



22 January 2007

ASX/Media Release

FEASIBILITY STUDY DELIVERS FOX 2.5 YEAR NICKEL RESERVE

Fox Resources (Fox) (ASX: FXR) today announced the completion of its Bankable Feasibility Study (“BFS”) on the Company’s 100% owned Radio Hill nickel-copper cobalt Project (the “Project”). The positive results support Fox’s renewed focus on developing its nickel assets at a time of record nickel prices and follows positive updates from the Company’s Sholl B2 nickel project as announced on 12 January 2007.

HIGHLIGHTS

- The BFS at Radio Hill is complete and indicates positive economics for the Project
- Development of a 360,000 tpa underground mine based on a zone of lower grade nickel and copper ore located in the hanging wall or above the existing mined Radio Hill massive sulphides is technically and commercially feasible
- Mining Reserve contains 6,000t nickel, 8,200t copper and 350t cobalt
- Initial 2.5 year mine life at Radio Hill, producing up to 58,350 dmt of nickel concentrate containing 4,084t nickel metal and 23,830 dmt of copper concentrate containing 5,481t copper metal
- With the additional mining reserve at Radio Hill, Fox is targeting a 2 year mining reserve at its 100%-owned Sholl B2 project which would deliver an overall 4.5 year nickel mine life
- Highly competitive cost structure due to the efficient and low cost mining methods and excellent infrastructure
- Product offtake agreement already in place with Jinchuan Group Limited, China’s largest nickel producer
- Based on an average A\$29,500 nickel price the study indicated an NPV of over A\$20m.

PROJECT DESCRIPTION

Radio Hill is located 35km southeast of Karratha in the Pilbara region of Western Australia. Fox believes there is every indication that Radio Hill will be a low cost, profitable nickel mine that will enhance the Company’s overall nickel strategy and drive further value for shareholders.

The Company commenced the BFS with RSG Global Mining Consultants (RSG) to examine the feasibility of mining a zone of lower grade nickel and copper ore using the sub-level open stoping method. The study recommends that ore be treated at the existing Radio Hill mill using conventional technology via the following proposed flowsheet:

- 2-staged crushing;
- ball milling
- flotation and thickening
- Magnetic Separation

to produce a separate nickel and copper concentrate that will be exported through the port of Dampier only 40km from Radio Hill and treated at Jinchuan Group Limited's smelter/refinery complex in China.

The Study demonstrates that Fox's Radio Hill nickel orebody (Figure 1) can be economically mined and processed based on the assumptions used to generate the project financials. The following table summarises the key parameters and the resulting Project financials:

MINERAL RESOURCE Indicated Inferred	1,290,000t @ 0.8% nickel, 1.1% copper and 0.04% cobalt 94,000t @ 0.7% nickel, 0.9% copper and 0.03% cobalt
PROBABLE MINING RESERVE	874,000T @ 0.7% nickel, 0.9% copper and 0.04% cobalt
MILL THROUGHPUT	360,000 tpa
PROJECT LIFE	2.5 years
CONCENTRATE PRODUCTION Nickel Copper	58,350 dmt 23,830 dmt
METALLURGICAL RECOVERIES Nickel Copper	70% 68%
CONTAINED METAL Nickel Copper	4,084 tonnes 5,481tonnes
METAL PRICE ASSUMPTIONS Nickel (AUD) Copper (AUD) Cobalt (AUD)	\$29,500/tonne \$9,313/tonne \$28,500/tonne
TOTAL OPERATING COST	\$92M
TOTAL CAPITAL COST	Neglible
PROJECT RETURN NPV (AUD)	\$20.7M

KEY RESULTS

Existing Underground Operations

The mine is accessed via a 1.8 km, 1:7 fully established decline located in the hangingwall of the mineralization (Figure 1). The Radio Hill underground mine has produced 20,000t of nickel metal and 16,000t of copper metal since 1988 using a combination of longhole and handheld stoping methods. The mine has been on care and maintenance since July 2006 and has all ventilation, dewatering and power facilities in place. The mine effectively could commence production very quickly.

Mineral Resources

The Mineral Resource (Table 1) constitutes a zone of mineralization which is bounded to the west by existing stopes. Ore thickness varies from 0 to 20m and is relatively consistent in grade. There exists zones of massive nickel stringer sulphides within the disseminated nickel mineralization which has not been given a grade, however, presents a potential upside.

Mining Reserves

The Ore Reserve (Table 2) is in the probable JORC category and has been based on mine designs and schedules undertaken by RSG. Geotechnical analysis has been carried out with particular reference to the potential influence of major faults on stope stability.

Production Rate

Production drilling has been scheduled at 200m per stope per day. Stope blasting rates are based on 1,000t per day average. Minimal lateral development is required before ore production can begin due to having access development to the ore zone already in place. The aim of the mine design is to utilize as far as possible the existing development to reduce costs.

Capital Costs

The resource is basically very accessible, and requires little development and no expected significant capital expenditure.

Cash Operating Costs

The operating costs were built up from individual costs taken from the current mine budget. The mining costs average \$52/tonne over the project which is within the expected range for a project of this size and scope. This includes a 10% contingency which, given the current industry volatility, is considered appropriate.

Offtake Agreement

Fox Resources has entered into off-take agreements with Jinchuan Group Ltd for nickel and copper concentrates produced at Radio Hill. The mill will produce two concentrate streams with the nickel concentrate grading at 7% nickel and the copper concentrate at 23% copper.

Project Optimisation

The Company believes there is opportunity to further enhance the Project's financial returns by:

- optimisation of the mining schedule;
- upgrading of the milling capacity

THE WAY FORWARD

Fox's Managing Director, Mr Don Harper, said today's BFS results for the Project provides a commercially viable route back into nickel production for the Company.

"Despite a continued focus on developing Fox's copper and zinc business, our renewed nickel strategy is becoming a key focus for our growth in 2007," said Mr Harper.

Mr Harper directed attention to Fox's January 12th ASX announcement that stated the latest Independent Sholl B2 resource figures (Table 3) would likely increase due to infill drilling to convert additional tonnes from the inferred resource category to an indicated category, allowing a mining reserve to be calculated. Drilling is scheduled to commence in the first quarter of 2007 with a view to announcing an upgrade in mineral resources at Sholl B2 in the second quarter.

Additional information on Fox's nickel strategy and a review of the project activities over the past quarter will be outlined in the December 2006 Quarterly Activities Report available later this month.

-ENDS-

APPENDIX

Table 1 - Mineral Resource

Radio Hill Project Mineral Resources Estimate										
Domain	Indicated					Inferred				
	Tonnes	Ni%	Cu%	Co%	Pd g/t	Tonnes	Ni%	Cu%	Co%	Pd g/t
C	869,000	0.8	1.0	0.04	0.5	21,000	0.7	0.8	0.02	0.3
D	421,000	0.7	1.1	0.04	0.5	73,000	0.7	0.8	0.03	0.4
Total	1,290,000	0.8	1.1	0.04	0.5	94,000	0.7	0.9	0.03	0.4

Resources are reported at a lower cutoff of 0.5% Ni

All zones were estimated by Ordinary Kriging (in 20 by 4 by 4m panels)

Table 2 - Mining Reserve

Radio Hill Nickel Project Ore Reserve					
		Probable			
		Tonnes (000)	Ni (%)	Cu (%)	Co (%)
C Stope	970	207	0.7	0.8	0.03
	945	140	0.6	1.1	0.03
	900	288	0.7	0.9	0.04
	Subtotal	635	0.7	0.9	0.03
D Stope	950	33	0.7	1.0	0.04
	925	110	0.7	1.0	0.04
	900	95	0.7	1.0	0.03
	Subtotal	238	0.7	1.0	0.04
Total		874	0.7	0.9	0.04

Note that as there are no Measured Resources for the Radio Hill disseminated mineralisation, non of the Ore Reserve tonnes are in the proven category.

Figure 1 - Existing Radio Hill Underground Mine

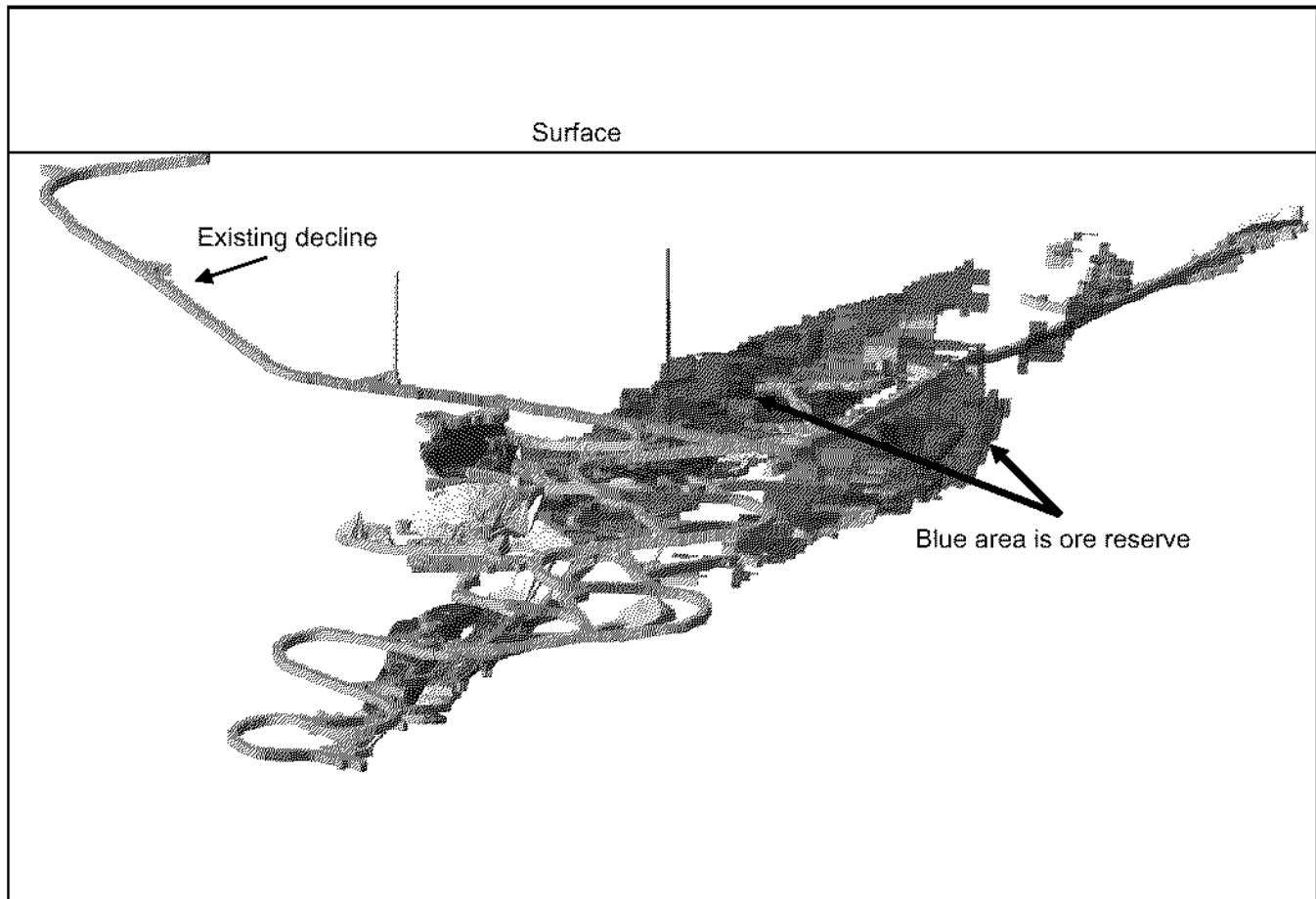


Table 3 - Sholl B2 Independent Resource Estimate

Fox Resources Limited – Sholl B2 Project Mineral Resources Estimate						
Domain	Indicated			Inferred		
	Tonnes (Kt)	Nickel (%)	Copper (%)	Tonnes (Kt)	Nickel (%)	Copper (%)
1	524	0.6	0.6	1,459	0.5	0.7
2	-	-	-	345	0.5	0.7
3	110	0.7	0.9	1,959	0.5	0.6
4	-	-	-	1,561	0.6	0.7
Total Contained Metal	633	0.6 3,800	0.6 3,800	5,324	0.5 26,600	0.6 31,900

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.