



19 March 2009

ASX / Media Announcement

FOX MAKES TAKEOVER BID FOR HANNANS REWARD

Pilbara-based minerals developer Fox Resources Limited (ASX: FXR) has today announced its intention to make an off-market takeover offer for all the shares in Hannans Reward (ASX: HNR).

Fox Resources said the combination of the complementary nickel and iron ore assets of the two organisations would provide long term benefits of scope and scale for the shareholders of both Companies.

The all scrip Offer is based on one Fox Resources share, for every two Hannans Rewards shares on issue. The off market bid is not for the options.

Fox Resources Chairman Terry Streeter said the Offer represented a compelling case for Hannans Reward shareholders – particularly in the current market environment.

“Hannans Reward shareholders will have the opportunity to realise a substantial premium for their shares, as well as retain long term exposure and upside in the development of the nickel and iron ore assets through Fox,” Mr Streeter said.

“We believe the organisations have complementary assets and focus, and combining these would provide a strong geographical spread of assets and a team with considerable experience in the development of successful base metals projects.”

“Hannans Reward shareholders would also benefit from Fox’s relationships into China via our major shareholder and off-take partner Jinchuan Group Ltd, which is China’s largest producer of nickel,” he said.

“While the nickel market is currently at low levels, we have a long term positive outlook for steel feed minerals, and through joint development there is an opportunity to position these assets to capitalise on the return to improved metals prices,” Mr Streeter said.

Hannans Reward is a WA focussed explorer with its primary projects being the Forrestania Nickel project east of Perth, and the Jigalong iron ore project in the Pilbara.

The combined entity would:

- Offer increased geographical spread of development assets
- Provide benefits of increased size and scope
- Have access to key Chinese markets through Fox major shareholder Jinchuan Group
- Provide greater market liquidity

Fox is in the process of preparing a formal Bidder's Statement and will lodge that document with the Australian Securities Exchange and the Australian Securities and Investments Commission in due course.

The proposed offers will be subject to a number of conditions which are set out in Annexure A to this letter.

Fox is being advised by Blake Dawson.

-ENDS-

For further details please contact:

Bruno Seneque, Managing Director	+61 8 9318 5600
Warrick Hazeldine, Purple Communications	+61 8 9485 1254

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 met its target of delivering an initial JORC resource estimate during the first half of 2009.

Fox Resources Limited

ANNEXURE A

1. CONDITIONS

(a) Minimum acceptance condition

During, or at the end of, the Offer Period the number of Target Shares in which Bidder and its associates together have relevant interests (disregarding any relevant interest that Bidder has merely because of the operation of section 608(3) of the Corporations Act) is at least 90% of all the Target Shares (even if that number later becomes less than 90% of all the Target Shares as a result of the issue of further Target Shares).

(b) No prescribed occurrences

None of the following events happens during the period beginning on the date the Bidder's Statement is given to Target and ending at the end of the Offer Period:

- (i) Target converts all or any of its shares into a larger or smaller number of shares;
- (ii) Target or a subsidiary of Target resolves to reduce its share capital in any way;
- (iii) Target or a subsidiary of Target:
 - enters into a buy-back agreement; or
 - resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) Target or a subsidiary of Target issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (v) Target or a subsidiary of Target issues, or agrees to issue, convertible notes;
- (vi) Target or a subsidiary of Target disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Target or a subsidiary of Target charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) Target or a subsidiary of Target resolves to be wound up;
- (ix) the appointment of a liquidator or provisional liquidator of Target or of a subsidiary of Target;
- (x) a court makes an order for the winding up of Target or of a subsidiary of Target;
- (xi) an administrator of Target, or of a subsidiary of Target, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Target or a subsidiary of Target executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Target or of a subsidiary of Target.

(c) No material acquisitions, disposals, etc.

Except for any proposed transaction publicly announced by Target before 19 March 2009, none of the following events occur during the period from that date to the end of the Offer Period without the written consent of Bidder:

- (i) Target, or any subsidiary of Target, acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$50,000 or makes an announcement about such an acquisition;

- For personal use only
- (ii) Target, or any subsidiary of Target, disposes, offers to dispose or agrees to dispose of one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$50,000 or makes an announcement about such a disposal;
 - (iii) Target, or any subsidiary of Target, enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership involving a commitment of greater than \$50,000 or dual listed company structure, or makes an announcement about such a commitment; or
 - (iv) Target, or any subsidiary of Target, incurs or commits to, or grants to another person a right the exercise of which would involve Target or any subsidiary of Target incurring or committing to any capital expenditure or liability for one or more related items of greater than \$50,000 or makes an announcement about such a commitment.

(d) No material failings in filings

Bidder does not become aware, during the Offer Period, that any document filed by or on behalf of Target with ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission.

(e) No break fees

- (i) Subject to section 1(e)(ii), during the Offer Period none of Target, and any body corporate which is or becomes a subsidiary of Target, pays or provides or agrees (whether conditionally or contingently) to pay or provide any benefit to any person, or foregoes or otherwise reduces any payment or benefit or agrees to forgo or reduce any payment or benefit to which it would otherwise be entitled, in connection with any person making or agreeing to participate in, or enter into negotiations concerning:
 - a takeover offer for Target or any body corporate which is or becomes a subsidiary of Target; or
 - any other proposal to acquire any interest (whether equitable, legal, beneficial or economic) in shares in, or assets of, Target or any body corporate which is or becomes a subsidiary of Target, or to operate Target as a single economic entity with another body corporate.
- (ii) Section 1(e)(i) does not apply to a payment, benefit or agreement:
 - for providing professional advisory services to Target;
 - which is approved in writing by Bidder;
 - which is approved by a resolution passed at a general meeting of Target; or
 - which is made to, provided to, owed by or made with Bidder.

(f) Non-existence of certain rights

No person has any right (whether subject to conditions or not) as a result of Bidder acquiring Target Shares to:

- (i) acquire, or require Target or a subsidiary of Target to dispose of, or offer to dispose of, any material asset of Target or a subsidiary of Target; or
- (ii) terminate or vary any material agreement with Target or a subsidiary of Target.

(g) Conduct of Target's business

During the Offer Period, none of Target, or any body corporate which is or becomes a subsidiary of Target, without the written consent of Bidder:

- (i) declares, or distributes any dividend, bonus or other share of its profits or assets;
- (ii) issues or grants options over, or agrees to issue or grant options over, or otherwise makes any commitments regarding any shares or other securities, or alters its capital structure or the rights attached to any of its shares or other securities, or issues or agrees to issue any convertible notes;
- (iii) makes any changes in its constitution or passes any special resolution;
- (iv) gives or agrees to give any Encumbrance over any of its assets otherwise than in the ordinary course of business;
- (v) borrows or agrees to borrow any money (except for temporary borrowing from its bankers in the ordinary course of business);
- (vi) releases, discharges or modifies any substantial obligation to it of any person, firm or corporation or agrees to do so;
- (vii) has appointed any additional director to its board of directors whether to fill a casual vacancy or otherwise;
- (viii) enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or manager, or pays or agrees to pay any retirement benefit or allowance to any director, manager or other employee, or makes or agrees to make any substantial change in the basis or amount of remuneration of any director, manager or other employee (except as required by law or provided under any superannuation, provident or retirement scheme as in effect on 19 March 2009);
- (ix) conducts its business otherwise than in the ordinary course;
- (x) has threatened or commenced against it any material claims or proceedings in any court or tribunal (including a petition for winding up or an application for appointment of a receiver or receiver and manager); or
- (xi) executes a deed of company arrangement or passes any resolution for liquidation, or has appointed or becomes susceptible to the appointment of an administrator, a receiver, a receiver and manager or a liquidator, or becomes subject to investigation under the Australian Securities and Investments Commission Act 2001 (Cth) or any corresponding legislation.

(h) No force majeure event

During the Offer Period no act of war (whether declared or not) or terrorism, mobilisation of armed forces, civil commotion or labour disturbance, fire or natural disaster, or other event beyond the control of Target or the relevant subsidiary occurs which affects or is likely to affect the assets, liabilities, financial position, performance, profitability or prospects of Target or any of its subsidiaries.

(i) No material adverse change to Target

During the Offer Period, no change occurs, is discovered or becomes public which has or could reasonably be expected to have a materially adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of Target and its subsidiaries taken as a whole or of any of them including,

- (i) any creditor demanding repayment of a debt of \$50,000 or more;
- (ii) Target or a subsidiary of Target entering into an agreement (including an option agreement) in relation to acquiring or disposing of assets the price or aggregate unencumbered value of which is \$50,000 or more; or

- (iii) any person having, as a result of Bidder acquiring Target Shares, the right (which may be subject to conditions) to:
- acquire, or require Target or a subsidiary of Target to dispose of, or offer to dispose of, any asset of Target or a subsidiary of Target; or
 - terminate any agreement with Target or a subsidiary of Target.

(j) **Restriction on others acquiring shares in Target**

During the Offer Period, no person other than Bidder or an associate of Bidder (as defined in section 12(2) of the Corporations Act) gains 10% or more of voting power in Target.

2. DEFINITIONS FOR PURPOSE OF ANNEXURE B

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

Bid means an off-market takeover bid made by Bidder for all Target Shares.

Bidder means Fox Resources Limited ABN 44 079 902 499.

Corporations Act means the Corporations Act 2001 (Cth).

Offers means the offers to be made by Bidder to Target shareholders for their Target Shares under a Bid.

Offer Period means the period during which the Offers remain open for acceptance under the Bid.

Target means Hannans Reward Limited ABN 52 099 862 129.

Target Group means Target and its subsidiaries.

Target Share means a fully paid ordinary share in Target.

Target Shareholder means a holder of Target Shares.