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11 January 2018

## Fox Resources Ltd Shareholder Update

Dear Shareholders,

### Announcement - Fox Resources Limited

Fox Resources Limited (**Fox**) wishes to announce it has signed a drilling contract to drill three holes on EPC 1523, at Bundaberg which should commence shortly.

Fox is also pleased to advise that it has signed a Share Sale Agreement (**SSA**) to sell all of the shares in a new subsidiary of Fox which is to hold a 50% interest in the Bundaberg EPC 1523 coking coal tenement to Bundaberg Coal Pty Ltd (**BC**).

Fox will receive \$1,775,000 in cash or 8,875,000 shares at 20c per share in a new listed entity (which will effectively own all of EPC1523, amongst other tenements), or a combination of cash and shares at Fox's election.

Fox's share of the consideration payable under the SSA, the entity which will own its interest in EPC 1523 will increase in proportion to the potential increase in the coking coal resource from the current drilling program.

Assuming Fox's share increases by 25mt of coking coal then Fox will receive \$1,963,500 in cash or 9,817,500 shares at 20c per share in the new listed entity, or a combination of cash and shares at Fox's election.

The sale is expected to be finalised in a couple of months.

The sale under the SSA is subject to various conditions precedent being satisfied and these conditions precedent include:

- a) Fox's 50% interest in EPC 1523 being transferred to a wholly owned Fox subsidiary;
- b) Approvals, authorisations and consents being obtained for the transfer of interest in EPC 1523 and certain other tenements being acquired by BC from third parties;
- c) BC entering into deeds of assumption with third parties pursuant to which BC assumes various obligations;

- d) the entity which owns BC successfully raising funds under a prospectus for a public offering and listing of new shares;
- e) the entity which owns BC receiving conditional approval, in a form satisfactory to it with respect to its application to be listed on the official list of the ASX Limited; and
- f) a discharge of the Mortgage held by Jungle Creek Pty Ltd over Fox's 50% interest in EPC 1523.

The Deed of Forbearance entered into with Jungle Creek Pty Ltd has now been terminated.

The auditors Grant Thornton have completed the audit of the Financial Statements up to 31 December 2016, and is now finalising the accounting notes. The audit of the Financial Statements as at 30 June 2017 is progressing. Once this is finalised including the notes, all the Financial Statements will be released.

Mr Bruce Garlick's contract has been extended to the 31 March 2018, on the same salary \$110,000 per annum, and Directors Fees \$75,000 per annum giving a total package of \$185,000 plus superannuation.

**Bruce Garlick**

**Executive Director and Company Secretary**