



ASX Code: AXO  
Issued shares 152.8M  
Fully diluted shares 160.2M  
(excl Convertible notes)  
Cash on exercise  
of options \$5.6M  
12mth range  
Cents 7 –110

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or

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Executive Director



30 April 2009

e-lodgement

Company Announcements Office  
Australian Stock Exchange Limited  
2 The Esplanade  
Perth WA 6000

## HIGHLIGHTS

- **Balla Balla Project Receives Ministerial Approval**
- **Acceptances for Early Conversion Offer Exceed 82%**
- **15 Year Utah Point Agreement Secure with Variation**
- **Capital and Operating Cost Studies Completed**

*Aurox Developing Resources*

*Shareholders Developing Wealth*

# AUROX RESOURCES LTD

## THE BALLA BALLA PROJECT

### MINISTERIAL APPROVAL GRANTED

On 28 April Aurox announced it has secured Ministerial environmental approval from the WA Government for the Balla Balla Project.

Aurox received the Approval notification from the WA Minister for Environment marking another major milestone in the development of the project.

The Approval is a pivotal milestone for the Company and its shareholders as it ensures the Balla Balla Project can be developed as soon as financing is secure.

The environmental green light is the crucial Approval financiers now look for when considering the commitment of funds to projects like Balla Balla, as they can be assured their investment can be put to work immediately.

Representatives from Aurox arrived in Beijing 27 April to commence discussions with potential investment groups.

Securing Ministerial Approval for the Project moves production at Balla Balla another step closer. Engineering of plant and port infrastructure is well advanced including a secure 15 year port access agreement with the Port Hedland Port Authority for the Utah Point multi-user facility.

### COST STUDIES

#### *Capital Cost*

GR Engineering Services (“GRES”) completed a new definitive feasibility study (DFS) level capital cost estimate for the Balla Balla Magnetite Project. The results confirm the initial estimate for the plant, slurry pipeline and port infrastructure at just over AUD1 billion. The key component breakdown is as follows:

Area	Items for 6 million tpa iron concentrate production	(A\$ million)
PLANT	crushing / grinding, classification, magnetic separation and thickening	304
PIPELINE	slurry transport & water return	203
PORT	including dewatering, stacking and reclaim equipment	141
OTHER	earthworks, civil, accommodation, tailings storage, borefields, roads	273
CONTINGENCIES		80
	<b>TOTAL</b>	<b>1,001</b>

#### *Operating Costs*

GRES also completed an operating cost estimate to align with current processing and general / administration costing for Balla Balla including but not limited to equipment loading, consumables and power, labour, reagents, flights and messing. Again their work confirmed the number previously calculated being A\$36 per tonne of concentrate mined, processed, delivered to Port Hedland via slurry pipeline and dispatched for export by shiploader.

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Of note is that the GRES cost database has yet to be updated with the lower manufacturing and labour costs associated with downward trending steel and labour markets. The operating cost study will be updated in coming months having regard for changes in the cost database and for the impact, if any, of continuing testwork and studies for the proposed processing plant, pipeline and port facilities.

## CONFIRMATORY TESTWORK

### *Mine-site*

Aurox commissioned SPX Process Equipment to complete agitation testwork for the iron concentrate to confirm storage tank sizing and agitator design.

### *Slurry Pipeline*

A definitive slurry pipeline study was initiated in January 2009 with engineering consultancy Slurry Systems Engineering (SSE) to complement the existing scoping study. The additional testwork has enabled the operating envelope of the slurry pipeline to be defined specific to the Balla Balla orebody. Hydraulic calculations from the program of work (PoW) enable capital and operating cost estimate characterization, including specifics such as liner type and pumping requirements. The study installs confidence in the capability of the slurry pipeline and allows associated equipment design and layout to be fixed.

## ILMENITE PROGRESS

To date the titanium testwork has been completed in China, with flotation results from the previous testwork program still pending. The initial flotation concentrate results will indicate the viability of the product as a saleable titanium dioxide (TiO<sub>2</sub>) concentrate.

A bulk program was commissioned in March 2009, the aim being to generate a large iron tailings sample to finalise the titanium testwork.

## PHOSPHATE PROGRESS

A Phosphate Project Concept Study was completed at the start of April and is now being reviewed by several key participants in the Rock Phosphate market. The Concept Study provides an overview of the potential for a complementary project to the Titanomagnetite Project and is seeking market feedback and options ahead of considering the best way to advance the studies of this exciting opportunity for the Company.

## FUTURE ACTIVITIES SUMMARY

During the June 2009 Quarter, exploration and development activities will include:

- Stage 2 titanium extraction studies
- Detailed targeting for new water bore locations required when planned expansions occur
- Testwork evaluating the optimum parameters including cutoff grades for extraction of iron and titanium from the upper phosphate enriched zone.

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## CORPORATE

### CONVERTIBLE NOTES – EARLY CONVERSION OFFER

On 19 March 2009, Aurox announced that it proposed to amend the terms of its listed unsecured redeemable convertible notes (ASX Code: AXOG) ("Notes") to permit early conversion by noteholders ("Proposal"), with a \$0.25 per Note cash payment to be made to noteholders who exercise the early conversion option. The Company also announced that it had reached agreement with institutional investors holding over 70% of the Notes for the early conversion of their Notes and a voluntary escrow of six months from the issue of new shares to them.

The Proposal was conditional upon an amendment to the terms of the Trust Deed governing the Notes that would permit early conversion. In early April, the Company entered into an agreement with the Trustee for the noteholders that gave effect to this amendment. Accordingly, the Company is implementing the Proposal and has invited all noteholders to convert their Notes into new shares and receive the proposed payment of \$0.25 per Note converted. The timetable for implementation of the Proposal is outlined below:

Event	Date
Invitation to noteholders to submit conversion notice ("Early Conversion Invitation")	9 April 2009
Issue of new shares and payment of cash consideration to noteholders pursuant to Early Conversion Invitation	Progressive but within 10 business days of receipt of relevant conversion notices
Early Conversion Invitation closes (as extended)	13 May 2009

The Notes have an aggregate face value of \$47.81M and are redeemable on 30 June 2010. The semi-annual interest payments due until redemption, in aggregate, amount to \$5.02M. If all the holders of Notes accept the invitation for early conversion, approximately \$12.58M in cash will be paid by the Company and an aggregate of 50.33M New Shares will be issued.

As at the date of this report approximately 82.4% of noteholders had submitted or agreed to submit conversion notices pursuant to the early conversion proposal. The table below reflects the significant improvement to the Company's corporate structure resulting from the 82.4% conversion. The table also depicts the Company corporate structure if the targeted 100% note conversion is achieved.

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Pro-forma Capital Structure - Pre & Post Note Conversion Offer at 30 April 2009				
	million	Pre Conversion	100% Conversion	Current (82.4%)
Ordinary shares	( " )	151.2	201.5	192.7
Options unlisted	( " )	7.4	7.4	7.4
Convertible Notes	( " )	50.3	0.0	8.9
Principle	( " )	\$47.8	0.0	\$8.4
Interest	( " )	\$5.0	0.0	\$0.9
Cash on hand	( " )	\$ 22.3	\$9.7	\$11.9
Valuation of Note Conversion Offer				
Principle & Interest relief	( " )		\$52.8	\$43.5
Cash payout to convert	( " )		(\$12.6)	(\$10.4)
<b>Net Relief</b>	( " )		<b>\$40.3</b>	<b>\$30.2</b>
<b>Net relief per share (fully diluted)</b>			<b>19.3 cps</b>	<b>16.6 cps</b>

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## UTAH POINT PORT AGREEMENT

The Company and the Port Hedland Port Authority ("PHPA") have agreed the terms for a variation of the Utah Point Facility Agreement between the parties.

In June 2008 Aurox announced that it had secured an agreement with the PHPA for long term access to the proposed Utah Point shipping facility, which included dewatering, stockpiling and ship-loading of Balla Balla iron concentrate. The term of the Agreement is 15 years.

On 13 March 2009 the State Government Minister for Transport, Mr Simon O'Brien and the Minister for Mines and Petroleum, Mr Norman Moore were on site as driving of the first pile started for construction of the wharf. In a media release Mr O'Brien said that the additional common-user berth was essential to meet the growing demands of current and emerging iron ore and other mineral producers. Completion and commissioning of the Utah Point berth is expected by mid-2010.

Aurox and the PHPA have agreed to vary the terms of the original Utah Point Facility Agreement to amend the dates by which the respective parties are required to satisfy certain conditions, including those related to regulatory approvals and funding. In consideration, Aurox has agreed not to commence shipments across the Utah Point berth prior to 1 March 2012 and also to make a pro-rata contribution towards power distribution costs, with such amount to be funded prior to the Company's first export shipment.

# AUROX RESOURCES LTD

## ENGINEERING & MANUFACTURING CONTRACT UPDATE

In the previous quarterly report, Aurox Resources Limited (“Aurox” and the “Company”) reported that it had taken action to curtail all engineering and procurement activities pending the Company securing full project funding. As reported at that time, negotiations were ongoing in relation to major supply agreements.

The Company has now successfully negotiated a restructure of its arrangements with Siemens AG in relation to gearless drives to be supplied as key components of the magnetite concentrator for the Balla Balla iron ore project (“Project”).

The restructure of arrangements with Siemens represent a positive outcome for the Company in a very difficult environment and has limited Aurox’s financial exposure under the contract as well as maintaining an important relationship with a major supply partner.

Pursuant to the revised arrangements the parties have agreed a close-out position under the original supply contract, the effect of which was accounted for in the recently released half year financial report.

The Company is continuing to progress discussions with other parties and will inform the market as those negotiations are concluded.

The revised arrangements preserve the Company’s access to the Utah Point facilities and allow further time to secure the funding necessary to advance the project and port arrangements. If the agreement’s condition precedents have not been met by 31 March 2010, then the agreement terminates with neither party having any further liability, responsibility or obligation to the other.

## CASH RESERVES

Cash reserves total approximately \$22.3 million at the end of the March 2009 quarter.

## PUBLIC RELATIONS

During the March 2009 quarter Aurox participated in the following conferences:

1. Fremantle, WA – RIU Explorers Conference, 17-18 February 2009, sponsored by Vertical Events; speaker -Managing Director, Charles Schaus.
2. Perth, WA – AJM Iron Ore Conference, 24-25 March 2009, sponsored by Australian Journal of Mines; speaker -Managing Director, Charles Schaus.
3. Perth, WA – WA Mining Club, 26 March 2009, sponsored by The WA Mining Club; Guest speaker -Managing Director, Charles Schaus.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

AUROX RESOURCES LIMITED

ABN

32 106 793 560

Quarter ended ("current quarter")

31 MARCH 2009

### Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	(9 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration, evaluation and development	(1,089)	(10,744)
	(b) administration	(544)	(2,303)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	244	1,643
1.5	Interest and other costs of finance paid	(1,688)	(3,366)
1.6	Income taxes paid - R&D tax offset	-	-
1.7	Other ( <i>refer to note 6</i> )	350	1,626
<b>Net Operating Cash Flows</b>		<b>(2,727)</b>	<b>(13,144)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets ( <i>refer to note 6</i> )	(2,994)	(18,994)
1.9	Proceeds from sale of: (a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other - Bond	(4)	(35)
<b>Net investing cash flows</b>		<b>(2,998)</b>	<b>(19,029)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(5,725)</b>	<b>(32,173)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(5,725)	(32,173)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings - convertible notes	-	-
1.17	Repayment of borrowings - hire purchase	(9)	(26)
1.18	Dividends paid	-	-
1.19	Other - capital raising costs	-	-
	<b>Net financing cash flows</b>	(9)	(26)
	<b>Net increase (decrease) in cash held</b>	(5,734)	(32,199)
1.20	Cash at beginning of quarter/year to date	28,033	54,498
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	22,299	22,299

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	219
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-



**Appendix 5B**  
**Mining exploration entity quarterly report**

3.2	Credit standby arrangements	-	-
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**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration, evaluation and development	1,200
4.2	Administration (See Note 6)	750
<b>Total</b>		1,950

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	85	233
5.2	Deposits at call	22,214	27,800
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)		22,299	28,033

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	None		
6.2	Interests in mining tenements acquired or increased	None		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	151,238,497	151,238,497	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b> (7% 30 June 2010 unsecured convertible notes)	50,330,000	50,330,000	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>	2,500,000 850,000 2,550,000 500,000 500,000 500,000	- - - - - -	<i>Exercise price</i> \$0.40 \$0.75 \$0.60 \$1.30 \$1.65 \$2.05	<i>Expiry date</i> 27 May 2010 4 May 2011 11 July 2009 15 November 2009 15 November 2009 15 November 2009
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:  
Print name:

Craig Ferrier

Date: 30 April 2009

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
- 6 Item 1.7 reflects GST payments and receipts during the relevant period.

Item 1.8(c) includes payments related with the Balla Balla project.

Item 4.2 does not include any amounts related to financing outflows.

As detailed in the accompanying activities report, the Company has implemented its early conversion proposal in relation to the listed unsecured convertible notes. The Company has agreed to pay \$0.25 for each note converted into ordinary shares pursuant to the early conversion invitation. The Notes have an aggregate face value of \$47.81m and are redeemable on 30 June 2010. The semi-annual interest payments due until redemption, in aggregate, amount to \$5.02m. If all the holders of Notes accept the invitation for early conversion, approximately \$12.58m in cash will be paid by the Company and an aggregate of 50.33m New Shares will be issued.

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