

ABOUT FOX RESOURCES' MDL 3040 - Vs 2 - 20 Dec19

This update to share-holders alerted us:

(Copied verbatim from a letter to shareholders.)

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Fox Resources Ltd Shareholders update

Dear Shareholders,

Announcement – Fox Resources Limited

Fox advises that the announcement issued on the 8 October 2019 should read as follow:

A Mineral Development Licence Application has been submitted to the Department of Natural Resources Mines and Energy (The Department) in Queensland, and the allocated Mining Development Application number is MDL 3040. THE Department will take approximately six to twelve months to grant the Mining Development Licence.

Terry Streeter

Chairman Non-Executive Director

About Fox Resources Ltd

Fox Resources is an unlisted public exploration company - ABN: 44 079 902 499. It's Exploration Program covers a prospective coking coal deposit in Queensland. Fox has no other known assets.

Directors

Terry Streeter, Chairman & Non-Executive Director
Garry East, Non-Executive Director
Mr Bruce Garlick, Director and Chief Executive Officer

History

Fox Resources listed on the ASX in 2002 but was restructured and delisted in 2017 when its share price was down to \$0.001. All its assets were sold except for a 50% interest in a 132Mt inferred resource of high-grade coking coal project near Bundaberg, Queensland. On 28 November 2018 Fox Resources Ltd signed a contract with Bundaberg Coal Pty Ltd to sell its 50% share in the Bundaberg EPC 1523 project. This contract was not finalised and was terminated in June 2019.

Geological data

On 20 May 2019 Fox announced a drilling contract for up to 13 holes. On 26 August it announced that the drilling program had been completed. An updated Exploration Drilling Results for the Bundaberg Coking Coal Project was released on 10 September, but is not on their web-site. However, it can be found at http://foxresources.com.au/pdf/foxr_asx_announcement_drilling.pdf.

Promoting the Project

Their claims about the importance of the deposit and the advantages of the local area in which they are located can be found at: <http://foxresources.com.au/pdf/FXR-AGM-VER-A-10-August.pdf>

The Section about Project Location describes it as *'immediate Northwest of the township of Bundaberg, ...supported with excellent infrastructure, including existing rail-networks and port facilities,in an ideal location to preferentially source labour in a 'lifestyle' mining location on the Eastern Coast of Australia. ... a key asset in attracting and retaining personnel.*

Other stakeholders

Bundaberg Coal did not buy Fox's share in EPC 1523 and is understood to be holder of the 50% Fox does not own. Companies mentioned in relation Bundaberg Coal are: *Cliff's Natural Resources, Conarco Minerals Pty Ltd* and *XLX Pty Ltd*.

Cliff's Natural Resources Pty Ltd is a wholly owned subsidiary of *Cleveland-Cliffs Inc.*, a United States-based iron ore mining company. *Conarco Minerals Pty Ltd* is owned by, or at least closely associated with, Gina Rhinehart's *Hancock Prospecting Limited*. Her connections with Chinese interests are well known. *XLX Pty Ltd* is an independent, Australian investment group specialising in the resources and energy sectors. <https://xlx.com.au>

Mining Development Lease MDL 3040¹

The area applied for in MDL 3040 includes Exploration Licences EPC 2195, EPC 1523 and EPC 2196. The total tonnage claimed was 147.3 Mt.

Fox announced that the best results were in the Southern part of the area, which roughly covers areas around Oakwood, Sharon, Meadowvale, up to Rosedale road and Horwood Drive.

The total area covered by MD 3040 extends from this area north between Avondale and Moorland and up to just south of Miara. The boundaries cross the Kolan river four times.

A MDL allows: • Levelling of drilling pads and digging sumps, • Bulk sampling, • Open trenching or costeaning with an excavator • Earthworks associated with pipeline installation • Vegetation clear-felling • Constructing an exploration camp, concrete pad, sewage, water treatment facility or fuel dump • Geophysical surveying with physical clearing • Carrying out a seismic survey using explosives • Constructing a track or access road • Changing a fence line.

There are no limits on the number of activities, such as test bores, or size, such as the depth and width of trenches or pits. One limitation on MDL holders is that the holder of an MDL must give the owner of the land five days' notice before entering the property.

Geology and mining effects on underground water

The nature of the Burrum and Elliot aquifers is such that: *“any future mining developments would need to closely monitor and manage local- to intermediate-scale groundwater impacts.”*²

The activities mentioned above are likely to damage our aquifers. This damage is likely to spread widely and quickly as there are no known barriers that divide the aquifers. Amongst the main dangers are lowering of the water table in bores. Distant properties can be affected rapidly, as has happened six years ago. Under current legislation this is difficult to attribute this to the company.

Open pit mining uses a wide progressive front that will have to be deep, well below sea-level. On such a large scale, intrusion of salt water is likely to happen once fresh-water levels have been drained to below that of seawater. As said, there are no known barriers to stop that. Such damage will be on a large scale: from Meadowvale to the beach and from the Burnett River to the Kolan river. This damage is likely to be permanent. Seawater intrusions are difficult to reverse, if at all.

Location and health effects

Coal mining causes considerable dust. The mine being just outside Bundaberg, this dust is likely to be blown by Westerly winds across the city and effect the health of its 71,000 residents.

Fox mentions local roads to transport the coal. Unless a loading station on the railway is allowed, coal trucks will have to go to Gladstone Port or to the much closer Bundaberg Port. This requires huge numbers of coal trucks to come through the city, adding to congestion and spreading dust.

Current economic value of agriculture and tourism is huge and rising

The area employs 1,000's of people in high value agriculture, is part of a thriving tourist industry, is a turtle breeding area and is sought after by retirees and people looking for a healthy lifestyle.

The value of agricultural production in 2015/16 for the Bundaberg Region was \$613 million. This has grown rapidly since, especially with the steady increase in areas switching from cane to fruit, nuts and intensive horticulture. A huge amount of capital is being invested in the affected area.

Coking-coal's economic value is diminishing

Coking coal for steel making is being replaced by cheaper natural gas. Renewable clean hydrogen can and will replace gas. See Factsheet *'Coking coal on its way out - Green steel is coming'*.

Comments.

This MDL must be withdrawn, refused or appealed in court should it be granted. Queensland needs to change the laws making it far too easy for coal mines to override local communities. To find out how to help achieving that go to <https://www.plantogrow.org.au/charter>

¹ http://foxresources.com.au/pdf/fox_asx_announcement_drilling.pdf

² Regional Hydrogeological Characterisation of the Maryborough Basin, Queensland
Technical report for the National Collaboration Framework Regional Hydrogeology Project
Marshall, S. K., Fontaine, K., Kilgour, P. L. and Lewis, S. J.