



## **FOX STRIKES JOINT VENTURE FOR MT OSCAR PROJECT**

- **Fox to enter a JV for the Mt Oscar Project with Breeton Pty Ltd (a company associated with Queensland mining investor Mr Sam Chong)**
- **Breeton to earn a direct 60% interest in the Mt Oscar Project (iron-ore rights only) for an up-front payment of \$3 million and \$20 million in staged payments**
- **Breeton also to subscribe for the shortfall shares and options from last quarter's entitlement offer at 15 cents per share for a total sum of \$5.07 million**
- **Both parties are eager to progress the project as soon as possible, subject to all terms and conditions being satisfied**

**Fox Resources** (ASX: FXR, Fox) today announced that Breeton Pty Ltd (Breeton) has accepted a proposal from Fox to establish a joint venture (JV) covering the development and operation of the Company's Mt Oscar Magnetite Project (Mt Oscar, the Project).

Under the terms of the proposal, Breeton will earn a 60% interest in the Project (for iron-ore rights only) by making an up-front payment of \$3 million and providing \$20 million on an earn-in basis through sole funding of ongoing development work of the Project over the next five years. The proposal is conditional upon Fox and Breeton finalising a formal JV and farm-in agreement.

In addition, Breeton has also entered into a subscription agreement with Fox to subscribe for 33,782,762 fully paid ordinary shares in Fox at a price of 15 cents per share together with 1 free attaching option per share exercisable at 30 cents each on or before 31 March 2011 (ASX: FXROA).

The proceeds of approximately \$5.07 million from the issue of the shares are intended to be used to further advance Fox's heap leaching project, continue exploration to define further base metal resources and mine life for the heap leaching project, to provide working capital and to pay costs of the offer.

The shares and options to be issued to Breeton comprise the shortfall from Fox's entitlement offer conducted in May 2010 and will be issued on the terms outlined in the prospectus for that offer issued by Fox dated 22 April 2010 and released to ASX.

Fox Resources' Chairman, Mr Terry Streeter, commented, "We are extremely pleased to be able to announce this agreement with Breeton and the immediate value creation from such an exciting project. This transaction will provide capital to execute a more aggressive development drilling program at the Mt Oscar project. Mr Chong brings development experience and valuable connections to the Steel industry in China. We look forward to working closely with them as we set our development plan in action.

"It has been a very comprehensive search to find the right partner for Mt Oscar and the best transaction for our shareholders – and we are very pleased with this outcome."

Mr Chong is a private mining investor based in Brisbane, Queensland active in the resources sector. He has participated in the development and operation of several successful coal mines in Queensland.

Mt Oscar (EL 47/1217), located 25km south of the iron ore Port of Cape Lambert, has initial Inferred resource of 72Mt grading 34% Fe. In June 2009, Mineral Engineering Technical Services Pty Ltd (METS) completed a scoping study confirming the Project's great potential for success and unique advantages in its location.

Upon issue of the shortfall shares Mr Chong will become the second largest shareholder in Fox, with a shareholding representing 10.6% of Fox's share capital.

The issue of the shares and options will occur on or before 26 August 2010. Shareholder approval is not required for the issue as the directors reserved the right for Fox to issue the shortfall shares and options at their discretion as set out in section 2.4 of the prospectus for the entitlement offer.

-ENDS-

**For further information, please contact:**

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**Table 1: Summary Mineral Resource Estimate at a cut-off grade of 20% Fe**

Domain	Million Tonnes	Head Fe (%)	Mass Recovery (%)	Conc Fe (%)	Conc SiO2 (%)	Conc Al2O3 (%)	Conc P (%)	Conc S (%)	Conc LOI (%)
Anomaly 1	43.4	33.3	36.1	58.8	14.2	0.80	0.04	0.03	-0.33
Anomaly 2	29.0	35.1	30.4	61.1	12.2	0.50	0.03	0.04	-0.51
<b>Total</b>	<b>72.4</b>	<b>34.0</b>	<b>33.8</b>	<b>59.7</b>	<b>13.4</b>	<b>0.68</b>	<b>0.03</b>	<b>0.04</b>	<b>-0.40</b>

**Competent Persons Statement**

The information within this report relating to exploration results and mineral resources on the Company's projects is based on information compiled by Nicholas Revell who is a member of the Australasian Institute of Mining and Metallurgy. Mr Revell 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Revell has consented to the inclusion in this report of the information on the Mt Oscar Iron Ore Project in the form and context represented above.