

19 September 2008

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**ASX / Media Announcement**

**STRATEGIC OVERVIEW & TECHNICAL UPDATE**

Aurox Resources Limited [ASX Code: AXO] (“Aurox” or the “Company”) continues to make significant progress in the development of its Balla Balla titanomagnetite project in the West Pilbara region of Western Australia. An update on the technical aspects of the project accompanies this strategic overview.

The continued turmoil in debt and equity markets has dictated that the Company review its project implementation strategy. In consultation with its key advisers the Company is undertaking a broad ranging review to assess strategic alternatives to ensure that Aurox shareholder value is maximised in relation to the development of this significant resource project.

Commenting on the review the Company’s managing director Mr Charles Schaus said, *“The Balla Balla project is a world class iron ore deposit which also hosts substantial titanium and phosphate resources. We have long-term sales contracts in place with Chinese steel mills and have locked in long lead capital items and key infrastructure as per our commitment to investors last year. However we could not have anticipated the dislocation in financial markets experienced so far this year. It is not our intention to swim against the tide and accordingly we are developing strategies to ensure that value to shareholders is optimised. Ideally, any changes to the implementation strategy will not adversely impact on project delivery timetables, however preserving and increasing shareholder value must be our prime objective.”*

Notwithstanding the difficult nature of debt markets, the Company has received expressions of interest from twelve banks in relation to proposed debt funding for the Balla Balla project. Aurox and its debt advisors have selected a syndicate comprising five banks (Australian and international) in relation to project finance facilities. Bank due diligence will kick off with a site visit scheduled next week.

Aurox’s current cash position is AUD36 million.

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### Interim Mineral Resource Upgrade

The Balla Balla titanomagnetite resource estimate was increased from 473 to 502 million tonnes following the completion of additional extension drilling to the Western and Central-East pit areas. The result remains consistent with the Company's Resource and Reserve development plan for Balla Balla.

Infill and extension drilling along the Far West area is complete. Resource modelling work to upgrade the current low level Inferred Resources to high level Measured and Indicated Resources will commence once final assay results are received. Aurox anticipates a large tonnage increase to Measured and Indicated Resources thereby making the Far West area eligible for Ore Reserve conversion given associated cost and design parameters are in place.

The Resource & Reserve map below shows the location of the current Balla Balla Project Ore Reserves and Mineral Resources.

### BALLA BALLA MINERAL RESOURCES AT 19 SEPTEMBER 2008

#### Western Pit Area

Class	Mt	Fe %	V <sub>2</sub> O <sub>5</sub> %	TiO <sub>2</sub> %
Measured	96.0	45.7	0.69	14.0
Indicated	20.7	45.6	0.69	13.3
Inferred	51.0	45.9	0.72	13.1
<b>Total</b>	<b>167.7</b>	<b>45.8</b>	<b>0.70</b>	<b>13.6</b>

#### Central-East Pit Area

Class	Mt	Fe %	V <sub>2</sub> O <sub>5</sub> %	TiO <sub>2</sub> %
Measured	99.8	45.0	0.63	14.1
Indicated	27.2	45.2	0.65	13.7
Inferred	15.2	45.2	0.67	13.4
<b>Total</b>	<b>142.1</b>	<b>45.1</b>	<b>0.64</b>	<b>13.9</b>

#### Far West Area

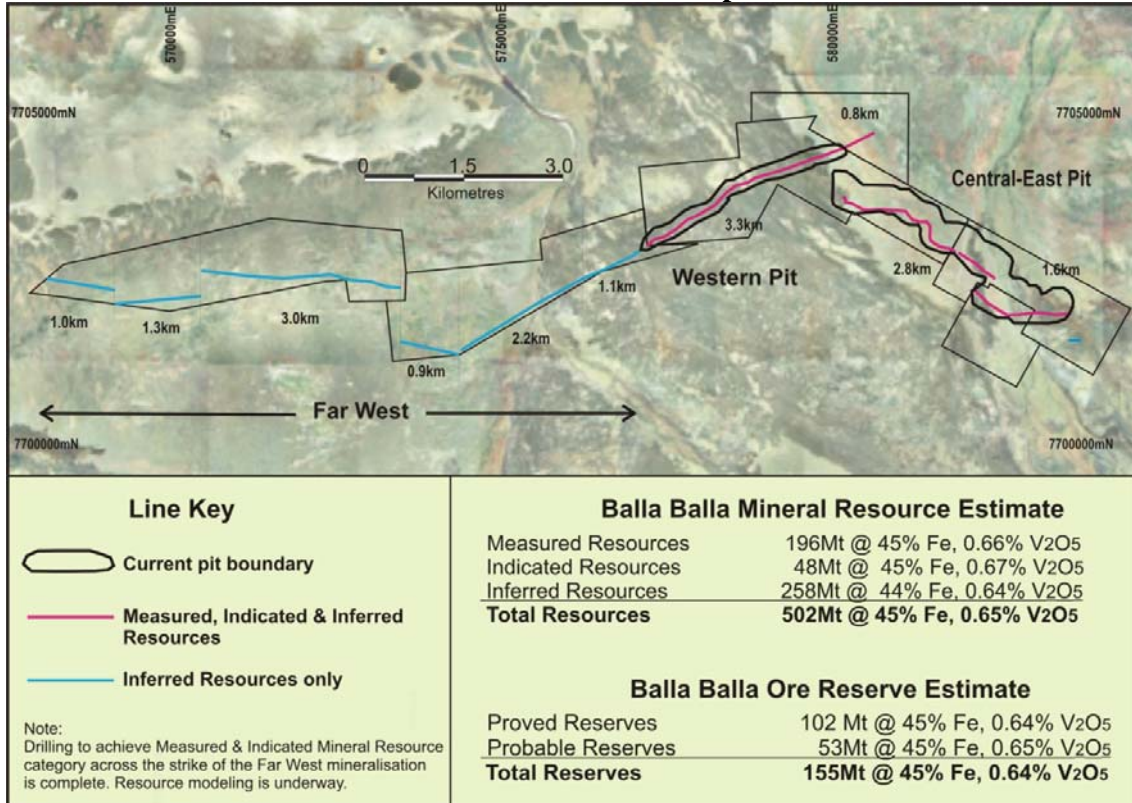
Class	Mt	Fe %	V <sub>2</sub> O <sub>5</sub> %	TiO <sub>2</sub> %
Inferred	192	43.0	0.61	14.0
<b>Total</b>	<b>192</b>	<b>43.0</b>	<b>0.61</b>	<b>14.0</b>

Note: The Company had expected the new Far West Mineral Resource Estimate to be available this month, however laboratory back logs have slowed assay turnaround considerably. The Company aims to confirm the new Far West Mineral Resource Estimate targeting between 300 to 400 million tonnes by the end of October 2008; based on geological logging, magnetic susceptibility levels and preliminary assay results of the completed in-fill drilling programme which are consistent with the current geological models.

#### Total Balla Balla Mineral Resource Estimate

Class	Mt	Fe %	V <sub>2</sub> O <sub>5</sub> %	TiO <sub>2</sub> %
Measured	195.8	45.34	0.66	14.05
Indicated	47.9	45.40	0.67	13.50
Inferred	258.2	43.71	0.64	13.78
<b>Total</b>	<b>501.9</b>	<b>44.53</b>	<b>0.65</b>	<b>13.83</b>

## Resources & Reserve Map



Notes: 1) Mineral Resource figures quoted represent Total Fe%. Total Fe% includes *in-situ* Fe-bearing minerals that may not be amenable to magnetic recovery. Magnetic recovery factors or assumptions have not been applied to the Mineral Resources. 2) 35% lower cut-off grades applied to the Western Pit Area Resource model and Central-East Resource models whereas a 20% lower cut-off was used for the Far West area. 3) Al<sub>2</sub>O<sub>3</sub> and SiO<sub>2</sub> respectively average 4.5% and 10.5% across the Resource, however the grade of Al<sub>2</sub>O<sub>3</sub> and SiO<sub>2</sub> in the iron concentrate averages 1.5% and 2.5% respectively as significant portions are removed as waste during the concentrating process.

### Competent Persons Statements

On 19 September 2008 Aurox reported an increase to Measured, Indicated and Inferred Resources of the Western Pit and Central-East Pit areas of the Balla Balla magnetite deposit. The information in these reports that relates to Exploration and, Minerals Resources is based on information compiled by Matt Chinn and Richard Gaze who are both members of the Australian Institute of Mining and Metallurgy. Matt Chinn is a full-time employee of Aurox Resources Limited. Richard Gaze is a full time employee of Golder Associates. Matt Chinn and Richard Gaze have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral resources and Ore Reserves.' Matt Chinn and Richard Gaze consent to the inclusion in the report of matters based on this information in the form and context in which it appears.

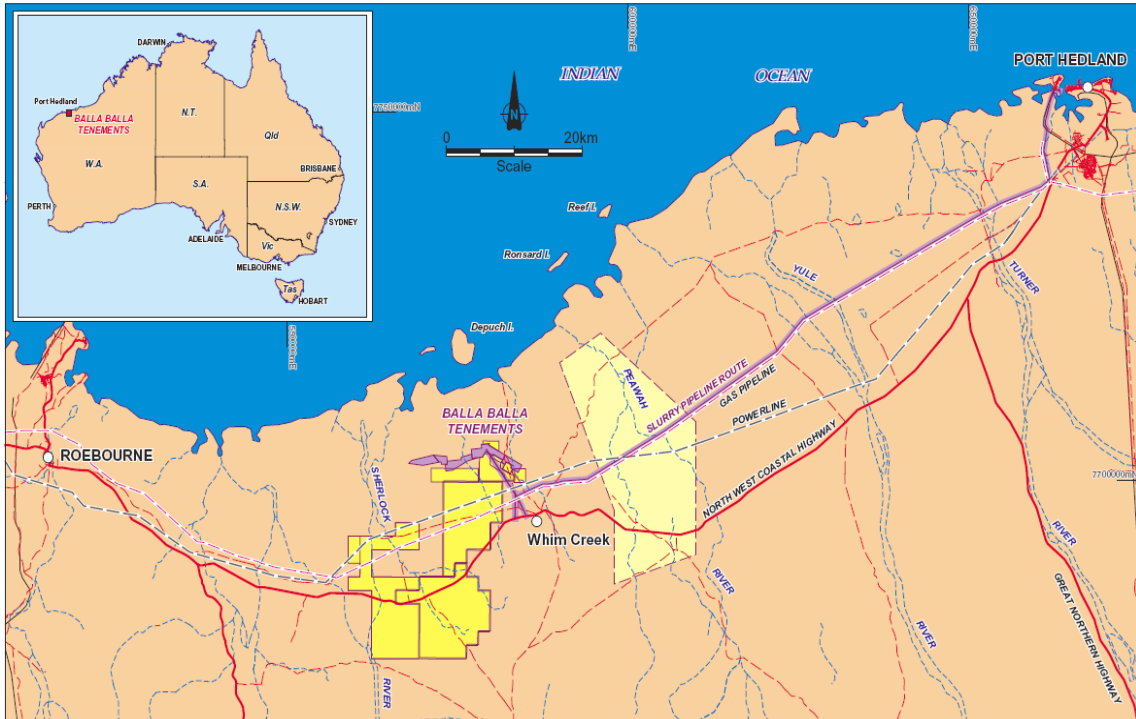
On 1 July 2008 Aurox reported an increase to Inferred Resources of the Far West area at Balla Balla. The information in this report that relates to Exploration and, Minerals Resources is based on information compiled by Matt Chinn and Charles Schaus who are both members of the Australian Institute of Mining and Metallurgy. Matt Chinn and Charles Schaus are full-time employees of Aurox Resources Limited. Matt Chinn and Charles Schaus have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral resources and Ore Reserves.' Matt Chinn and Charles Schaus consent to the inclusion in the report of matters based on this information in the form and context in which it appears.

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## Engineering Update

All technical aspects of the magnetite project are now well advanced including detailed engineering of the concentrate plant, port dewatering and material handling equipment. In-house design engineers, supporting staff and consultants are working closely with FLSmidth and Siemens to finalise engineering and planning in the lead up to construction activities. Tender documents for mining, civil engineering, accommodation, earthworks, plant erection and other disciplines complementing the FLSmidth/Siemens scope of works have been compiled and tenders will be released and negotiated once appropriate funding and final approvals are in place.

### Project Location Map

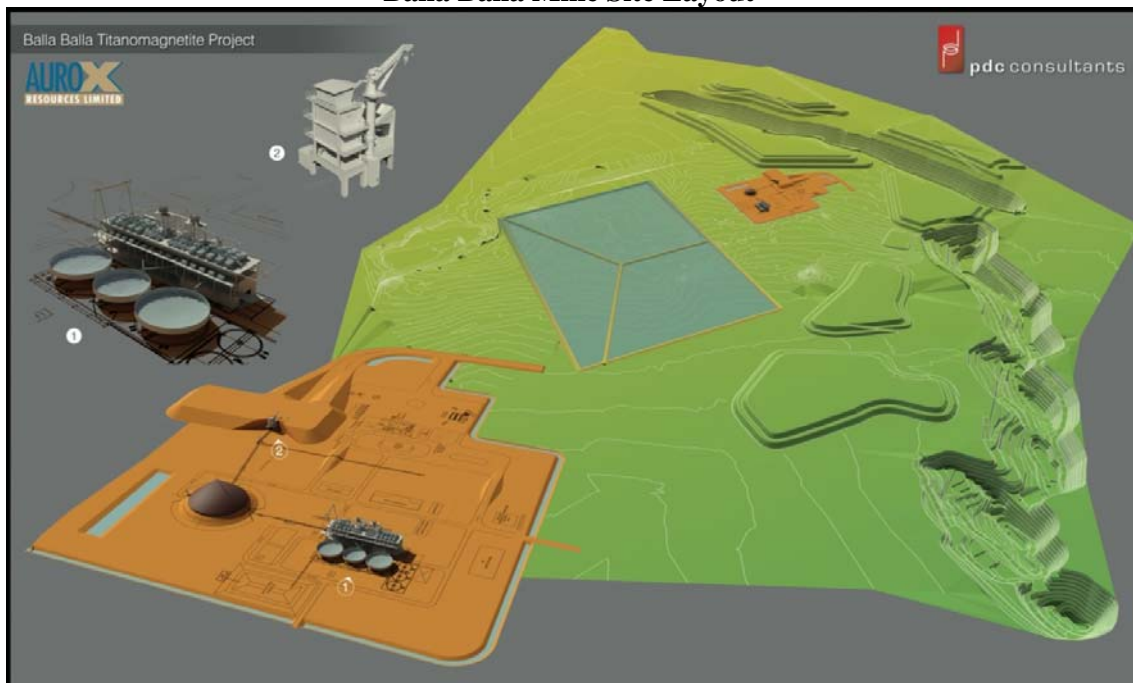


### Magnetite Processing Plant

The Balla Balla iron processing plant is designed to commence at 6 million tonnes per annum (Mtpa) concentrate production with a simple, uninterrupted upgrade to 10 Mtpa planned. As announced in April 2008, the Company formalised arrangements with FLSmidth and Siemens securing long lead capital items and initiating engineering. The agreements limit capital commitments pending government and funding approvals. Plant and port layout and circuit design are fixed and detailed engineering is well advanced. Finalised engineering diagrams are incorporated into an interactive 3D model which allows equipment parts to be tracked and detailed geometric and spatial queries to be answered.

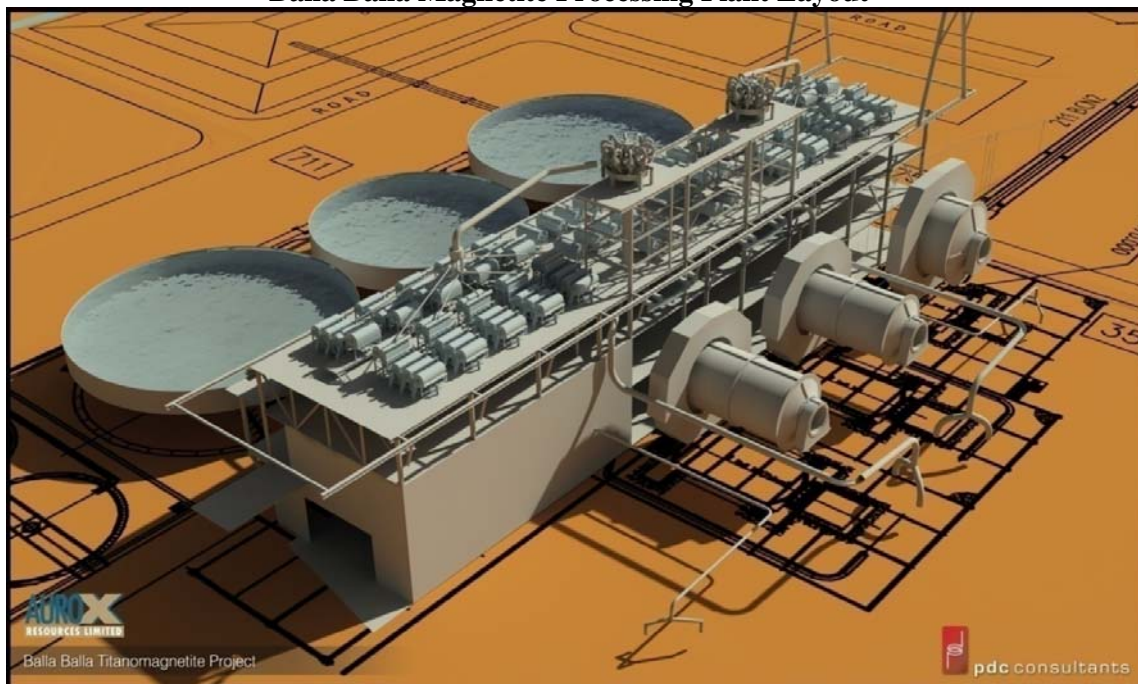
The majority of the key and ancillary processing plant equipment is designed to process 10 Mtpa with requirements for a second ball mill, and additional magnetic separators, a tailings thickener and dewatering filters to secure the expansion capacity. The 17MW FLSmidth/Siemens gearless drive ball mill, 7.6 m in diameter by 12.8 m in length, has been conservatively sized to complement the existing circuit design, enabling the throughput load to be shared between the grinding mills, pending feed ore characteristics.

### Balla Balla Mine Site Layout



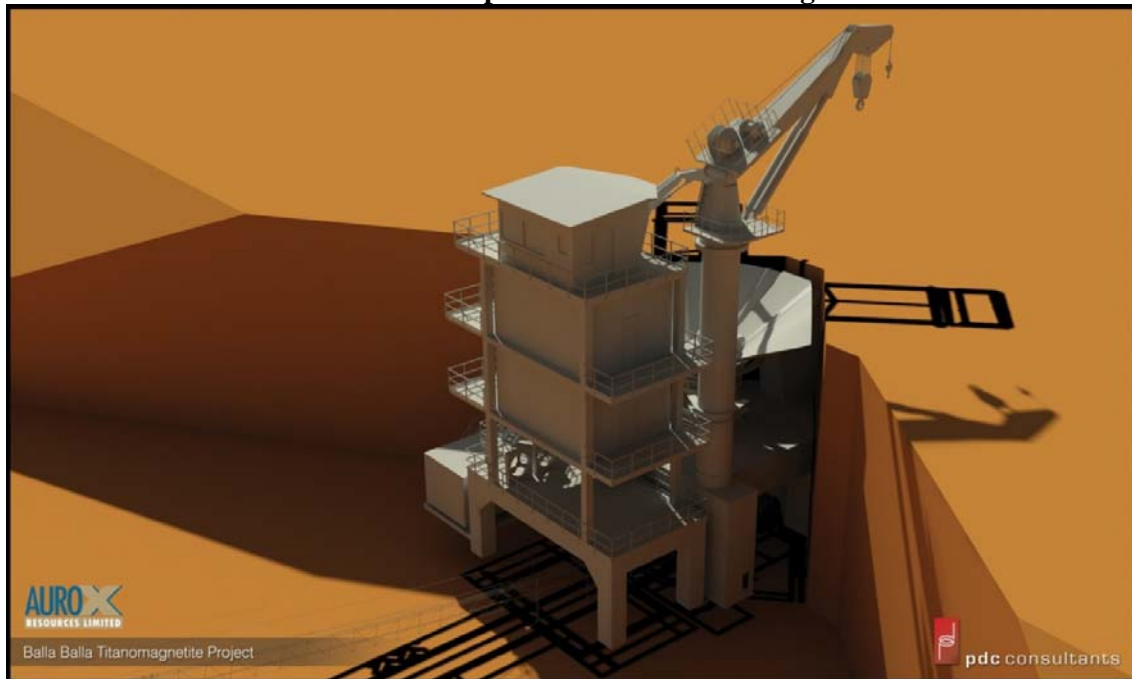
The footprints at the plant and the port sites have been designed for the increased throughput rates, with nominated areas for the extra magnetic separation units, tailings thickener and dewatering filters. The 3D modelling and general arrangement drawings depict the layouts after the expansion to 10 Mtpa production.

### Balla Balla Magnetite Processing Plant Layout



The Balla Balla Fuller-Traylor® 1400 x 2100 type “TS” Primary Gyrotory crushing circuit is designed to process the throughput required to produce 10 Mtpa concentrate annually. The crusher is transportable allowing it to operate near the source of the open-cut mining and thereby reducing mining fleet operating costs (fuel, tyres, etc). A conveyor will transport the crushed material to the processing plant when economics influenced by distance of ore to plant are more favourable than trucking ore.

### **Balla Balla 10 Mtpa Semi-Mobile Crushing Unit**



### **Slurry Pipeline Balla Balla to Port Hedland**

Transport of concentrate to the port via a slurry pipe has been determined the most economic method. Test work and engineering designs are being undertaken to optimise the slurry pipe and associated equipment to allow initial throughput of 6 Mtpa of concentrate, followed by the planned expansion to 10 Mtpa.

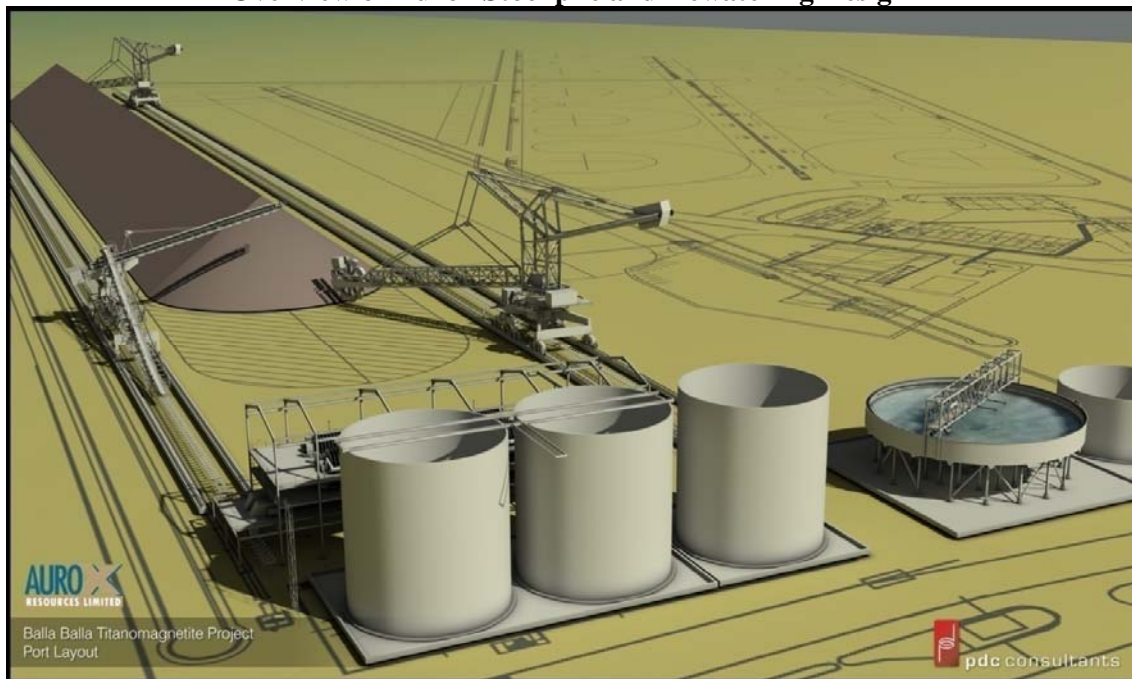
Production water bore installation sufficient for long term sustainable production and conveyance of 6 Mtpa of concentrate through the slurry pipe has been completed, with an excess margin of nearly 30%.

### **Utah Point Multi-user Port Facility**

The Balla Balla iron concentrate will be shipped from the Utah Point berth currently under development by the Port Hedland Port Authority (PHPA). Aurox has secured a 15 year agreement with the PHPA which includes an exclusive area to construct an Aurox owned and operated dewatering facility including concentrate stacker and reclaimer capable of loading ships at 7,500 tonne per hour. The location of the future PHPA berth and port development area allocated to Aurox is shown below.

## Utah Point Multi-User Facility Showing Aurox Allocated Area

### Overview of Aurox Stockpile and Dewatering Design



### Environmental Approvals Update

Aurox is continuing to progress the environmental approvals process for the Balla Balla project, in consultation with government agencies and key stakeholders. The Project was assigned as an intention for an Environmental Protection Statement (EPS) level of assessment by the Environmental Protection Authority Services Unit (EPASU) on the 21<sup>st</sup> July 2008. The Company has recently been notified by its environmental consultants to expect final Ministerial Approval in Q1 of 2009.

### **Balla Balla Ilmenite Potential**

Aurox has been investigating the potential to extract a titanium rich concentrate from ilmenite in the magnetite tailings. The intention is to upgrade the weakly magnetic titanium stream via high intensity magnetic and gravity separation, followed by flotation. The proposed ilmenite circuit operating costs will be low, as the feed has previously been ground to liberate the magnetite for iron export. Current results indicate a potential to produce 550,000 tonnes per annum titanium concentrate while at the 6 Mtpa iron concentrate throughput rates, with a rise in production accordingly, as the plant is expanded to 10 Mtpa iron concentrate production. The grade and recoveries of the titanium concentrate are currently undergoing optimisation testwork.

### **Balla Balla Phosphate Potential**

Aurox is progressing studies into the beneficiation of phosphate from its Balla Balla project. Potential processing and sale of a phosphate concentrate could further enhance the already strong Balla Balla project. The phosphate is contained in the hanging-wall waste rock located immediately above the magnetite ore. From the currently available assay and geological information the phosphate mineralisation typically extends to 20 metres above the titanomagnetite ore into the hanging wall waste rock. The apatite bearing material displays grades of between 3% and 7% over this distance and a maiden P<sub>2</sub>O<sub>5</sub> resource estimate has recently been prepared by geological consultants Golder Associates as displayed below.

Previous beneficiation tests on a composite sample from two core-holes which assayed 4.1% returned a concentrate grade of 30.5% P<sub>2</sub>O<sub>5</sub> and an overall recovery of 67% by a combination of magnetic separation and flotation of the non-magnetic fraction. Concentrate grades of 30 to 32% P<sub>2</sub>O<sub>5</sub> are saleable, with recent prices being in the vicinity of US\$430 per tonne (World Bank reported price August 2008). Testwork is currently underway using a similar feed sample to replicate the historical testwork with Amdel Limited. Interim results indicate a similar result is likely. With a strong market for phosphate it is anticipated that Aurox will accelerate the studies for the Phosphate project with a concept to produce up to 1Mtpa of +30% P<sub>2</sub>O<sub>5</sub> concentrate.

### **BALLA BALLA P<sub>2</sub>O<sub>5</sub> MINERAL RESOURCES AT 19 SEPTEMBER 2008**

#### Western Pit Area

<b>Class</b>	<b>Tonnes</b>	<b>P<sub>2</sub>O<sub>5</sub> %</b>
Measured	34,192,000	3.80
Indicated	4,759,000	4.14
Inferred	1,846,000	3.94
<b>Total</b>	<b>40,797,000</b>	<b>3.85</b>

#### Central-East Pit Area

<b>Class</b>	<b>Tonnes</b>	<b>P<sub>2</sub>O<sub>5</sub> %</b>
Measured	38,435,000	3.63
Indicated	8,058,000	3.65
Inferred	2,403,000	3.98
<b>Total</b>	<b>48,896,000</b>	<b>3.65</b>

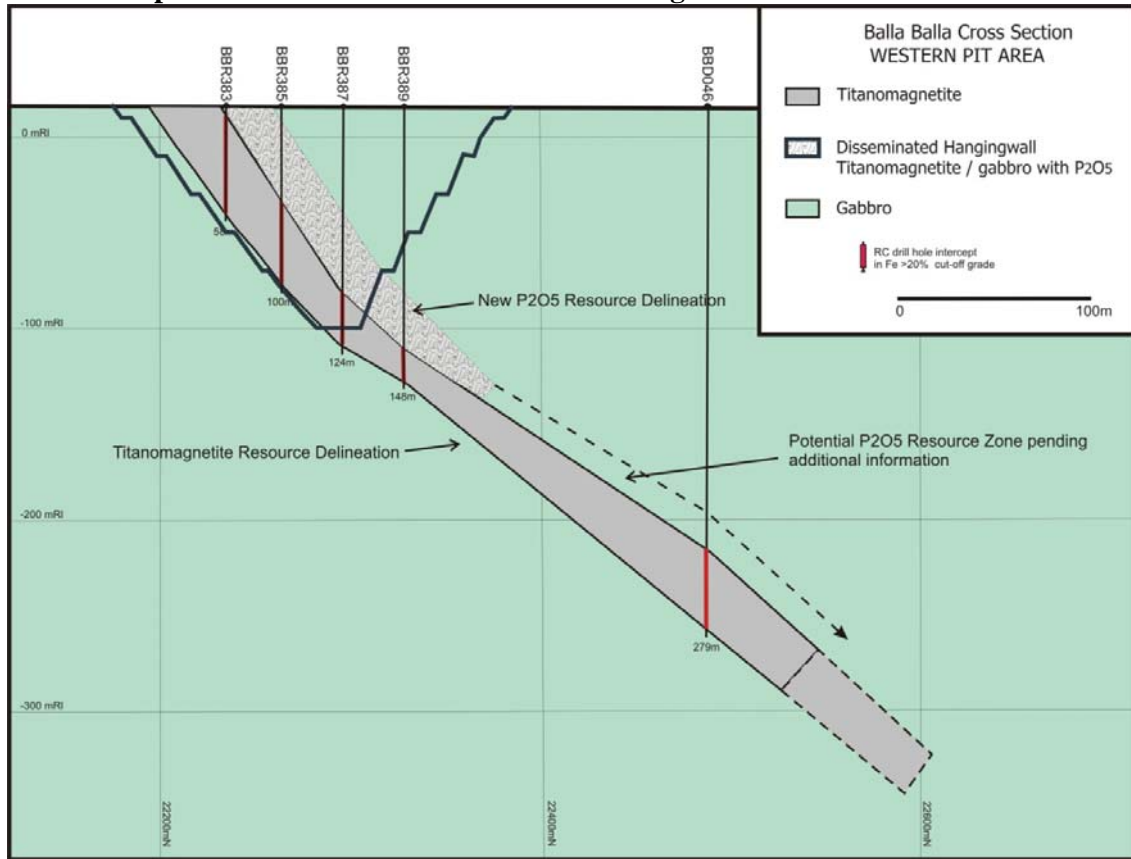
#### **Total Balla Balla Mineral Resources**

<b>Class</b>	<b>Tonnes</b>	<b>P<sub>2</sub>O<sub>5</sub> %</b>
Measured	72,627,000	3.71
Indicated	12,817,000	3.83
Inferred	4,249,000	3.96
<b>Total</b>	<b>89,693,000</b>	<b>3.74</b>



Notes: P<sub>2</sub>O<sub>5</sub> Mineral Resource figures for the deposits quoted include total in situ P<sub>2</sub>O<sub>5</sub>-bearing minerals. P<sub>2</sub>O<sub>5</sub> mineral resources quoted refers to >2% P<sub>2</sub>O<sub>5</sub> within 20 metres disseminated Fe hangingwall wire-frames only. Where drill density was less than or equal to 100m along strike by 50m down dip, the resource was classified as Measured. Where drill density was less than or equal to 250m along strike by 100m down dip, the resource was classified as Indicated. The remaining material has been classified as Inferred and given a short down dip extrapolation until such time as additional studies confirm the behaviour of P<sub>2</sub>O<sub>5</sub> mineralisation at depth.

### Simplified Balla Balla Cross Section Showing Mineralisation Boundaries



#### Competent Persons Statements

On 19 September 2008 Aurox reported new Measured, Indicated and Inferred Resources associated with the P<sub>2</sub>O<sub>5</sub> mineralisation located in the hangingwall material adjacent to the Western Pit and Central-East Pit titanomagnetite zone at Balla Balla. The information in these reports that relates to Exploration and, Minerals Resources is based on information compiled by Matt Chinn and Richard Gaze who are both members of the Australian Institute of Mining and Metallurgy. Matt Chinn is a full-time employee of Aurox Resources Limited. Richard Gaze is a full time employee of Golder Associates. Matt Chinn and Richard Gaze have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral resources and Ore Reserves.' Matt Chinn and Richard Gaze consent to the inclusion in the report of matters based on this information in the form and context in which it appears.

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