

EXPLORATION & PROJECTS UPDATE

HIGHLIGHTS

- **The large Austin and Shelby Electromagnetic (EM) anomalies will now be tested with arrival of Reverse Circulation (RC) drill rig next week**
- **Drilling continues to target high grade zinc mineralisation at Fox's new zinc discovery Ayshia, where previously announced drillhole AYRC022 intersected 18m @ 8.8% zinc, 31 g/t silver 48m below surface, including 8m @ 15% zinc and 49 g/t silver**
- **FLTEM geophysics underway testing the unexplored western portion of the Whundo mining lease targeting a repeat of the Whundo anomalies**
- **VSI Crusher Stage 1 commissioning underway to increase throughput from 26 tph to 37 tph, stage 2 (up to 60tph) scheduled to be completed in May 2006**
- **Roche site clearing and site establishment at West Whundo Copper-Zinc Project well underway in preparation for anticipated start to shallow open pit mining next week**

Fox Resources Limited ("Fox") (ASX code FXR) is pleased to announce an update on exploration and current projects. After delays due to cyclonic conditions in the Pilbara region of Western Australia, an RC drill rig capable of drilling down to a depth of 350m is now anticipated to commence drilling the large Austin and Shelby EM anomalies (Figure 1) next week.

AUSTIN & SHELBY EM ANOMALIES

As announced on 5 December 2005, the Austin EM anomaly is untested with historical drilling stopping short of the conductor plate (Figure 2). WHRC005 drilled in 2004 intersected 5m @ 2.3% copper, 8.8% zinc and 17 g/t silver, is the nearest hole offset to the south east of the Austin EM conductor plate. Geophysical consultants have related WHRC005 to intersecting a less conductive source above the main Austin conductor. The Shelby anomaly will be drilled from the Shelby Gossan (Figure 1) progressively towards the deeper Shelby anomaly, a similar strategy as that used successfully at Ayshia.

AYSHIA ZINC DEPOSIT

The smaller RC rig is currently targeting high grade zinc mineralisation down dip at Fox's new zinc discovery, Ayshia. Drill pads have been created and access is now available to test the area east and west of the drilling completed to date. Assays are expected towards the end of April or early May 2006.

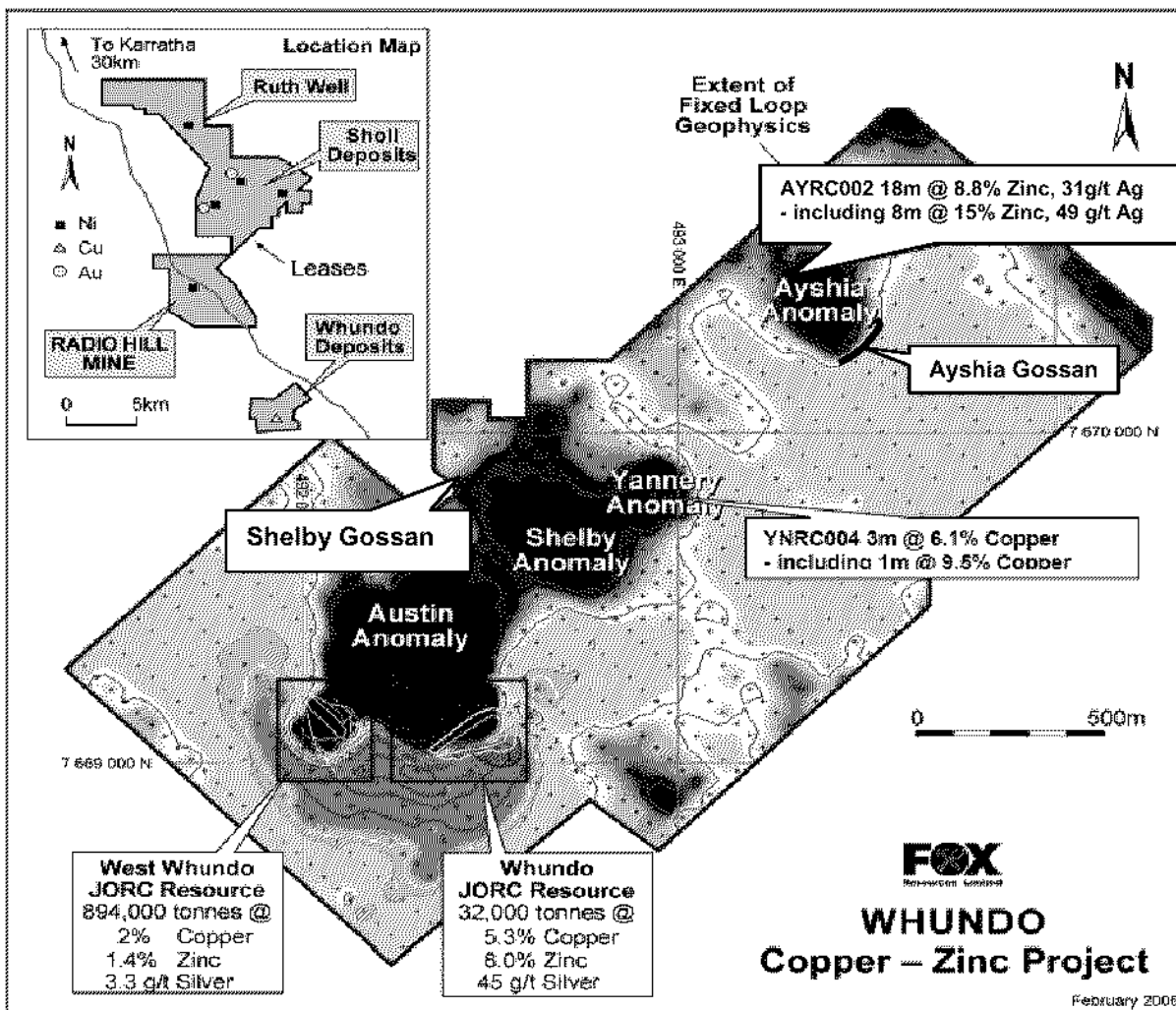


Figure 1 – Austin & Shelby anomalies

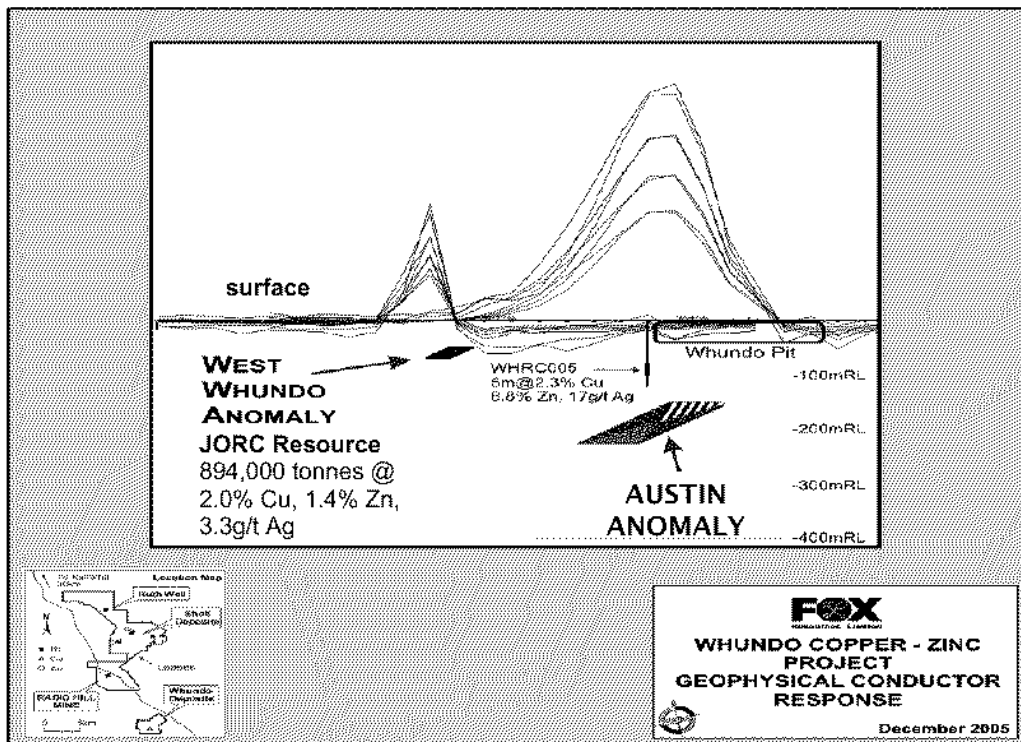


Figure 2 – Austin Geophysical Conductor

FIXED LOOP GEOPHYSICS (FLTEM)

As announced on 17 March 2006, FLTEM geophysics is now underway targeting the unexplored western portion of the Whundo mining lease (Figure 3). The low level high resolution aeromagnetics flown in 2004 indicates multiple unexplained magnetic anomalies in this area. West Whundo and Whundo both have strong magnetic anomalies associated with mineralisation, with Austin and Shelby yet to be tested. Yannery and Ayshia have low level magnetic responses which nevertheless are associated with mineralisation. Volcanic Massive Sulphides (VMS) deposits are known to occur in clusters, and this unexplored western area of the Whundo mining lease may produce a repeat of the anomalies identified at Whundo.

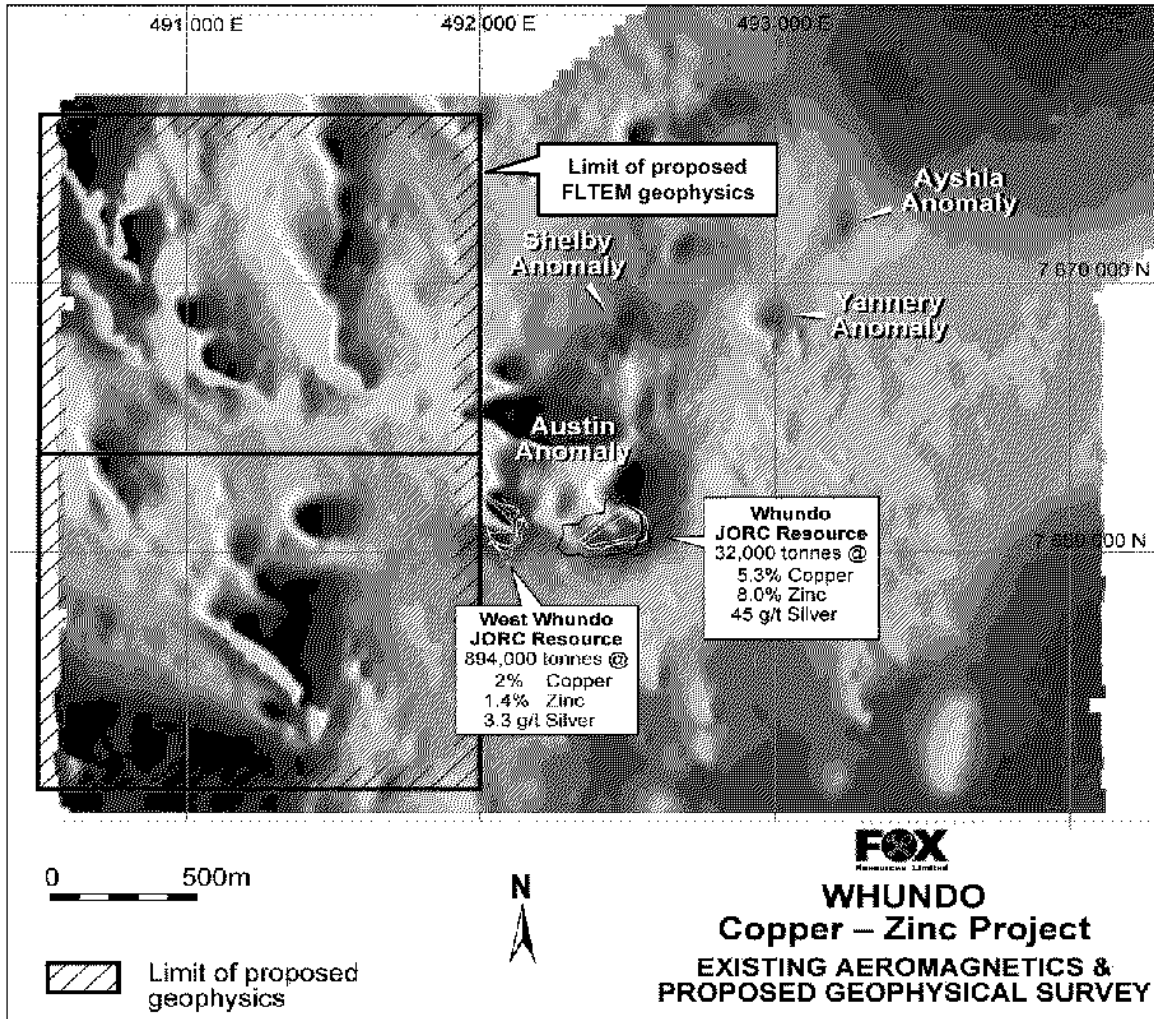


Figure 3 – FLTEM survey over aeromagnetic targets on unexplored western portion of Whundo

CRUSHING CIRCUIT UPGRADE

As announced in the December 2006 quarterly, the tertiary crusher has now been installed (Figure 5) and is currently undergoing the commissioning stage 1 phase. Stage 1 is an open circuit stage where the throughput will be increased from 26tph to 37tph. Stage 2 will have the crusher in a closed circuit configuration which will enable the throughput to be increased up to 60 tph. Stage 2 is anticipated to be completed in May 2006. The flotation upgrade is on schedule to be completed in May 2006 which will increase recoveries for both nickel and copper. The mill upgrade will allow zinc concentrate to be produced from Fox's new zinc discovery Ayshia, significantly reducing capital expenditure. The crushing circuit and flotation upgrade is Fox's initiative to increase the profitability of the Radio Hill operations, thus taking advantage of record metal commodity prices.

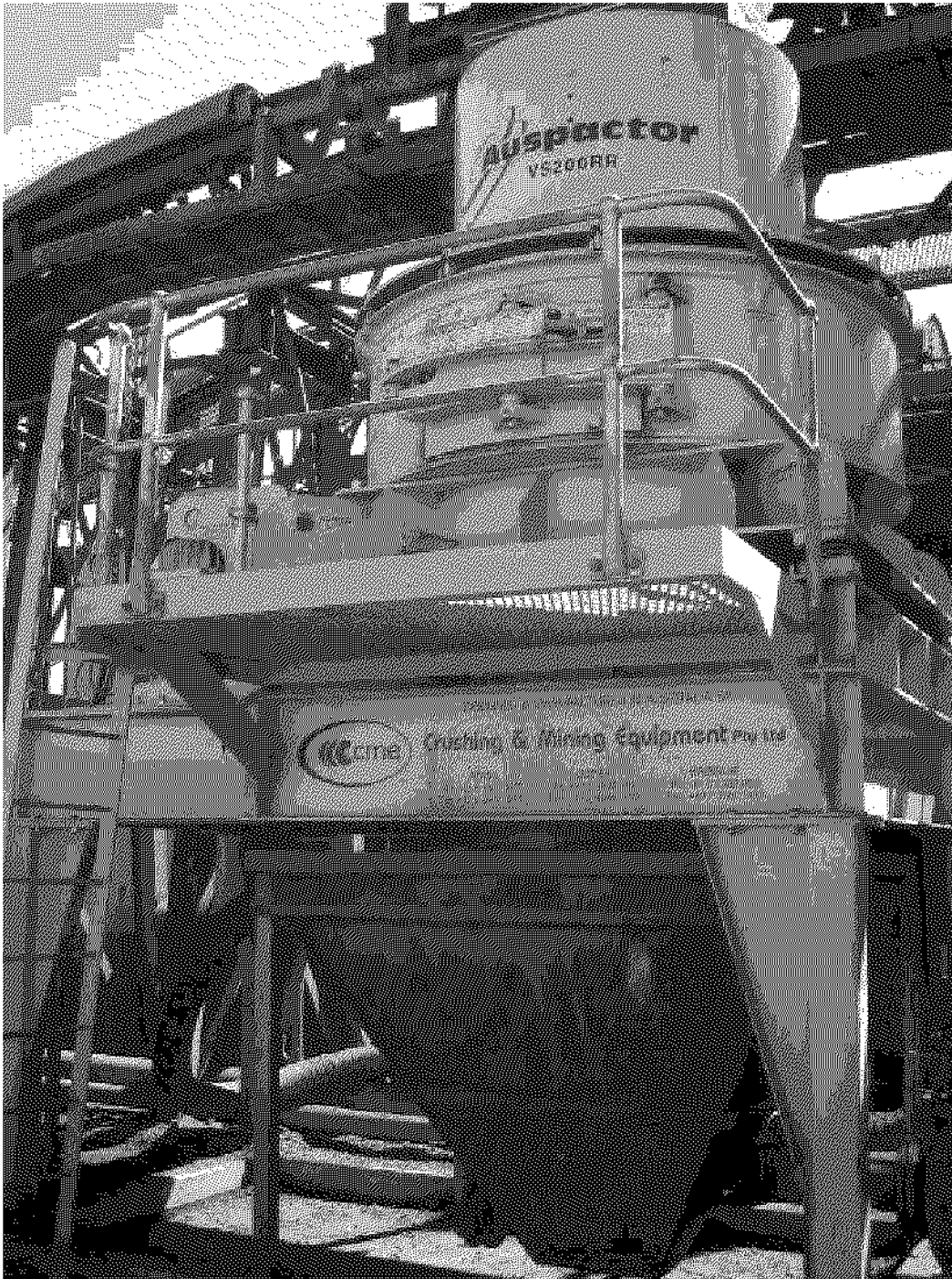


Figure 5 – VSI tertiary crusher installation

WEST WHUNDO COPPER PROJECT

As announced on 31 March 2006, Roche Mining have mobilised equipment to West Whundo and site clearing (Figure 5) and site establishment is well underway. Mining is expected to commence next week with first copper production targeted for June 2006. Metallurgical test work on gravity separation was carried out at a Pilot Plant in South Africa in early April 2006 to test if high grade copper in oxide could be recovered through gravity separation. Results are expected to be received towards the end of April 2006. If these tests are successful, recovery of copper oxide ore through gravity will bring forward copper production and increase copper metal recovered above the current previously announced copper reserve of 8,000t of contained copper metal.



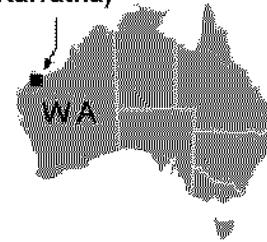
Figure 6 – Site Clearing at West Whundo

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The information in this report that relates to exploration results, mineral resources or ore reserves 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.