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ASX/Media Announcement

FOX TO FAST-TRACK B2 OPEN PIT NICKEL OPERATION

Fox Resources Limited (ASX: **FXR**) now intends to fast-track a feasibility study into the development of an open pit nickel operation at its Sholl B2 (B2) project following recent successful metallurgical studies.

Independent mining consultant, RSG Global, is currently finalising an Indicated Mineral Resource estimation for B2, which is located just 10km north-west of the Radio Hill treatment plant (Figure 3). Historical drilling at B2 has intersected a 2.5 km continuous nickel sulphide system hosting a series of shallow, potential high grade massive sulphide zones

The B2 feasibility study will target an overall probable mining reserve of **950,000t @ 0.7% nickel and 0.8% copper at the Anita Lode (Figure 1 and 2) where massive nickel sulphides were intersected only 45m below surface**. Nickel ore will be accessed through a two-staged pit development. Further mining opportunities at Sholl are anticipated as Inferred Mineral Resources are converted to the indicated category with infill drilling.

The decision to fast-track the B2 study follows successful metallurgical testwork at the Radio Hill laboratory, which was able to achieve an **outstanding 52% upgrade** on nickel concentrate from 4.6% to 7% nickel. Previous test work conducted on the B2 nickel ore by Jinchuan Group Limited (announced by Fox in August, 2006), produced a 4.9% nickel in concentrate.

The recent upgrade was achieved by utilising a magnetic separation technique, which was not utilised in previous testwork done by the Jinchuan Group. Production of a flotation concentrate remains the preferred method of recovery for the low grade nickel ore.

The concentrate results will be independently validated in Perth and additional samples taken to Jinchuan in Shanghai, China for flotation and magnetic separation testwork as part of the Feasibility Study

Fox Resources Managing Director Don Harper said the metallurgical success was an important development, potentially making B2 economic and giving Fox a quick and commercially viable route back into nickel production.

"We are very encouraged by the metallurgical success to date and now eagerly await the results from the independent testwork on the new B2 samples" Mr Harper said.

"If the feasibility targets are achieved, a shallow, staged open pit mine targeting the Anita Lode is envisaged, providing early access to nickel ore and requiring less initial capital expenditure and a reduced stripping ratio.

"Overall, B2 together with the Mineral Inventory at the Radio Hill mine, puts two nickel projects on the cards at our Pilbara operations and provides us with a potential reserve base in excess of 12,000 tonnes of nickel and 16,000 tonnes copper. B2 is added bonus for Fox as we continue to maintain our focus on developing the Company's copper and zinc business," he said.

Independent consultants RSG Global have recently completed a nickel and copper Mineral Inventory at the Radio Hill underground mine, which is on care and maintenance, of 877,000 tonnes @ 0.7% nickel, 1% copper and 0.04% cobalt.

For further discussion of the Sholl B2 project please see below.

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SHOLL B2 NICKEL PROJECT

Sholl B2 is a 2.5 km long continuous nickel system which is open to the south. There have been a number of historical intersections of massive nickel sulphides (Figure 2), most notably in the shallow northern end. In September 2005 Fox delineated a series of high grade zones along strike.

Five zones of potential massive sulphides (Figure 2) were identified, subdividing Sholl B2 into four lodes namely the ANITA, ABI, DAWN and ASHLEA (Figure 2). The Feasibility Study will focus on developing a shallow open pit on the **ANITA** lode.

The 2.5 km continuous B2 nickel system hosts a series of potential massive sulphide zones that slope at an average gradient of 1:10 (Figure 2) from a depth of 45 m at the **ANITA** lode in the north to 250 m below surface at the southern end. This gradient would enable an open pit mine to be developed on the near surface ore, with a view to accessg the massive sulphides from the base of an open pit down plunge in ore rather than in waste reducing capital expenditure significantly and allowing early access to massive sulphides that can be delivered to the Radio Hill treatment plant.

Significant drillhole intercepts previously announced in the Anita Lode:

ANITA LODE

- **4.6 metre @ 3.36% nickel, 0.85% copper from 45m, 72SD1**
- **1 metre @ 3.54% nickel, 0.42% copper from 33m, B2RC027**
- **1 metres @1.59% nickel, 0.66% copper from 69m, B2RC033**
- **1 metre @ 1.65% nickel, 0.61% copper from 78m, B2RC034**

SHOLL B2 METALLURGY TESTWORK

Metallurgical testwork by Fox at Radio Hill achieved an upgrade of B2 nickel ore from **4.6% nickel to 7.0% nickel in concentrate, an outstanding 52% upgrade** by the technique of magnetic separation with minimal impact on overall nickel recovery.

In light of the metallurgical success at Radio Hill and as part of the Feasibility Study new diamond core samples will be tested independently in Perth and additional samples taken to Jinchuan in Shanghai, China on the 24 November 2006 for flotation and magnetic separation testwork. As previously announced in the June quarterly 2006, metallurgical test work on Sholl B2 nickel ore by Jinchuan Group Limited confirmed that production of a flotation concentrate as the preferred method of recovery for the low grade nickel ore, achieved the following results without using the technique of magnetic separation.

Jinchuan Limited Testwork (No magnetic separation)

	Ni%	Cu%	MgO
Recovery	71.7%	80.5%	
Head grade	0.79%	0.89%	
Mixed concentrate grade	4.95%	6.23%	Less than 5%

B2 STAGED OPEN PIT STRATEGY

Independent Mining Consultants RSG Global are currently completing resource estimation for Sholl B2 to an indicated category. The Feasibility Study will target a Stage 1 open pit probable reserve of **500,000 tonnes @ 0.75% nickel and 0.85% copper** followed by a Stage 2 open pit probable reserve of **450,000 tonnes @ 0.65% nickel and 0.75% copper**.

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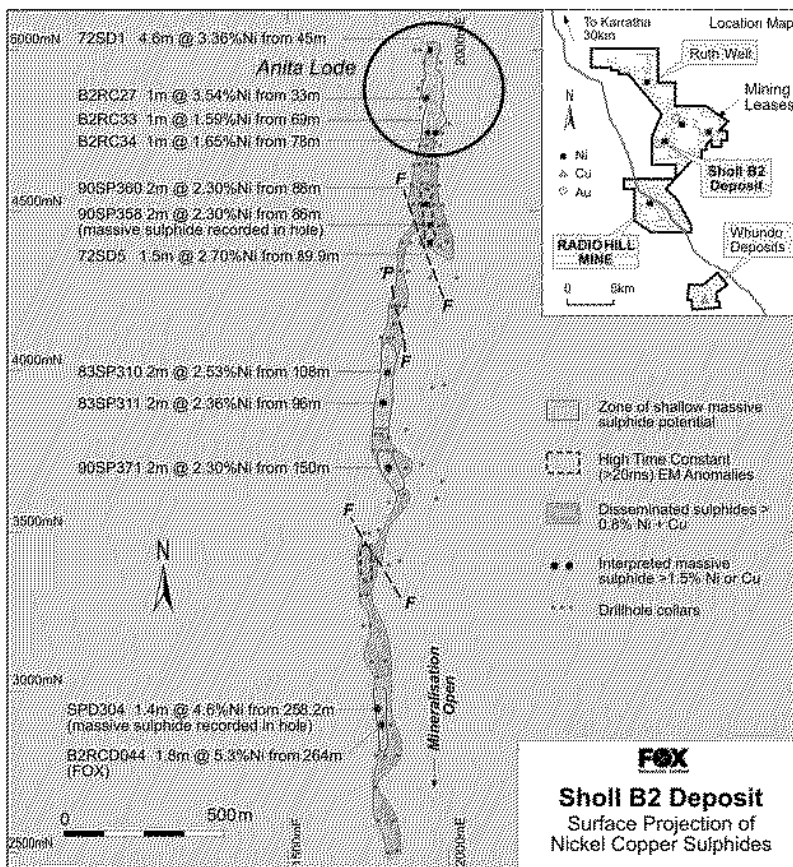
About Fox Resources

Fox Resources (ASX: FXR) is an Australian diversified explorer and producer with nickel, copper and zinc projects. The Company is generating positive cashflow from the West Whundo Copper-Zinc mine which is being used to fund a pipeline of projects within the Pilbara region of Western Australia. Fox sells all of its copper via an off-take agreement with China's largest producer of nickel, Jinchuan Group Limited.

Exploration over Fox's highly prospective 1,000 sq km of regional ground has been focused within the 15km radius of the Radio Hill plant. The Company has proven up several deposits within this area, lowering the threshold for development of these projects. The projects include Ayshia (zinc-copper), Shelby (copper), Austin (copper-zinc) and Sholl (nickel-copper-cobalt).

Fox has an excellent opportunity to maximise production opportunities through its recently upgraded and centralised treatment facility at Radio Hill, which until now Fox had used specifically for nickel production.

Figure 1 – Sholl B2 Deposit Surface Projection



NOTE: Massive sulphide has been interpreted over these intercepts from assay data only. Assay data was used in line with findings by C.J Mathison & A.E Marshall [Economic Geology, V78, 1981] who analysed massive and disseminated sulphide fractions at Mt Sholl. Their findings suggest that massive sulphide averages >2%Ni, but low copper <0.5%Cu, compared to disseminated sulphides with high Cu values.

Figure 2 – Longitudinal Projection

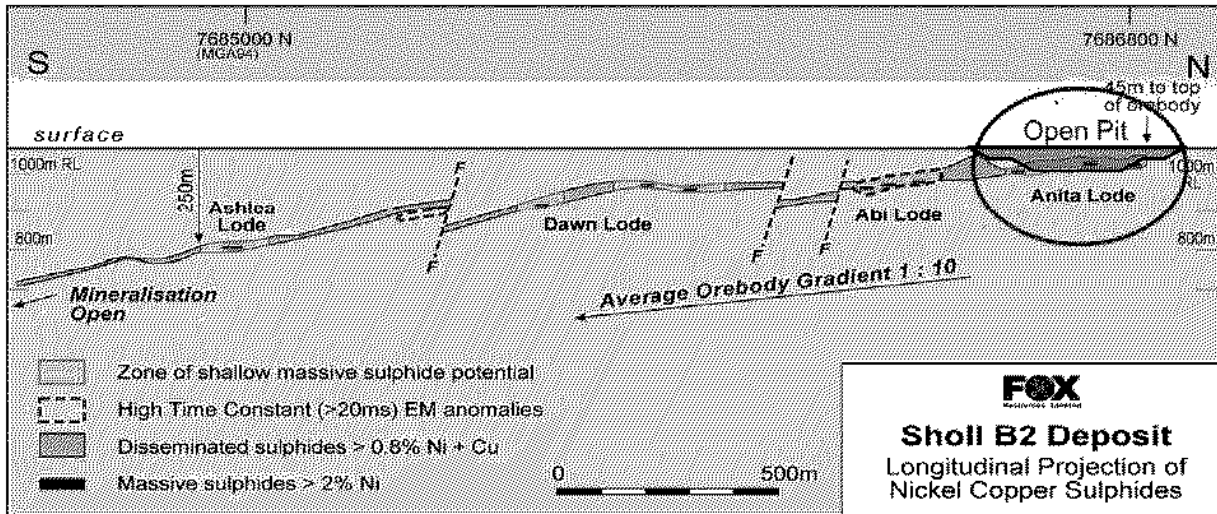
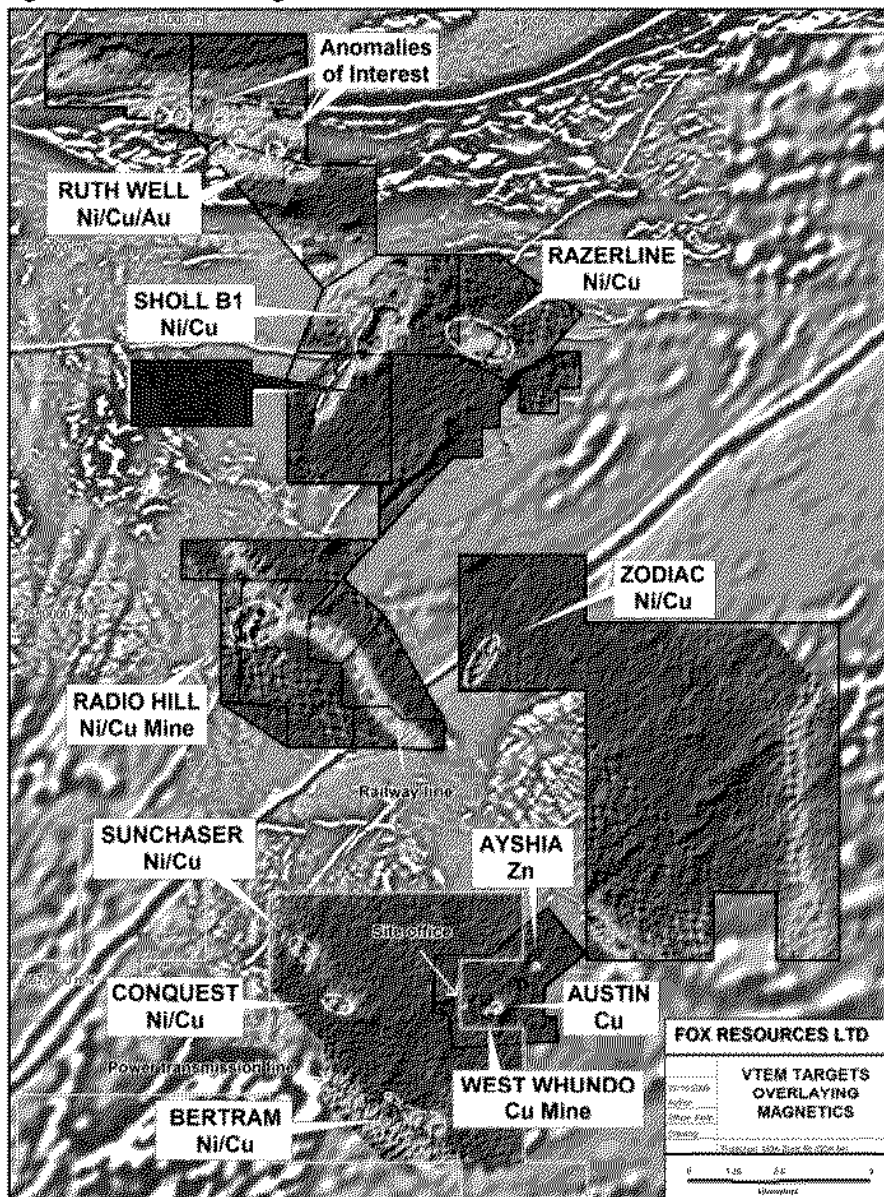


Figure 3 – VTEM Targets



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.