

## **FOX NOW DEBT FREE & \$4 MILLION UNHEDGED SHIPMENT DEPARTS FROM PORT OF DAMPIER**

### **HIGHLIGHTS**

- **Fox repays remaining \$2 million project debt to Societe Generale and becomes debt free**
- **17<sup>th</sup> shipment of Radio Hill nickel concentrate (2,657 wmt @ 9.0% nickel) and copper concentrate (877 wmt @ 27.5% copper) left Dampier on 3 February 2006 with an estimated sales value of AUD\$4 million.**
- **All nickel and copper shipped is now unhedged, capitalising on a high current spot price of approximately AUD\$20,000 per tonne nickel and AUD\$6,700 per tonne copper.**
- **Fox secures tertiary impact crusher to upgrade the Radio Hill processing plant from 26tph to 50tph**
- **Phase 1 drill program at Whundo progressing well with assays expected soon**
- **Fox secures diamond drill rig to commence Phase 2 surface drilling at Whundo in March 2006 to test the large deeper geophysical anomalies**

### **FOX BECOMES DEBT FREE**

Fox Resources Limited ("Fox") (ASX code FXR) is pleased to announce that the company has repaid the remaining \$2 million of project debt to Societe Generale and is now debt free. Fox has appointed the Commonwealth Bank of Australia as its principal financier.

### **RADIO HILL MINE OPERATIONS UPDATE**

Operations were disrupted for a total of four days in January 2006 due to cyclones Clare and Daryl affecting the Karratha and Pilbara region. In spite of this, Radio Hill maintained solid production to ship nickel and copper concentrates equivalent to an estimated sales value of \$4 million.

### **17<sup>th</sup> Concentrate shipment to Jinchuan Ltd in China**

The marine vessel "Eemsgracht" departed the Port of Dampier with its 17<sup>th</sup> shipment of nickel and copper concentrate to China on 3 February 2006. Provisional details of the shipment are as follows;

- Tonnage 2,657 wmt of nickel and 877 wmt of copper
- Nickel concentrate 9.0% nickel, 2.9% copper
- Copper concentrate 27.5% copper
- Estimated sales value \$4.0 million (based on current metal prices, exchange rates and provisional weights and assays)

## Mill Upgrade

As previously announced on 31 January 2006, a scoping study has been completed and successfully demonstrates the potential to increase the current Radio Hill mill throughput from 26tph to 50tph by the addition of a tertiary crusher to the existing crushing circuit. Fox is pleased to announce that the company has now secured a 200 kW refurbished Auspactor Vertical Shaft Impact (AVSI) crusher (Figure 1) located in Perth which will be mobilised to Radio Hill by the end of the month. This is an important acquisition as these units typically have a 12 week delivery period. The AVSI exhibits great versatility and has the ability to deal with hard abrasive (Radio Hill F-Zone) or wet sticky feed (West Whundo) materials.

It is anticipated that installation will be completed by the end of March 2006. The installation of this tertiary crusher and the expansion of the copper flotation circuit will improve copper recovery and increase ore tonnes processed thereby increasing metal output at a time of high nickel and copper commodity prices. It is anticipated that this upgrade will have a positive impact on the profitability of the operations.



Figure 1 – Auspactor Vertical Shaft Impact crusher

## COPPER-ZINC EXPLORATION AT WHUNDO

### PHASE 1

The Phase 1 drill program as previously announced on 10 January 2006 is targeting West Whundo, Whundo, Yannery and Ayshia (Figure 2) Electromagnetic (EM) anomalies and has progressed well in spite of intermittent stoppages due to cyclone Clare and Daryl. Assay results will be released soon.

### PHASE 2

The company has secured a diamond drill rig to begin drilling Phase 2 in March 2006. As previously announced on 10 January 2006, Phase 2 will test the large deeper conductor anomalies, namely, Whundo and Shelby (Figure 2). The Whundo conductor is eight times the size of the known West Whundo conductor where a JORC resource of 894,000 tonnes @ 2.0% copper, 1.4% zinc and 3.3 g/t silver has been delineated.

## 1. WHUNDO ANOMALY

As previously announced the Whundo anomaly (Figure 2) is untested by historical drilling which stopped short of the conductor plate (Figure 3). WHRC005 drilled in 2004 intersected 5m @ 2.3% copper, 8.8% zinc and 17 g/t silver, 94m from surface and is the nearest hole offset to the south east of the Whundo conductor plate (Figure 3). Geophysical consultants have suggested WHRC005 may have intersected a less conductive source above the main Whundo conductor.

## 2. SHELBY ANOMALY

The Shelby EM anomaly (Figure 2) is a broad and deep seated moderate to strong EM conductor located to the south west of Yannery. This source has been detailed with a second geophysical loop to confirm the orientation, and now appears to be a conductive source about 150m by 150m in size, situated at about 300m to 325m depth and has a similar signature or conductance to West Whundo.

Given the significant depth, this source could be substantially more conductive than currently modeled. The second geophysical loop with lower frequency also suggests that the source is likely to be more conductive than current estimates.

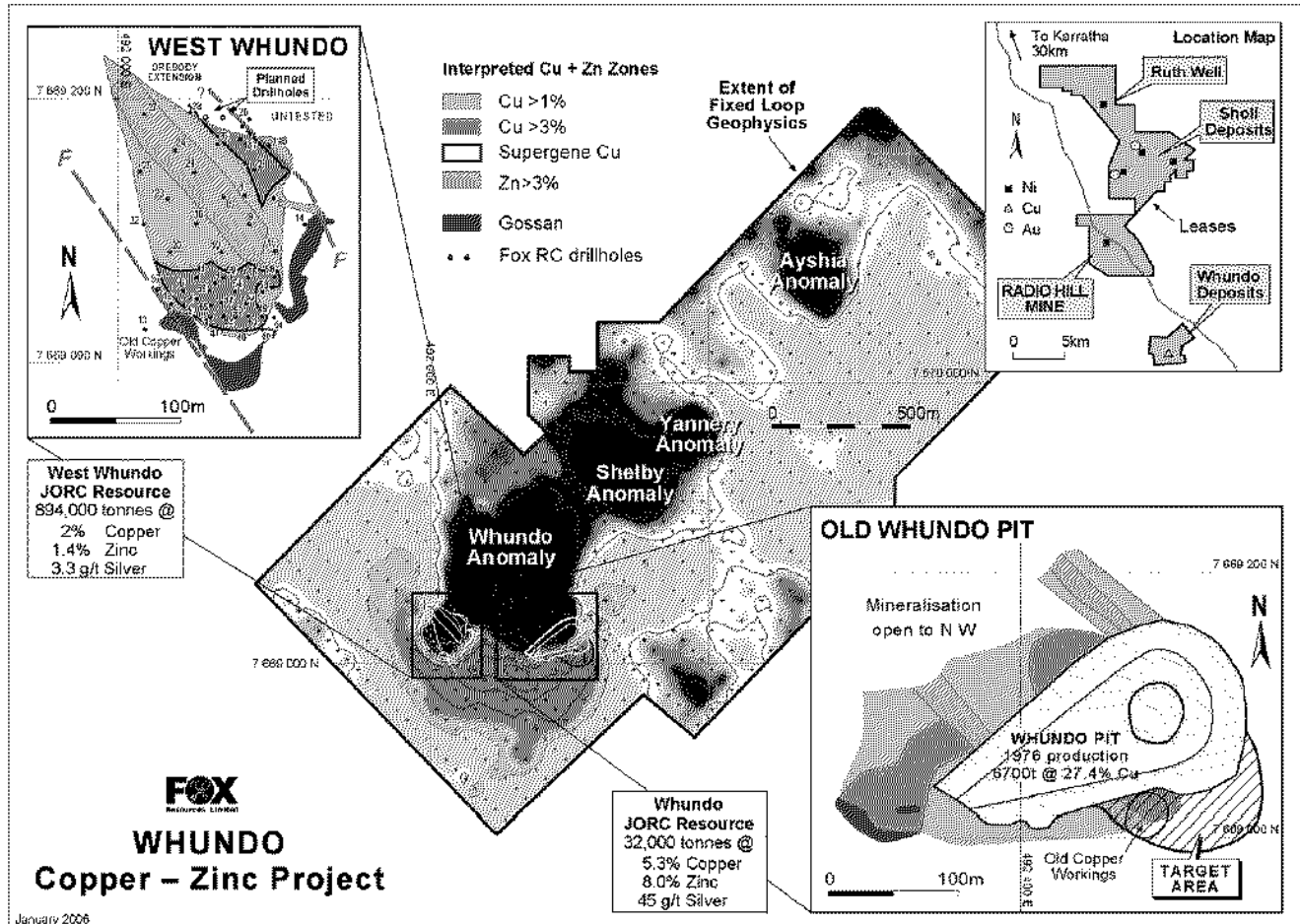


Figure 2

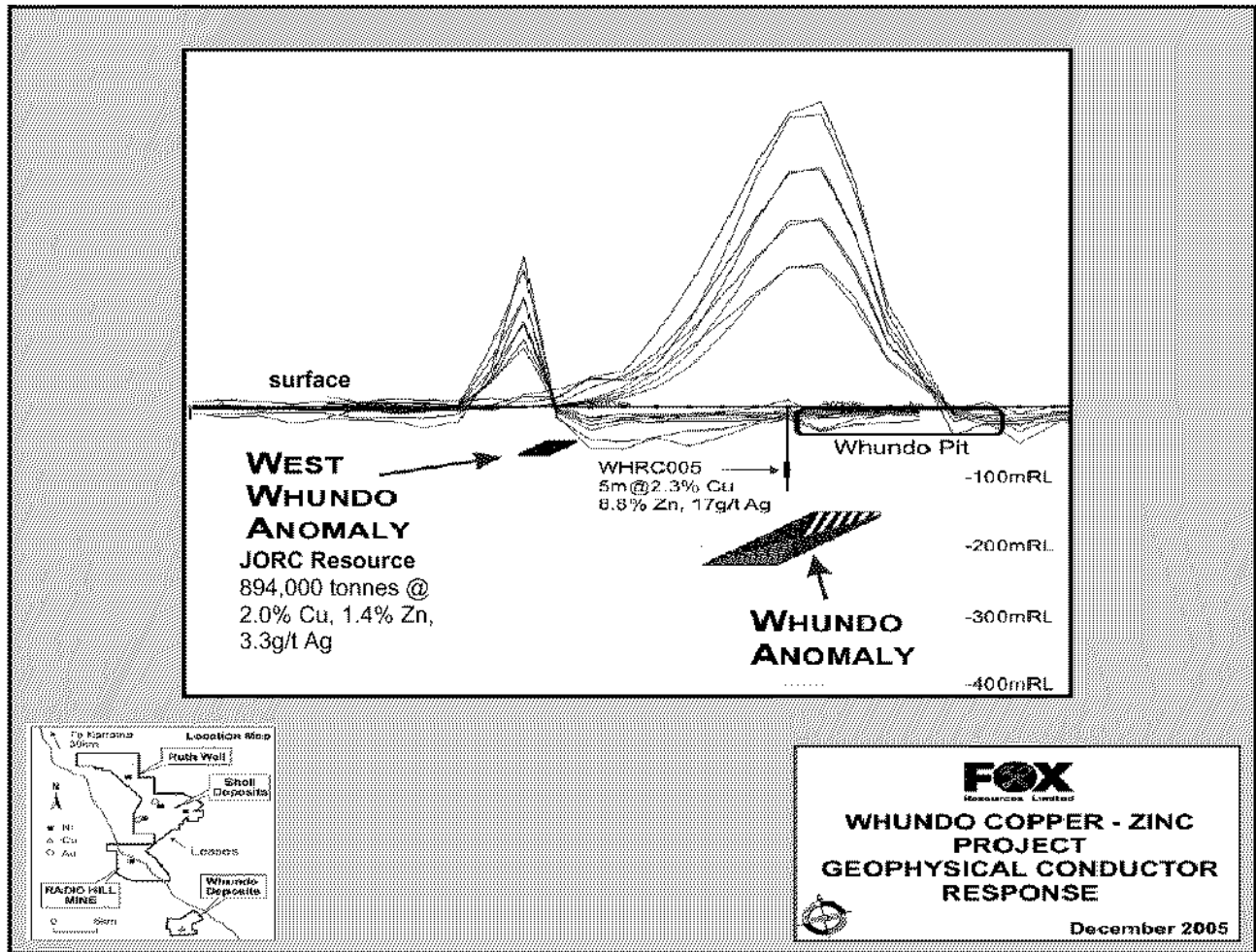


Figure 3

*“With the company now debt free and Radio Hill being cashflow positive, the company is well positioned at the beginning of 2006. Upgrading the mill to 50tph will create the potential opportunity to extend the life of Radio Hill and maximize revenue from the West Whundo copper project. With all nickel and copper metal sales unhedged the company will benefit at a time of very attractive commodity prices.” Don Harper, Managing Director said.*

## ABOUT FOX RESOURCES LTD

### NICKEL, COPPER & ZINC – Radio Hill, Sholl, Ruth Well and West Whundo

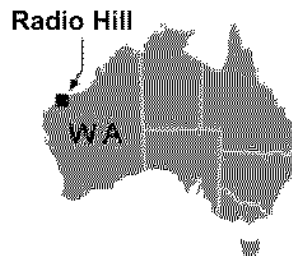
Fox is a Top Ten Australian nickel sulphide producer which operates the Radio Hill Mine, located near Karratha in W.A. Fox’s nickel and copper concentrate production is shipped monthly to China’s largest nickel producer, Jinchuan Limited. A feasibility study has commenced into mining and heap leaching of the disseminated nickel resources at Radio Hill and the surrounding Sholl deposits. These deposits contain 40,000 tonnes of nickel and 50,000 tonnes of copper and on successful completion of the study, Fox aims to commence production in 2007. The West Whundo project has a JORC compliant resource of 894,000 tonnes at 2% copper, 1.4% zinc, and 3.3 g/t silver. Mining is anticipated to start in March/April 2006.

### GOLD – Star of Mangaroon, Four Ounce Show, and Radleys gold deposits

The Star of Mangaroon Gold Mine is located 170km north of Gascoyne Junction and 250km northeast of Carnarvon, in the Gascoyne Mineral Field. The deposit was discovered in 1956 with underground production between 1960 and 1983 of 7,464 ounces of gold from 5,357 tonnes of treated ore (average grade of 34.8g/t gold).

Fox holds the lease on which the deposit is located, as well as a surrounding lease application giving Fox a tenement holding of 65km<sup>2</sup>. Fox is currently assessing joint venture opportunities.

The Four Ounce Show and Radleys gold deposits are situated on a mining lease approximately 12 km from the Radio Hill Mine in the Pilbara. This tenement hosts a number of gold-bearing systems where previous exploration outlined a preliminary resource in excess of 36,000 ounces to a depth of 50m. The mineralisation is mainly open in all directions. An additional promising gold prospect is East Well where previous drilling intercepted 2m at 5.5 g/t gold. Assays of up to 50 g/t gold were obtained from rock chip sampling over a strike length of 800 m.



For further details, please contact:

Don Harper – Managing Director +61 8 9318 5600

Kevin Kartun, RADAR Investor Relations +61 2 8256 3310

*The information in this report that relates to exploration results, mineral resources or ore resources is based on information compiled by Mr Ed Mead who is a full-time employee of the company and is a member of the Australasian Institute of Mining and Metallurgy. Mr Mead 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 Mead consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*