

# THE PILBARA CHRONICLE



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THE OFFICIAL  
NEWSLETTER  
OF FOX  
RESOURCES  
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09

## CHAIRMAN'S MESSAGE



Fellow shareholder,

It is with great anticipation that I present the first edition of what is planned to be a regular newsletter to keep you up-to-date with our progress and developments at Fox Resources.

Inside this edition, we discuss the ongoing progress at Fox's near term production and advanced exploration projects – particularly Radio Hill, Whundo and Mt Oscar – which augur well for the delivery of significant value to shareholders in the short to medium term.

At Radio Hill and Whundo, Fox is on the verge of unlocking significant value in these nickel-copper projects. We are excited by the better than expected heap leaching metallurgical test results using existing stockpiles and oxide material. At Mt Oscar, a recent scoping study also confirmed its significant potential with further exploration and development to the pre-feasibility level warranted.

Fox is therefore undertaking an entitlements offer to all its shareholders to raise fresh capital so it can continue this rapid progress. As a major shareholder in Fox, I intend to participate in the entitlements offer and anticipate that our other major shareholders will also participate.

In light of these and other developments, we decided in June to allow our takeover bid for Hannans Reward Limited to lapse so as to focus solely on our own projects. Despite the significant opportunity that first presented itself, the Fox board formed the view that aggressively pursuing what was becoming an increasingly hostile bid was not worth further attention.

This is an exciting time to be a Pilbara-based minerals developer. Promising developments in our strategic discussions with Chinese steel mills only confirms my belief that **Fox is well positioned to capitalise on the long term positive outlook for steel feed minerals and the wave of strategic acquisitions and consolidation taking place in the Pilbara.**

TERRY STREETER  
EXECUTIVE CHAIRMAN



## MT OSCAR STACKING UP (IRON ORE – MAGNETITE; 100% FOX)

In early June, Fox announced that Mineral Engineering Technical Services Pty Ltd (METS) completed a **scoping study on Mt Oscar, which recommended that the project proceed to the pre-feasibility stage.**

The study 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 great potential for success.

On 18 March 2009, Fox announced an initial inferred resource of **72 million tonnes grading 34% Fe** and completion of initial metallurgical testing in May. The Company has an exploration target of between 0.8 – 1.2 billion tonnes<sup>1</sup> based on the 8km of strike length yet to be drilled along with geophysics, field mapping and reconnaissance by Fox staff.

The key advantages for Mt Oscar include:

- Its location close to existing significant port, rail, power, and gas infrastructure.
- Potential sharing of infrastructure with other existing or developing projects in the region.
- Positive mineralogy of concentrate produced.
- Favourable ore geometry and likely positive mining considerations – these include low stripping ratios, minimal overburden and high conversion to reserves.

1. The potential quantity and grade of the untested areas of the Mount Oscar project is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

## CHINESE STEEL MILL INTEREST

**In mid July, Fox will host several site visits by representatives of Chinese steel mills with an interest in Fox's portfolio of projects.**

Whilst there is no guarantee that an acceptable agreement or transaction will eventuate, the site visits are an indication of the important strategic advantages that Fox's projects hold for potential customers in resource-hungry China. We look forward to our continuing discussions with these parties and will keep shareholders informed of any substantial developments.



## FOX OPENS SHARE ENTITLEMENT OFFER

Fox has recently opened its shareholder entitlement offer to raise up to approximately \$13.1 million, which, if fully subscribed, will conclude a \$16.5 million capital raising program that commenced in April this year. Shareholders are being offered one share – at an issue price of 13 cents each – plus one free attaching option for every two shares they hold in Fox. The options are exercisable at 30 cents each and expire on 30 November 2010.

As a major shareholder, Fox's Chairman, Terry Streeter, intends to participate in the entitlements offer and it is anticipated that other major shareholders will also participate.

The offer is expected to significantly strengthen Fox's balance sheet and allow it to maintain the momentum of its rapid exploration and development strategy. Funds will be used to drive ongoing exploration programs, studies and testwork at Fox's base metal and iron ore projects and will also be used for repayment of creditors and general working capital.

The offer is currently scheduled to close on 14 July 2009.



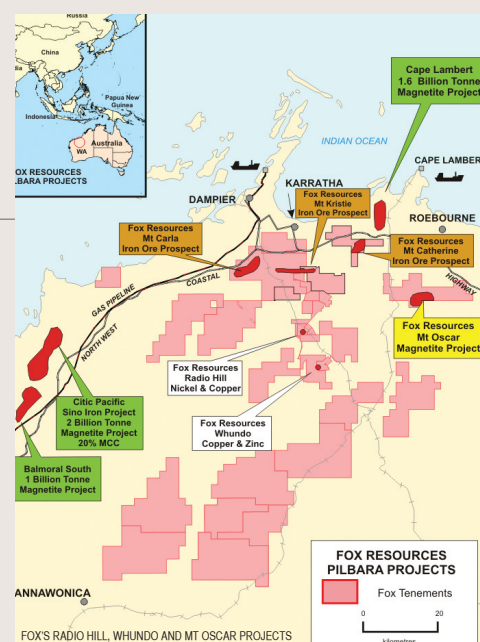
SUCCESSFUL HEAP LEACH TESTING

## HEAP LEACH SUCCESS

Recent heap leaching metallurgical testwork at the Radio Hill and Whundo projects have delivered high grades of nickel and copper recovery from existing oxide stockpiled material. This augurs well for a potential heap leach operation producing high value end products which, subject to further test results, could be underway within six months.

This exciting development represents a new approach to the Radio Hill and Whundo assets. We would anticipate significant cost savings, as there is no requirement to mine or crush the stockpiled material, and would expect a rapid development of heap leach processing infrastructure for a relatively small initial capital outlay. We are now proceeding with more advanced testwork as an immediate priority, with the objective of rapidly exploiting this significant opportunity.

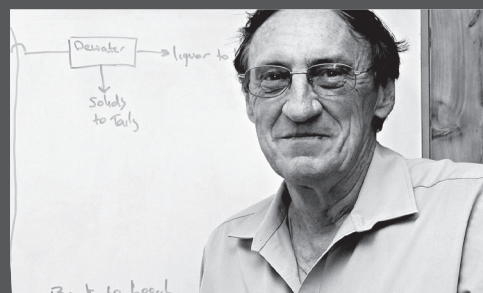
It is early days, however, there is already more than 300,000 tonnes of stockpiled material which could provide the basis for an initial five year heap leaching operation and there is potential to use the same infrastructure to treat already defined disseminated resources in the future, although this



requires further studies.

Other infrastructure, including power, water, workshops, accommodation and other facilities are already present at Radio Hill.

The Radio Hill flotation plant will remain on care and maintenance ready to be used for any massive/semi-massive nickel/copper sulphide discoveries, for which Fox is continuing exploration programs across Radio Hill and surrounding tenements.



## EMPLOYEE PROFILE

LEN SPENCER, GENERAL MANAGER, PILBARA REGION – RADIO HILL/WHUNDO HEAP LEACHING

Seasoned metallurgical professional, Mr Len Spencer, has recently been appointed to head Fox's new metallurgical team, which is driving the heap leach developments at Radio Hill and Whundo.

Len has significant knowledge of the Radio Hill asset, having previously been Metallurgy Manager at Radio Hill during the period of ownership by Titan Resources NL. He says he is passionate about getting involved with Fox Resources and the Radio Hill mine again.

"I want to work where I can make a difference and this is a great opportunity to finally unlock the real value in the Radio Hill and Whundo projects," Len said.

"I have always held a strong personal belief that heap leaching would be the best method for processing the disseminated ores from the Radio Hill and Whundo mines and early testwork has been highly encouraging."

And when it comes to nickel, there are few metallurgists around with Len's credentials. In 1976, Len graduated from the WA School of Mines with a degree in applied science metallurgy. He has spent most of his 37 year career working with nickel and other base metals operations and research around the world, much of it in Western Australia's nickel fields.

## KEEPING UP WITH FOX

Receive the latest Fox announcements and company information in your email inbox immediately, by subscribing to the Fox e-list at: <http://www.foxresources.com.au/enews.asp>.

### IMPORTANT NOTICE

The following statement is included for the purposes of section 734(6) of the Corporations Act: Fox is the issuer of the securities mentioned in this letter; a prospectus for the offer is available and is available from Fox's website [www.foxresources.com.au](http://www.foxresources.com.au); the offer of the securities mentioned in this letter is made in the prospectus and the entitlement and acceptance form accompanying the prospectus; you should consider the prospectus in deciding whether to acquire the securities and in particular, you should carefully read section 6 of the prospectus that identifies some key risks of investing in securities in Fox; and any person that wants to acquire the securities will need to complete the entitlement and acceptance form accompanying the prospectus.

### COMPETENT PERSONS STATEMENT

The Exploration information in this report is based on information compiled by Mr Neil Winfield who is an employee of the company and is a member of the Australasian Institute of Mining and Metallurgy. Mr Winfield has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Winfield consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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