Fox Tungsten Builds Financial Strength While Advancing a High-Grade Western Tungsten Project

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Fox Tungsten Ltd. (TSXV: FOXT) is combining an aggressive exploration campaign with a financial structure designed to keep drilling capital focused on the ground. In a recent InvestorNews interview, President, CEO and Director Stephen Gray discussed the company's C$2 million share payment from Metal Energy Corp. (TSXV: MERG), its fully funded 20,000 metre drill program and the path toward a Preliminary Economic Assessment targeted for the second quarter of 2027.

The C$2 million payment originates from Fox Tungsten's 2024 sale of the Highland Valley copper project to Metal Energy. Under the agreement, Fox Tungsten, then operating as Happy Creek Minerals Ltd., received C$300,000 in cash and an equity position in Metal Energy at closing, along with C$6 million in deferred consideration and a net smelter return royalty of up to 2.5%.

In August, Fox Tungsten received 2,358,797 Metal Energy common shares with an aggregate deemed value of C$2 million. The shares, issued at a deemed price of C$0.85, satisfied the first two deferred consideration payments under the agreement. Fox Tungsten now holds 4,233,217 Metal Energy shares, with a further C$4 million scheduled through payments of C$1.5 million and C$2.5 million on the third and fourth anniversaries of the transaction.

Gray described the payment as an important financial backstop for Fox Tungsten. Once the shares are eligible for sale following their statutory hold period, the proceeds can provide non-flow-through capital for general and administrative expenses and technical work, including the planned PEA.

"When we go to the market and raise money, we are raising flow-through capital to drill and put that money into the ground," Gray explained. "Because we have those hard dollars, we have that backstop."

That distinction matters as Fox Tungsten advances its flagship project, located approximately 75 kilometres northeast of 100 Mile House in south central British Columbia. The current NI 43-101 mineral resource estimate includes 582,400 tonnes grading 0.826% WO_3 in the Indicated category and 565,000 tonnes grading 1.231% WO_3 in the Inferred category. The company describes Fox as hosting one of the highest-grade tungsten resources in the Western world.

Gray went further during the interview, stating that, to his knowledge, Fox is the highest-grade tungsten resource globally. To put the grade into terms more familiar to the broader market, he compared 1% tungsten with approximately 22 grams per tonne gold or 25% copper based on recent spot prices. The comparison illustrates the potential metal value of the grade but does not account for recoveries, processing costs, payabilities or other economic factors.

"This is something special," Gray said. "We think we are going to be able to maintain that grade as we grow, and we look forward to sharing more results with the market."

The company's fully funded 20,000 metre drill program is the largest exploration campaign in its history. Two drill rigs are currently operating, with Gray indicating that a third is expected to be added as the program advances toward completion in late October. Assay results are expected to be released progressively through the remainder of 2026.

The program is testing the company’s interpretation that the BN, RC and BK zones could form part of a larger, connected mineralized system. In a July exploration update, Fox Tungsten reported visible scheelite in all three completed exploration holes at Fox North and all seven resource expansion holes completed at the RC Zone. The company cautioned that these visual observations are preliminary and that laboratory assays are required to determine tungsten grades.

Scheelite’s ability to fluoresce under ultraviolet light also played a central role in the project’s original discovery. Gray explained that Fox was a true greenfield discovery made through traditional prospecting, when a prospector working in the forest at night used a UV light and noticed tungsten-bearing rocks glowing on the ground.

“Tungsten, and scheelite in particular, glows under UV light,” Gray said. “That is how this deposit was found. It was a prospector in the woods at nighttime with a UV light who found some glowing rocks, and it grew from there.”

The current drilling program is intended to expand the mineral resource, establish greater continuity among the principal zones and provide the technical foundation for an updated resource estimate and PEA. Gray said the company has also received interest from both Canadian and U.S. government representatives, although those discussions remain preliminary until Fox Tungsten can present a mine plan and project economics.

Completing the PEA could therefore become important on two fronts. In addition to moving Fox Tungsten from exploration toward development, it could provide the economic framework needed to advance discussions concerning potential government support and non-dilutive financing.

The coming months are expected to deliver a steady flow of drill results, followed by an updated mineral resource estimate and the targeted PEA in the second quarter of 2027. Supported by the C$2 million Metal Energy payment, additional deferred consideration and one of the Western world's highest-grade tungsten resources, Fox Tungsten is advancing rapidly toward a more clearly defined development plan.

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