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QUARTERLY ACTIVITIES REPORT TO 31 MARCH 2004

HIGHLIGHTS DURING THE QUARTER

- Fox in its first year of operations plans to mine a Reserve of 176,000 tonnes @ 2.3% nickel, which is expected to earn a net operating cash flow (before tax) of \$27 million dollars. (Refer Table 1)
- The results of the recent independent audit by Snowden Mining Industry Consultants ("Snowden") proved Resources of 438,000 tonnes @ 2% nickel inclusive of a two year ore Reserve of 313,000 at 1.8% nickel at Radio Hill. (Refer Table 2)
- Strong return on investment of in excess of 400% due to the low capital cost of approximately \$5 million to re-start mining operations by mid 2004.
- Fox will become a significant Australian nickel concentrate producer, producing 35,000 tonnes of nickel and copper concentrates in year 1 (worth about \$50 million at current prices).
- Fox has finalised a favourable three year nickel and copper concentrate off take agreement with China's largest nickel producer Jinchuan Group Ltd with potential to extend by mutual agreement, underpinning the long term future of the project.
- Fox will utilise existing plant and mining infrastructure including a 1.9km decline to a depth of 280m, a treatment plant with a capacity of up to 200,000 tpa and other mining and processing facilities. The capital cost incurred by previous mine owners is estimated to be in excess of \$60m.
- An enhanced mining plant and infrastructure currently being refurbished by Roche will leave Fox well leveraged to future exploration success. Fox aims to build upon its excellent discovery record at Radio Hill which after a four month drilling programme delivered a two year reserve.
- Fox has scheduled to continue an aggressive exploration programme over the next 12 months with the aim of increasing the mine life.

MINE DEVELOPMENT

Fox has commenced mine refurbishment with Roche Mining (JR) Engineering and has scheduled commissioning for June 2004.

As the majority of mining and processing infrastructure is already established on site, Fox is able to fast track mine development and production with mining expected to commence by mid 2004.

A four month drilling campaign has delivered an initial 2 year mine life at Radio Hill. The Radio Hill ore body still remains open and Fox expects to find additional tonnes of recoverable nickel through geophysical surveys and further drilling. The Radio Hill underground development will provide better drilling angles to exploit extensions to the ore body and other identified targets. Fox will continue to increase reserves and resources with the aim of increasing the mine life at Radio Hill.

PROJECT TIMETABLE

The project timetable and expected completion dates are set out below;

PROJECT TIMETABLE	COMPLETION DATE
2 year Audited Ore Reserve (Snowdens)	Completed
Bankable Feasibility Study to Restart Mine	Completed
Jinchuan 3 year Off Take Agreement	Completed
Societe Generale Unsecured Debt Facility	Completed
Underground Mine Contractor Appointed	Shortly
Underground Mining Commences	May 2004
Plant Commissioning by Roche	June 2004
Production commences	June/July 2004
First Shipment of Concentrates	3 rd Quarter 2004

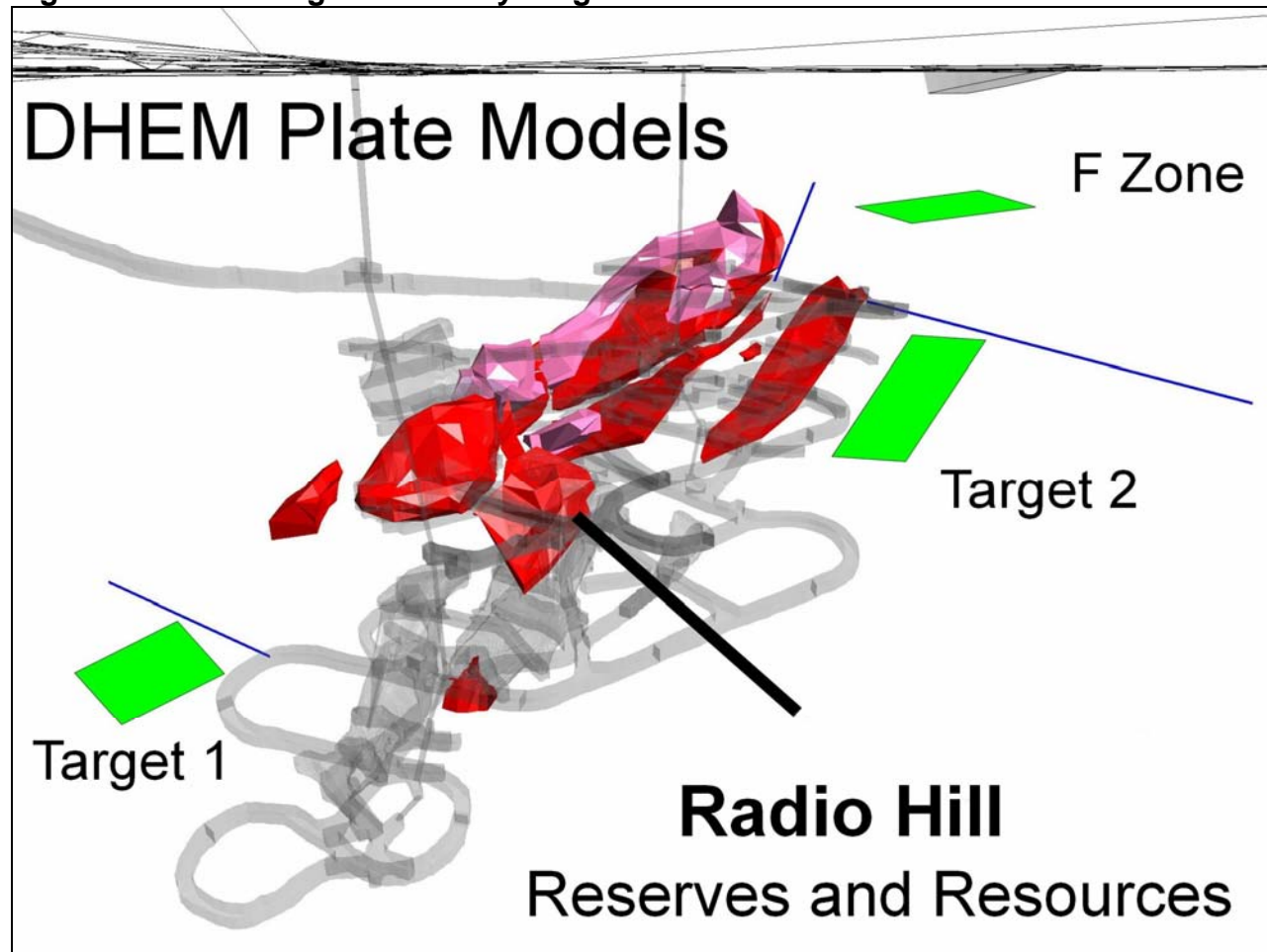
RADIO HILL EXPLORATION TARGETS

The new zone (Fredon Zone) identified by Electromagnetic (EM) surveys shows that nickel ore can be delineated in areas previously interpreted to be barren within and adjacent to underground mine workings.

On going drilling and EM surveys have delineated further conductor plates to the South-west (Target 1), North-east (Target 2), and within the F-zone (Voisey's Bay style Feeder Zone) **See Figure 1**. The conductor plates have indicated new zones of mineralisation void of any current drilling.

Fox is confident of adding additional tonnes to its resource inventory from the comprehensive exploration programs planned for 2004/2005.

Figure 1: Electromagnetic Survey Target Zones



SHOLL NICKEL SULPHIDE DEPOSITS

The three Sholl nickel deposits (A1, B1, B2) are geologically similar to Radio Hill and are within 10km of the Radio Hill Mine. The Sholl B2 deposit mineralisation can be traced for more than 2.5 km. The majority of drilling is between 50 and 100 metres deep. Geophysics and infill drilling are planned to upgrade the Sholl resource area and better define the massive sulphide high grade zones.

JINCHUAN OFFTAKE AGREEMENT

Fox has signed a major contract to sell nickel and copper concentrate, produced at its Radio Hill mine near Karratha, Western Australia, to China's largest producer of nickel metal, Jinchaun Group Ltd of Gansu Province.

Fox will produce around 35,000 tonnes of nickel and copper concentrates in the first 12 months of operations worth about A\$50 million at current metal prices. Both concentrates contain valuable cobalt and precious metals.

This initial contract is for a three year period but may be extended by mutual agreement. The product will be shipped through the Port of Dampier, about 50 kilometres from the mine with the first shipment scheduled for 3rd quarter 2004.

Jinchuan is one of the world's largest nickel producers. Last year the company produced 60,000 tonnes of nickel and has a target of 70,000 tonnes this year. China's demand for nickel is predicted to rise to 150,000 tonnes this year from 120,000 in 2003. By 2010, it's expected to hit 200,000 tonnes.

This is an important contract for Fox and makes the company one of the first of the new generation of junior nickel producers into production in Western Australia in 2004.

PROJECT FINANCE

During the March Quarter, the Company entered into a \$2m unsecured debt facility with Societe Generale. The company expects to have in place a second project finance facility to cover the balance of full project development shortly.

BACKGROUND

Fox is 100% owner of the Radio Hill Nickel Sulphide Mine, located near Karratha in W.A. Fox acquired the project in September 2002, which includes a 150,000 to 180,000tpa nickel processing plant and a fully developed underground mine with a 1.8 kilometre decline to a depth of 280 metres. Previous owners have spent over \$60 million dollars in capital and between 1998 - 2002 approximately 20,000 tonnes of nickel metal was produced from Radio Hill.

Yours sincerely,

Brett Matich
Managing Director

This release contains forward-looking statements about Fox's development and capital expenditure plans and future production. Words such as "will," "is expected to," and similar expressions are intended to identify such forward-looking statements. The statements are based on management's current expectations, estimates and projections; are not guarantees of future performance; and are subject to certain risks, uncertainties and other factors, some of which are beyond Fox's control and are difficult to predict. Certain factors that could cause actual results to differ materially include commodity price and foreign exchange assumptions which have been based on third party forecasts and company analysis and will be subject to change. Unless legally required, Fox undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

TABLE 1: Radio Hill Mine – Year 1 Cash Flow

Gross Revenue	A\$51m	A\$289/t
Operating Costs		
Mining	\$7.4m	\$42/t
Processing	\$6.9m	\$39/t
Administration	\$0.9m	\$5/t
Shipping	\$2.5m	\$14/t
Total Site Costs	\$17.6m	\$100/t
Operating Cash Flow	\$26.5m	\$154/t
IRR (after tax)	450%	
Cash Costs after by-product credits		A\$1.94/lb

Radio Hill Mine – Mining Study Financial Assumptions

Nickel Price	US\$ 14,000t	US\$ 6.40 / lb
Copper Price	US\$ 3,000t	US\$ 1.40 / lb
Exchange Rate	US\$ / \$A	0.75
Ore Reserve	176,000t	
Grade		
Nickel	2.3%	75% Recovery
Copper	1.6%	96% Recovery
Cobalt	0.18%	81% Recovery
Production per annum		
Nickel	3,100t	
Copper	2,700t	
Cobalt	171t	
Capex	A\$5.0m	

TABLE 2: MINING STUDY RESERVES & RESOURCES**Radio Hill Ore Reserve**

Reserve	Tonnes	Ni%	Ni Tonnes	Cu%	Co%	Pd g/t
Option 1 (Proven/Probable)	313,000	1.83	5,730	1.36	0.10	0.8
Option 2 (Proven/Probable)	176,000	2.33	4,100	1.60	0.12	0.9

Radio Hill Resource*

Resource	Tonnes	Ni%	Ni Tonnes	Cu%	Co%	Pd g/t
Measured	180,000	2.9	5,240	1.9	0.15	1.1
Indicated	258,000	1.3	3,400	1.2	0.07	0.8
Total	440,000	2.0	8,800	1.5	0.10	0.9

Independent Resource Calculation and Audit by Snowden Mining Industry Consultants

*Resource >1% Ni Cut-off and inclusive of reserve