



ABN: 44 079 902 499

10 Abbotsford Street, West Leederville, Western Australia 6007
PO Box 1386, West Leederville Western Australia 6901
Tel: 61 8 9318 5600 Fax: 61 8 9238 1380
Web: www.foxresources.com.au Email: fxr@foxresources.com.au

Mr Ben Tippet
Senior Advisor, Listings Compliance
ASX Compliance Pty Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

By email: Ben.Tippet@asx.com.au

Dear Mr Tippet,

I refer to your letter dated 27 November 2014 relating to the Appendix 5B released by Fox Resources Limited ("the Company") for the quarter ended 30 September 2014.

In your letter you have requested the Company respond to certain questions as set out on pages 1 and 2. The Company responds as follows, adopting the same numbering in your letter for ease of reference:

1. *Is it possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities? Is this the case, or are there other factors that should be taken into account when assessing the Company's position?*

The information provided in the Appendix 5B should be read with, and in the context of the disclosure of funding from loan agreements in the annual report released to ASX on 27 October 2014. In addition, as announced to ASX on 7 October 2014, the company has engaged PCF Capital to evaluate divestment alternatives for its Bundaberg Coking Coal Project in Queensland. In addition the company is also disposing of an agglomerator stacker which is based in Queensland.

As noted in the Company's 2014 Annual Report the company has entered into various agreements with an entity associated with Fox's Chairman Mr. Terry Streeter, Jungle Creek Gold Mines Pty Ltd, under which funding is provided via loan agreements. Jungle Creek has agreed to extend the loans outstanding, and to continue to support the company until the earlier of the sale of the Queensland Coal tenements or 30th September 2015.

2. *Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?*

As the Company is in the exploration phase, there may be certain times in the future when the Company will experience negative cash flows until such time as one or more of its projects are developed to a stage where they become an operational mine.

The Company is mindful of its cash position and advises the management team is continuing a company-wide review of expenditure, seeking to reduce administration costs and other expenses where possible.

3. *What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?*

Please refer to the response provided at question 1.

4. *Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?*

The Company confirms that it is in compliance with the listing rules, including listing rule 3.1.

5. *Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.*

For the reasons set out above, the Company considers it is in compliance with listing rule 12.2. With reference to the matters discussed in the notes to listing rule 12.2:

- (a) the Financial Statements for the financial year ended show the Company had assets of \$22.9M and liabilities of \$11.7M;
- (b) as is relevant to a company in the exploration phase, the Company is constantly assessing its funding requirements commensurate to the level of its exploration and development activity such that it has a reasonable expectation that it will be able to fund its future activities.

Please do not hesitate to contact me directly if you have any queries regarding the responses provided.

Yours faithfully,

A handwritten signature in black ink, appearing to read "B. M. Garlick".

Bruce Garlick
Company Secretary



ASX Compliance Pty Limited
ABN 26 087 780 489
Level 40, Central Park
152 – 158 St Georges Terrace
PERTH WA 6000

GPO Box D187
PERTH WA 6840

Telephone 61 8 9224 0000
www.asx.com.au

27 November 2014

Bruce Garlick
Executive Director
Fox Resources Ltd
10 Abbottsford Street
West Leederville WA 6007

By email: bruce.garlick@foxresources.com.au

Dear Bruce

Fox Resources Ltd ("Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 30 September 2014, released to ASX Limited ("ASX") on 31 October 2014, (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of \$46,000.
2. Net negative operating cash flows for the quarter of \$793,000.
3. Cash at end of quarter of \$118,000.
4. Estimated cash outflows for the next quarter of \$547,000 on exploration, evaluation and administration.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter (and at the rate anticipated for the next quarter) indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to **Ben.Tippett@asx.com.au**. It should not be sent to the ASX Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3.00 pm WST on Tuesday 2 December 2014**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

[sent electronically without signature]

Ben Tippett
Adviser, Listings Compliance (Perth)