
SEPTEMBER 2003 QUARTERLY REPORT

HIGHLIGHTS

- Fox continues development study at Radio Hill to prove up 2 year reserve/resource by December 2003.
- Assuming successful completion of the development study, Fox will mine in stage one 175,000 tpa over a 2 year period producing 7,000 tonnes of Nickel equivalent metal. The company will utilise the existing infrastructure, plant and underground mine with low capex required to restart operations.
- At the same time Fox is drilling in the underground. The first programme has been completed which has confirmed that there are additional tonnes of recoverable nickel at Radio Hill significantly increasing the original estimated resource. All drill holes are close to the existing mine development which will reduce mining extraction costs. A further 2500 metres will be drilled over the next 2 months to increase resources.
- Significant recent drill intersections at Radio Hill in the extensions include:
 - UGD 150 18.0m at 5.1% Ni equivalent (3.6% Ni, 3.0% Cu, 0.2%Co, 0.5g/t Pd)
 - UGD 148 25.4m at 4.4% Ni equivalent (3.2% Ni, 2.0%Cu, 0.2%Co, 2.1g/t Pd)
- During the December quarter Fox will also drill a number of EM targets together with follow up down hole EM surveys.
- Independent consultant, Dr Martin Gole identified a feeder dyke at Radio Hill. The analysis showed that a world class target exists with a potential to locating a very high grade ore near the mine. Only a small number of drill holes have been drilled in the "F" Zone to date. These drill holes intersected generally disseminated mineralisation within 25 meters thick gabbroic host unit.

One hole RHPD 233 intersected:
1.0m at 3.7% Ni; 12.4% Cu; 24g/t Au; 6.6g/t Pd; 1.8g/t Pt (approx 20% Ni equivalent).

The geology of Radio Hill has many similarities to the Voisey's Bay model. Fox is currently refining the model with the aim of defining massive sulphides exploration targets (refer Figure 4).

RECOMMENCEMENT OF UNDERGROUND DRILLING AT RADIO HILL

During the quarter Fox completed a highly successful underground diamond scout drilling program. This recent drilling consisted of 770 metres, and confirmed that massive nickel sulphide ore continues beyond existing stopes and previously interpreted geological contacts. The massive sulphide mineralisation also continues deeper than the existing Radio Hill underground decline.

Building upon this success Fox has now recommenced underground diamond drilling and will conduct a further 2500 metres of drilling. The drilling program will continue through to December 2003 and will focus on massive sulphide extensions and high grade stringer zones which will define additional tonnes of recoverable nickel metal to be included in the reserve and resource base.

Fox will also drill reinterpreted geophysical targets generated from early geophysical surveys and will follow up with underground down hole EM surveys. These EM surveys will be carried out using an underground EM system which will produce massive and stringer nickel sulphide mineral location information and will provide a vector to the mineralisation. All four targets are within 60 metres of existing mine development (refer Figure 1).

RECENT UNDERGROUND DIAMOND DRILL RESULTS AT RADIO HILL

Hole	From	To	Metres	Nickel Eq	Nickel	Copper	Cobalt	Palladium
Number			Intersected	%	%	%	%	g/t
UGD150	13	31	18.0	5.1	3.62	3.06	0.20	0.50
UGD148	8	33.4	25.4	4.4	3.25	2.01	0.15	2.15
UGD067	35.9	37.6	1.7	3.9	3.47	0.15	0.19	0.89
UGD155	10.7	11.63	0.9	4.6	4.06	0.39	0.176	0.90
	16	17.15	1.2	3.0	2.51	0.80	0.108	0.61
UGD157	15.2	22.9	7.7	2.3	1.74	0.87	0.080	0.74
	35.83	37.6	1.8	4.7	3.99	1.03	0.179	0.67
UGD154	14	23	9	2.0	1.43	1.12	0.061	0.76
UGD143	3.5	4.5	1.0	3.9	3.23	1.05	0.16	0.74
UGD 136	12	13.7	1.7	3.6	2.59	2.23	0.12	0.86
UGD134	6.1	7	0.9	3.9	2.96	1.71	0.11	1.87
UGD141	1.4	4.6	3.2	3.1	2.28	1.74	0.11	0.85
UGD144	1.1	3.6	2.5	3.1	2.11	1.76	0.01	1.75
UGD068	37.8	40	2.2	2.4	1.97	0.52	0.09	0.62
UGD151	7.94	8.25	0.3	4.2	3.75	0.19	0.190	0.45
	13.18	14	0.8	2.0	1.45	0.98	0.074	0.32
	27	28.24	1.2	2.8	2.16	1.03	0.106	0.57
UGD152	4.95	5.13	0.2	4.2	3.75	0.13	0.202	0.32
	10.9	12.84	2.0	2.1	1.65	0.67	0.092	0.58
UGD156	8	23.13	15.1	1.4	0.90	1.03	0.043	0.63

Nickel Equivalent: $\text{Ni}\% + \text{Cu}\% \times 0.33 + \text{Co}\% \times 1.91 + \text{Pd g/t} \times 0.1$

SUMMARY OF SIGNIFICANT DRILLING RESULTS

“A” Zone

Drill hole UGD150 in the “A” zone, intersected 18.0 metres at 5.1% nickel equivalent and was drilled down dip to UGD148, which intersected 25.4 metres at 4.4% nickel equivalent. These results are extensions of the “A” zone and are 135 metres below the surface and 8 metres from existing mine development. Current drilling will further test this area, to enable conversion into the mining reserve (refer Figure 2 and 3).

Base of Decline

Underground diamond drilling at the base of the decline produced the following significant massive nickel sulphide intersection:

- UGD144 intersected 2.5 metres at 4.2% nickel equivalent
- UGD134 intersected 0.9 metres at 3.9% nickel equivalent,
- UGD143 intersected 1.0 metre at 3.4% nickel equivalent;
- UGD141 intersected 3.2 metres at 2.8% nickel equivalent.

These results indicate that massive sulphides continue at depth beyond the existing mine area. The above holes are 278 metres from surface and 2 metres from current mine development. This first past drilling has shown potential of open extensions to current mineralisation down plunge and these extensions will be tested in the current drill program.

“B” Zone

Diamond drill hole UGD136 in the “B” zone which was designed to test the remnant massive model intersected the predicted 1.7 metres of massive sulphides grading at 3.5% nickel equivalent, this area is 178 metres from surface and only 12 metres from current mine development.

“C” Zone

Drilling in the “C” zone has intersected stringer ore, including UGD155 which intersected 1.2 metres at 3.0% nickel equivalent, UGD157 which intersected 7.7 metres at 2.3% nickel equivalent and drill hole UGD154 which intersected 9.0 metres at 2.0% nickel equivalent. These drill holes are 125 metres below the surface and 10 metres from existing mine development.

“D” Zone

In the “D” zone drill hole UGD151 intersected 1.2 metres at 2.8% nickel equivalent, and UGD152 intersected 2.0 metres at 2.1% nickel equivalent. These drill holes are 168 metres below the surface and 10 metres from existing mine development.

Additional to the underground drill program, database validation is now completed and previously unassayed underground diamond drill holes in the down dip extensions of the “D” zone have now have been assayed. These include UGD067 which intersected 1.7 metres at 4.2% nickel equivalent and UGD068 which intersected 2.2 metres at 2.5% nickel equivalent.

All stope voids have now been surveyed using a cavity monitoring system (CMS) and included in the 3-dimensional stope and development model.

Summary

The above results confirm that there are additional tonnes of recoverable nickel at Radio Hill which will significantly increase the original estimated resource. In addition, all of these holes are near the existing development which will allow Fox quick access to the ore with little extra lateral development which will reduce the cost of mining.

RADIO HILL BANKABLE MINING STUDY

Fox is currently in the process of completing a bankable development mining study on mining massive and stringer ore at Radio Hill.

Currently, the infrastructure consists of an underground decline (1.8km in length to a depth of 270m), treatment plant (with throughput 175,000 to 200,000 tpa) and all ancillary mining facilities and buildings. Accordingly, the costs of re-commencing mining operation will be modest compared to establishing a new mine.

The bankable study will factor in the following:

- US\$ nickel price has risen 70% since the Fox purchase of Radio Hill in 2002
- Lower transport costs for concentrates (truck to Dampier Port (40km)
- Obtaining favourable terms of sales for nickel and other concentrates

The study will examine mining 350,000 tonnes at 3% Ni equivalent based on an initial 2 year mine life.

Mine design has commenced to determine the extraction sequence of the Radio Hill ore. A thorough review of the historical practices by the previous mine operator with respect to both mining and milling operations is well underway.

Fox is aiming to complete a bankable study by the end of the year and following outcome of this study, Fox expects production to commence at Radio Hill by mid 2004.

RADIO HILL FEEDER HAS MANY SIMILARITIES WITH THE VOISEY'S BAY DEPOSIT

At Radio Hill, previous explorers had drilled a small number of wide-spaced holes into the F-zone, an area immediately to the northwest of the main ore body. The drill holes intersected generally disseminated mineralisation within an approximately 25 metres thick gabbroic host unit, although one hole, RHPD233, intersected a metre of semi-massive sulphide grading 3.67% nickel, 12.4% copper, 23.8 grams/tonne gold, 6.58 grams/tonne palladium and 1.80 grams/tonne platinum (20% nickel equivalent).

Drilling by Fox and geological studies by Independent Consultant Dr Martin Gole have determined that the gabbroic host unit to the F-Zone mineralisation is the feeder dyke to the Radio Hill intrusion. Drilling shows that this dyke connects to the western sub-vertical contact of the Radio Hill Intrusion just above the main Radio Hill sulphide deposit that sits within the Intrusion immediately east of this contact. In places partially digested breccia fragments of basement rocks associated with disseminated and globular sulphides are present within the lower part of the dyke. It appears, as at Voisey's Bay, mafic magma flowing up the feeder dyke ripped fragments off the dyke walls. These were partially assimilated by the magma and the resulting contamination triggered the formation of Ni-Cu-PGE sulphide within the magma. The sulphide was then deposited and concentrated within a trap site near the entry point into the larger Radio Hill magma chamber.

The disseminated and semi-massive sulphides currently trapped within the feeder dyke have a much higher tenor than the sulphides that make up the main Radio Hill deposit. Their composition suggests they formed later in the history of the magma than those in the main deposit. On a 100% sulphide basis (i.e. equivalent to massive sulphide) the estimated composition of the feeder dyke sulphides could be 7.6% nickel, 23.4% copper, 0.5% cobalt, 8.1 grams/tonne gold, 13.7 grams/tonne palladium and 3.0 grams/tonne platinum.

Dr Gole believes that the geology of Radio Hill has many similarities with the Voisey's Bay deposit, and as such, Voisey's Bay represents an excellent predictive model to target other massive sulphide ore bodies at Radio Hill.

The Voisey's Bay Ni-Cu-PGE deposit, in eastern Canada, is one of the most exciting mineral discoveries to be made anywhere in the world in the last 10 years. The deposit is hosted by a mafic layered intrusion and, as such, provides a valuable comparative model for the layered intrusions in the tenements held by Fox.

By direct analogy with Voisey's Bay, the feeder dyke at Radio Hill represents an excellent massive sulphide ore body target, with the potential to locate significant, very high-grade additional mineralisation immediately adjacent to the existing infrastructure.

The F-Zone mineralisation appears to be closed off to the north but remains open to the south and down-dip. Down hole EM surveys confirm the presence of both the intersected mineralisation, as well as interpreted off-hole conductors that provide vectors for future drilling programs.

Details of the Radio Hill geology and Voisey's Bay Geology is shown in **Figure 4** attached.

Yours sincerely,

Brett Matich
Managing Director

The technical information contained in this report is based on information compiled by Ed Mead who is a member of the AusIMM and is able to sign off on resources and reserves as a competent person with over 10 years experience in the minerals industry. This person is competent in the field activity being reported on and consents to the inclusion of this information in the form and context in which it appears in this report.

RADIO HILL UNDERGROUND DRILL HOLE LOCATIONS

Hole Number	Depth (m) Below Surface	North (Local Grid)	East (Local Grid)	Dip	Azimuth (Local Grid)
UGD150	135	6926.50	3760.50	-28	164
UGD148	135	6926.50	3760.50	7	164
UGD067	181	6982.20	3847.20	-9	297
UGD155	125	3847.505	6868.212	-14	244
UGD157	125	3847.505	6868.212	-18	205
UGD154	125	3847.505	6868.212	0	244
UGD136	184	3819.37	6976	-15	184
UGD143	278	7000.41	3946.96	-5	172
UGD134	278	6995.00	3650.55	9	234
UGD141	278	7000.41	3646.96	-5	172
UGD144	278	7000.41	3646.96	10	172
UGD068	181	6982.50	3846.90	-14	288
UGD151	168	3908.65	6943.3	-40	45
UGD152	168	3908.65	6943.3	-60	45
UGD156	125	3847.505	6868.212	15	244

Figure 1

Radio Hill Current Drilling Targets

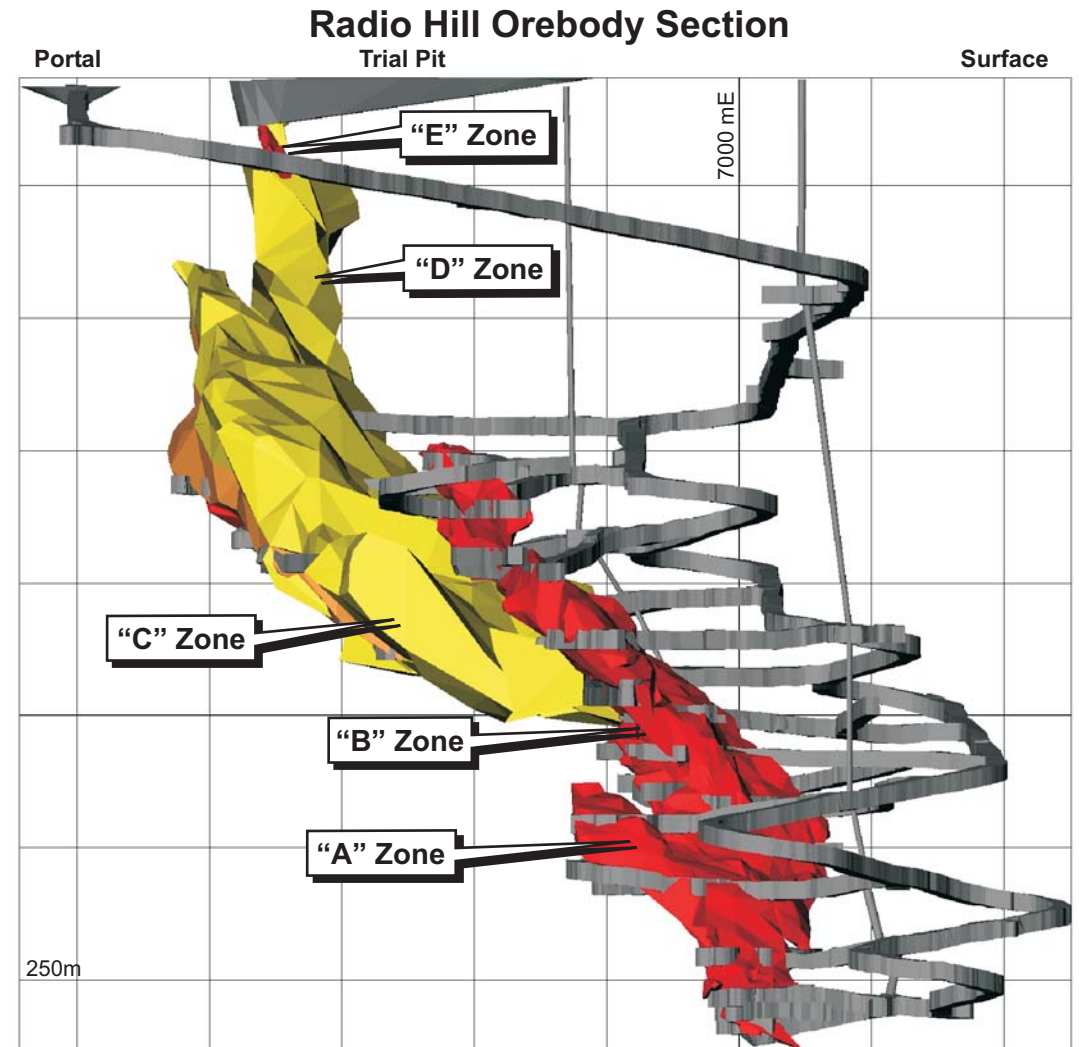
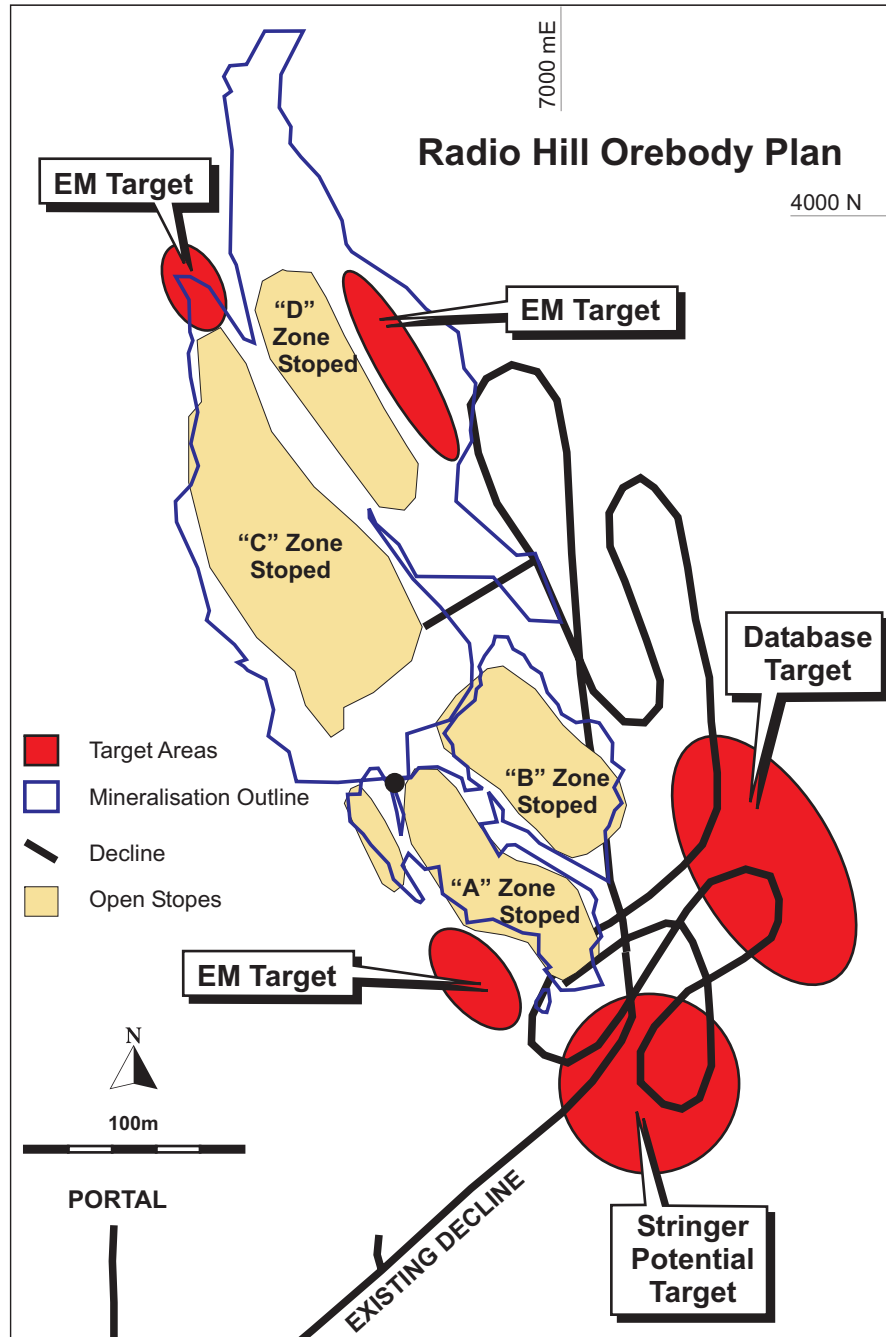


Figure 2

Radio Hill Underground Long Section 6930E

3705N

3765N

Basement

OPEN

Massive Sulphide

UGD148
25m @ 4.4% Ni Eq

UGD149

UGD148

UGD150

Existing Drive

"A" Zone Existing
Stope and Development

Gabbro

Massive Sulphide

OPEN

UGD150
18m @ 5.1% Ni Eq

Dolerite

Gabbro

925RL

900RL

10m



Resources Limited
RADIO HILL
MINING OPERATIONS

Figure 3

Radio Hill Underground Cross Section 3730N

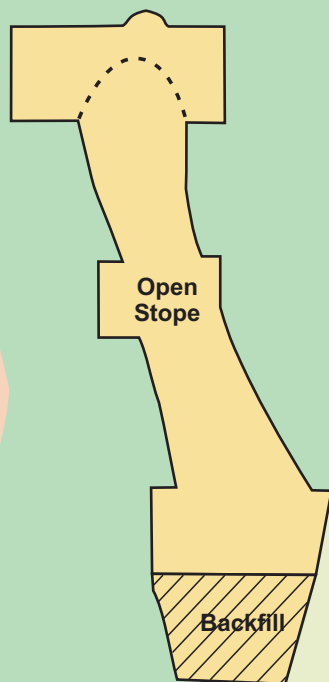
6900E

7000E

940RL

Basement

900RL



Dolerite

Open Stope

Backfill

UGD149

UGD148
25m @ 4.4% Ni Eq

Massive Sulphide

"A" Zone Existing
Stope and Development

Massive Sulphide

UGD150
18m @ 5.1% Ni Eq

Backfill

Dolerite

Gabbro

- Dolerite
- Gabbro
- Basement
- Massive Sulphide
- Development

20m



FOX
Resources Limited
RADIO HILL
MINING OPERATIONS

Figure 4

