



ABN 44 079 902 499

CONSOLIDATED FINANCIAL REPORT

**FOR THE YEAR ENDED
30 JUNE 2021**

Consolidated Financial Report

for the Financial Year ended 30 June 2021

COMPANY INFORMATION

Directors

Mr T Streeter
Ms L 'da Silva
Mr G East
Mr B Garlick

Non-Executive Chairman
Non-Executive Director (appointed 14 February 2022)
Non-Executive Director (resigned 11 February 2022)
Executive Director, Chief Financial Officer

Chief Executive Officer

B Garlick

Company Secretary

B Garlick

Registered Office

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Share Registry

Advanced Share Registry Ltd
110 Stirling Highway
Nedlands
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Website Address

Bankers

BankWest
300 Murray Street
Perth
Western Australia 6000

Auditors

Grant Thornton Audit Pty Ltd
Central Park
Level 43, 152-158 St Georges Terrace
Perth, Western Australia 6000

Lawyers

Gilbert & Tobin
Level 16, Brookfield Place
Tower 2
Perth
Western Australia 6000

www.foxresources.com.au

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for the Financial Year ended 30 June 2021

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Consolidated Financial Report

for the Financial Year ended 30 June 2021

DIRECTORS' REPORT

The Directors of Fox Resources Ltd ("the Company" or "Fox") present their report together with the financial statements of the consolidated entity, being Fox Resources Pty Ltd ("the Company") and its Controlled Entities ("the Group") for the year ended 30 June 2021.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr T Streeter	Non-Executive Chairman
Mrs L da Silva	Non-Executive Director (appointed 14 February 2022)
Mr G East	Non-Executive Director (resigned 11 February 2022)
Mr B Garlick	Executive Director, Chief Financial Officer

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the year ended 30 June 2021 was the exploration for coking coal.

FINANCIAL RESULTS

The loss of the consolidated entity after providing for income tax amounted to \$476,692 (2020: loss of \$235,847).

DIVIDENDS

No dividends were declared for the 2021 financial year (2020: nil).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than disclosed elsewhere in the financial report, the following significant change in the state of affairs during the period under review has occurred namely that Fox Resources Ltd has signed a mandate to provide seed capital, advice on the restructure of Fox's capital structure and to co-ordinate and manage Fox's proposed IPO raising if Fox can achieve a capital structure which supports this.

OPERATIONS REVIEW

Exploration

Exploration activities are focused on increasing the current JORC Indicated and Inferred resources and tenement maintenance.

FINANCIAL REVIEW

The Group had all of its remaining exploration and tangible assets for sale in the 30 June 2021 financial year. The net deficit position as at 30 June 2021 of \$8,158,179 continues to be financially supported by the Directors for twelve months from the date of signing this report.

Significant Events after the Balance Date

On 24 October 2022 the Company signed a mandate with a stockbroking company to provide pre initial public offering (IPO) capital for the proposed re-listing of the Company on the Australia Stock Exchange (ASX) providing the Company can achieve a capital structure that supports a re-listing.

The Company's directors Mr.T.Streeter and Mr. B.Garlick along with former director Mr.G.East have agreed in principle to sign either a Deed of Settlement or a Royalty for the amounts owing to them or their respective Companies. The deed was signed on 11 February 2022.

On 5 July 2021 Fox Coal Pty Ltd (Fox) raised \$250,000 by issuing one Convertible Note totaling \$250,000 to Zimprops Coal Pty Ltd (Zimprops). The Convertible Note is repayable by 27 October 2022 at 5% interest.

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On the 14 March 2022 Fox raised \$50,000 by issuing one Convertible Note of \$50,000 to Zimprops . The note is repayable on the 27 October 2022 at 5% interest.

Zimprops will receive 4.43% per cent and 2.04% per cent respectively of the share capital in Fox if the convertible notes above has not been paid by the maturity date. Fox has converted the Convertible Notes into shares under the following terms six fully paid up shares, and three fully paid up shares respectively..

On 24 May 2022 Zimprops provided an advance of \$50,000 to Fox at 5% to meet future project expenditure. The terms of the advance are as follows:; to fund future project expenditure.

On 2 October 2019 the Company made an application to the Queensland Department of Resources for Exploration Permit Contract (EPC 1523) to be upgraded to a Mineral Development License (MDLA 3040). This would allow the Company to conduct further studies which increase the certainty of the development of a coking coal project. On 4 April 2022 The Minister of Resources in Queensland declined the application on the basis the Mineral Development License was not in the public interest. The Company disagrees with the Minister's finding, and has referred the matter to the Queensland Supreme Court.

Likely Developments and Expected Results

The Board continue to seek new assets and funding opportunities for mining exploration projects.

Information on Directors

Terence EJ Streeter, Chairman – Non-Executive

Experience and expertise

Mr Streeter is a businessman with extensive experience in exploration and mining companies and has held various interests in the nickel sulphide industry for over 30 years.

Special Responsibilities

Chair of the Board.

Other current directorships.

EMU NL, Corozon Mining Ltd, MOHO Resources Ltd.

Former directorships in last 3 years

Alto Metals Ltd.

Interests in shares and options

Mr Streeter and related entities held 315,903,225 ordinary shares at the date of this report.

Luciana da Silva – Non-Executive Director

Experience and expertise

Ms Da Silva is a businesswoman with experience in exploration and mining companies.

Other current directorships.

None.

Former directorships in last 3 years

None.

Interests in shares and options

Ms da Silva and related entities held 4,487,500 ordinary shares at the date of this report.

Garry East, Non-Executive Director (Resigned 11 February 2022)

Experience and expertise

Mr. East is a successful Western Australian based businessman who has taken leadership roles in the agricultural industry and has been an active investor in the resources sector for many years.

Other current directorships

None.

Former directorships in last 3 years

None.

Interests in shares and options

Mr. East and related entities held 64,924,080 ordinary shares at the date of this report.

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Bruce Garlick, Executive Director, CFO & Company Secretary

Experience and expertise

Mr Garlick has more than 20 years' experience in the mining and engineering industries, both internationally and locally. He is a member of CPA Australia. He has held senior positions in companies in Australia, South and Western Africa, Europe and the USA including Normandy Mining (now Newmont Mining), Platinum Australia and MI Energy. Mr Garlick has extensive experience with corporate governance, financial regulations and has secured complex funding deals for large projects.

Other current directorships

None.

Former directorships in last 3 years

None.

Interests in shares and options

Mr Garlick and related entities hold no shares or options at the date of this report.

EXECUTIVES

Bruce Garlick, CEO

COMPANY SECRETARY INFORMATION

Bruce Garlick, Company Secretary

Directors' Meetings

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2021 and the number of meetings attended by each Director.

Name of Director	Director Meetings Eligible To Attend	Number Attended
T Streeter	11	11
G East	11	11
B Garlick	11	11

Unissued shares under option

There are no unissued ordinary shares of the Company under option at the date of this report.

Shares issued during or since the end of the year as a result of exercise

No shares have been issued during or since the end of the year as a result of the exercise of options.

Directors and Officers Insurance

Indemnity agreements have been entered into between the Company and each of the Directors and Officers of the Company. Under the agreements, the Company has agreed to indemnify those officers, to the extent permitted under the *Corporations Act 2001*, against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities as officers of the Company. The Directors have not included details of the nature of the liabilities covered.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

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Environmental Regulation

The Company's operations are subject to various environmental regulations under both Commonwealth and State Government legislation. The Directors are not aware of any breaches of the legislation during the current financial year which are material in nature.

The Group's operations are subject to various environmental regulations under the Federal and State Laws of Australia. The majority of the Groups ceased activities involved low-level disturbance associated with exploration drilling programs. Approvals and licences are obtained, and hearings and other regulatory requirements are attended to as required by the management of the Group for each permit or lease in which the Group has an interest.

Non-Audit Services

The Company from time to time may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company is important.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor as set out below did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do no impact on the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of *Ethics for Professional Accountants*.

During the year ended 30 June 2021 and in the previous financial year there were fees paid or payable for non-audit taxation services provided by the auditor of the consolidated entity.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the lead auditor from Company's auditors, Grant Thornton Audit Pty Ltd, to provide the directors with a written Independence Declaration in relation to their audit of the financial report for the year ended 30 June 2021. This written Auditor's Independence Declaration is set out on page 31.

This report which includes the accompanying Corporate Governance Statement is signed in accordance with a resolution of Directors.



TERRY STREETER
NON-EXECUTIVE CHAIRMAN

21 December 2022 at Perth, Western Australia.

Consolidated Financial Report

for the Financial Year ended 30 June 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

	Notes	Consolidated	
		2021	2020
		\$	\$
Other income	3	78,247	732,020
Share revaluation (loss)/income	3 (a)	(119,438)	10,030
Gain/(loss) on the sale of assets	3 (c)	459,889	(222,452)
Employee expense		(42,184)	(148,239)
Consultancy expenses		(84,244)	(381,064)
Rental expenses		(34,493)	(6,479)
Insurance expense		(25,675)	(30,051)
Legal expenses		(37,255)	(8,132)
Accountancy and audit fees		(39,146)	(61,685)
Printing, stationary and postage		-	(863)
Share registry and exchange expenses		(10,277)	(17,315)
Exploration expenditure written off		(233,647)	-
Reversal of impairment		-	291,164
Other expenses		(32,179)	(40,159)
Finance costs		(356,290)	(352,622)
Loss before income tax		(476,692)	(235,847)
Income tax expense	4	-	-
Loss after income tax expense for the year		(476,692)	(235,847)
Other Comprehensive Income			
Other comprehensive income for the year, net of tax		-	-
Total Comprehensive loss for the year		(476,692)	(235,847)
Basic and diluted (loss)/profit per share (cents)	10	(0.0006)	(0.0003)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Consolidated Financial Report

for the Financial Year ended 30 June 2021

Consolidated Statement of Financial Position as at 30 June 2021

	Notes	Consolidated	
		2021	2020
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		2,020	37,894
Investments in listed securities	5	110,831	230,690
Other assets	6	14,512	19,318
Total Current Assets		127,363	287,902
Non-Current Assets			
Exploration and evaluation expenditure	19	2,492,882	2,068,417
Total Non-Current Assets		2,492,882	2,068,417
Total Assets		2,620,245	2,356,319
Liabilities			
Current Liabilities			
Trade and other payables	8	2,522,213	2,361,593
Interest bearing liabilities	9	2,303,263	1,431,572
Provisions	10	12,960	3,610
Total Current Liabilities		4,838,436	3,796,775
Non-Current Liabilities			
Interest bearing liabilities	9	5,939,988	6,241,031
Total Non-Current Liabilities		5,939,988	6,241,031
Total Liabilities		10,778,424	10,037,806
Net liabilities		(8,158,179)	(7,681,487)
Equity			
Issued capital	11	125,976,992	125,976,992
Accumulated losses	12	(134,135,171)	(133,658,479)
Total Deficiency		(8,158,179)	(7,681,487)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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Consolidated Statement of Cash Flows for the year ended 30 June 2021

	Notes	Consolidated 2021 \$	2020 \$
Operating activities			
Payments to suppliers and employees	15	(362,809)	(394,907)
Net cash used in operating activities		(362,809)	(394,907)
Investing activities			
Exploration and Evaluation expenditure		(133,054)	(697,144)
Proceeds from sale of share investments		9,989	356,462
Proceeds from sale of exploration assets		450,000	600,000
Net cash from investing activities		326,935	259,318
Net change in cash and cash equivalents		(35,874)	(135,589)
Cash and cash equivalents, beginning of year		37,894	173,483
Cash and cash equivalents, end of year		2,020	37,894

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Financial Report

for the Financial Year ended 30 June 2021

Consolidated Statement of Changes in Equity for the year ended 30 June 2021

CONSOLIDATED	Issued Capital \$	Accumulated Losses \$	Total Equity \$
At 1 July 2020	125,976,992	(133,658,479)	(7,681,487)
Loss for the period	-	(476,692)	(476,692)
Other comprehensive income	-	-	-
At 30 June 2021	125,976,992	(134,135,171)	(8,158,179)
At 1 July 2019	125,976,992	(133,422,632)	(7,445,640)
Loss for the period	-	(235,847)	(235,847)
Other comprehensive income	-	-	-
At 30 June 2020	125,976,992	(133,658,479)	(7,681,487)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Financial Report

for the Financial Year ended 30 June 2021

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021

1 Corporate Information

The financial report of Fox Resources Ltd for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 22 December 2022.

The financial statements cover the Group of Fox Resources Limited and its controlled entities. Fox Resources Ltd is a company limited by shares incorporated in Australia and is a public unlisted company. Fox Resources Ltd is a for-profit entity for the purposes of preparing the financial statements.

The nature of the operations and principal activities of Fox Resources Ltd is the exploration for minerals.

2 Summary of Significant Accounting Policies

(a) Basis of accounting

The consolidated general purpose financial statements of the Company have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accrual basis, except for cash flow information, and is based on historical costs with the exception of available for sale investments measured at fair value. This financial report has been presented in Australian dollars.

Fox Resources Ltd is the Group's Ultimate Parent Company. Fox Resources Ltd is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is 10 Abbotsford Street, West Leederville, Western Australia.

The consolidated financial statements for the year ended 30 June 2021 were approved and authorised for issue by the Board of Directors on 22 December 2022.

(b) New and revised standards that are effective for these financial statements

The Company has adopted all new or amended Accounting Standards and Interpretation issued by the AASB that are mandatory for the current reporting year. Any new or amended Accounting Standards or interpretations that are not yet mandatory have not been early adopted.

(c) Impact of standards issued but not yet applied

A number of new standards, amendments of standards and interpretation that have recently been issued but not yet effective have not been adopted by the Group as at the financial reporting date. The Group has reviewed these standards and interpretations and has determined that none of the new or amended standards will significantly affect the Group's accounting policies, financial position or performance.

(d) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2021. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that are not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(e) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that a non-financial asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(f) Investments and other financial assets

Recognition, and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments under AASB 9.

Impairment

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependant on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2')

'Stage 3' would cover financial assets that have been objective evidence of impairment at the reporting date.'

12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are expected shortfalls in contractual cash flows, considering the potential for default at any point during the lifetime of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate expected credit losses using a provision matrix.

**Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021**

(g) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the Consolidated Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts

(h) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(i) Revenue

Interest revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(j) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

1. except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
2. in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

1. except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
2. in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit or loss

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Rebates received for research and development tax concessions are recognised in the profit or loss.

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Areas in Exploration and Evaluation

Exploration and evaluation costs related to an area of interest are carried forward only when rights of tenure to the area of interest are current and provided that one of the following conditions is met:

- Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- Exploration and/or evaluation activities in the area of interest have not yet reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area are continuing.

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

(m) Provisions for Site Restoration

The Group records the present value of the estimated cost of legal and constructive obligations (such as those under the Group's Environmental Policy) to restore operating locations in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

(n) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the reporting period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(o) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised and as well as through the amortisation process.

(p) Earnings Per Share (“EPS”)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as the net profit attributable to members, adjusted for:

- Costs of servicing equity (other than dividends);
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes or expenses during the period that would result from the ordinary dilution of potential ordinary shares;

Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element

(q) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Where there is a change in an accounting estimate, the change shall be recognised prospectively by including it in profit or loss in the period of the change and in future periods, if the change affects both.

The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of capitalised exploration and evaluation expenditure and related project costs

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

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In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

For the period ended 30 June 2021 \$224,465 exploration and evaluation expenditure was capitalised, and \$233,647 was written off (2020: \$299,703 written off). The basis of the impairment was a value in use calculation based on current market data and costs of the tenements either surrendered during the year or approved and surrendered post the end of the financial year

Loans receivable from controlled entities

The carrying value of loans receivable from controlled entities is assessed on an annual basis. In the event that the carrying amount of loans exceeds the net assets of the controlled entities an impairment loss is to write down the carrying amount to equal the net assets of the controlled entities.

(s) Going concern

This financial report has been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. As at 30 June 2021 the Group has reported a loss after tax for the period of \$476,692, net cash outflows from operations of \$362,809 and net liabilities of \$8,158,179.

Directors and any associated director-related entities have continued to financially support the Group from the reporting date until the date of signing this financial report. Fox's major director-related creditor is Jungle Creek Gold Mines Pty Ltd ("Jungle Creek"), which was owed \$7,139,988 as at 30 June 2021. Mr Streeter will continue to financially support the Group until twelve months from the date of this financial report.

As at 30 June 2021 the Group holds \$2,020 cash on hand. The Group is committed to payments to maintain its rights over its exploration assets. As a result the Group has and expects further cash outflows from operating and investing activities in the next financial period. The ability of the Group to be able to continue as a going concern is thus dependent upon the Group being able to secure additional working capital as and when required. The Directors are satisfied that additional working capital has and will be secured as required and that it is appropriate to prepare the financial statements on a going concern basis based on the following:

- Fox as at 30 June 2021 held 900,000 shares in St George Mining Limited and 1.08m shares in Estrella Resources that have a fair value of \$80,112 at the date of this report;
- On 24 October 2022 the Company signed a mandate with a stockbroking company to provide pre initial public offering (IPO) capital for the proposed re-listing of the Company on the Australia Stock Exchange (ASX) providing the Company can achieve a capital structure that supports a re-listing;
- The Company received \$160,000 of the pre-IPO funds between November and December 2022 via a convertible note agreement relating to the mandate above;
- Managing all costs in line with management's forecasts;
- Continued support of the Company's directors to defer payments for loans and payables until such time the Company is able to settle these liabilities; and
- The completion of an anticipated initial public offering on the Australia Stock Exchange.

Based upon the above, the Board has reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and the Directors consider the going concern basis of preparation to be appropriate for this financial report.

In the event that the listing is unsuccessful or further capital is not raised, and as a result the Company are unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Company may have to reclassify non-current assets and non-current liabilities as current. No such adjustments have been made to these financial statements.

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**Notes to the Consolidated Financial Statements
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	Notes	Consolidated	
		2021	2020
Note 3 – Other income and financial costs		\$	\$
(a) Other Income			
Other income		78,247	132,020
Gain sale of Assets held for Sale		459,889	600,000
		538,136	732,020
(b) Revaluation (Loss)/Gain on fair value of listed securities			
		(119,438)	10,030
(c) Finance costs			
Interest on loan from director-related and other entities		356,290	352,622

	Notes	Consolidated	
		2021	2020
Note 4 – Income Tax		\$	\$
Reconciliation to income tax expense on accounting profit			
Accounting loss before income tax		(476,692)	(235,847)
Tax payable at the statutory income tax rate 27% (2020:27%)		(129,239)	(64,853)
Expenditure not allowable for income tax purposes:			
Tax losses not recognised		129,239	64,853
		-	-
Net Deferred Tax recognised arising on:			
Deferred tax assets			
Tax losses		510,000	510,000
Deferred tax liabilities			
Exploration and evaluation assets		510,000	510,000
Net deferred tax		-	-
Deferred Tax Asset not recognised arising on:			
Tax losses		37,806,878	37,806,878
Capital losses		-	-
		37,806,878	37,806,878

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Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 4 – Income Tax (Cont.)

The Group has tax losses arising in Australia of \$122,634,243 (2020: \$122,157,551) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. These losses are only available if the Group satisfies specific requirements in the tax year in which they were recouped.

Tax consolidation

For the purposes of income taxation, Fox Resources Limited and its 100% owned subsidiaries have formed a tax consolidated group in 2004. Fox Resources Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Tax effect accounting by members of the tax consolidated group

Tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences are recognised in the separate financial statements of the members of the tax consolidated group using the group allocation method. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax consolidated group).

Members of the tax consolidated group have entered into a tax funding agreement. Under the terms of the tax funding agreement, each member of the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other members of the tax consolidated group.

	Notes	Consolidated	
		2021	2020
Note 5 – Investments in listed securities		\$	\$
Listed investment in St George Mining Limited		50,196	230,690
Listed investment in Estrella Resources Limited		60,635	-
		110,831	230,690

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include the equity investment in St George Mining Limited and Estrella Resources Limited. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for it at FVOCI.

	Notes	Consolidated	
		2021	2020
Note 6 – Other Assets		\$	\$
Current			
Prepayments		3,342	12,365
Other assets		11,170	6,953
		14,512	19,318

Current other financial assets represent bonds for office premises and credit cards.

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Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 7 – Investment in controlled entities	Percentage owned		Class of share	Principal activity
	2021 %	2020 %		
Parent				
Fox Resources Limited				
Controlled Entities				
Newcity Corporation Pty Ltd	100	100	Ordinary	Mining & Exploration
Gascoyne Mines Pty Ltd	100	100	Ordinary	Mining & Exploration
Fox Energy Pty Ltd	100	100	Ordinary	Mining & Exploration
Fox Coal Pty Ltd	82	82	Ordinary	Mining & Exploration
Waterford Coal Pty Ltd	100	100	Ordinary	Mining & Exploration

All companies are incorporated in Australia.

Note 8 – Trade and other payables	Notes	Consolidated	
		2021	2020
		\$	\$
Current			
Trade creditors		49,439	163,839
Other creditors		2,472,774	2,197,754
Total Trade and other payables		2,522,213	2,361,593
Aggregate amounts payable to related parties (included above)			
Other related parties. (Refer to Note 16)		2,404,218	2,157,842

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value

Note 9 – Interest bearing liabilities	Notes	Consolidated	
		2021	2020
		\$	\$
Current			
Related party loans	(a)	2,303,263	1,431,572
Non - Current			
Related party loans	(a)	5,939,988	6,241,031

(a) Related and Third Party Loans

This relates to loans from Jungle Creek Gold Mines Pty Ltd, G East and B Garlick. Refer to full details at Note 16.

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Notes to the Consolidated Financial Statements for the year ended 30 June 2021

	Notes	Consolidated	
		2021	2020
Note 10 – Provisions		\$	\$
Current			
Employee entitlements		12,960	3,610
Movement in provisions			
At 1 July		3,610	-
Entitlements incurred		9,350	3,610
		12,960	3,610

	Notes	Consolidated	
		2021	2020
Note 11 – Contributed Equity		\$	\$
(a) Issued and paid up capital			
Ordinary shares fully paid		125,976,992	125,976,992
(b) Movement in shares on issue		2021	2020
		No.	No.
Balance at beginning of year		847,804,893	847,804,893
Total issued and paid up capital		847,804,893	847,804,893

(d) Detail of Share option issues

No options were issued in the 2021 financial year.

(e) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(f) Capital Management Policy

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues. As at 30 June 2021 working capital deficit was \$4,711,073 (2020: \$3,508,873). This is mainly caused by the level of short-term interest bearing liabilities

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Notes to the Consolidated Financial Statements for the year ended 30 June 2021

	Notes	Consolidated	
		2021	2020
Note 12 – Accumulated losses		\$	\$
Balance at beginning of year		(133,658,479)	(133,422,632)
Net profit/ (loss) for the period (as previously stated)		(476,692)	(235,847)
Balance at end of year		(134,135,171)	(133,658,479)

Note 13 - Commitments for Expenditure

Mineral Tenement Commitments

In accordance with the Queensland Department of Resources, the consolidated entity has obligations to pay tenement rentals and to perform minimum work on mineral tenements held. These obligations vary from time to time in accordance with the tenements held and are expected to be fulfilled in the normal course of operations of the consolidated entity so as to avoid forfeiture of any tenement.

	Notes	Consolidated	
		2021	2020
Minimum expenditure requirements		\$	\$
Not later than one year		18,750	25,000
Later than one year but not later than five years		192,970	110,000
Later than five years		-	50,000
		211,720	185,000

Exploration commitments relate to Bundaberg exploration assets.

	Notes	Consolidated	
		2021	2020
Note 14 – Remuneration of Auditors – Grant Thornton		\$	\$
Audit or review of the financial statements		25,000	61,685

	Notes	Consolidated	
		2021	2020
Note 15 – Cash flow information		\$	\$
(a) Reconciliation of net loss after tax to net cash flows from operations			
Net Loss		(476,692)	(235,847)
Non-Cash and investment Items			
Loss/ (profit) on sale of exploration assets		-	742,320
Exploration expenditure written off		233,647	-
Share revaluation loss / (profit)		119,859	10,030
Changes in Assets and Liabilities			
(Increase)/Decrease in Other financial assets		105,346	207,460
(Increase)/Decrease in Exploration assets		(239,919)	(291,164)
Increase/(Decrease) in accounts payable		(114,400)	(263,954)
Increase/(Decrease) in provisions		9,350	3,610
Net cash flows used in operating activities		(362,809)	(172,455)

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Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 16 – Related party transactions

Details of Fox Resources Limited's wholly-owned subsidiaries are included in Note 6.

Wholly-owned group transactions

Controlled entities made payments and received funds on behalf of Fox Resources Limited and other controlled entities by way of inter-company loan accounts with each controlled entity. These loans are unsecured, bear no interest and are repayable on demand; however, demand for repayment is not expected in the next twelve months.

Transactions with related parties

All transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. During the year the following transactions were entered into with related parties:

As at 30 June 2021, the Company owed Jungle Creek Gold Mines Pty Ltd, of which TEJ Streeter is a Director of the Company, \$7,139,988. The terms of the loans are that interest is accrued at a rate of 8% per annum with the loan (including accrued interest) repayable as per the individual loan agreements and each loan is for twelve months. The total interest accrued to Jungle Creek Pty Ltd as at 30 June 2021 is \$3,816,235. Under the terms of the agreement, Jungle Creek Gold Mines Pty Ltd may elect for the loan (including accrued interest) to be repaid, subject to shareholder approval, by the issue of shares. Jungle Creek Gold Mines Pty Ltd also has a security interest registered over the consolidated entity's Queensland coal tenements; this was waived in November 2018. Jungle Creek Gold Mines Pty Ltd agreed to extend the loans outstanding at year-end (\$7,139,988) and to continue to financially support the company until the earlier of the sale of the Queensland Coal tenements or 30 June 2022 provided funds are available to repay the loans.

As at 30 June 2021 the Company owed Garry East a Director of the Company \$638,737 including interest. The term of the loan is that interest is accrued at a rate of 8% per annum with the loan (including any accrued interest) repayable within one month. The loans remain unpaid at the date of this report. Mr East may elect for the loan (including accrued interest) to be repaid, subject to shareholder approval, by the issue of shares.

The Company entered into an agreement with Bruce Garlick a Director of the Company in July 2015 to which B Garlick loaned a total of \$250,000. The term of the loan is that interest is accrued at a rate of 8% per annum with the loan (including any accrued interest) repayable within one month. The loan remains unpaid at the date of this report, with the total balance at 30 June 2021 including interest being \$243,572. Mr Garlick may elect for the loan (including accrued interest) to be repaid, subject to shareholder approval, by the issue of shares

Key management personnel remuneration

	2021	2020
	\$	\$
Short-term benefits	448,950	483,570
Post-employment benefits	-	-
Share based payments	-	-
Total remuneration	<u>448,950</u>	<u>483,570</u>

Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

Note 17 – Financial Instruments

(a) Financial risk management policies and objectives

The Group's principal financial instruments comprise of hire purchase contracts, related party loans and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are cash flow, interest rate risk and liquidity risk, and the value of the shares held in St George Ltd ASX code SGQ, and Estrella Ltd ASX code ESR. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecasts for interest rate and foreign exchange. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 of the financial statements.

(b) Interest rate risk exposure

The consolidated entity's exposure to Interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates on classes of financial assets and financial liabilities is constantly analysed. Within this analysis consideration is given to potential renewals of existing positions and alternative financing. Financial assets and liabilities which are non-interest bearing have not been included in the analysis below. A sensitivity analysis table in relation to interest rate risk has been included at (f).

(c) Liquidity Risk

The responsibility of liquidity risk management rests with the Board of Directors. The Board manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short-term investments. The Group's liquidity needs can be met through a variety of sources including: cash generated from operations, short and long-term borrowings and issue of equity instruments. The Group's committed standby facilities contain no financial undertakings relating to interest cover and are not affected by a reduction in the Group's credit rating. Details of the Group and Company's non-derivative financial instruments according to their contractual maturities are in the table below. The amounts below included the principal and interest components of the interest-bearing liabilities which were determined based on the existing conditions at year end.

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for the Financial Year ended 30 June 2021

Notes to the Consolidated Financial Statements
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Note 17 – Financial Instruments (cont.)

30 June 21 CONSOLIDATED	Maturing				Total
	< 1 year	1 to 3 Years	3 to 5 Years	Over 5 Years	
	\$	\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	2,020	-	-	-	2,020
Trade and other receivables	-	-	-	-	-
Other financial assets	110,831	2,492,882	-	-	2,603,713
Total Financial Assets	112,851	2,492,882	-	-	2,605,733,
Financial Liabilities at Amortised Cost					
Trade and other payables	2,463,619	-	-	-	2,463,619
Related party loan	2,303,263	5,939,988	-	-	8,243,251
Total Financial Liabilities	4,766,882	5,939,988	-	-	10,706,870

30 June 2020 CONSOLIDATED	Maturing				Total
	< 1 year	1 to 3 Years	3 to 5 Years	Over 5 Years	
	\$	\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	37,894	-	-	-	37,894
Trade and other receivables	-	-	-	-	-
Other financial assets	230,690	2,290,869	-	-	2,521,559
Total Financial Assets	268,584	2,290,869	-	-	2,559,453
Financial Liabilities at Amortised Cost					
Trade and other payables	2,361,591	-	-	-	2,361,591
Related party loan	1,431,572	6,241,031	-	-	7,672,603
Total Financial Liabilities	3,793,163	6,241,031	-	-	10,034,194

Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

Note 17 – Financial Instruments (cont.)

(d) Net Fair Values

The fair value of all the Group's financial instruments recognised in the financial statements approximates or equals their carrying amounts.

The net fair values of other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value.

For other assets and other liabilities the net fair value approximates their carrying value except for investments in controlled entities held at cost.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

The business purpose of the financial assets is to provide working capital. The business purpose of the financial liabilities is to provide operational finance.

(e) Credit Risk

The consolidated entity's maximum exposure to credit risk at balance date is the carrying amount of the recognised financial assets net of any provision for doubtful debts.

Credit risk arises from potential failure of counterparties to meet their obligations under the respective contracts at maturity. The Group is exposed to credit risk from its operating activities, financing activities including deposits with banks and foreign exchange transactions.

At balance sheet date the consolidated entity has an exposure to loss in the event counterparties fail to settle on contracts which are favourable to the consolidated entity. This exposure to loss is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Trade receivables are non-interest bearing and are settled within 14 - 30 days. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. There are no receivables that are considered impaired and therefore no impairment loss has been recognised by the Group in the current year (2019: nil).

(f) Sensitivity Analysis

The following tables summarise the sensitivity of the Group's financial assets and liabilities to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post-tax profit and equity including retained earnings would have been affected as shown. The analysis has been performed on the same basis for 2020 and 2019. The following assumptions in relation to market movements have been made in the sensitivity analysis.

Interest rate risk: +1% and -1%. Based on historical rates for the past 5 years, management considers that 100 basis points is a "reasonably possible" estimate for movements in interest rates for the next 12 months.

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Notes to the Consolidated Financial Statements
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Note 17 – Financial Instruments (cont.)

Consolidated 30-Jun-21	Carrying Amount	Interest Rate Risk -1%		Interest Rate Risk 1%	
		Profit \$	Equity \$	Profit \$	Equity \$
Financial Assets					
Cash & cash equivalents	2,020	(20)	(20)	20	20
Trade & other receivables	-	-	-	-	-
Other financial assets	110,831	-	-	-	-
Financial Liabilities					
Trade and other payables	2,463,619	-	-	-	-
Total increase/(decrease)		(20)	(20)	20	20
Consolidated 30-Jun-20	Carrying Amount	Interest Rate Risk -1%		Interest Rate Risk 1%	
		Profit \$	Equity \$	Profit \$	Equity \$
Financial Assets					
Cash & cash equivalents	37,894	(378)	(378)	378	378
Trade & other receivables	-	-	-	-	-
Other financial assets	230,690	-	-	-	-
Financial Liabilities					
Trade and other payables	2,361,594	-	-	-	-
Total increase/(decrease)		(378)	(378)	378	378

Foreign exchange risk is not applicable to the Group as all financial assets and liabilities are held in AUD.

(i) Capital Risk Management

The Group's capital management objectives are:

- To safeguard the business as a going concern; and
- To maximise returns to shareholders.

The Group may issue new shares or sell assets to reduce debts in order to maintain the optimal capital structure.

The Group also monitors balance sheet strength and flexibility using cash flow forecast analysis and detailed budgeting processes.

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Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Note 18 – Exploration and Evaluation Expenditure

For the 30 June 2021 financial year the Company holds a 40.95% interest in the Bundaberg Coking Coal Project assets that covers tenements EPC 1523, EPC 2195, and EPC 2196.

	Notes	Consolidated	
		2021	2020
Movement in assets classified as exploration		\$	\$
Balance at beginning of year		2,068,417	1,700,000
Add:			
Add: Capitalised expenditure		325,451	299,704
Add: Purchase of asset		200,000	-
Add: Impairment reversals		-	291,165
Less: Sale of asset		(100,986)	(222,452)
Balance at end of year		2,492,882	2,068,417

The carrying value of the Group's interest in exploration and evaluation expenditure is dependent upon the continuance of the Group's rights to tenure of the areas of interest and the results of future exploration and recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

Note 19 – Loss per share

	Notes	Consolidated	
		2021	2020
		\$	\$
Basic and diluted loss per share – cents		2,068,417	1,700,000
Loss used in calculating basic and diluted loss per share		(476,692)	(235,847)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted loss per share		847,804,893	847,804,893
Weighted number of options outstanding		-	-
Less: anti-dilutive options		-	-
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share		847,804,893	847,804,893

Note 20 – Fair value measurement of non-financial assets

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** Inputs other than quoted prices included within **Level 1** that are observable for the asset or liability, either directly or indirectly
- **Level 3:** Unobservable inputs for the asset or liability

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Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021

Note 20 – Fair value measurement of non-financial assets (cont.)

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2021 and 30 June 2020:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2021				
Financial assets				
Listed shares	110,831	-	-	-
Total assets	110,831	-	-	-
Net fair value	110,831	-	-	-
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2020				
Financial assets				
Listed shares	230,690	-	-	-
Total assets	230,690	-	-	-
Net fair value	230,690	-	-	-

Note 21 – Contingent Liability

Fox Resources Ltd has an agreement with the lessor of the office premises that on the sale of the Project a payment will be made as part of an agreement to defer rent. The contingent liability is \$48,000; if the Project is not sold the contingent liability is extinguished. Covid rent relief of \$1,500 per month from 1 August 2021 will be repaid on the sale of the project.

Note 22 – Events occurring after balance sheet date

On 24 October 2022 the Company signed a mandate with a stockbroking company to provide pre initial public offering (IPO) capital for the proposed re-listing of the Company on the Australia Stock Exchange (ASX) providing the Company can achieve a capital structure which supports this.

The Company's directors Mr.T.Streeter and Mr. B.Garlick along with former director Mr.G.East have agreed in principle to sign either a Deed of Settlement or a Royalty for the amounts owing to them or their respective Companies. The deed was signed on 11 February 2022.

On 5 July 2021 Fox Coal Pty Ltd (Fox) raised \$250,000 by issuing one Convertible Note totalling \$250,000 to Zimprops Coal Pty Ltd (Zimprops). The Convertible Note is repayable by 27 October 2022 at 5% interest.

On the 14 March 2022 Fox raised \$50,000 by issuing one Convertible Note of \$50,000 to Zimprops. The note is repayable on the 27 October 2022 at 5% interest.

Zimprops will receive 4.43% per cent and 2.04% per cent respectively of the share capital in Fox if the convertible notes above has not been paid by the maturity date. Fox has converted the Convertible Notes into shares under the following terms six fully paid up shares, and three fully paid up shares respectively..

On 24 May 2022 Zimprops provided an advance of \$50,000 to Fox at 5% to meet future project expenditure. The terms of the advance are as follows:; to fund future project expenditure.

Consolidated Financial Report

for the Financial Year ended 30 June 2021

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021

Note 22 – Events occurring after balance sheet date

On 2 October 2019 the Company made an application to the Queensland Department of Resources for Exploration Permit Contract (EPC 1523) to be upgraded to a Mineral Development License (MDLA 3040). This would allow the Company to conduct further studies which increase the certainty of the development of a coking coal project. On 4 April 2022 The Minister of Resources in Queensland declined the application on the basis the Mineral Development License was not in the public interest. The Company disagrees with the Minister's finding, and has referred the matter to the Queensland Supreme Court.

Note 23 – Parent entity information

Information relating to Fox Resources Ltd (“the parent entity”)

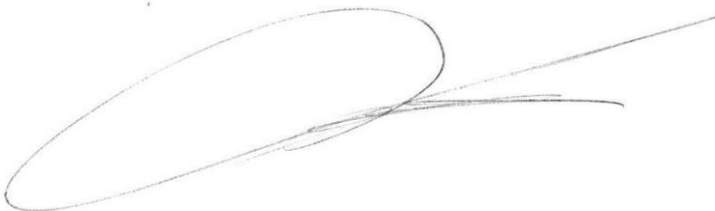
	2021	2020
	\$	\$
Statement of Financial Position		
Current Assets	127,363	2,356,319
Total Assets	2,620,245	2,356,319
Current Liabilities	4,838,436	3,796,775
Total Liabilities	10,778,424	10,037,806
Net Assets	(8,158,179)	(7,681,487)
Issued Capital	125,976,992	125,976,992
Accumulated losses	(134,135,171)	(133,658,479)
Total Equity	(8,158,179)	(7,681,487)
Statement of profit or loss and other comprehensive income		
Loss for the year	(469,962)	(235,847)
Total comprehensive loss	(469,962)	(235,847)

DIRECTOR'S DECLARATION

In the Directors' opinion:

1. In the opinion of the Directors of Fox Resources Ltd:
 - (a) The consolidated financial statements and notes of Fox Resources Ltd are in accordance with the Corporations Act 2001, including:
 - a. Giving a true and fair view of its financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
 - b. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) There are reasonable grounds to believe that Fox Resources Ltd will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2021.
3. Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



TERRY STREETER
NON EXECUTIVE CHAIRMAN

Dated the 21st of December 2022 at Perth, Western Australia.

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Auditor's Independence Declaration

To the Directors of Fox Resources Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Fox Resources Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



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Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 21 December 2022

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Independent Auditor's Report

To the Members of Fox Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Fox Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(s) in the financial statements, which indicates that the Group incurred a net loss of \$476,692 during the year ended 30 June 2021, and as of that date, the Group's total liabilities exceeded its total assets by \$8,158,179. As stated in Note 2(s), these events or conditions, along with other matters as set forth in Note 2(s), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.



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Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 21 December 2022