

## HIGHLIGHTS

### Quarterly Activities Report For the period ended 31 March 2014

#### FOX RESOURCES LTD

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#### Projects:

**Radio Hill**  
Nickel – Copper

**Sholl**  
Nickel – Copper

**Ayshia**  
Copper – Zinc

**Mt Oscar JV**  
Iron Ore, Gold, Base Metals

**Pilbara Minerals JV**  
Base Metals

**Queensland**  
Coking and Thermal Coal

**Mangaroon**  
Gold

### QUEENSLAND BUNDABERG COKING COAL PROJECT

- **101Mt Inferred Coking Coal Resource** estimated at the Bundaberg Coking Coal project.
- Initial Coal Quality sampling has confirmed the status of the coal as being **hard high quality coking coal**.
- **Seven holes completed** at Bundaberg with **five intersecting the coal seams** in fresh rock, the other two holes intersected coal in weathered rock.
- Subsequent to the end of the quarter strike extensions of the coal seams **identified further targets**
- Clean Coal Composite sample analysis is underway and expected in the June quarter.
- **Initial Discussions** are underway with possible partners to **advance the project**.
- **Further exploration work** currently being planned to **increase the resource in both confidence and size**.

### WESTERN AUSTRALIA

- Multiple VTEM anomalies identified and field checked at the Mt Oscar Joint Venture project
- Target identification and evaluation ongoing on all other tenements.

### CORPORATE

- Early in the quarter the convertible loan with Murdoch Capital was partly repaid and extended until April 2014 and several short term loans to Jungle Creek Gold Mines were repaid.
- Late in the Quarter 70% of the convertible note held by the Australian Special Opportunities Fund, LP was repaid in cash with the balance converted to fully paid ordinary shares and options in accordance with the terms of the share purchase agreement announced to ASX on 2 October 2013.
- Subsequent to the end of the quarter the funding agreement with the Australian Special Opportunities Fund, LP was terminated.
- The Company relocated to new offices in West Leederville.

Fox Resources is an exploration company with substantial exploration interests in Central Queensland and the Pilbara region of Western Australia.

The Company's exploration efforts are focused on a number of prospective coal tenements in Queensland along with base metal and gold targets in Western Australia including the advanced Radio Hill, Sholl Nickel deposits, the Whundo and Ayshia base metal deposits and a magnetite project at Mt Oscar through a Joint Venture with Magnetic South Pty Ltd.

## QUEENSLAND COAL PROJECTS

Fox Resources owns a tenement package consisting of 15 granted exploration permits for coal (EPC's) and one EPC application covering approximately 10,000 km<sup>2</sup> within major coal bearing basins of Queensland. These tenements are highly prospective for coking and / or thermal coal (Figure 1 and Table 1).

Exploration within the Bundaberg tenement, considered to have the highest potential for coking coal, commenced in December 2013.

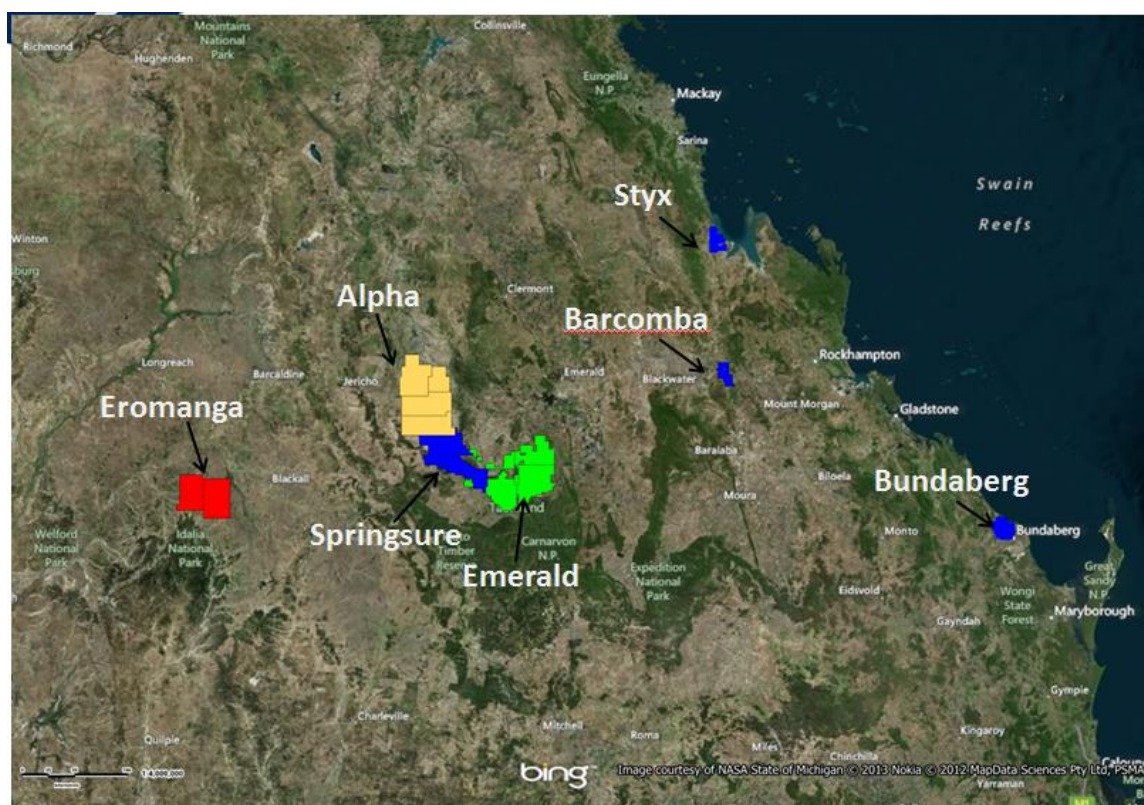


Figure 1: Queensland Coal projects

**Table 1: Details the tenements acquired by Fox Resources, grouped into projects as shown in Figure 1 (above).**

Project Name	EPC's	Basin	Target Formations
Bundaberg	1523	Maryborough	Burrum Coal Measures, Maryborough Formation
Styx North	1554	Styx	Styx Coal Measures, Carmilla Beds
Springsure West	1303, 1304, 1307, 1310, 1476	Galilee	Bandanna Formation, Colinlea Sandstone
Emerald South-west	1519, 1520	Bowen, Galilee	Bandanna Formation, Mantuan Formation, Freitag Formation, Aldebaran Sandstone, Reids Dome Beds
East Alpha	1308, 1311, 1312, 1469	Galilee	Colinlea Sandstone, Joe Joe Group, Aramac Coal Measures
West Blackall	1305, 1309	Eromanga	Winton Formation, Mackunda Formation
Balcooma	1473 Application	Bowen	Back Creek Group

### **Bundaberg Coking Coal Project, Maryborough Basin**

The highest priority Project in the coal tenements is the Bundaberg Coking Coal Project (EPC1523) located in the Maryborough basin. Figure 2 below details the tenements and infrastructure in the area, immediately to the north of the regional town of Bundaberg.

Exploration commenced on the Bundaberg Project in December 2013 with drilling continuing in the March quarter. A total of seven holes have been completed in EPC1523 (Table 3). Coal intersections were reported during the quarter for Fox 6, Fox 6D, Fox 4 and Fox 1. Holes Fox 5 and 10 intersected the coal measures in weathered rock or the stratigraphy immediately below the target coal measures. This gives the western limit of the coal as the coal measures are interpreted as outcropping at or near the collar locations of Fox 5 and Fox 10. Coal was also intersected in Fox 3 however the coal intersection has yet to be provided to the Company; however the modelling undertaken as a part of the resource estimation, detailed below and in the 20 March 2014 ASX release has included the Fox 3 intersection.

During the quarter Fox Resources and International Coal Limited (ICX) announced the development of a data sharing and confidentiality arrangement regarding the Bundaberg hard coking coal project which straddles EPC 1523 (100% Fox) and EPC2196 (75% ICX / 25% QCI). This data sharing agreement has allowed Fox to cost effectively undertake the recently announced Resource Estimate within the Bundaberg.

The coking coal Resource, (ASX release 20 March 2014) estimated at an Inferred level of confidence at 101.2Mt is detailed in table 2 below. The Resource has been estimated in accordance with the 2012 JORC Code (2012) and the draft 2014 Coal guidelines with all information outlined in Appendix 2 of the ASX release.

The initial samples for Coal Quality analysis of the three main seams GU, GL1, and GL2 from Fox 6 released on 14 March 2014 all report raw ash <10% with raw calorific values exceeding 7,000KCal/kg for large sections of the seams. The raw total sulphur was manageable with the highest value 0.87%. A coking coal indicator, raw crucible swell number, returned numbers similar to those released by the ICX/QCI JV in EPC2196 to the north. Large sections of the seam reported raw numbers exceeding 8.0.

The Coal Quality Sampling from Fox 6 has now shifted to generating two clean coal composite products, one at CF1.45 and the other at CF1.60 and testing these for a range of coking and thermal properties. The results will be released once completed.

The 101.2Mt Inferred Resource at Fox's 100% owned EPC1523 is in addition to the previously announced Inferred Resource of 37.9Mt within EPC2196 ICX (75%) / QCI (25%) Joint Venture. The previous Inferred Resource Estimate was released by ICX on 17 December 2013 with an upgraded estimate of 41Mt released on 2 April 2014.

Table 2 below details the Inferred Resource Estimates on Fox's 100% owned EPC1523 while Table 3, below, details the location, depth, dip and azimuth of all the drilling completed in EPC1523 by Fox Resources.

Figure 2 shows the location of the Fox Resources tenement in the Bundaberg region while Figure 3 shows the Inferred Masks for the Burrum Coal Measures within EPC1523 and EPC2196 and the Mask for the Exploration Target.

**Table 2 Inferred Resource Estimates on EPC1523 (100% Fox)**

Tenement	Formation	Inferred Tonnage (Mt)	Raw Ash % adb	Raw Volatile Matter % adb	Raw Crucible Swell Number	Raw total Sulphur % adb
<b>EPC1523</b>	Burrum Coal Measures	101.2	19.0	22.5	8.0	0.87

Note the total tonnages may not total due to rounding.

**Table 3: Drill hole details of the recently completed holes within EPC1523.**

Hole Number	Easting	Northing	RL	Dip	Azimuth	Depth (m)
FOX 6R	418,887	7,260,098	32	-88	334	406
FOX 6CQ	418,886	7,260,091	26	-89	315	292.27
FOX 4R	416,652	7,261,196	15	-89	314	134
FOX 5R	415,916	7,261,275	17	-87	302	304
FOX 10R	415,536	7,261,830	11	-88	320	232
FOX 1R	416,587	7,262,798	19	-83	229	251
FOX 3	416,431	7,261,651	12	79.6	328	298

Notes: the coordinates are GDA 94 zone 56 and were obtained from a hand held GPS with a nominal accuracy of +/- 3m, the RL from this type of GPS is not considered accurate. All drill holes are vertical.



During the process of completing the Inferred Resource detailed above, a significant strike extension to the coal seams was identified. Due to this newly identified strike extension an **Exploration Target** has been identified of between **20 and 50Mt** of coal. Importantly it should be noted that this Exploration Target is conceptual in nature; insufficient work has been conducted in the area for a Resource Estimate to be conducted and it is uncertain if future exploration would enable a Resource to be estimated.

This Exploration Target, detailed in Table 4 and shown in Figure 3 below, is in addition to the previously released 101Mt Inferred Coking Coal Resource released to the ASX on 20 March 2014.

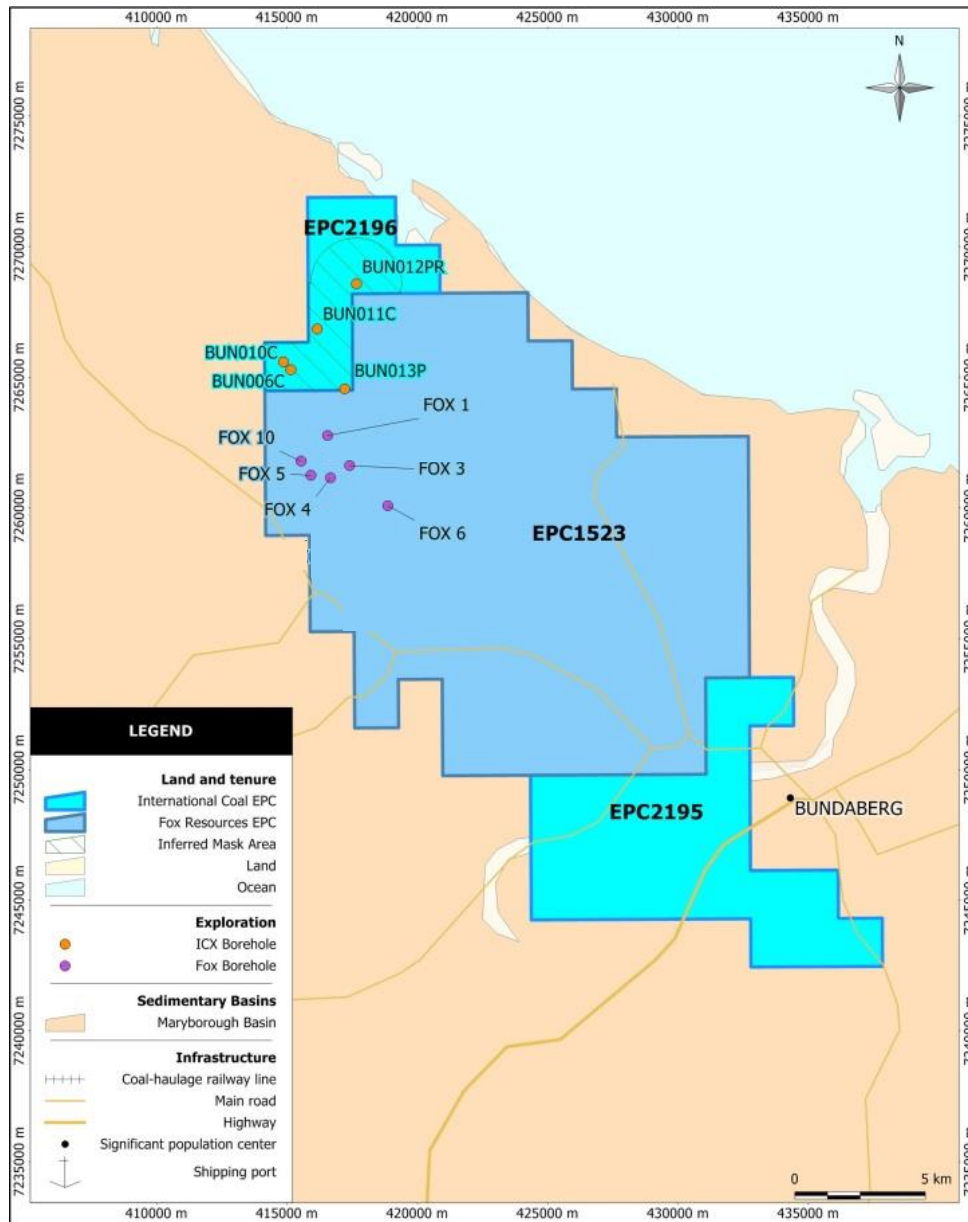
**Table 4 Exploration Target on EPC1523 (100% Fox).**

<b>Tenement</b>	<b>Formation</b>	<b>Seams</b>	<b>Exploration Target Tonnage (Mt)</b>	<b>Raw Coal Ash (%adb)</b>	<b>Raw Volatile Matter (%adb)</b>	<b>Raw Calorific Value (Kcal/kg GAD)</b>	<b>Raw Crucible Swell Number</b>
<b>EPC1523</b>	Burrum Coal Measures	GU, GL1, GL2, H1	20 – 50	19.0	24.5	6750	6-8

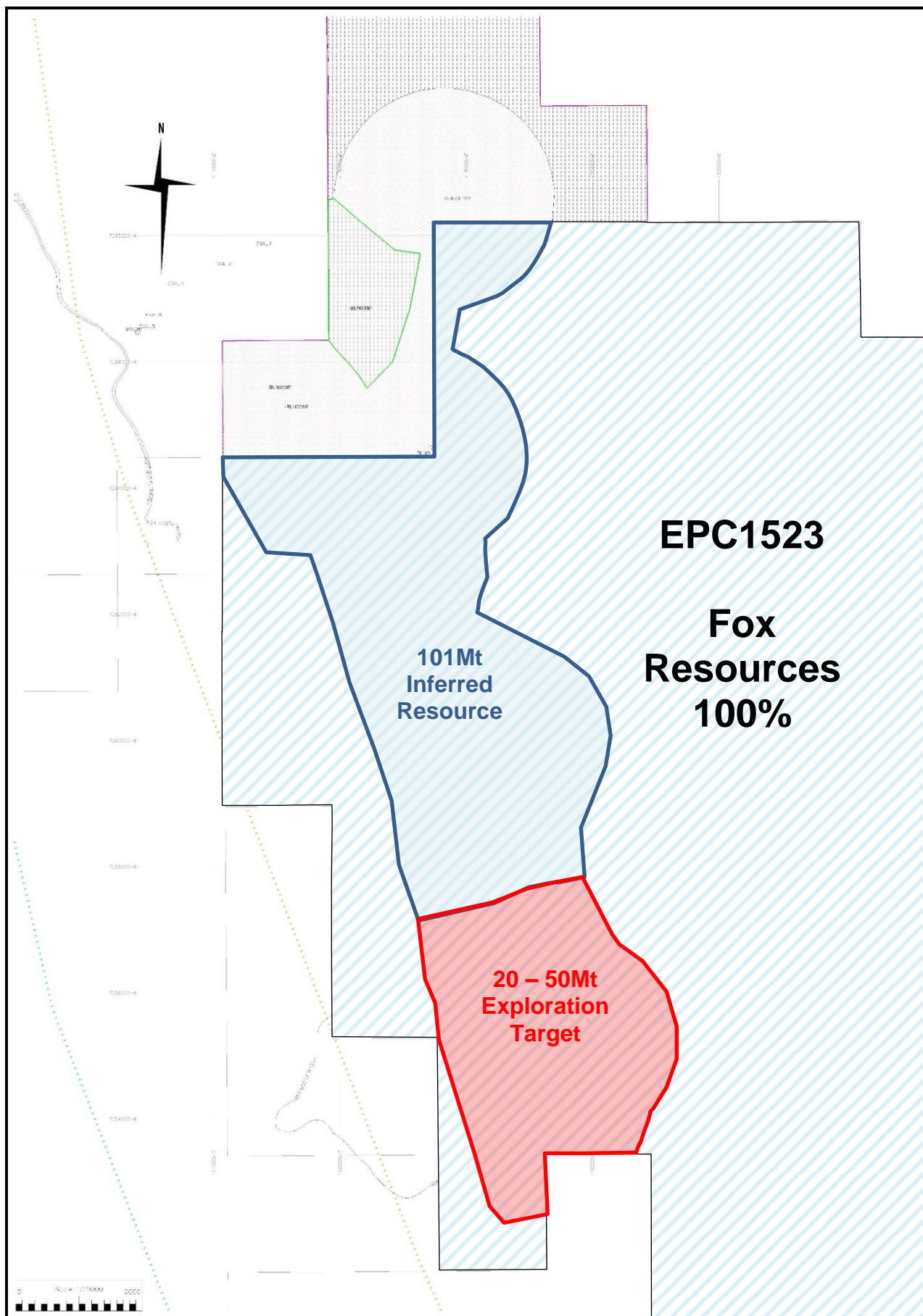
Multiple historical drill holes within the identified strike extension have intersected the main coal measures that constitute the 101Mt Inferred Resource Estimate to the north, identified as the GU, GL1 and the GL2 seams. Significantly several of the historical drill holes in the strike extension were not drilled to a sufficient depth to intersect these prospective seams.

The Exploration Target is based on the limited drilling within the strike extension of the coal seams, the recently announced Resource immediately to the north of the Exploration Target and other exploration that has been conducted in EPC1523. The Exploration target does not include any down-dip extensions of the coal seams nor does it include some conceptual targets that occur to the east of the Inferred Resource.

Further work is being planned within the Bundaberg tenement both within the recently identified Exploration Target with the aim of improving the geological understanding of the coal seams in the area for possible resource estimation in the future but also within the Inferred Resource with the objective to increase the confidence in the Resource Estimate toward an indicated or measured category along with some conceptual targets within EPC1523.



**Figure 2: Location of the 100% Fox EPC1523 to the north of Bundaberg, the other tenements shown are part of the ICX / QCI Joint Venture and part of the data sharing agreement that Fox entered into during the March quarter.**



**Figure 3: Outline of the Exploration Target and the Inferred Resource Estimate for the Burrum Coal Measures within EPC1523**

Figure 4 (below) Illustrates detail from the cored hole at the GL1 seam level with a composite picture of the core photos from 275m and 277m compared to the downhole geophysical response over the same interval while Figure 5 shows a detailed view of the cored coal, illustrating that within each coal seam there is little banding.

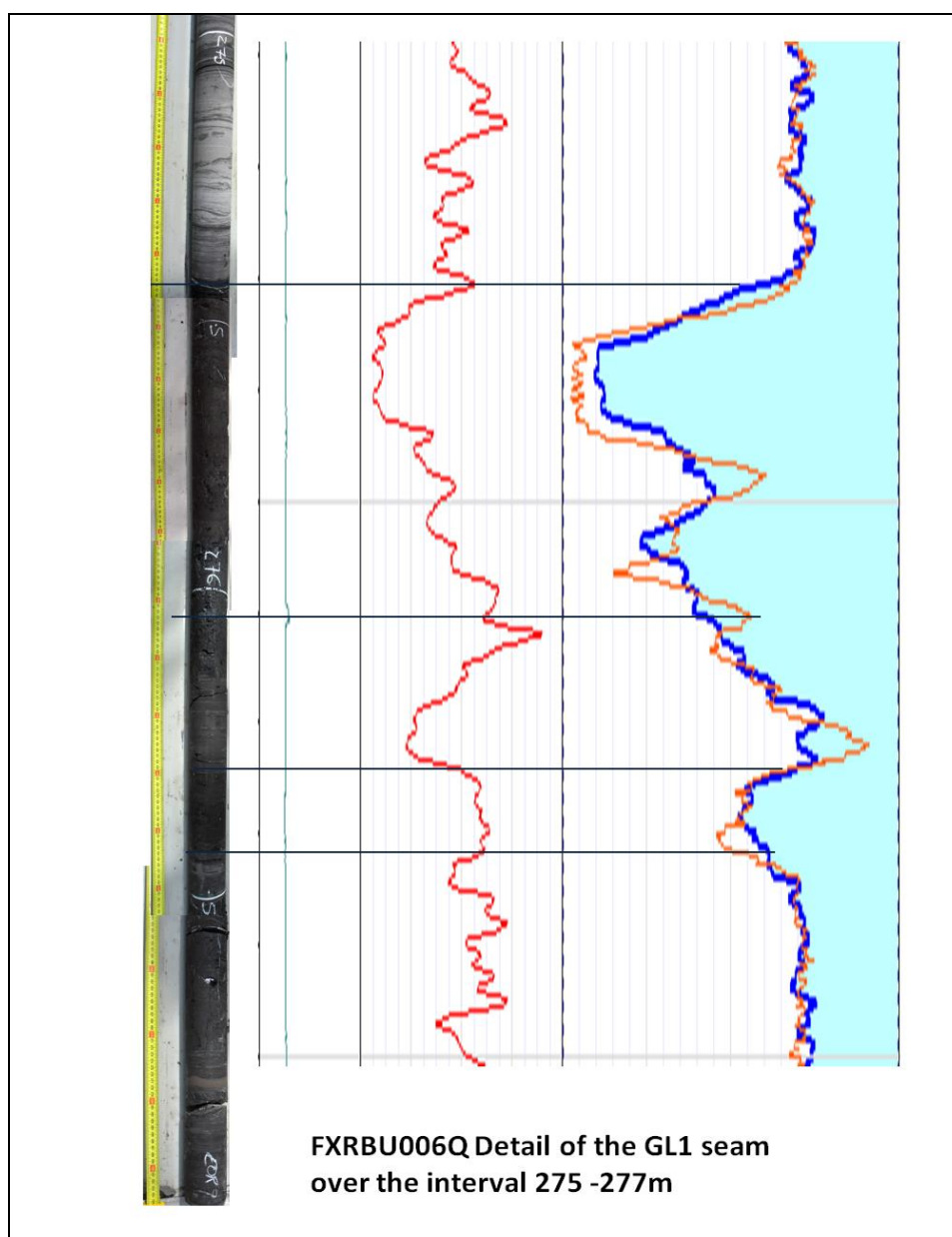
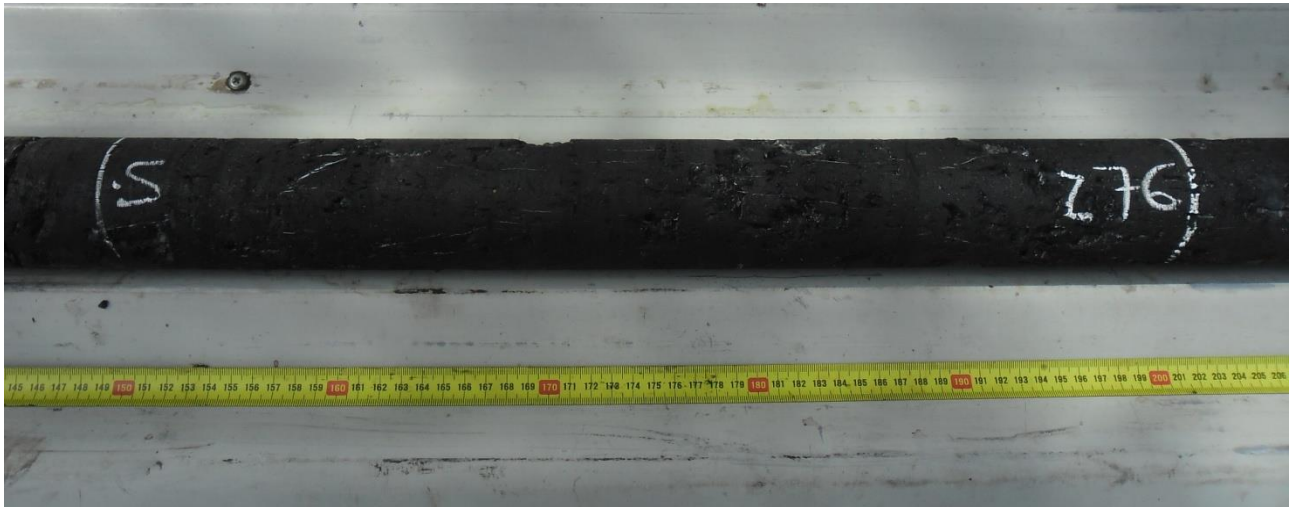


Figure 4: Fox Resources FXRBU006Q Core photos compared to downhole geophysics





**Figure 5: Fox Resources FXRBU006Q Core photo detail 275.5 TO 276m**

## **WESTERN AUSTRALIAN PROJECTS**

Fox has a total of five projects (Figure 6) within Western Australia, these being the flagship project for the Company, Radio Hill nickel deposit and surrounding tenements and adjacent Joint Venture projects including, Mt Oscar, the Mt Marie and the Pilbara Minerals tenements. All projects are located in the West Pilbara region, near Karratha. The Star of Mangaroon gold project located in the Gascoyne region. These projects are prospective for nickel, base metals, gold and magnetite.

### **Base Metal Exploration**

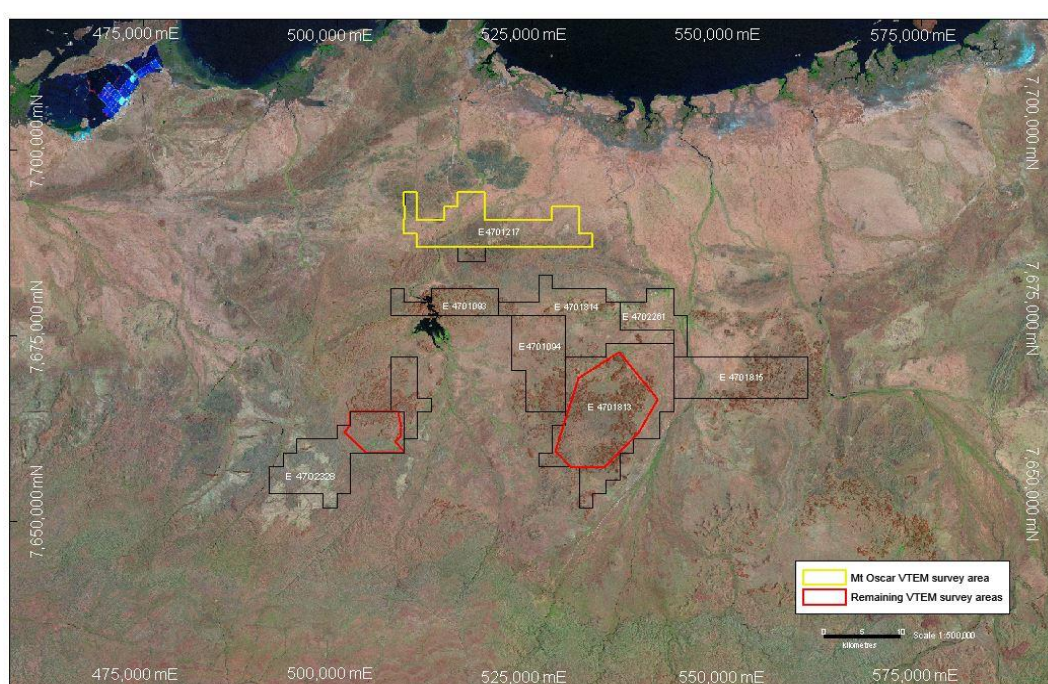
#### **Radio Hill Mining and Exploration Tenements**

During the March quarter, Fox continued its thorough evaluation of its tenure, prospects and resources. The outcome has been the prioritisation of more advanced activities including the potential extension of the Ayshia and East Whundo copper/zinc resources and Sunchaser prospect via planned drilling. The use of downhole electromagnetics has been recommended for use in delineating off-hole conductors to maximise future targeting. The Maitland prospect, a layered mafic-ultramafic intrusive complex, has also been re-evaluated with re-modelling required to delineate possible drill targets at depth.

These areas are being prioritised for initial low-level work to expand upon existing information, with the aim of combining the new data with existing to delineate viable drill targets.

### **Airborne Geophysical Programs**

The VTEM data from the Mt Oscar JV tenure (see figure 7 below) had a detailed geophysical evaluation undertaken by Newexco Services Pty Ltd who identified twenty five anomalies for follow-up work. Two other separate VTEM surveys on E47/1813 and E47/2328, flown in 2013 continue to be processed and levelled by Geotech Airborne Limited and are expected to be available for evaluation during the second quarter 2014. Further work programs will be planned when the data is received by the Company.



## **Mt Marie JV Tenure**

Fox has continued planning the drill testing of the priority fixed loop electromagnetic Osborne anomaly, with three initial first pass holes designed to test up and down plunge of the conductive target delineated by the geophysical ground surveying. The Company is currently negotiating a new Heritage Agreement with the Ngarluma Aboriginal Corporation which, once finalised, will enable the heritage survey to be expedited allowing Fox to undertake required earthworks and drill test the Osborne target.

## **Pilbara Minerals JV (PLS)**

Fox Resources continues to evaluate the eight prioritised VTEM anomalies that have been ground checked and validated. The exploration plan will be refined to undertake ground based moving loop EM surveys when ground based surveys are conducted on Fox Resources other targets within the West Pilbara.

Additionally a review of the current ground holding and its prospectivity, is underway with most licences targeted for significant reductions while retaining the high priority targets.

## **Mount Oscar JV**

Magnetic South Pty Ltd is continuing with its earn-in under the Joint Venture. The associated exploration work has shifted from delineation of magnetite resources toward gold and base metals exploration. This has resulted in work focussing on recently acquired VTEM anomalies along with the known gold prospect at White Quartz Hill.

A series of VTEM anomalies was identified in late 2013 with the highest priority targets field checked for any explanation of the VTEM response. The sites visited were ranked according to geological, geophysical and access characteristics to identify the most favourable anomalies. While several sites were explained as cultural anomalies A total of six of these anomalies have been recommended for follow-up ground geophysical work. This work is expected to occur in mid to late 2014.

Two hundred and five duplicate calico samples from the 2013 White Quartz Hill (WQH) RC drilling were selected from three drill holes, collected from the field and stored at Radio Hill. The samples represent the geochemistry through and either side of the gold-bearing interval at WQH. A proposed programme of analytical work on these samples will be budgeted and submitted in the June quarter. The analytical work will complement the mapping and surface sampling around WQH, planned for mid-2014, targeting gold bearing structures.

## **Gold Exploration**

### **Star of Mangaroon Project**

Further review of the Star of Mangaroon gold resource has identified several zones that could facilitate additional drilling to test further down-plunge extensions from the defined mineralisation. Work is continuing on evaluating all historical data to gain a better

understanding of the geology and mineralisation within the project prior to exploration commencing later in 2014.

## **CORPORATE**

Early in the quarter the company announced a \$250,000 part repayment on the \$500,000 convertible loan held by Murdoch Capital and renegotiated terms for the remaining loan balance with an initial extension to 14 April 2014. The Company is currently in negotiations regarding a further extension.

Late in the quarter the company repaid 70% of the convertible note held by the Australian Special Opportunities Fund, LP, in cash with the balance repaid by the issue of fully paid ordinary shares and options in accordance with the terms of the share purchase agreement announced to ASX on 2 October 2013. Subsequent to the end of the quarter the funding agreement was terminated by mutual consent. The last prepayment received in early March 2014 under the facility was repaid on 11 April 2014.

The Company is continuing to reduce administration costs and other expenses where possible. In line with this policy during the quarter the Company relocated its registered office to West Leederville.

## **COMPETENT PERSONS STATEMENT**

The information in this report that relates to exploration results, data, cut off grades and geological interpretation is based on information compiled by Mr Paul Dunbar who is a Member of the AusIMM and the AIG. Mr Dunbar is a full-time employee of Fox Resources and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**Forward-Looking Statements:** This document may include forward-looking statements. Forward-looking statements include, but are not limited to statements concerning Fox Resources Limited (Fox's) planned exploration programs and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although Fox believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.



**Additional information for quarterly report to 31 March 2014. There were no changes in the tenements during the March quarter.**

<b>Project</b>	<b>State</b>	<b>Registered Owner</b>	<b>Tenement Reference</b>	<b>Interest at beginning of Quarter</b>	<b>Acquired / Disposed</b>	<b>Interest at end of Quarter</b>	<b>Area</b>
Radio Hill	W A.	FOX RESOURCES	E47/1202	100%	N/A	100%	55BL
Radio Hill	W A.	FOX RESOURCES	E47/1223	100%	N/A	100%	12BL
Radio Hill	W A.	FOX RESOURCES	E47/2328	100%	N/A	100%	35BL
Radio Hill	W A.	FOX RADIO HILL	ELA47/1214	100%	N/A	100%	3BL
Radio Hill	W A.	FOX RADIO HILL	E47/1216	100%	N/A	100%	6BL
Radio Hill	W A.	FOX RADIO HILL	E47/1758	100%	N/A	100%	29BL
Radio Hill	W A.	FOX RADIO HILL	L47/93	100%	N/A	100%	7Ha
Radio Hill	W A.	FOX RADIO HILL	L47/163	100%	N/A	100%	5Ha
Radio Hill	W A.	FOX RADIO HILL	R47/5	100%	N/A	100%	944Ha
Radio Hill	W A.	FOX RADIO HILL	M47/7	100%	N/A	100%	935Ha
Radio Hill	W A.	FOX RADIO HILL	M47/9	100%	N/A	100%	5Ha
Radio Hill	W A.	FOX RADIO HILL	M47/161	100%	N/A	100%	991Ha
Radio Hill	W A.	FOX RADIO HILL	M47/207	100%	N/A	100%	581Ha
Radio Hill	W A.	FOX RADIO HILL	M47/252	100%	N/A	100%	429Ha
Radio Hill	W A.	FOX RADIO HILL	M47/253	100%	N/A	100%	296Ha
Radio Hill	W A.	FOX RADIO HILL	M47/254	100%	N/A	100%	101Ha
Radio Hill	W A.	FOX RADIO HILL	M47/275	100%	N/A	100%	232Ha
Radio Hill	W A.	FOX RADIO HILL	M47/337	100%	N/A	100%	183Ha
Radio Hill	W A.	FOX RADIO HILL	M47/344	100%	N/A	100%	982Ha
Radio Hill	W A.	FOX RADIO HILL	M47/345	100%	N/A	100%	981Ha
Radio Hill	W A.	FOX RADIO HILL	M47/346	100%	N/A	100%	996Ha
Radio Hill	W A.	FOX RADIO HILL	M47/347	100%	N/A	100%	966Ha
Radio Hill	W A.	FOX RADIO HILL	M47/348	100%	N/A	100%	996Ha
Radio Hill	W A.	FOX RADIO HILL	M47/349	100%	N/A	100%	980Ha
Radio Hill	W A.	FOX RADIO HILL	M47/350	100%	N/A	100%	890Ha
Mt Oscar JV <sup>#1</sup>	W A.	FOX RADIO HILL	E47/1217-I	75%	N/A	75%	37BL
Pilbara Minerals JV <sup>#2</sup>	W A.	Pilbara Minerals	E47/1093	40%	N/A	40%	25BL
Pilbara Minerals JV <sup>#2</sup>	W A.	Pilbara Minerals	E47/1094	40%	N/A	40%	25BL
Pilbara Minerals JV <sup>#2</sup>	W A.	Pilbara Minerals	E47/1097	40%	N/A	40%	35BL
Pilbara Minerals JV <sup>#2</sup>	W A.	Pilbara Minerals	E47/1813	40%	N/A	40%	32BL
Pilbara Minerals JV <sup>#2</sup>	W A.	Pilbara Minerals	E47/1814	40%	N/A	40%	30BL
Pilbara Minerals JV <sup>#2</sup>	W A.	Pilbara Minerals	E47/1815	40%	N/A	40%	30BL
Pilbara Minerals JV <sup>#2</sup>	W A.	Pilbara Minerals	E47/2261	40%	N/A	40%	13BL
Mt Marie JV <sup>#3</sup>	W A.	FOX RADIO HILL	E47/1806	60%	N/A	60%	4BL
Mt Marie JV <sup>#3</sup>	W A.	FOX RADIO HILL	E47/1807-I	60%	N/A	60%	21BL
Mt Marie JV <sup>#3</sup>	W A.	FOX RADIO HILL	E47/1878-I	60%	N/A	60%	7BL
Star of Mangaroon	W A.	Gascoyne Mines	E09/1081	100%	N/A	100%	24BL
Star of Mangaroon	W A.	Gascoyne Mines	E09/1813	100%	N/A	100%	32BL



<i><b>Project</b></i>	<i><b>State</b></i>	<i><b>Registered Owner</b></i>	<i><b>Tenement Reference</b></i>	<i><b>Interest at beginning of Quarter</b></i>	<i><b>Acquired / Disposed</b></i>	<i><b>Interest at end of Quarter</b></i>	<i><b>Area</b></i>
Star of Mangaroon	W A.	Gascoyne Mines	P09/452	100%	N/A	100%	47Ha
Emerald	QLD	FOX RESOURCES	EPC1303	100%	N/A	100%	237BL
Springsure	QLD	FOX RESOURCES	EPC1304	100%	N/A	100%	221 BL
Eromanga	QLD	FOX RESOURCES	EPC1305	100%	N/A	100%	300 BL
Springsure	QLD	FOX RESOURCES	EPC1307	100%	N/A	100%	294 BL
Alpha	QLD	FOX RESOURCES	EPC1308	100%	N/A	100%	296 BL
Eromanga	QLD	FOX RESOURCES	EPC1309	100%	N/A	100%	300 BL
Springsure	QLD	FOX RESOURCES	EPC1310	100%	N/A	100%	240 BL
Alpha	QLD	FOX RESOURCES	EPC1311	100%	N/A	100%	16BL
Alpha	QLD	FOX RESOURCES	EPC1312	100%	N/A	100%	300BL
Alpha	QLD	FOX RESOURCES	EPC1469	100%	N/A	100%	6BL
Barcomba	QLD	FOX RESOURCES	EPCA1473	100%	N/A	100%	136 BL
Emerald	QLD	FOX RESOURCES	EPC1476	100%	N/A	100%	84 BL
Emerald	QLD	FOX RESOURCES	EPC1519	100%	N/A	100%	320 BL
Emerald	QLD	FOX RESOURCES	EPC1520	100%	N/A	100%	238 BL
Bundaberg	QLD	FOX RESOURCES	EPC1523	100%	N/A	100%	81 BL
Styx	QLD	FOX RESOURCES	EPC1554	100%	N/A	100%	49 BL

#1 Mt Oscar Joint Venture Fox Resources 100% diluting to 40%,

#2 Pilbara Minerals Joint Venture Fox Resources earning up to 80%,

#3 Mt Marie Joint Venture Fox Resources 60%, Artemis Resources 40% contributing