

Progress Update on Exploration and Downstream Processing

Fox Resources Limited (ASX: FXR) is pleased to provide an update on the exploration program and downstream processing.

Key highlights

- Drilling undertaken as part of ongoing resource definition program at Radio Hill
- Successful downstream processing trial
- Negotiations proceeding with Chinese partners

Exploration Update

During December 2011, a diamond drill hole was completed at the Trial Pit area at Radio Hill as part of the ongoing resource upgrade work. Disseminated mineralisation was intersected in this hole over the interval 14.5m - 57m. The observed results were in line with the Company's expectations as this style of mineralisation is the target for heap leaching operations. Assays for this core will be reported in early 2012.

Diamond drilling will continue during January 2012, with a second hole to be drilled. Furthermore, four reverse circulation (RC) holes for a total of 400m of drilling to support the diamond drilling is also scheduled to commence in the surrounds of the Trial Pit area during January.

Other exploration work being undertaken by the Company in the New Year includes:

- Electromagnetic (EM) testing and RC drilling will be undertaken at an area 1km to the south west of the Radio Hill Mine to fully test this geological position
- A program of RC and diamond drilling will take place on a number of sites located on other project tenements near to Radio Hill
- Regional exploration across a range of Fox Resources tenements
- At Mt Oscar, the Company will shortly commence the drilling of 3000m of RC. This drilling is expected to increase the size of the current magnetite resource at Mt Oscar which currently stands at 73 million tonnes of high grade magnetite ore.

Downstream processing trial successful

In early December 2011, the Company embarked on an on-site, eight day, 24-hour, pilot-scale operation for precipitation of the metals from the pregnant liquor solution (PLS) generated from the bacterial heap leach process. Fox plans on utilising this to process the nickel and copper mined at Radio Hill.

The aim of the trial was to generate final design data for detailed engineering of the filtration system.

The pilot scale test work was successful in replicating the process flow chart and in producing the final products in accordance with initial design concepts.

Update on contract negotiations

Further to the non-binding Memorandum of Understanding (MOU) executed with Chinese co-operative Jiangxi Jiangli Sci-Tech Co Ltd (Jiangli), as announced on 15 November 2011, the negotiations to arrive at an agreement are ongoing at this stage and further updates will be provided as significant developments occur.

New Year 2012

Fox Resources Chief Executive Officer, Laurie Chew, said: "As 2011 comes to an end, the Company is now well poised to return to production at Radio Hill. We look forward positively to the coming year to develop our operations and continuing our exploration efforts.

I would like to take this opportunity to thank all our staff and shareholders for their continued support and wish everyone a safe and happy festive season".

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About Fox Resources

Fox Resources (ASX: FXR, Fox) is a base metals development company with a substantial landholding in the Pilbara region of Western Australia. Fox is well advanced in developing an innovative heap leaching operation to capitalise on an existing 300,000+ tonnes of stockpiled material at its flagship Radio Hill copper/nickel Project. Returning to production at Radio Hill is a major priority for the Company with exploration to further define base metal resources key to extending the future heap leach operations. Fox's exploration programme also covers a number of prospective gold targets, and a highly prospective magnetite project at Mt Oscar, located 25km south of the port at Cape Lambert which is a Joint Venture with Magnetic South Pty Ltd.