



ABN 44 079 902 499

## **FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED  
31 DECEMBER 2015**

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## **COMPANY INFORMATION**

### **Directors**

Mr G East	Non-Executive Director, appointed Non-Executive Chairman 12 May 2017, resigned as Non-Executive Chairman 10 November 2017
Mr B Garlick	Executive Director, Chief Financial Officer
Ms L Da' Silva	Non-Executive Director, appointed 12 May 2017, resigned 10 November 2017
Mr D Cooper	Appointed Non-Executive Chairman 10 April 2017, resigned 11 May 2017
Mr T Streeter	Non-Executive Chairman – resigned 10 April 2017, reappointed 10 November 2017

### **Company Secretary**

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  
150 Stirling Highway  
Nedlands WA 6009  
Telephone: (08) 9389 8033  
Facsimile: (08) 9389 7871

### **Lawyers**

**Armeli & Maloney**  
Level 3.1008 Hay Street  
Perth, WA 6000

### **Bankers**

Bank West  
108 St Georges Terrace  
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 2015.

### **Director details**

The following persons were directors of Fox Resources Limited for the duration of the half-year and up to the date of this report (unless otherwise stated):

Mr G East	Non-Executive Director, appointed Non-Executive Chairman 12 May 2017, resigned as Non-Executive Chairman 10 November 2017
Mr B Garlick	Executive Director, Chief Financial Officer
Ms L Da' Silva	Non-Executive Director, appointed 12 May 2017, resigned 10 November 2017
Mr D Cooper	Appointed Non-Executive Chairman 10 April 2017, resigned 11 May 2017
Mr T Streeter	Non-Executive Chairman – resigned 10 April 2017, reappointed 10 November 2017

## **REVIEW OF OPERATIONS AND FINANCIAL RESULTS**

### ***Mining Activities***

The Radio Hill underground mine remained under care and maintenance during the half year and up until the date of this report.

### ***Processing Activities***

During the December 2015 half year and up until the date of this report, processing activities at Radio Hill remained suspended.

### ***Exploration***

Exploration activities are focused on tenement maintenance with all exploration assets classified as held for sale.

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

The Group placed all of its exploration and tangible assets for sale in the 30 June 2015 financial year. The net deficit position of \$5,817,495 continues to be financially supported by the Directors up until the date of this report.

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

On the 16 December 2016 Fox Resources Limited signed an agreement with Artemis Resources Ltd to purchase Fox Radio Hill Pty Ltd for \$3.5m in cash to be settled on the 31 March 2017. Subsequently Fox Resources Limited signed a revised agreement with Artemis Resources Ltd on the 12 May 2017 to sell Fox Radio Hill Pty Ltd for the issue of 28 million shares in Artemis Resources Ltd and Artemis to assume creditors in the amount of \$920,731, to be settled within eight weeks. In addition, Fox Resources Ltd has signed a service contract with Artemis Resources Ltd to provide ongoing services at Fox Radio Hill Pty Ltd.

In May 2017 Fox also entered an agreement with Artemis Resources Ltd, which will provide \$1,000,000 in service revenue:

- \$400,000 has already been received at the date of signing this report;
- \$200,000 payable in July;
- \$100,000 per month thereafter from August 2017 until November 2017;

On the 20 December 2016 Fox Resources Limited signed an agreement to sell 50% of the coking coal tenement EPC 1523 to Zimprops Pty Ltd for \$0.9m. Zimprops can sell their 50% of EPC 1523 back to Fox for \$1.5m at the earlier of the following events – the inferred resource increases by 50mt, or by the 22 June 2018. A Joint Venture will be formed if no election is made by Zimprops.

Fox then signed a Share Sale Agreement ("SSA") on 28 November 2017 to sell all of the shares in a new subsidiary of Fox, which is to hold the remaining 50% interest in Bundaberg EPC 1523 coking coal tenements after the Zimprops sale, to Bundaberg Coal Pty Ltd. Fox will receive \$1,775,000 in cash or 8,875,000 shares at 20 cents per share in a new listed entity (which effectively owns all of EPC 1523, amongst other tenements), or a combination of cash and shares at Fox's election. Fox's share of the consideration payable under the SSA, the entity which will own its interest in EPC 1523, will increase in proportion to the potential increase in the coking coal resource from the current drilling program. Assuming Fox's share increases by 25Mt of coking coal resource then Fox will receive \$1,963,500 in cash or 9,817,500 shares at 20 cents per share in the new listed entity, or a combination of cash and shares at Fox's election.

Directors and any associated director-related entities have continued to financially support the company from the reporting date until the date of signing this financial report. This is reflected in the increase in interest bearing liabilities since the previous reporting period on the Statement of Financial Position. Fox's major director-related creditor is Jungle Creek Gold Mines Pty Ltd ("Jungle Creek"), which was owed \$6,438,074 as at 31 December 2014. Jungle Creek was placed into administration early 2017, however Fox obtained a Deed of Forbearance ("DOF") from the administrators of Jungle Creek. Under the DOF the administrators have agreed to provide Fox a forbearance period of 12 months until 12 May 2018 in exchange for \$1.2 million in Artemis shares from the Artemis sale agreement plus \$250,000. This was subsequently settled in 2017 with the administrators of Jungle Creek, Jungle Creek was released from administration and Mr Streeter was re-elected Non-Executive Chairman of Fox Resources Ltd on 10 November 2017.

## **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 2015. A copy of the declaration is attached to this report.

For and on behalf of the board



**TERRY STREETER**  
NON-EXECUTIVE CHAIRMAN

Dated: 27 February 2018

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Notes	Consolidated	
		Dec-15	Dec-14
		\$	\$
Other income	3	129,732	145
Other expenses	3	(396,944)	(690,862)
Finance costs	3	(234,951)	(189,161)
<b>Loss before income tax</b>		<b>(502,163)</b>	<b>(879,878)</b>
<b>Income tax benefit</b>		<b>-</b>	<b>-</b>
<b>Loss from continuing operations</b>		<b>(502,163)</b>	<b>(879,878)</b>
Loss on discontinued operation, net of tax	3	(558,337)	(13,939,753)
<b>Loss</b>		<b>(1,060,500)</b>	<b>(14,819,631)</b>
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
Income tax relating to comprehensive income		-	-
Other comprehensive income/(loss) for the year, net of tax		-	-
<b>Total comprehensive loss for the period</b>		<b>(1,060,500)</b>	<b>(14,819,631)</b>
Basic and diluted earnings/(loss) per share attributable to the consolidated entity (cents)		(0.13)	(1.76)
Basic and diluted earnings/(loss) per share attributable to continued operations (cents)		(0.06)	(0.10)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT 31 DECEMBER 2015**

	Notes	Consolidated	
		Dec-15	Jun-15
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		-	-
Trade and other receivables		3,699	12,312
Other financial assets		6,857	31,095
		<u>10,556</u>	<u>43,407</u>
Assets classified as held for sale		5,608,731	5,608,731
<b>TOTAL CURRENT ASSETS</b>		<u>5,619,287</u>	<u>5,652,138</u>
<b>NON-CURRENT ASSETS</b>			
Other financial assets		78,481	78,481
<b>TOTAL NON-CURRENT ASSETS</b>		<u>78,481</u>	<u>78,481</u>
<b>TOTAL ASSETS</b>		<u>5,697,768</u>	<u>5,730,619</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,751,830	2,409,047
Liabilities directly associated with assets classified as held for resale		920,731	920,731
Interest bearing liabilities		2,221,794	1,748,369
Provisions		16,054	20,139
<b>TOTAL CURRENT LIABILITIES</b>		<u>5,910,409</u>	<u>5,098,286</u>
<b>NON CURRENT LIABILITIES</b>			
Interest bearing liabilities		5,604,854	5,389,328
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>5,604,854</u>	<u>5,389,328</u>
<b>TOTAL LIABILITIES</b>		<u>11,515,263</u>	<u>10,487,614</u>
<b>NET ASSETS</b>		<u>(5,817,495)</u>	<u>(4,756,995)</u>
<b>EQUITY</b>			
Issued capital	4	125,976,992	125,976,992
Reserves		150,346	150,346
Accumulated losses		<u>(131,944,833)</u>	<u>(130,884,333)</u>
<b>TOTAL EQUITY</b>		<u>(5,817,495)</u>	<u>(4,756,995)</u>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Consolidated	
	Dec-15	Dec-14
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	176,306	172,181
Payments to suppliers and employees	(159,106)	(741,822)
Interest and other costs of finance paid	(29,017)	-
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>(11,817)</b>	<b>(569,641)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration activities	(449,581)	(930,859)
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>(449,581)</b>	<b>(930,859)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issues of ordinary shares	-	105,445
Proceeds from borrowings	461,398	1,396,000
Repayment of borrowings	-	(139,439)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<b>461,398</b>	<b>1,362,006</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>(138,494)</b>
Cash and cash equivalents at the beginning of the financial year	-	138,494
Effects of exchange rate changes on cash and cash equivalents	-	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>-</b>	<b>-</b>

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



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

Consolidated	Notes	Issued Capital \$	Accumulated Losses \$	Other Reserves \$	Total \$
<b>At 1 July 2014</b>		125,892,624	(114,895,406)	150,346	11,147,564
Loss for the period		-	(14,819,631)	-	(14,819,631)
<b>Sub-total</b>		125,892,624	(129,715,037)	150,346	(3,672,067)
Issue of share capital		76,868	-	-	76,868
<b>At 31 December 2014</b>		125,969,492	(129,715,037)	150,346	(3,595,199)
<b>At 1 July 2015</b>		125,976,992	(130,884,333)	150,346	(4,756,995)
Loss for the period		-	(1,060,500)	-	(1,060,500)
<b>Sub-total</b>		125,976,992	(131,944,833)	150,346	(5,817,495)
<b>At 31 December 2015</b>		125,976,992	(131,944,833)	150,346	(5,817,495)

*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 2015

### 1. CORPORATE INFORMATION

The financial report of Fox Resources Ltd for the half year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 27 February 2018.

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 coal, iron ore and base metals.

### 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 2015 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 2015 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 27 February 2018.

#### **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 2015.

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 2015.

### 3. REVENUE, INCOME AND EXPENSES

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

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
	<b>\$</b>	<b>\$</b>
<b>Other Income</b>		
Sundry income	129,732	145
Total Other Income	<u>129,732</u>	<u>145</u>
<b>Other Expenses</b>		
Administration and exploration	396,944	587,958
Depreciation - plant & equipment	-	102,904
Total Other Expenses	<u>396,944</u>	<u>690,862</u>
<b>Finance costs</b>		
Other loans including converting loan	234,951	188,452
Finance charges payable under hire purchase	-	709
	<u>234,951</u>	<u>189,161</u>
<b>Loss on discontinued operations</b>		
Accommodation camp rental income	-	1,270
Exploration & evaluation write off	449,580	(13,671,639)
Administrative expenses	108,757	(269,385)
	<u>558,337</u>	<u>(13,939,754)</u>

Exploration and evaluation costs of \$449,580 were costs incurred in maintaining the Group's exploration tenements. These costs were written off in the current period as the carrying value of exploration assets is measured at fair value within the Group's assets currently held for sale.

4. CONTRIBUTED EQUITY

	Consolidated	
	6 months to 31 Dec 2015	12 months to 30 Jun 2015
<b>(a) Issued and paid up capital</b>	\$	\$
Ordinary shares fully paid	125,976,992	125,976,992
<b>(b) Movement in shares on issue</b>		
	Number of Shares	\$
Balance at beginning of year	847,804,893	125,976,992
<b>Total issued and paid-up capital</b>	<b>847,804,893</b>	<b>125,976,992</b>
<b>(c) Share options</b>		
At 31 December 2015, there were nil (30 June 2015: nil) unissued ordinary shares in respect of which listed options were outstanding.		
At December 2015, there were 9,500,000 (30 June 2015: 15,935,897) unissued ordinary shares in respect of which unlisted options were outstanding.		
<b>Listed options to subscribe to ordinary shares</b>		
	31 Dec 2015	30 Jun 2015
	Number of Options	Number of Options
Balance at beginning of period	282,351,520	282,351,520
<b>Balance at end of period</b>	<b>282,351,520</b>	<b>282,351,520</b>
<b>Unlisted options to subscribe to ordinary shares</b>		
	31 Dec 2015	30 Jun 2015
	Number of Options	Number of Options
Balance at beginning of period	15,935,897	15,935,897
Options expired during the period	(6,435,897)	-
<b>Balance at end of period</b>	<b>9,500,000</b>	<b>15,935,897</b>
<b>(d) Detail of Share option issues</b>		
No new options were issued during the half-year ended 31 December 2015		

## **5. EVENTS SUBSEQUENT TO 31 DECEMBER 2015**

On the 16 December 2016 Fox Resources Limited signed an agreement with Artemis Resources Ltd to purchase Fox Radio Hill Pty Ltd for \$3.5m in cash to be settled on the 31 March 2017. Subsequently Fox Resources Limited signed a revised agreement with Artemis Resources Ltd on the 12 May 2017 to sell Fox Radio Hill Pty Ltd for the issue of 28 million shares in Artemis Resources Ltd and Artemis to assume creditors in the amount of \$920,731, to be settled within eight weeks. In addition, Fox Resources Ltd has signed a service contract with Artemis Resources Ltd to provide ongoing services at Fox Radio Hill Pty Ltd.

In May 2017 Fox also entered an agreement with Artemis Resources Ltd, which will provide \$1,000,000 in service revenue:

- \$400,000 has already been received at the date of signing this report;
- \$200,000 payable in July;
- \$100,000 per month thereafter from August 2017 until November 2017;

On the 20 December 2016 Fox Resources Limited signed an agreement to sell 50% of the coking coal tenement EPC 1523 to Zimprops Pty Ltd for \$0.9m. Zimprops can sell their 50% of EPC 1523 back to Fox for \$1.5m at the earlier of the following events – the inferred resource increases by 50mt, or by the 22 June 2018. A Joint Venture will be formed if no election is made by Zimprops.

Fox then signed a Share Sale Agreement (“SSA”) on 28 November 2017 to sell all of the shares in a new subsidiary of Fox, which is to hold the remaining 50% interest in Bundaberg EPC 1523 coking coal tenements after the Zimprops sale, to Bundaberg Coal Pty Ltd. Fox will receive \$1,775,000 in cash or 8,875,000 shares at 20 cents per share in a new listed entity (which effectively owns all of EPC 1523, amongst other tenements), or a combination of cash and shares at Fox’s election. Fox’s share of the consideration payable under the SSA, the entity which will own its interest in EPC 1523, will increase in proportion to the potential increase in the coking coal resource from the current drilling program. Assuming Fox’s share increases by 25Mt of coking coal resource then Fox will receive \$1,963,500 in cash or 9,817,500 shares at 20 cents per share in the new listed entity, or a combination of cash and shares at Fox’s election.

Directors and any associated director-related entities have continued to financially support the company from the reporting date until the date of signing this financial report. This is reflected in the increase in interest bearing liabilities since the previous reporting period on the Statement of Financial Position. Fox’s major director-related creditor is Jungle Creek Gold Mines Pty Ltd (“Jungle Creek”), which was owed \$6,438,074 as at 31 December 2014. Jungle Creek was placed into administration early 2017, however Fox obtained a Deed of Forbearance (“DOF”) from the administrators of Jungle Creek. Under the DOF the administrators have agreed to provide Fox a forbearance period of 12 months until 12 May 2018 in exchange for \$1.2 million in Artemis shares from the Artemis sale agreement plus \$250,000. This was subsequently settled in 2017 with the administrators of Jungle Creek, Jungle Creek was released from administration and Mr Streeter was re-elected Non-Executive Chairman of Fox Resources Ltd on 10 November 2017.

## **6. 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 is considered one business. Decisions are made on a prospectivity basis, not a geographical or commodity basis.

## **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:

Since February 2012, the Company has entered into various agreements with Jungle Creek, a company controlled by the Company’s non-executive chairman and director, Mr Terrence Streeter, pursuant to which

Jungle Creek made unsecured loans of varying amounts to the Company, totalling \$6,804,854 with total interest of \$1,460,619, as at 31 December 2015. Under the terms of the agreement, Jungle Creek may elect for the loan (including accrued interest) to be repaid, subject to shareholder approval, by the issue of shares.

The company has entered into an agreement with R & D White Pty Ltd since July 2012. The unsecured loan amounted to \$31,838, with total interest of \$6,838.

The company has entered into an agreement with Zashvin. The unsecured loan amounted to \$271,336, with total interest of \$51,336.

The company has entered into an agreement with Garry East. The unsecured loan amounted to \$459,853, with total interest of \$26,913.

The company has entered into an agreement with Bruce Garlick. The unsecured loan amounted to \$258,767, with total interest of \$8,767.

**Other related party transactions:**

At 31 December 2015, the following amounts were payable to directors and ex directors for directors' fees:

T E J Streeter: \$696,375 (\$637,500 relates to director fees; \$58,875 relates to superannuation contribution).

R White: \$136,297 (\$125,000 relates to director fees; \$11,297 relates to superannuation contribution). Resigned 2/10/2013)

G East: \$123,188 (\$112,500 relates to director fees; \$10,688 relates to superannuation contribution).

There were no other related party transactions during the year.

## **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 2015, the Group has reported a loss after tax for the period of \$1,060,500, net cash outflows from operations of \$11,817 and a net deficit position of \$5,817,495.

Directors and any associated director-related entities have continued to financially support the Group from the reporting date until the date of signing this financial report. Fox's major director-related creditor is Jungle Creek Gold Mines Pty Ltd ("Jungle Creek"), which was owed \$6,804,854 as at 31 December 2015. Jungle Creek was placed into administration early 2017, however Fox obtained a Deed of Forbearance ("DOF") from the administrators of Jungle Creek. Under the DOF the administrators have agreed to provide Fox a forbearance period of 12 months until 12 May 2018 in exchange for \$1.2 million in Artemis shares from the Artemis sale agreement plus \$250,000. This was subsequently settled in 2017 with the administrators of Jungle Creek, Jungle Creek was released from administration and Mr Streeter was re-elected Non-Executive Chairman of Fox Resources Ltd on 10 November 2017. Mr Streeter will continue to financially support the Group until the date of signing this financial report.

As at 31 December 2015 the Group holds \$nil cash on hand. The Group is committed to payments to maintain its rights over its exploration assets. As a result, the Group has and expects further cash outflows from operating and investing activities in the next financial period. The ability of the Group to be able to continue as a going concern is thus dependent upon the Group being able to secure additional working capital as and when required. The Directors are satisfied that additional working capital has and will be secured as required and that it is appropriate to prepare the financial statements on a going concern basis based on the following:

- Fox has sold Fox Radio Hill Pty Ltd to Artemis Resources Ltd for 28m shares in Artemis Resources Ltd and \$920,726 in cash to settle the creditors in Fox Radio Hill Pty Ltd that was settled on 12 May 2017;
- Fox has entered an agreement with Artemis Resources Ltd, which will provide \$1,000,000 in service revenue:
  - \$400,000 has already been received at the date of signing this report;
  - \$200,000 payable in July 2017;
  - \$100,000 per month thereafter from August 2017 until November 2017;
- Fox has sold 50% of its Bundaberg coking coal assets to Zimprops Pty Ltd for \$1,000,000. This amount has been paid in full. Zimprops can sell their 50% of EPC 1523 back to Fox for \$1.5m at the earlier of the following events – the inferred resource increases by 50mt, or by the 22 June 2018. A Joint Venture will be formed if no election is made by Zimprops.
- Fox signed a Share Sale Agreement ("SSA") on 28 November 2017 to sell all of the shares in a new subsidiary of Fox, which is to hold the remaining 50% interest in Bundaberg EPC 1523 coking coal tenements after the Zimprops sale, to Bundaberg Coal Pty Ltd. Fox will receive \$1,775,000 in cash or 8,875,000 shares at 20 cents per share in a new listed entity (which effectively owns all of EPC 1523, amongst other tenements), or a combination of cash and shares at Fox's election;
- Fox has sold its remaining camp assets for \$200,000. These funds were received 1 January 2017;
- Forecast cash flows through to 28 February 2019 support Fox being able to meet its debts as and when they fall due on the basis of the agreements outlined above; and
- The Group's historical track record of being able to secure additional working capital as and when required.

In the event that the Group is unable to raise additional working capital, if required, 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 2015 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: 27 February 2018



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152-158 St Georges Terrace  
Perth WA 6000

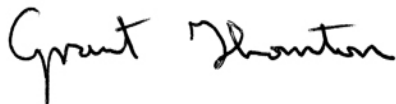
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W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## 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 2015, 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner – Audit & Assurance

Perth, 27 February 2018

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a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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## Independent Auditor's Review Report to the Members of Fox Resources Limited

### Report on 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 2015, 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, 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 2015, 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*.

#### Directors' Responsibility for the Half Year Financial Report

The Directors of the Group 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 2015 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.

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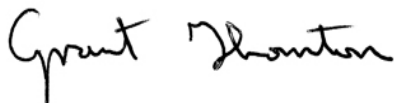
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A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit 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



P W Warr  
Partner – Audit & Assurance

Perth, 27 February 2018