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ASX / Media Announcement

FOX RESOURCES LTD

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Projects:

Radio Hill
Nickel – copper

Sholl
Nickel – copper

Ayshia
Copper – zinc

Mt Oscar
JV Iron ore

Mangaroon
Gold

FOX RESOURCES AGREES OPTION TO ACQUIRE MAJOR QUEENSLAND COAL ASSETS

Fox Resources Limited (ASX: FXR) is pleased to announce it has executed a Binding Terms Sheet to give it an exclusive option to acquire 100% of a number of coal tenements in Queensland shown in Figure 1 below.

The Company has agreed an option to acquire 16 coal exploration permits (EPCs), and one EPC under application, in the Styx, Bowen, Maryborough and Galilee basins (Tenements). These Tenements have to date been held by Currawong Coal Pty Ltd, a joint venture of XLX Exploration Pty Ltd, Cliffs Natural Resources Pty Ltd and Conarco Minerals Pty Ltd.

The acquisition of the Tenements following exercise of the option would deliver significant diversification to Fox's minerals exploration program, which to date has been primarily focused on nickel, copper and iron ore projects in the Pilbara, Western Australia.

Together, the Tenements comprise more than 10,000 km² within the major coal bearing basins of Queensland, which Fox considers to be highly prospective. The Tenements have good access to infrastructure necessary for commercial development. All of the Tenements are considered to be prospective for either coking or thermal coal.

The Company is also looking at additional neighbouring tenements with a view to further expanding its holdings.

Mr Bruce Garlick, Chief Executive Officer of Fox Resources said: "These assets are attractive for a number of reasons. They are adjacent to an abundance of high quality coal deposits, with historical data indicating a presence of coal or potential to leverage off exploration work conducted previously. In addition, the Tenements have good access to rail and port infrastructure."

"For Fox Resources, exercise of this option would mean we can achieve a major diversification of our exploration program, both in terms of geographic spread of the projects and the targeted minerals."

Fox will now conduct due diligence before determining whether to exercise its option to acquire the Tenements by 21 December 2012. The Binding Terms Sheet is subject to a number of terms and conditions which are not uncommon in an agreement of this nature. The acquisition of the Tenements on exercise of the option will be subject to the parties obtaining all necessary governmental consents and approvals and any other approvals that may be required under the ASX Listing Rules by ASX following ASX's consideration of the transaction.

The consideration payable by Fox for exercise of the option comprises \$1,000,000 in cash, \$725,000 worth of ordinary shares in Fox following exercise of the option, a further \$725,000 worth of ordinary shares in Fox if certain levels of JORC compliant thermal or coking coal resources are identified within 5 years of acquisition and a 0.95625% gross proceeds royalty in respect of Fox's interest in the Tenements.

If Fox exercises the option, the above shares are to be issued to XLX Exploration Pty Ltd based on a volume weighted average share price calculated over the period immediately prior to the obligation to issue the shares arising. While the precise number of shares to be issued will depend on the traded value of Fox shares, the number of shares is expected to be within Fox's available 15% capacity under ASX Listing Rule 7.1 and, accordingly, the issue is not intended to be subject to shareholder approval under that rule.

Fox will pay the vendors an option fee of \$100,000 within seven business days, regardless of whether it exercises the option.

The board of Fox Resources will shortly receive an independent geological report on the Tenements and will update the market following receipt and consideration of this.

-ENDS-

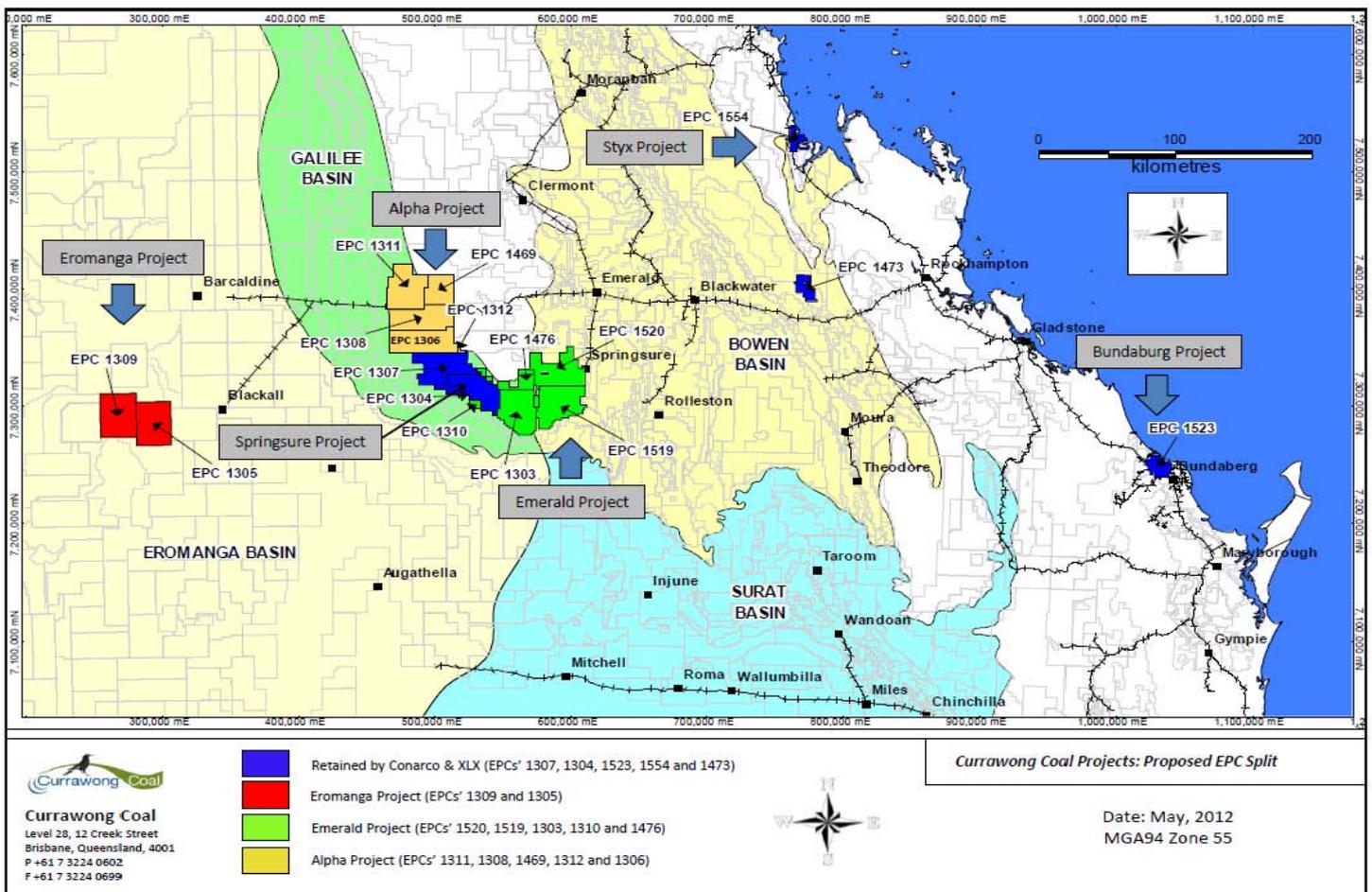


Figure 1: Currawong Coal, Queensland

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About Fox Resources

Fox Resources (ASX: FXR, Fox) is a major exploration company with a substantial land-holding in the Pilbara region of Western Australia.

Fox's exploration program also covers a number of prospective base metal and gold targets, a magnetite project at Mt Oscar, located 25km south of the port at Cape Lambert which is a Joint Venture with Magnetic South Pty Ltd and the Radio Hill, Sholl and Ayshia deposits.