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31 January 2024

Fox Resources Ltd Shareholder Update

Dear Shareholders,

Announcement - Fox Resources Limited

Fox Resources Limited (Fox) is pleased to advise that the audited accounts for the Half Year ended 31 December 2022 have been finalised, please refer below.

For media queries, contact Anthony Fensom on 0407 112 623.

A handwritten signature in black ink that reads "B. M. Garlick". The signature is written in a cursive, flowing style.

Bruce Garlick

Company Secretary



ABN 44 079 902 499

FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
31 DECEMBER 2022**

CONTENTS	Page
Directors' Report	1
Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Cash Flows	5
Consolidated Statement of Changes in Equity	6
Notes to the Financial Statements	7
Directors' Declaration	14
Auditor's Independence Declaration	15
Auditor's Report	16

Directors

Mr.T.Streeter	Non-Executive Director (Resigned Chairman 9/6/2023, Reappointed Chairman 24/7/2023)
Mr Roy Young	Non-Executive Director (Appointed 24 July 2023)
Mr. B Garlick	Executive Director (Resigned 9/6/2023, Reappointed 24 July 2023)
Ms C da Silva	Non-Executive Director (Appointed 14/2/2022, Resigned 9/6/2023)
Mr G East	Non-Executive Director (Resigned 11/2/2022)
Mr. S Formica	Non-Executive Director (Appointed 9/6/2023, Resigned 24/7/2023)
Mr. E King	Non-Executive Director (Appointed 9/6/2023, Resigned 24/7/2023)
Mr. D Wheeler	Non-Executive Chairman/Director(Appointed 6/3/2023, Appointed Chairman 9/6/2023, Resigned 24 July 2023)

Chief Executive Officer
B Garlick

Company Secretary
B Garlick

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Share Registry
Advanced Share Registry Ltd
110 Stirling Highway
Nedlands
Western Australia 6009

WEBSITE ADDRESS

Bankers
Bankwest
300 Murray Street
Perth
Western Australia 6000

Auditors
Hall Chadwick Audit (WA) Pty Ltd
283 Rokeby Road
Subiaco
Western Australia 6008

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

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COMPANY INFORMATION

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 2022.

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 Director (Resigned Chairman 9/6/2023, Reappointed Chairman 24/7/2023)
Mr Roy Younge	Non-Executive Director (Appointed 24 July 2023)
Mr. B Garlick	Executive Director (Resigned 9/6/2023, Reappointed 24 July 2023)
Ms C da Silva	Non-Executive Director (Appointed 14/2/2022, Resigned 9/6/2023)
Mr G East	Non-Executive Director (Resigned 11/2/2022)
Mr. S Formica	Non-Executive Director (Appointed 9/6/2023, Resigned 24/7/2023)
Mr. E King	Non-Executive Director (Appointed 9/6/2023, Resigned 24/7/2023)
Mr. D Wheeler	Non-Executive Chairman/Director (Appointed 6/3/2023, Appointed Chairman 9/6/2023, Resigned 24 July 2023)

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the six months ended 31 December 2022 was the exploration for coking coal.

FINANCIAL RESULTS

The loss of the consolidated entity after providing for income tax amounted to \$92,499 (2021: loss of \$120,553).

DIVIDENDS

No dividends were declared for the six months ended 2022 (2021: nil).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than disclosed elsewhere in the financial report, there were no significant changes in the situation during the period under review.

OPERATIONS REVIEW

Exploration

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

FINANCIAL REVIEW

As at 31 December 2022 the Group has reported a loss after tax for the period of \$92,499 (2021 loss \$120,553), net outflows from activities of \$194,133 (2021 \$190,919), and a deficiency in net working capital of \$4,880,161 (2021 \$4,816,390)

Events Subsequent to Reporting Date

The Mineral Development Licence Application 3040 will be resubmitted to the Department of Resources for approval, by the 22nd January 2024, following the ruling mentioned below in Fox's favour by the Queensland Supreme Court.

On the 6th January 2024 Zimprops Coal Pty Ltd which is a subsidiary owned by Mr Roy Younge agreed to enter into a loan agreement with Fox Resources Ltd for \$70,000 repayable in 6 months' at 8% interest. On the 6th January 2024 Mr T.Streeter agreed to loan Fox Resources Ltd \$80,000 repayable in 6 months at 8% interest.

On the 12th December 2023 the Queensland Government refunded Fox Resources legal fees amounting to \$90,000. This was as a result of a ruling on the 29th September 2023 by the Queensland Supreme Court that the Mineral Development Licence Application 3040 (MDLA3040), should be reviewed again by the Minister.

On 23rd November 2023 the 2022 Annual General Meeting was held and the following resolutions were approved: Bruce Garlick was re-elected as an Executive Director, and Roy Young was re-elected as a Non-Executive Director.

On the 2nd October 2023 Ms.L da Silva agreed to loan Fox Resources Ltd \$50,000 to assist with the cash flow repayable in twelve months. On the 2nd October 2023 Zimprops Coal Pty Ltd a subsidiary of Mr Roy Younge agreed to enter into a convertible loan with Fox Coal Pty Ltd for \$50,000 repayable in 12 months' at 8% interest.

On 24 July 2023 Ms.L da Silva agreed to loan Fox Resources Ltd \$50,000 repayable in twelve months, at 8% interest, to assist with the cash flow. On the 24th July 2023 Zimprops Coal Pty Ltd which is a subsidiary owned by Mr Roy Younge agreed to enter into a convertible loan with Fox Coal Pty Ltd for \$50,000 repayable in twelve months' at 8% interest

On 6 March 2023 the Annual General Meeting was held and the following resolutions were approved: Terry Streeter and Carla da Silva were re-elected as Non-Executive Directors, David Wheeler was elected as a Non-Executive Director, the issued capital of the Company will be consolidated on the basis that every 44.1817 fully paid ordinary Shares in the capital of the Company will be consolidated into one fully paid ordinary Share, resulting in 19,189,749 shares on issue, and Hall Chadwick Audit (WA) Pty Ltd were appointed as the auditors of Fox Resources Ltd replacing Grant Thornton Audit Pty Ltd.

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). Due to current adverse market and IPO sentiment, it is anticipated that a new IPO will be finalised in mid-2024 subject to market conditions. Provided this is successfully completed funding will be raised as part of the IPO that will allow Fox Resources Ltd to re-list on the ASX. The Company has repaid \$170,000 of the amount advanced by the stockbroker, and the balance, \$80,000 will be repaid on the 31 March 2024. Interest at 10% will be charged on the \$80,000 from 1 January 2024. Zimprops Coal Pty Ltd has paid \$70,000 of this repayment, and Jungle Creek Pty Ltd will pay \$80,000 by the 31 March 2024.

The Company directors Mr.T.Streeter, and Mr. B.Garlick, and a former director Mr.G.East have agreed in principle to sign a Deed of Settlement for the amounts owing to them or their respective Companies. The deed will be effective from 11 February 2022, and Performance Shares will be issued to them, provided the new IPO proceeds in mid-2024.

Likely Developments and Expected Results

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

AUDITOR INDEPENDENCE

Section 307C of the Corporations Act 2001 requires the lead auditor from the Company's auditors, Hall Chadwick Audit (WA) 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 2022. A copy of the declaration is attached to this report.

For and on behalf of the board



TERRY STREETER
NON-EXECUTIVE CHAIRMAN

Dated: 31 January 2024

**CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	Notes	Consolidated 31 December 2022 \$	31 December 2021 \$
Other income	3 (a)	6,614	5,157
Unrealised (loss) on the sale of shares		(2,881)	(28,021)
Employee expense		-	(25,353)
Consultancy expenses		(12,530)	(25,722)
Rental expenses		(21,000)	(4,497)
Insurance expense		(2,694)	(3,040)
Legal expenses		(24,415)	2,768
Accountancy and audit fees		(9,000)	(2,194)
Share registry and exchange expenses		(3,538)	(668)
Exploration expenditure written off		-	-
Other expenses		(17,988)	(2,149)
Finance costs	3 (b)	(5,067)	(36,834)
Profit/(Loss) before income tax		(92,499)	(120,553)
Income tax benefit		-	-
Profit/(Loss) from continuing operation		(92,499)	(120,553)
Profit/(Loss) after income tax expense for the year		(92,499)	(120,553)
Other Comprehensive Income			
Other comprehensive income for the year, net of tax		-	-
Total Comprehensive profit/(loss) for the year		(92,499)	(120,553)

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

Consolidated Statement of Financial Position as 31 December 2022

	Notes	Consolidated	
		31 December 2022	30 June 2022
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		55,364	50,309
Investments in listed securities		39,633	42,516
Other assets		6,371	6,670
Total Current Assets		101,368	99,495
Non-Current Assets			
Exploration and evaluation expenditure	4,13	6,353,142	5,905,596
Total Non-Current Assets		6,353,142	5,905,596
Total Assets		6,454,510	6,005,091
Liabilities			
Current Liabilities			
Trade and other payables	5	3,100,737	2,908,244
Interest bearing liabilities	6	1,850,355	1,977,424
Provisions		30,437	30,217
Total Current Liabilities		4,981,529	4,915,885
Non-Current Liabilities			
Interest bearing liabilities	6	7,104,703	6,928,419
Total Non-Current Liabilities		7,104,703	6,928,419
Total Liabilities		12,086,232	11,844,304
Net liabilities		(5,631,722)	(5,839,213)
Equity			
Issued capital	8	125,976,992	125,976,992
Accumulated losses	13	(131,908,714)	(131,816,205)
Equity attributable to the owner of the Company		(5,931,722)	(5,839,213)
Non-Controlling Interest	6(ii)	300,000	-
Total Deficiency		(5,631,722)	(5,839,213)

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

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Consolidated 31 December 2022	31 December 2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	5,680	45,979
Payments to suppliers and employees	(199,813)	(236,898)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(194,133)	(190,919)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration activities	(15,812)	(27,816)
Proceeds from sale of share investments	-	250,000
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	(15,812)	222,184
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from financing activities	215,000	-
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	215,000	-
Net (decrease) / increase in cash and cash equivalents	5,055	31,265
Cash and cash equivalents at the beginning of the financial year	50,309	2,020
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	55,364	33,285

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 2022**

Consolidated	Notes	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2022	13	125,976,992	(131,816,215)	(5,839,223)
Loss for the period		-	(92,499)	(92,499)
At 31 December 2022		125,976,992	(131,908,714)	(5,931,722)
Balance at 1 July 2021	13	125,976,992	(131,321,551)	(5,344,559)
Loss for the period		-	(120,553)	(120,553)
At 31 December 2021		125,976,992	(131,442,104)	(5,465,112)

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 2022

1. CORPORATE INFORMATION

The financial report of Fox Resources Ltd for the half year ended 31 December 2022 was authorised for issue in accordance with a resolution of the directors on 31 January 2024.

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 2022 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 2022 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 31 January 2024.

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 2022.

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 2022.

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 2022	31 Dec 2021
		\$	\$
(a) Other Income			
Sundry income		6,614	5,157
		<u>6,614</u>	<u>5,157</u>
(b) Finance costs			
Interest on loan from director-related and other entities		5,067	36,834
		<u>5,067</u>	<u>36,834</u>

4. NON-CURRENT ASSETS

	Notes	Consolidated	
		31 Dec 2022	30 June 2022
		\$	\$
Movements in Exploration assets			
Balance at beginning of the period		5,905,576	5,306,502
Add: Capitalised expenditure		447,566	599,094
Balance at end of the period		<u>6,353,142</u>	<u>5,905,596</u>

5. TRADE AND OTHER PAYABLES

Trade Creditors and other payables	325,443	156,309
Director's fees	2,775,294	2,751,935
Total Current Liabilities	<u>3,100,737</u>	<u>2,908,244</u>

6. INTEREST BEARING LIABILITIES

(a) Current

Loan Attvest	7,864	3,250
Convertible Note Zimprops Pty Ltd (ii)	-	284,455
Facility Agreement Zimprops Pty Ltd	238,919	238,919
Facility Agreement CPS Pty Ltd	160,000	-
Loan Jungle Creek Pty Ltd	1,200,000	1,200,000
Loan B.Garlick	243,572	250,800
Balance at end of the period	<u>1,850,355</u>	<u>1,977,424</u>

(ii) Convertible Notes were satisfied by the issue of 6 shares
In Fox Coal Pty Ltd.

(b) Non-Current		
Jungle Creek Pty Ltd	6,399,191	6,245,287
Loan B.Garlick	18,097	12,000
Loan G.East	687,415	671,132
Balance at the end of the period	<u>7,104,703</u>	<u>6,928,419</u>

(a) Terms and Conditions Interest Bearing Current Liabilities

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.

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). Due to current adverse market and IPO sentiment, it is anticipated that a new IPO will be finalised in mid-2024. Once this is successfully completed funding will be raised as part of the new IPO that will allow Fox Resources Ltd to re-list on the ASX. The Company has repaid \$170,000 of the amount advanced by the stockbroker, and the balance, \$80,000 will be repaid on the 31 March 2024. Interest at 10% will be charged on the \$80,000 from 1 January 2024. Zimprops Coal Pty Ltd has paid \$70,000 of this repayment, and Jungle Creek Pty Ltd will pay \$80,000 by the 31 March 2024.

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. 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.

8. CONTRIBUTED EQUITY

	Notes	Consolidated	
		31 Dec 2022	30 June 2022
		No.	No.
(a) Issued and paid-up capital			
Number of ordinary shares on issue		<u>847,804,893</u>	<u>847,804,893</u>
(b) Ordinary shares fully paid			
		31 Dec 2022	30 June 2022
		\$	\$
		<u>125,976,992</u>	<u>125,976,992</u>

9. EVENTS SUBSEQUENT

The Mineral Development Licence Application 3040 will be resubmitted to the Department of Resources for approval, by the 22nd January 2024, following the ruling mentioned below in Fox's favour by the Queensland Supreme Court.

On the 6th January 2024 Zimprops Coal Pty Ltd which is a subsidiary owned by Mr Roy Younge agreed to enter into a loan agreement with Fox Resources Ltd for \$70,000 repayable in 6 months' at 8% interest. On the 6th January 2024 Mr T.Streeter agreed to loan Fox Resources Ltd \$80,000 repayable in 6 months at 8% interest.

On the 12th December 2023 the Queensland Government refunded Fox Resources legal fees amounting to \$90,000. This was as a result of a ruling on the 29th September 2023 by the Queensland Supreme Court that the Mineral Development Licence Application 3040 (MDLA3040), should be reviewed again by the Minister.

On 23rd November 2023 the 2022 Annual General Meeting was held, and the following resolutions were approved: Bruce Garlick was re-elected as an Executive Director, and Roy Young was re-elected as a Non-Executive Director.

On the 2nd October 2023 Ms.L da Silva agreed to loan Fox Resources Ltd \$50,000 to assist with the cash flow repayable in twelve months. On the 2nd October 2023 Zimprops Coal Pty Ltd a subsidiary of Mr Roy Younge agreed to enter into a convertible loan with Fox Coal Pty Ltd for \$50,000 repayable in 12 months' at 8% interest.

On 24 July 2023 Ms.L da Silva agreed to loan Fox Resources Ltd \$50,000 repayable in twelve months, at 8% interest, to assist with the cash flow. On the 24th July 2023 Zimprops Coal Pty Ltd which is a subsidiary owned by Mr Roy Younge agreed to enter into a convertible loan with Fox Coal Pty Ltd for \$50,000 repayable in twelve months' at 8% interest

On 6 March 2023 the Annual General Meeting was held and the following resolutions were approved: Terry Streeter and Carla da Silva were re-elected as Non-Executive Directors, David Wheeler was elected as a Non-Executive Director, the issued capital of the Company will be consolidated on the basis that every 44.1817 fully paid ordinary Shares in the capital of the Company will be consolidated into one fully paid ordinary Share, resulting in 19,189,749 shares on issue, and Hall Chadwick Audit (WA) Pty Ltd were appointed as the auditors of Fox Resources Ltd replacing Grant Thornton Audit Pty Ltd.

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). Due to current adverse market and IPO sentiment, it is anticipated that a new IPO will be finalised in mid-2024 subject to market conditions. Provided this is successfully completed funding will be raised as part of the IPO that will allow Fox Resources Ltd to re-list on the ASX. The Company has repaid \$170,000 of the amount advanced by the stockbroker, and the balance, \$80,000 will be repaid on the 31 March 2024. Interest at 10% will be charged on the \$80,000 from 1 January 2024. Zimprops Coal Pty Ltd has paid \$70,000 of this repayment, and Jungle Creek Pty Ltd will pay \$80,000 by the 31 March 2024.

The Company directors Mr.T.Streeter, and Mr. B.Garlick, and a former director Mr.G.East have agreed in principle to sign a Deed of Settlement for the amounts owing to them or their respective Companies. The deed will be effective from 11 February 2022, and Performance Shares will be issued to them, provided the new IPO proceeds in mid- 2024.

The Company directors Mr.T.Streeter, and Mr. B.Garlick, and a former director Mr.G.East have agreed in principle to sign a Deed of Settlement for the amounts owing to them or their respective Companies. The deed will be effective from 11 February 2022, and Performance Shares will be issued to them, if the IPO proceeds.

10. 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 2022 and 31 December 2021 on a recurring basis are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2022				
Assets				
Listed securities and debentures	40	-	-	40
Total	40	-	-	40
Net fair value	40	-	-	40
31 December 2021				
Assets				
Listed securities and debentures	180	-	-	180
Total	180	-	-	180
Net fair value	180	-	-	180

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.

11. 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 2022, the Company owed Jungle Creek Gold Mines Pty Ltd, of which T.Streeter is a Director, \$7,599,191, (31 December 2021 \$7,293,892) including accrued interest of \$3,782,956 (31 December 2021 \$3,477,657). The term 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, and 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 agreed to extend the loans outstanding at 31 December 2022, 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 2022 the Company owed Garry East a former Director of the Company \$687,463 (31 December 2021 \$655,068) including accrued interest of \$282,523 (31 December 2021 \$250,128). 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. Mr East agreed to extend the loans outstanding at 31 December 2022 and to continue to defer repayment of the loan until there are surplus funds to repay the loans, and interest.

As at 31 December 2022 the company owed Bruce Garlick a Director of the Company \$261,621 (31 December 2021 \$262,800) including accrued interest of \$111,621 (31 December 2021 \$99,621). 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, 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 2022 and to continue to defer repayment of the loan until there are surplus funds to repay the loans, and interest.

During the period Convertible Notes were satisfied by the issue of shares to Zimprops Coal Pty Ltd, Mr Roy Younge is a Director, and major shareholder of this Company.

Other related party transactions:

At 31 December 2022, the following amounts were payable to directors and ex directors for directors' fees:

T E J Streeter: \$1,765,054:(including \$152,554 relates to superannuation contribution).

G East: \$655,701,(including \$60,860 relates to superannuation contribution).

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

L da' Silva: \$91,739 (including \$10,846 relates to superannuation contribution).

There were no other related party transactions during the period.

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

12. 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 2022 the Group has reported a loss after tax for the period of \$92,499 (2021: loss \$120,553), net cash outflows from activities of \$194,133 (2021: \$190,919) and a deficiency in net working capital of \$4,880,161 (2021: \$4,816,390).

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:

- On the 29th September 2023 the Queensland Supreme Court ruled that the Mineral Development Licence Application 3040 (MDLA3040), should be reviewed again by the Minister. The Queensland Government has refunded Fox \$90,000 in legal fees.
- Mr T.Streeter agreed to loan Fox Resources Ltd \$80,000 repayable in 6 months at 8% interest.
- Ms L da Silva has loaned Fox Resources Ltd \$100,000 repayable in 12 months at 8% interest.
- If required the Group has the ability to further sell down their shares in Fox Coal Pty Ltd (subject to market conditions), Mr Roy Younge has entered into a loan agreement \$70,000 for six months at 8% interest, and two Convertible Notes for shares in Zimprops Coal Pty Ltd for \$100,000, at 8% interest.
- The Group intends subject to market conditions in mid-2024 sign a Pre-IPO funding agreement with a Broker to fund the submission to re-list Fox Resources Ltd on the ASX, followed by a capital raising.
- The Group as at 31 December 2022 held 1,175,300 shares in Corazon Mining Ltd. The market value of these shares as at 31 December 2022 was \$24,681. In addition, the Company held 1,068,000 thousand shares in Estrella Resources Ltd. The market value of these shares as at 31 December 2022 was \$14,952. 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.

13. Restatement of Comparatives

13. Restatement of Comparatives

As disclosed in the Directors report, the company has entered into a mandate with a stockbroking company to provide pre IPO funding to assist the company in its re listing on the Australian Stock Exchange. It is now not the Group's intention to dispose of the asset and will continue to explore and develop the asset. In accordance with AASB 5 as the asset no longer meets the classification as held for sale the asset was re classified at June 30 2021 from held for sale to Exploration and Evaluation Expenditure and will be accounted for in accordance with the Requirements of AASB 6 - Exploration for and Evaluation of Mineral Resources. At the time of issuing the 30 June 2021 Financial Statements, the Board had not had sufficient time to reinstate the carrying value of the asset to represent the true costs incurred on the project. The board has now determined the costs the following adjustments are required.

Exploration and evaluation expenditure as at June 30 2021	\$2,492,882
Reinstatement	<u>\$2,813,620</u>
	\$5,306,502
Accumulated Losses as at June 30 2021	(\$134,135,171)
Reinstatement	<u>\$2,813,620</u>
Accumulated Losses July 1 2021	\$(131,321,551)

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 2022 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: 31 January 2024

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FOX RESOURCES LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Fox Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and 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 half-year financial report of Fox Resources Limited and Controlled Entities 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 2022 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *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* 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.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Fox Resources Limited 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 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 for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Consolidated Entity's financial position as at 31 December 2022 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.



HALL CHADWICK WA AUDIT PTY LTD



MICHAEL HILLGROVE CA
Director

Dated this 31st day of January 2024
Perth, Western Australia