

MT OSCAR SCOPING STUDY COMPLETED WITH POSITIVE RESULTS

Highlights:

- **Mt Oscar scoping study completed with positive results.**
- **Preliminary process design based on a proposed plant capacity to produce 8Mtpa of Magnetite concentrate.**
- **Confirmation that mineralisation is amenable to conventional treatment processes, with some optimisation warranted to achieve even better outcomes.**
- **Recommended to proceed with pre-feasibility studies.**
- **METS has concluded that the project has no fatal flaws and has great potential to be a successful project.**

Pilbara-based minerals developer Fox Resources (ASX: FXR) is pleased to announce that Mineral Engineering Technical Services Pty Ltd (METS), an independent specialist consulting group, has completed a scoping study on Fox's Mount Oscar Magnetite Project (Mt Oscar) in the Pilbara region of Western Australia.

METS has concluded that, while there are some development stages still to be defined, the present knowledge base has not shown any fatal flaws and the project has a great potential of success. Further, METS recommended that a Pre-Feasibility Study (PFS) should be performed to confirm the processing parameters and design data for the project.

Reasons for METS' positive view include:

- The project's location close to existing significant port, rail, power, and gas infrastructure.
- Potential synergies if infrastructure can be shared with other existing or developing projects in the region.
- Positive mineralogy of the concentrate produced from the Mt Oscar ore.
- Favourable ore geometry and potential mining issues previously identified by Fox – these include stripping ratios, overburden and conversion to reserves.

METS were chosen to perform the scoping study based on their 20 years of comprehensive experience in project feasibilities, engineering and development on a large range of mining projects within Australia and overseas.

Fox Resources Managing Director, Bruno Seneque said the scoping study completes another phase in the development of the Mt Oscar project.

"The scoping study results will be used to identify requirements and guide further exploration to support pre-feasibility and bankable feasibility studies. It follows Fox's announcement in

March of an initial inferred resource at the project and completion of initial metallurgical testing in May,” Mr Seneque said.

“Based on the results of the scoping study, the company is confident the project is robust and warrants further development and exploration to the pre-feasibility level.”

Mt Oscar Background

Mt Oscar is located 30km south of the port of Cape Lambert, which gives the project massive advantages in terms of access to infrastructure and vital services. Gas, water and power are all within 20km of the project and port facilities are 30km from the project.

High resolution aeromag identified five magnetic anomalies – which were confirmed by reconnaissance mapping and sampling – and two separate drilling programs were subsequently conducted during 2008. The data from these programs was used to produce an initial resource of 72.4 million tonnes @ 34% Fe. Fox is confident that it will delineate a significantly larger resource at Mt Oscar with further drilling as the resource model is open along strike and down dip, and three of the five anomalies are yet to be drill tested.

Recent metallurgical test-work determined that with optimisation the Mt Oscar ore could produce a saleable concentrate using conventional crushing, grinding, magnetic separation and flotation techniques.

Scoping Study Overview

As part of the scoping study, METS undertook a review of all drilling, resource and metallurgical work performed to date. It also examined local and regional infrastructure, metallurgy and flow-sheet design along with preliminary estimates of capital and operating costs.

METS’ positive view of the project is based on key findings which include:

1. Mt Oscar project is surrounded by the development of other major magnetite projects, which could provide Fox with an opportunity to share new port and transport infrastructure.
2. The project also located in close proximity to existing infrastructure such as ports, rail, roads, power, gas, town, airport and services.
3. The project compares favourably with other magnetite projects, which include:
 - Sino Iron Project (Cape Preston) – 2 billion tonnes in resources;
 - Balmoral South (Australasian Resources) – 1.4 billion tonnes; and
 - Cape Lambert (MCC) – 1.6 billion tonnes.
4. Favourable ore geometry and potential mining issues previously identified by Fox, including:
 - Vertical ore bodies outcropping at surface.
 - BIF hosted magnetite units up to 100m thick.
 - No overburden – negligible pre-stripping.
 - Minimal oxide horizon.
 - Highly competent footwall and hanging wall rocks.
 - Low stripping ratios expected.

5. The project is expected to achieve high conversion of resources to reserves.
6. There is a high potential for the flowsheet to be optimised to achieve more positive outcomes. The incorporation of hydrosizers to reduce the load of the flotation circuit would present a cost-saving solution.

Preliminary Process Design

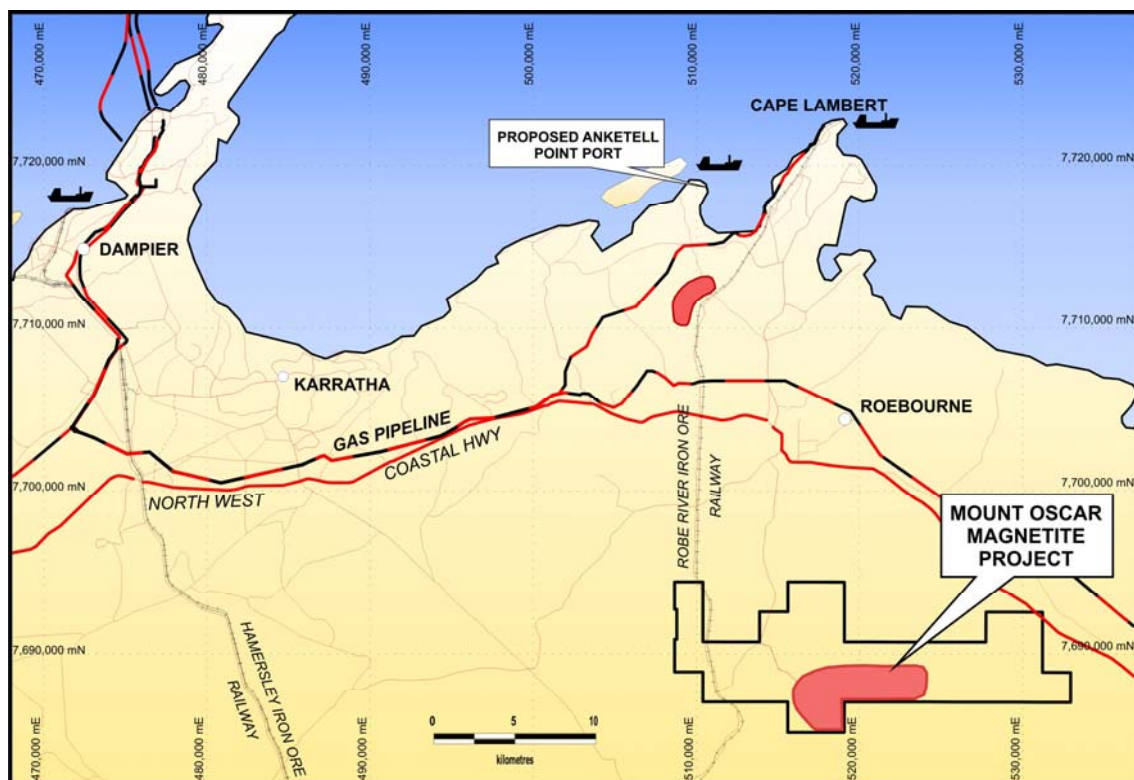
The study confirmed that the mineralisation at Mt Oscar is amenable to conventional treatment (ie, crushing, grinding, magnetic separation and flotation techniques) with some optimisation of the treatment process to achieve more positive outcomes.

METS developed a preliminary process flowsheet – at the level of detail appropriate for a scoping study – aiming to produce 8Mtpa of magnetite concentrate. Under this preliminary process design, the ore is subject to various crushing, grinding, magnetic separation, hydrosizer treatment and rougher/scavenger flotation to produce a magnetite concentrate containing less than 5% SiO₂. The flowsheet will be further optimised during Pre Feasibility Studies.

Infrastructure Review

METS noted that the project is strategically situated near to existing infrastructure. Its reasonable expectation is that magnetite concentrate could be exported through the proposed port facilities at Anketell Point. The magnetite concentrate could be transported by road from the Mt Oscar mine to the port or alternatively – if access could be granted – through the Robe River rail network. A slurry pipeline could also be considered.

Figure 1: Location of Mt Oscar Iron Ore Project



About Fox Resources

Fox Resources 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 Resources 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. The Company has also 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, where it has recently delivered an initial inferred JORC resource estimate of 72 million tonnes grading 34% iron and is aiming for a one billion tonne target.

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