

FOX RESOURCES IN NEGOTIATIONS WITH JINCHUAN GROUP

Fox Resources Limited (ASX: FXR) today announced that it is in negotiations with strategic partner Jinchuan Group Limited (Jinchuan) regarding the development of the Company's heap leaching operation at Radio Hill in the Pilbara of Western Australia.

Following on from the announcement on Tuesday that Fox's two largest shareholders would be taking up their full entitlements of the current rights issue, Jinchuan has now resolved to negotiate potential extensions to the current offtake agreement with the Company as well as consider project financing.

"This is a significant development for Fox. We have a long association with Jinchuan and are pleased to report that they have provided us with an expression of intent to negotiate in good faith on alternative financing facilities for the project," said Mr Terry Streeter, Fox's Chairman.

Discussions are well underway covering two elements for Radio Hill's development:

1. **Sales off-take** – Jinchuan and Fox are discussing a potential nickel and copper carbonate Sales Offtake Agreement for Radio Hill. This will be delineated under the project feasibility study completed by Fox and provided to Jinchuan in late April 2010.
2. **Construction** – Jinchuan and Fox are also reviewing the capital cost of construction, which may lead to a Construction and Funding Agreement for A\$20 million. This would be for engineering and construction services for the heap leaching processing operation and the associated infrastructure.

These ongoing discussions with Jinchuan demonstrate strong support for the technical viability of the Radio Hill heap leaching operation. Additionally, Jinchuan has expressed a desire to use reasonable endeavours to fast track the project to production.

The terms of the new offtake being presented to Jinchuan, while not finalised, would cover Fox's commissioning period and initial early years output from Radio Hill – providing a strong level of project support and confidence.

If the offtake agreement were to proceed, the secured initial sales for this critical period would enable Fox to continue to strengthen its management and technical capabilities as heap leaching development on other target projects (i.e. Sholl B2) continue in parallel with the commissioning phase.

All potential agreements with Jinchuan will be based on arms length negotiated terms and conditions applicable for mineral products. Future agreements are subject to and conditional upon statutory approvals by the Provincial Government of Gansu Province and the Central Government of the People's Republic of China.

The Company is buoyed by the fact that Jinchuan remains a key strategic alliance for Fox and intends to finalise negotiations as soon as practicable.

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APPENDIX

About Jinchuan Group Limited

Located in the Gansu province of northern China, **Jinchuan Group Limited** (JNMC) is China's largest producer of nickel, cobalt and platinum group metals and is a major producer of copper. The Jinchuan Group has an annual production capacity of 130,000 tons of nickel, 200,000 tons of copper, 6,000 tons of cobalt, 8,000 kilograms of platinum group metals and 1,200,000 tons of chemical products. The purchase of high quality products such as nickel and copper carbonates to be produced from Radio Hill is a key part of Jinchuan's growth strategy.

Jinchuan has a long-standing commitment to technological innovation in the concentration, smelting and refining of nickel, cobalt and platinum group metal products. Fox and Jinchuan have the benefit of a long history of working together dating back to 2004 and both parties look forward to strengthening this alliance well into the future.



Figure 1. Bio-leach test of low-grade nickel sulphide of Jinchuan (13th Goldman Sachs Basic Material Conference, New York)



Figure 2. Gansu province of China

Fox Resources Rights Issue

Fox currently has a one for six non-renounceable entitlement offer (Rights Issue) open at an issue price of 15 cents per new Fox share, which is due to close on 26 May 2010. The Rights Issue will help underpin Fox's plans to further advance the heap leaching operation.

Subscribers will receive one free attaching option (which will be quoted, subject to ASX approval) for every share subscribed for, with an exercise price of 30 cents each and expiring on 31 March 2011.

Key Dates

The anticipated timetable for the Rights Issue is as follows:

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| Announcement of Rights Issue | Friday 23 April 2010 |
| Despatch of notices to shareholders informing them of the Rights Issue | Friday 27 April 2010 |
| Record date for determining entitlements | Wednesday 5 May 2010 |
| Opening date | Tuesday 11 May 2010 |
| Closing date – the last day for receipt of acceptance forms | (5:00pm WST) Wednesday 26 May 2010 |
| Company notifies the ASX of under-subscriptions | Monday 31 May 2010 |
| Despatch date of holding statements | Wednesday 2 June 2010 |
| Expected commencement date of normal trading in new shares on ASX | Thursday 3 June 2010 |

This timetable is indicative only and subject to change, but only in accordance with the ASX Listing Rules.

The Directors also reserve the right not to proceed with the whole or part of the Rights Issue any time prior to allotment and issue of the new shares. In that event, any payments received for applications will be returned in full without interest.

As previously announced, Fox's long-term growth strategy is aimed at defining further base metal resources to sustain a bacterial heap leaching operation that treats known sulphide resources at the Company's Radio Hill, Sholl and Whundo projects.