (ASX:HNR) will be allowed to lapse at the end of the offer period on 10 July 2009 despite achieving to date a relevant interest of 19.6% in the target.

Fox intends to focus solely on unlocking the significant value in its own projects given continuing strong progress being made with its Radio Hill nickel mine and the Mt Oscar iron ore asset.

Importantly, Fox believes that its takeover bid for Hannans is fully valued on a 100% acquisition basis and Fox will not be increasing, or waiving any of the conditions of, its bid.

One of the conditions of the bid, as set out in Fox's bidder's statement of 18 May 2009, includes Fox obtaining a relevant interest in at least 90% of Hannans' shares. Another condition is that no person has any right as a result of Fox acquiring Hannans shares to acquire, or require Hannans to dispose of or offer to dispose of, any material asset. However, given the statements made in Hannans' target's statement:

- that Hannans' directors who hold approximately 16% of Hannans Reward do not intend accepting Fox's takeover bid; and
- that Hannans had previously agreed with Vale Inco in respect of Hannans' Queen Victoria Rocks project, that if there is a 'change in control' of Hannans, Vale Inco will have the right to acquire 100% of that project,

the above conditions are unable to be satisfied and the bid will therefore lapse at 5:00pm on 10 July 2009, unless withdrawn earlier.

Fox Executive Chairman Terry Streeter said despite recognising the potential of the Hannans assets, Fox simply does not believe those assets are currently worth more than the value of its offer, particularly if encumbered by minority interests or third party acquisition rights.

Fox is also concerned about Hannans' proposed placement of up to 50 million shares, as announced by Hannans and approved by its shareholders after Fox's announcement of the bid. As such a large number of shares could potentially be issued after the end of the bid period, Fox considers that this presents an unacceptable risk of significant dilution to its

potential investment in Hannans should the bid proceed without the 90% minimum acceptance condition.

“Given encouraging progress being made at our own nickel/copper projects and iron ore project, we believe that the interests of our shareholders will be best served by dedicating all of the company’s resources to unlocking the significant value in our projects,” Mr Streeter said.

“The ongoing progress and test work being conducted at Fox’s near term production and advanced exploration projects – particularly Radio Hill, Whundo and Mt Oscar – auger well for the delivery of significant value to shareholders in the short to medium term.”

In the interests of all parties, Fox will today apply to the Australian Securities & Investments Commission for consent to withdraw all unaccepted offers under the takeover bid in accordance with the terms of the bid.

Due to the inability to satisfy all of the conditions of the takeover bid, all acceptances, including Fox’s relevant interest in 19.6% of Hannans Reward shares as a result of acceptances received to date and the pre-bid acceptance agreements, will become void under the terms of the bid. Mr Streeter thanked those Hannans shareholders who have, or have agreed to, accept the bid including those who entered into pre-bid acceptance agreements.

With respect to Hannan's Target's Statement dated 29 May, Fox believes that it includes a number of statements or arguments in relation to Fox and its interests that are misleading and/or lack merit. Fox reserves its rights in relation to those statements.

About Fox

Fox is a nickel focused metals developer, with a substantial resource footprint in the world-renowned Pilbara region. Fox’s Radio Hill project has been producing and shipping nickel and copper concentrate for more than four years. It was placed on care and maintenance during 2008 following adverse movements in nickel prices.

The project offers the advantages of established infrastructure, including a new 84 man village, a 425,000 tonne per annum nickel processing plant, a fully developed underground mine at Radio Hill and concentrate storage facilities at the Port of Dampier, 40km from the Radio Hill Mine. The concentrates produced at Radio Hill are also high value due to their low levels of magnesium oxide and arsenic.

Fox has an off-take arrangement in place with marketing partner Jinchuan Group Limited - China's largest producer of nickel, and a major Fox Resources shareholder. It also has the benefit of a highly experienced Board and management team, with particular expertise in the development of major nickel projects.

The company is also advancing its substantial Mount Oscar magnetite project in the Pilbara.

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