



ABN 44 079 902 499

## **FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED  
31 DECEMBER 2020**

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## **COMPANY INFORMATION**

### **Directors**

|                |   |
|----------------|---|
| Mr T Streeter  | Non-Executive Chairman/Director                     |
| Ms 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         |

### **Company Secretary**

Mr B Garlick

### **Registered Office**

10 Abbotsford Street  
West Leederville WA 6007  
Telephone: (08) 9318 5600  
Facsimile: (08) 9328 1380  
ABN: 44 079 902 499

### **Share Registry**

Advanced Share Registry Limited  
110 Stirling Highway  
Nedlands WA 6009  
Telephone: (08) 9389 8033  
Facsimile: (08) 9389 7871

### **Lawyers**

Gilbert + Tobin  
Level 16, Brookfield Place Tower 2  
123 St Georges Terrace  
Perth WA 6000

### **Bankers**

Bank West  
300 Murray Street  
Perth  
Western Australia 6000

### **Auditors**

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

### **Website**

[www.foxresources.com.au](http://www.foxresources.com.au)

## **DIRECTORS' REPORT**

The Directors of Fox Resources Ltd ('Fox Resources') present their Report together with the financial statements of the Consolidated Entity, being Fox Resources Ltd ('the Company') and its Controlled Entities ('the Group') for the half-year ended 31 December 2020.

### **Director details**

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   |
| Ms 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, Company Secretary |

## **REVIEW OF OPERATIONS**

### ***Exploration***

Exploration activities are focused on tenement maintenance with all exploration assets classified as held for sale. The Board continue to seek the sale of assets EPC1523, EPC 2195, EPC 2196 and funding opportunities for acquisitions of mining exploration projects.

### ***Financial and Corporate***

As at 31 December 2020 the Group reported all exploration and evaluation assets relating to EPC 1523, EPC 2195, and EPC 2196 as held for sale in accordance with the Directors intention to market the asset for sale. Fox Resources Ltd purchased 50% of the shares in Gen Resources Pty Ltd, which owns the neighbouring tenements EPC 2195, and EPC 2196. This was funded by Zimprops Coal Pty Ltd via a Facility Agreement which gives Zimprops security over the tenements. Zimprops Coal Pty Ltd signed a convertible note to purchase five shares in Fox Coal Pty Ltd for \$250,000.

As at 31 December 2020 the Group has reported a loss after tax for the period of \$554,694 (2019: \$603,591), net cash outflows from activities of \$145,699 (2019: \$197,338) and a net working capital deficit of \$2,447,599 (2019: \$2,546,690), and deficiency in net assets of \$8,236,192 (2019: \$8,049,231).

### **Events Subsequent To Reporting Date**

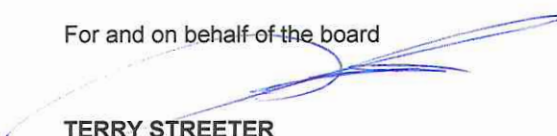
Fox Resources Ltd sold four shares in Fox Coal Pty Ltd on the 18<sup>th</sup> March 2021 for \$200,000, resulting in Fox Resources owning 81.91% of Fox Coal Pty Ltd. On the 5<sup>th</sup> July 2021 Fox Resources Ltd signed a Convertible Note Deed with Zimprops Coal Pty Ltd to sell 6 shares in Fox Coal Pty Ltd for \$250,000 which will be converted into shares on the 25<sup>th</sup> June 2022, unless Fox Resources Ltd has repaid the Convertible Notes by that date. The interest rate on the Convertible Note is 5 percent.

On the 5<sup>th</sup> November 2021 the Minister of Resources made a preliminary unfavourable finding on Fox's Mineral Development Project Application 3040 (MDLA3040), on the grounds that the application is not in the public interest. Fox disagrees with this preliminary assessment and has submitted further information to reverse this preliminary finding.

## **AUDITOR INDEPENDENCE**

Section 307C of the Corporations Act 2001 requires the lead auditor from the Company's auditors, Grant Thornton Audit Pty Ltd, to provide the directors with a written Independence Declaration in relation to their review of the financial report for the half year ended 31 December 2020. A copy of the declaration is attached to this report.

For and on behalf of the board



**TERRY STREETER**  
NON-EXECUTIVE CHAIRMAN  
Dated: 8 March 2022

**CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

|  | Note | Consolidated<br>31 December 2020<br>\$ | 31 December 2019<br>\$ |
|--|------|--|------------------------|
| Other income                                   | 3    | 78,246                                 | 132,017                |
| Gain on the sale of assets                     |      | 11,000                                 | -                      |
| Financial investments revaluation (loss)/gain  |      | (54,072)                               | 50,150                 |
| Staffing costs                                 |      | (22,623)                               | (79,350)               |
| Consulting expenses                            |      | (45,112)                               | (190,698)              |
| Rental expenses                                |      | (15,005)                               | (41,606)               |
| Insurance expenses                             |      | (12,676)                               | (15,844)               |
| Legal expenses                                 |      | (19,672)                               | (5,900)                |
| Accounting and audit fees                      |      | (14,646)                               | (32,575)               |
| Printing, stationary and postage               |      | -                                      | (862)                  |
| Share registry and exchange expense            |      | (3,395)                                | (2,086)                |
| Exploration expenditure written off            |      | (254,105)                              | (220,869)              |
| Other expenses                                 |      | (23,112)                               | (17,980)               |
| Finance costs                                  |      | (179,524)                              | (177,988)              |
| <b>Loss before income tax</b>                  |      | <b>(554,694)</b>                       | <b>(603,591)</b>       |
| Income tax benefit                             |      | -                                      | -                      |
| <b>Loss from continuing operations</b>         |      | <b>(554,694)</b>                       | <b>(603,591)</b>       |
| <b>Loss for the period</b>                     |      | <b>(554,694)</b>                       | <b>(603,591)</b>       |
| Other comprehensive income                     |      | -                                      | -                      |
| <b>Total comprehensive loss for the period</b> |      | <b>(554,694)</b>                       | <b>(603,591)</b>       |

*The above statement should be read in conjunction with notes to the financial statements*



**CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

|                                      | Note | Consolidated<br>31 December 2020<br>\$ | 30 June 2020<br>\$ |
|--------------------------------------|------|--|--------------------|
| <b>CURRENT ASSET</b>                 |      |  |                    |
| Cash and cash equivalents            |      | 23,045                                 | 37,894             |
| Trade and other receivables          |      | 35,207                                 | 19,318             |
| Investment in listed securities      | 8    | 180,390                                | 230,690            |
|                                      |      | <u>238,643</u>                         | <u>287,902</u>     |
| Assets classified and held for sale  | 4    | 2,269,325                              | 2,068,417          |
| <b>TOTAL ASSETS</b>                  |      | <u>2,507,968</u>                       | <u>2,356,319</u>   |
| <b>CURRENT LIABILITIES</b>           |      |  |                    |
| Trade and other payables             | 5    | 2,382,136                              | 2,361,593          |
| Interest bearing liabilities         | 6    | 2,510,293                              | 1,431,572          |
| Provisions                           |      | 63,138                                 | 3,610              |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <u>4,955,567</u>                       | <u>3,796,775</u>   |
| <b>NON-CURRENT LIABILITIES</b>       |      |  |                    |
| Interest bearing liabilities         | 6    | 5,788,593                              | 6,241,031          |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <u>5,788,593</u>                       | <u>6,241,031</u>   |
| <b>TOTAL LIABILITIES</b>             |      | <u>10,744,160</u>                      | <u>10,037,806</u>  |
| <b>NET ASSETS</b>                    |      | <u>(8,236,192)</u>                     | <u>(7,681,487)</u> |
| <b>EQUITY</b>                        |      |  |                    |
| Issued capital                       | 7    | 125,976,992                            | 125,976,992        |
| Accumulated losses                   |      | (134,213,184)                          | (133,658,479)      |
| <b>TOTAL EQUITY</b>                  |      | <u>(8,236,192)</u>                     | <u>(7,681,487)</u> |

*The above statement should be read in conjunction with notes to the financial statements*

## CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

|   | Consolidated<br>31 December<br>2020<br>\$ | 31 December<br>2019<br>\$ |
|---|---|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |   |                           |
| Receipts from customers   | 99,547                                    | -                         |
| Payments to suppliers and employees                               | (245,246)                                 | (197,338)                 |
| <b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>                | <b>(145,699)</b>                          | <b>(197,338)</b>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |   |                           |
| Payments for exploration activities                               | (119,150)                                 | (309,417)                 |
| Proceeds from sale of share investments                           | 250,000                                   | 355,753                   |
| <b>NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>            | <b>130,850</b>                            | <b>46,336</b>             |
| Net (decrease) / increase in cash and cash equivalents            | (14,849)                                  | (151,002)                 |
| Cash and cash equivalents at the beginning of the financial year  | 37,894                                    | 173,483                   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b> | <b>23,045</b>                             | <b>22,481</b>             |

*The above statement should be read in conjunction with notes to the financial statements*

## CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

| Consolidated           | Notes | Issued<br>Capital<br>\$ | Accumulated<br>Losses<br>\$ | Total<br>\$ |
|------------------------|-------|-------------------------|-----------------------------|-------------|
| Balance at 1 July 2020 |       | 125,976,992             | (133,658,489)               | (7,681,477) |
| Loss for the period    |       | -                       | (554,694)                   | (554,694)   |
| Comprehensive loss     |       | -                       | -                           | -           |
| At 31 December 2020    |       | 125,976,992             | (134,213,183)               | (8,236,192) |
| Balance at 1 July 2019 |       | 125,976,992             | (133,422,632)               | (7,445,640) |
| Loss for the period    |       | -                       | (603,591)                   | (603,591)   |
| Comprehensive loss     |       | -                       | -                           | -           |
| At 31 December 2019    |       | 125,976,992             | (134,026,223)               | (8,049,231) |

*The above statement should be read in conjunction with notes to the financial statements.*



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### 1. CORPORATE INFORMATION

The financial report of Fox Resources Ltd for the half year ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on 8 March 2022.

Fox Resources Ltd is a company limited by shares incorporated in Australia.

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2020 and are presented in Australian Dollar (\$AUD). These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2019 and any public announcements made by the Group during the half-year in accordance with the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 8 March 2022.

#### Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2020.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

#### Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2020.

### 3. OTHER INCOME AND FINANCIAL COSTS

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

|   | Notes | Consolidated   |                |
|---|-------|----------------|----------------|
|   |       | 31 Dec 2020    | 31 Dec 2019    |
|   |       | \$             | \$             |
| <b>(a) Other Income</b>                                   |       |                |                |
| Sundry income   |       | 89,246         | 132,017        |
|   |       | <u>89,246</u>  | <u>132,017</u> |
| <b>(b) Finance costs</b>                                  |       |                |                |
| Interest on loan from director-related and other entities |       | 179,524        | 177,988        |
|   |       | <u>179,524</u> | <u>177,988</u> |

### 4. ASSETS CLASSIFIED AS HELD FOR SALE

|   | Notes | Consolidated     |                  |
|---|-------|------------------|------------------|
|   |       | 31 Dec 2020      | 31 Dec 2019      |
|   |       | \$               | \$               |
| <b>Movements in assets as held for sale</b> |       |                  |                  |
| Balance at beginning of the period          |       | 1,700,000        | 1,700,000        |
| Add: Capitalised expenditure                |       | 369,325          | -                |
| Add: Purchase                               |       | 200,000          | -                |
| Balance at end of the period                |       | <u>2,269,325</u> | <u>1,700,000</u> |

### 5. TRADE AND OTHER PAYABLES

|                              |                  |                  |
|------------------------------|------------------|------------------|
| Trade Creditors              | 77,415           | 541,886          |
| Director's fees              | 2,281,030        | 2,034,654        |
| Other                        | 23,690           | (8,736)          |
| Balance at end of the period | <u>2,382,135</u> | <u>2,567,804</u> |

### 6. INTEREST BEARING LIABILITIES CURRENT

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| Convertible Note Zimprops Pty Ltd   | 250,000          | -                |
| Facility Agreement Zimprops Pty Ltd | 200,000          | -                |
| Loan Jungle Creek Pty Ltd           | 1,200,000        | 1,200,000        |
| Loan G. East                        | 622,673          | 590,188          |
| Loan B.Garlick                      | 237,620          | 225,588          |
| Balance at end of the period        | <u>2,510,293</u> | <u>2,015,776</u> |

**(a) Terms and Conditions Interest Bearing Current Liabilities**

Fox Resources Ltd signed a Convertible Note Deed with Zimprops Pty Ltd to sell 6 shares in Fox Coal Pty Ltd for \$250,000 which will be converted into shares on the 25<sup>th</sup> June 2022, unless Fox Resources Ltd has repaid the Convertible Notes by that date. The interest rate on the Convertible Note is 5 percent.

The Facility Agreement Zimprops Pty Ltd relates to the purchase by Fox Resources Ltd of 50% of the shares in Gen Resources Pty Ltd, which owns the neighbouring tenements EPC 2195, and EPC 2196. This was funded by Zimprops Coal Pty Ltd via a Facility Agreement which gives Zimprops security over the tenements.

Fox Resources Ltd has entered into current unsecured loans at an interest rate of 8 per cent with Jungle Creek Pty Ltd, G.East and B.Garlick.

**7. CONTRIBUTED EQUITY**

|                                       | Notes | Consolidated       |                    |
|---------------------------------------|-------|--------------------|--------------------|
|                                       |       | 31 Dec 2020        | 31 Dec 2019        |
|                                       |       | No.                | No.                |
| <b>(a) Issued and paid up capital</b> |       |                    |                    |
| Number of ordinary shares on issue    |       | <u>847,804,893</u> | <u>847,804,893</u> |
|                                       |       |                    |                    |
|                                       |       | 31 Dec 2020        | 31 Dec 2019        |
|                                       |       | \$                 | \$                 |
| <b>(b) Ordinary shares fully paid</b> |       | <u>125,976,992</u> | <u>125,976,992</u> |

**5. EVENTS SUBSEQUENT**

Fox Resources Ltd sold 19 shares in Fox Coal Pty Ltd on the 14<sup>th</sup> April 2021, resulting in Fox Resources owning 81.91% of Fox Coal Pty Ltd. The total proceeds for the two tranches were \$450,000. On the 5th July 2021 Fox Resources Ltd signed a Convertible Note Deed with Zimprops Coal Pty Ltd to sell 6 shares in Fox Coal Pty Ltd for \$250,000 which will be converted into shares on the 25<sup>th</sup> June 2022, unless Fox Resources Ltd has repaid the Convertible Notes by that date. The interest rate on the Convertible Note is 5 percent.

On the 5<sup>th</sup> November 2021 the Minister of Resources made a preliminary unfavourable finding on Fox's Mineral Development Project Application 3040 (MDLA3040), on the grounds that the application is not in the public interest. Fox disagrees with this preliminary assessment and will submit further information to reverse this preliminary finding



## 6. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, 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 (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs)

The Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2020 and 31 December 2019 on a recurring basis are as follows:

|                                  | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
|----------------------------------|-------------------|-------------------|-------------------|-----------------|
| <b>31 December 2020</b>          |                   |                   |                   |                 |
| <b>Assets</b>                    |                   |                   |                   |                 |
| Listed securities and debentures | 180               | -                 | -                 | 180             |
| <b>Total</b>                     | <b>180</b>        | <b>-</b>          | <b>-</b>          | <b>180</b>      |
| <b>Net fair value</b>            | <b>180</b>        | <b>-</b>          | <b>-</b>          | <b>180</b>      |
| <b>31 December 2019</b>          |                   |                   |                   |                 |
| <b>Assets</b>                    |                   |                   |                   |                 |
| Listed securities and debentures | 270               | -                 | -                 | 270             |
| <b>Total</b>                     | <b>270</b>        | <b>-</b>          | <b>-</b>          | <b>270</b>      |
| <b>Net fair value</b>            | <b>270</b>        | <b>-</b>          | <b>-</b>          | <b>270</b>      |

### Measurement of fair value of financial instruments

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a Listed securities, debentures and money market funds

Fair values have been determined by reference to their quoted bid prices at the reporting date.

## 7. RELATED PARTY INFORMATION

### 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 31 December 2020, the Company owed Jungle Creek Gold Mines Pty Ltd, of which TEJ Streeter is a Director, \$6,988,593, including accrued interest of \$3,172,358. The terms of the loan is that interest is accrued at a rate of 8% per annum with the loan (including accrued interest) repayable within one month. The loans remain unpaid at the date of this report, with the total balance at 31 December 2019 including interest being \$6,682,458. Jungle Creek 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 had a security interest registered over the consolidated entity's Queensland coal tenements; this was discharged in November 2018.

Jungle Creek Gold Mines Pty Ltd agreed to extend the loans outstanding at 31 December 2020 (\$6,988,593), and to continue to defer repayment of the loan until there are surplus funds available to repay the loans, and interest.

As at 31 December 2020 the Company owed Garry East a former Director of the Company \$622,672 including accrued interest of \$217,733. 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, with the total balance at 31 December 2019 including interest being \$590,188. Mr East may elect for the loan (including accrued interest) to be repaid, subject to shareholder approval, by the issue of shares. Mr East agreed to extend the loans outstanding at 31 December 2020 (\$622,672), and to continue to defer repayment of the loan until there are surplus funds to repay the loans, and interest.

As at 31 December 2020 the company owed Bruce Garlick a Director of the Company \$237,620 including accrued interest of \$87,621. 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, with the total balance at 31 December 2019 including interest being \$225,588. Mr Garlick may elect for the loan (including accrued interest) to be repaid, subject to shareholder approval, by the issue of shares. . Mr Garlick agreed to extend the loans outstanding at 31 December 2020 (\$237,620), and to continue to defer repayment of the loan until there are surplus funds to repay the loans, and interest.

#### **Other related party transactions:**

At 31 December 2020, the following amounts were payable to directors and ex directors for directors' fees:

T E J Streeter: \$1,435,053: including \$115,839 relates to superannuation contribution).

G East: \$563,812, including \$49,865 relates to superannuation contribution).

B M Garlick: \$262,800, including \$22,216 relates to superannuation contribution).

L da' Silva: \$19,364, including \$2,611 relates to superannuation contribution).

There were no other related party transactions during the period.

Mr Streeter, Mr East, and Mr Garlick agreed to continue to defer repayment of the directors' fees until there are surplus funds to repay the fees.

## **8. 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 31 December 2020 the Group has reported a loss after tax for the period of \$554,694 (2019: \$603,591), net cash outflows from activities of \$145,699 (2019: \$197,338) and a net working capital deficit of \$2,447,598 (2019: \$2,546,690), and deficiency in net assets of \$8,236,192 (2019: \$8,049,231)

In addition to the above, given the Directors confirmation to defer repayments of related party debts the ability of the Group to continue as a going concern is additionally supported by the following:

- Fox Resources Ltd sold 19 shares in Fox Coal Pty Ltd on the 14<sup>th</sup> April 2021, resulting in Fox Resources owning 81.91% of Fox Coal Pty Ltd. The total proceeds for the two tranches were \$450,000. On the 5<sup>th</sup> July 2021 Fox Resources Ltd signed a Convertible Note Deed with Zimprops Coal Pty Ltd to sell 6 shares in Fox Coal Pty Ltd for \$250,000 which will be converted into shares on the 25<sup>th</sup> June 2022, unless Fox Resources Ltd has repaid the Convertible Notes by that date. The interest rate on the Convertible Note is 5percent.
- If required the Group has the ability to further sell down their shares in Zimprops Coal Pty Ltd (subject to market conditions);

- The Group as at 31 December 2020 held one million six thousand shares (1,006,000) in St George Mining Limited. The market value of these shares as at 31 December 2020 was \$105,630. In addition the Company held one million and sixty eight thousand shares (1,068,000) in Estrella Resources Ltd. The market value of these shares as at 31 December 2020 was \$74,760. The shares have been progressively sold to fund working capital and exploration programs on the company's coal asset EPC 1523.

Based on the Directors continued financial support and confirmation that cash inflows generated from the activities detailed above will be utilised for exploration and evaluation of existing assets, prospecting and exploring new projects and working capital, the Directors of the Group are confident the financial report is prepared on a going concern basis.

Furthermore, the impacts of the COVID-19 coronavirus outbreak, which occurred subsequent to period-end, is uncertain. However, it is possible that there will be subdued activity during the year.

In the event that the Group is unable to raise additional working capital, if required, or the value of the shares described above materially decreases in value and if the Group is unable to sell shares in the Project, there is significant uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern. The financial statements do not include adjustments relating to the recoverability and classification of the recorded assets amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.



## **DIRECTORS' DECLARATION**

In the opinion of the Directors of Fox Resources Ltd:

1. The consolidated financial statements and notes of Fox Resources Ltd are in accordance with the Corporations Act 2001, including:
  - (i) Giving a true and fair view of its financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
  - (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**TERRY STREETER**  
NON-EXECUTIVE CHAIRMAN

Dated: 8 March 2022

## 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 review of Fox Resources Limited for the half-year ended 31 December 2020, 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.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



L A Stella  
Partner – Audit & Assurance

Perth, 8 March 2022

# Independent Auditor's Review Report

## To the Members of Fox Resources Limited

### Report on the review of the half-year financial report

#### Conclusion

We have reviewed the accompanying half-year financial report of Fox Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Fox Resources Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Fox Resources Limited financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Material uncertainty related to going concern

We draw attention to Note 8 in the financial report, which indicates that the Group incurred a net loss of \$554,694 during the half year ended 31 December 2020 and, as of that date, the Group's net working capital deficit of \$2,447,598 as at 31 December 2020. As stated in Note 8, these events or conditions, along with other matters as set forth in Note 12, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### Directors' responsibility for the half-year financial report

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

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



L A Stella  
Partner – Audit & Assurance

Perth, 8 March 2022