



ABN 44 079 902 499

FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
31 DECEMBER 2019**

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COMPANY INFORMATION

Directors

Mr T Streeter	Non-Executive Chairman/Director
Mr G East	Non-Executive Director
Mr B Garlick	Executive Director, Chief Financial Officer

Company Secretary

Mr B Garlick

Registered Office

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Lawyers

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St Martins, Level 23,
44 St Georges Terrace
Perth, WA 6000

Gilbert + Tobin
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Bankers

Bank West
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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

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 2019.

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
Mr G East	Non-Executive Director
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 asset EPC1523 and funding opportunities for acquisitions of mining exploration projects.

Financial and Corporate

As at 31 December 2019 the Group reported all exploration and evaluation assets relating to EPC 1523 as held for sale in accordance with the Directors intention to market the asset for sale.

As at 31 December 2019 the Group has reported a loss after tax for the period of \$603,591 (2019: \$708,240), net cash outflows from activities of \$197,338 (2019: \$570,139) and a net working capital deficit of \$2,546,690 (2019: \$2,119,382), and deficiency in net assets of \$8,049,231 (2019: \$7,445,640).

Events Subsequent To Reporting Date

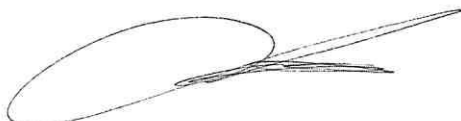
On the 20th March 2020 Fox Coal Pty Ltd sold 10% of its shares to Zimprops Coal Pty Ltd for \$600,000. At the completion of the transaction Fox Coal Pty Ltd's interest in the tenement EPC 1523 reduced to 40%.

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Australia. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies and, as such, the Company is unable to determine if it will have a material impact to its operations.

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 2019. A copy of the declaration is attached to this report.

For and on behalf of the board



TERRY STREETER
NON-EXECUTIVE CHAIRMAN

Dated: 28 July 2020

**CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Note	Consolidated 31 December 2019 \$	31 December 2018 \$
Other income	3	132,017	735
Financial investments revaluation gain / (loss)		50,150	(160,125)
Staffing costs		(79,350)	(99,605)
Consulting expenses		(190,698)	(131,573)
Rental expenses		(41,606)	(22,352)
Insurance expenses		(15,844)	(8,666)
Legal expenses		(5,900)	(16,257)
Accounting and audit fees		(32,575)	(3,765)
Printing, stationary and postage		(862)	(457)
Share registry and exchange expense		(2,083)	-
Exploration expenditure written off		(220,869)	(36,987)
Other expenses		(17,980)	(47,750)
Finance costs	3	(177,988)	(181,437)
Loss before income tax		(603,591)	(708,240)
Income tax benefit		-	-
Loss from continuing operations		(603,591)	(708,240)
Loss for the period		(603,591)	(708,240)
Other comprehensive income		-	-
Total comprehensive loss for the period		(603,591)	(708,240)

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

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	Consolidated 31 December 2019 \$	30 June 2019 \$
CURRENT ASSET			
Cash and cash equivalents		22,481	173,483
Trade and other receivables		23,516	-
Investment in listed securities	8	270,810	457,469
		<u>316,807</u>	<u>630,952</u>
Assets classified and held for sale	4	1,700,000	1,700,000
TOTAL CURRENT ASSET		<u>2,016,808</u>	<u>2,330,952</u>
TOTAL ASSETS		<u>2,016,808</u>	<u>2,330,952</u>
CURRENT LIABILITIES			
Trade and other payables		2,567,804	2,454,640
Interest bearing liabilities		1,995,694	1,995,694
TOTAL CURRENT LIABILITIES		<u>4,563,498</u>	<u>4,450,334</u>
NON-CURRENT LIABILITIES			
Interest bearing liabilities		5,502,541	5,326,258
TOTAL NON-CURRENT LIABILITIES		<u>5,502,541</u>	<u>5,326,258</u>
TOTAL LIABILITIES		<u>10,066,039</u>	<u>9,776,592</u>
NET ASSETS		<u>(8,049,231)</u>	<u>(7,445,640)</u>
EQUITY			
Issued capital	5	125,976,992	125,976,992
Accumulated losses		(134,026,223)	(133,422,632)
TOTAL EQUITY		<u>(8,049,231)</u>	<u>(7,445,640)</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 2019

	Consolidated 31 December 2019 \$	31 December 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	735
Payments to suppliers and employees	(197,338)	(570,874)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(197,338)	(570,139)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration activities	(309,417)	(36,987)
Proceeds from sale of share investments	355,753	430,600
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	46,336	393,613
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	178,300
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	-	178,300
Net (decrease) / increase in cash and cash equivalents	(151,002)	1,774
Cash and cash equivalents at the beginning of the financial year	173,483	8,261
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	22,481	10,035

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 2019

Consolidated	Notes	Issued Capital \$	Accumulated Losses \$	Total \$
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)
Balance at 1 July 2018		125,976,992	(131,628,119)	(5,651,127)
Profit for the period		-	(708,240)	(708,240)
Comprehensive loss		-	-	-
Asset revaluation		125,976,992	(132,336,359)	(6,359,367)
At 31 December 2018		125,976,992	(130,918,955)	(3,411,718)

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 2019

1. CORPORATE INFORMATION

The financial report of Fox Resources Ltd for the half year ended 31 December 2019 was authorised for issue in accordance with a resolution of the directors on 28 July 2020.

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 2019 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 28 July 2020.

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 2019.

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 2019.

3. REVENUE, INCOME AND EXPENSES

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

	Notes	Consolidated	
		31 Dec 2019	31 Dec 2018
		\$	\$
(a) Other Income			
Sundry income		132,017	735
		<u>132,017</u>	<u>735</u>
(b) Finance costs			
Interest on loan from director-related and other entities		177,988	181,437
		<u>177,988</u>	<u>181,437</u>

4. ASSETS CLASSIFIED AS HELD FOR SALE

	Notes	Consolidated	
		31 Dec 2019	31 Dec 2018
		\$	\$
Movements in assets as held for sale			
Balance at beginning of the period		1,700,000	1,700,000
Less: Sale of exploration assets		-	-
Balance at end of the period		<u>1,700,000</u>	<u>1,700,000</u>

5. CONTRIBUTED EQUITY

	Notes	Consolidated	
		31 Dec 2019	31 Dec 2018
		No.	No.
(a) Issued and paid up capital			
Number of ordinary shares on issue		847,804,893	847,804,893
		<u>847,804,893</u>	<u>847,804,893</u>
		31 Dec 2019	31 Dec 2018
		\$	\$
Ordinary shares fully paid		125,976,992	125,976,992
		<u>125,976,992</u>	<u>125,976,992</u>

5. CONTRIBUTED EQUITY

(c) 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.

(d) 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 Groups 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.

6. EVENTS SUBSEQUENT

On the 20th March 2020 Fox Coal Pty Ltd sold 10% of its shares to Zimprops Coal Pty Ltd for \$600,000. At the completion of the transaction Fox Coal Pty Ltd's interest in the tenement EPC 1523 reduced to 40% (2018: 50%).

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Australia. The spread of COVID-19 has caused significant volatility in Australian. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies and, as such, the Company is unable to determine if it will have a material impact to its operations.

7. SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating decision makers) in assessing performance and determining the allocation of resources. The Company is managed on the basis it is a mineral exploration company operating in the geographical region of Australia, mainly in Western Australia with additional tenements held in Queensland. The mineral assets held via outright ownership or joint ventures are considered one business. Decisions are made on a prospectivity basis, not a geographical or commodity basis.

8. 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 2019 and 31 December 2018 on a recurring basis are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2019				
Assets				
Listed securities and debentures	270	-	-	270
Total	270	-	-	270
Net fair value	270	-	-	270
31 December 2018				
Assets				
Listed securities and debentures	457	-	-	457
Total	457	-	-	457
Net fair value	457	-	-	457

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.

9. 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 2019, the Company owed Jungle Creek Gold Mines Pty Ltd, of which TEJ Streeter is a Director, \$6,682,458. 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 31 December 2019 is \$2,866,223. 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 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 2019 (\$6,682,458), 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 2019 the Company owed Garry East a Director of the Company \$590,188 including interest of \$185,249. 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 2018 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.

As at 31 December 2019 the company owed Bruce Garlick a Director of the Company \$225,588 including interest of \$75,587. 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.

Other related party transactions:

At 31 December 2019, the following amounts were payable to directors and ex directors for directors' fees:

T E J Streeter: \$1,270,803: including \$108,714 relates to superannuation contribution).

G East: \$481,687, including \$42,740 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.

10. 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 2019 the Group has reported a loss after tax for the period of \$603,591 (2019: \$708,240), net cash outflows from activities of \$197,338 (2019: \$570,139) and a net working capital deficit of \$2,546,690 (2019: \$2,119,382), and deficiency in net assets of \$8,049,231 (2019: \$7,445,640)

As at 31 December 2019 the Group reported current liabilities of \$4,563,498 of which \$3,522,596 is owed to directors Mr Streeter being \$2,450,720 (2018: \$2,388,679) and Mr East being \$1,071,876 (2018: \$1,014,483) and their related parties. Mr Streeter and Mr East have confirmed they will continue to defer repayment of these balances in addition to long term borrowings owed to Mr Streeter totalling \$5,502,541 for a period of at least twelve (12) months from the date of signing of the financial report. Loans and accrued director's fees owned to Mr Garlick totalling \$488,388 (2018: 482,338) continued to be deferred at the discretion of Mr Garlick who may also elect to convert the loan and accrued interest into share upon shareholder approval.

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:

- The Group's subsidiary Fox Coal Pty Ltd sold 10% of its shares to Zimprops Coal Pty Ltd for \$600,000 cash on the 20th March 2020, resulting in an ownership reduction in the Group's coal mining asset EPC 1523 to 40%. 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 2019 held two (2) million shares in St George Mining Limited. The market values of these shares as at 31 December 2019 are \$270,810, and 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.

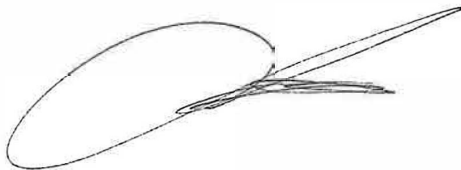
In the event that the Group is unable to raise additional working capital, if required, or the value of the shares described above materially decreases in value and if the Group is unable to sell shares in the Project, there is significant uncertainty as to whether the Group will be able to meet its 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 2019 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:

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line and a small flourish.

TERRY STREETER
NON-EXECUTIVE CHAIRMAN

Dated: 28 July 2020

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 2019, 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, 28 July 2020

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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 condensed statement of financial position as at 31 December 2019, and the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed 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, nothing has come to our attention that causes us to believe that the half year financial report of Fox Resources Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 9 in the financial report, which indicates that the Group incurred a net loss of \$603,591 during the half year ended 31 December 2019, as of that date, the Group's reported cash outflows from operating activities of \$197,338 and the Group reported a deficiency of total assets of \$8,049,231. We also draw attention to Note 9 in the financial statements. As stated in Note 9, the continued uncertainty surrounding the COVID-19 coronavirus and its impact on the Group's operations. As stated in Note 9, these events or conditions, along with other matters as set forth in Note 9, 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.

Emphasis of matter – COVID-19

We draw attention to Note 6 of the financial report, which describes the circumstances relating to the material subsequent event regarding COVID-19 and the uncertainty surrounding any potential financial impact on the financials. Our opinion 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 2019 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*. As the auditor of Fox Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 28 July 2020