

NATIVE BACTERIA PROVIDES COMPETITIVE ADVANTAGE

Fox Resources Limited (ASX: FXR, Fox) is pleased to provide shareholders with an update on the Company's strategic plans and latest activities. Highlights include:

- A core focus on a return to production at competitive profit margins
- Using an innovative bacterial heap leaching technology and hydrometallurgy to exploit the Radio Hill deposit
- Capitalising on the potential for additional value creation through the application of this technology to other resources
- Continuing growth through exploration in the Pilbara
- Unlocking additional value represented at the Mt Oscar iron ore project

Throughout the global financial crisis, Fox reshaped the Company's focus to implement a longer-term production strategy designed to drive positive cash flow in the near-term and deliver positive results for shareholders.

A key component of the new strategy is based on commercialising the Company's Radio Hill deposit, located 35km south of Karratha in the Pilbara of Western Australia (WA), using a proven and cost-effective technology known as bacterial heap leaching.

While common practice in the gold and copper industry, the bacterial heap leaching method is not unfamiliar to the nickel industry. The process uses bacteria in the area, essentially native bacteria, to separate the sulphide components from the nickel.

Fox Resources' Microbiologist, Ms Tamsin Williams, said that by utilising the bacterial heap leaching technology Fox is establishing a strong competitive advantage.

"Using this technology enables us to extract valuable metals such as nickel, copper, cobalt and zinc from sulphidic ore or waste materials in a very economical fashion," said Ms Williams.

"Bacterial heap leaching produces a post-smelting product and hence has less environmental impact than conventional base metal concentrates."

Fox Resources' Managing Director, Mr Bruno Seneque, said there were several factors that made the decision to move forward with bacterial heap leaching a clear choice for the Company.

"It was a decision that we came to after a long period of test work, analysis and discussion," said Mr Seneque.

"It came down to several positive characteristics that Fox has, including a favourable operational environment close to port and infrastructure, stock piles on surface and the right type of ore body to commercialise the project."

“We have significant sulphide nickel resources to exploit in our project portfolio which are suitable for this type of ore traction – Radio Hill is just our first target,” he said.

The Sholl nickel and copper project is a key deposit for Fox’s developing heap leach operation and is located just 6km north of Radio Hill. Sholl’s main mineralisation, Sholl B2, is a 2km continuous system that remains open to the south.

Fox continues to re-evaluate the Sholl B2 complex and adjacent resources in a similar manner to work conducted at Radio Hill last year.

The Company is currently exploring alternative financing options for developing the Radio Hill project, which will strengthen Fox’s ability to achieve its target of first nickel and copper production within 12 months.

Another key component of Fox’s strategy is unlocking additional value represented by the Company’s Mount Oscar Iron Ore Project, located 25km south of the iron ore Port of Cape Lambert in WA.

Fox has conducted numerous negotiations with interested parties in relation to Mt Oscar. Confidentiality agreements have been signed, some with state-owned entities in China, and site visits to the project have been completed by some of the groups. The process of meeting with potential partners is progressing well, however a time frame for conclusion of an agreement is not achievable at this time.

Fox will continue to keep the market informed of developments with the negotiations and developments at Mt Oscar as well as the Company’s prospective exploration projects (Radio Hill, Baynton, Sholl, Whundo and gold prospects Mt Regal and Railway Bore).

With continued support from one of China’s largest nickel producers, Jinchuan Group Ltd, a suite of prospective projects (10Mt of nickel-copper resources – Appendix) located in close proximity to ports and infrastructure, and a management team with extensive relevant experience, Fox is now well positioned to commence an unprecedented period of growth.

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About Bacterial Heap Leaching

Bacterial heap leaching is a process whereby metals are leached from ore as a result of bacterial action. In nature, bacterial leaching is triggered spontaneously by micro-organisms in the presence of air and water. Commercially applied bacterial leaching technologies use the same phenomenon, by accelerating this natural process.

Europe’s largest nickel mine, the Talvivaara mine, began production using bacterial heap leaching technology in 2008. LSE-listed Talvivaara Mining Company Plc’s use of this technology originated at the Outokumpu Research Centre, where the process has been developed since 1987.

About Fox Resources

Fox Resources (ASX: FXR, Fox) is a mineral development company with a substantial land holding in the Pilbara of Western Australia and established relationships with China.

Fox has a new operating strategy, based on capitalising the 300,000+ tonnes of stockpiled material to establish an initial five-year heap leaching operation. Part of this strategy is defining further base metal resources to incorporate into the new bacterial heap leach operations.

APPENDIX

Resources Table – Nickel and Copper

Resource Area	Mineralisation	Resource Classification	Tonnes	Ni%	Cu%
Radio Hill ⁽¹⁾	Primary Sulphide	Indicated	1,980,000	0.61	1.04
Radio Hill ⁽¹⁾	Primary Sulphide	Inferred	2,040,000	0.42	0.73
Sholl B2 ⁽²⁾	Primary Sulphide	Indicated	633,000	0.59	0.64
Sholl B2 ⁽²⁾	Primary Sulphide	Inferred	5,324,000	0.53	0.62
Ruth Well ⁽³⁾	Primary Sulphide	Indicated	60,000	0.99	0.87
Ruth Well ⁽³⁾	Primary Sulphide	Inferred	9,000	1.05	0.87
Total			10,046,000	0.53	0.73
Contained Metal (Tonnes)				53,286	73,144

1. 2009 estimate (Snowden) Cutoff Grade 0.5 % Ni

2. 2008 estimate (FXR) Cutoff Grade 0.3% Ni

3. 2008 estimate (FXR) Cutoff Grade 0.3% Ni

COMPETENT PERSONS STATEMENT

Information in this document that relates to Mineral Resources is based on information compiled by Mr Jeremy Peters, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Peters is a full-time employee of Snowden Mining Industry Consultants Pty Ltd. Mr Peters 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" (the JORC Code). Mr Peters consents to the inclusion in the document of the matters based on his information in the form and context in which it appears.