fox resources ltd
ABN 44 079 902 499

FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2009

COMPANY INFORMATION

Directors

B Seneque	Managing Director
T E J Streeter	Chairman & Non-Executive Director
G Clifford	Non-Executive Director
Y Tian	Non-Executive Director
R White	Non-Executive Director

Company Secretaries
T Lee (Financial Controller)
A Nahajski (Appointed 12 August 2009)

Registered Office
1 Tully Road
East Perth
Western Australia 6004
Telephone: +61 (0) 8 9318 5600
Facsimile: +61 (0) 8 9318 5666
ABN: 44 079 902 499

Share Registry
Computershare Investor Services Pty Ltd
45 St Georges Terrace
Perth
Western Australia 6000

Lawyers
Blake Dawson
Level 32, Exchange Plaza
2 The Esplanade
Perth
Western Australia 6000

Bankers
Bank West
108 St Georges Terrace
Perth
Western Australia 6000

Auditors
Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
West Perth
Western Australia 6872

Securities Exchange Listing
Fox Resources Limited shares are listed on the Australian Securities Exchange (Home Exchange – Perth)
ASX Code: FXR

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DIRECTORS' REPORT

The Directors of Fox Resources Ltd ("the Company" or "Fox") present their report on the Company and its controlled entities (the "consolidated entity" or "the Group") for the year ended 30 June 2009.

DIRECTORS

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

Names, Qualifications, Experience and Special Responsibilities

Bruno Seneque, Managing Director (Appointed 11 August 2008)

Mr Seneque is a Certified Practicing Accountant with CPA Australia with experience in corporate accounting and administration. Prior to joining Fox, Mr Seneque was the Company Secretary and Financial Controller for tantalum producer Haddington Resources Ltd. He was also previously group accountant for Titan Resources Ltd and part of his responsibilities was the financial and management reporting for the Radio Hill nickel project. Mr Seneque is an Executive Director and Chief Financial Officer of the Company and is an affiliate of Chartered Secretaries Australia.

Mr Seneque has held no other directorships in other listed entities during the three years prior to the current year.

Terence EJ Streeter, Non-Executive Director and Chairman (Appointed as Chairman 28 December 2007)

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

Mr Streeter is also a member of the Audit & Risk Committee and Remuneration Committee.

Mr Streeter is currently the Chairman and a Non-Executive Director of Western Areas NL and Midas Resources Limited.

Mr Streeter has held no other directorships in other listed entities during the three years prior to the current year.

Geoffrey T Clifford, Non-Executive Director

Mr Clifford holds a Bachelor of Business degree from Curtin University and undertook post graduate studies in Administrative and Secretarial Practice. He has more than 30 years experience in senior accounting, finance, administration and company secretarial roles in the mining, retail and wholesale industries.

From August 2005 until February 2007, Mr Clifford was Non-Executive director of and consultant to Aztec Resources Limited. Prior to his time at Aztec, Geoff was General Manager Administration and Company Secretary of Portman Limited for 8 years. Portman owns and operates the Koolyanobbing iron ore project (7-8 mtpa) and has a 50% interest in the Cockatoo Island iron ore project.

Mr Clifford is also the Chairman of the Audit & Risk Committee and a member of the Remuneration Committee.

Mr Clifford is currently a member of the West Australian State Council of Chartered Securities Australia, Non-Executive Chairman of Atlas Iron Limited, Non-Executive Director of RMA Energy Limited and Glengarry Resources Limited.

During the past three years Mr Clifford has also served as a Director of the following ASX listed companies:

Aztec Resources Limited	(Resigned 20 February 2007)
Jupiter Energy Limited	(Resigned 8 November 2006)

Dr Yulong Tian, Non-Executive Director and Jinchuan Group Ltd Representative

Dr Tian accomplished a Post Doctoral qualification on the Jinchuan Nickel-Copper Deposit, which is one of the most famous large multi-metal associate nickel and copper sulphide deposits in the world. Dr Tian is a professional geologist with a wealth of knowledge and extensive experience with non-ferrous mineral deposits including tin, copper and nickel.

Dr Tian has held no other directorships in other listed entities during the three years prior to the current year.

Rod White, Non-Executive Director (Appointed 8 July 2009)

Mr White is a member of CPA Australia and has more than 17 years experience in senior accounting, finance, and administration. Rod is currently a Director of an accounting practice which provides advice on accounting, management and taxation matters to clients in a range of industries.

Mr White is also a member of the Audit & Risk Committee and Remuneration Committee.

Mr White has held no other directorships in other listed entities during the three years prior to the current year.

Donovan P Harper, Managing Director (Resigned 11 August 2008)

Mr Harper is a mining engineer with over 16 years of experience in mining operations and holds a Western Australian First Class Mine Managers' Certificate of Competency. Mr Harper was responsible for the successful completion of the Radio Hill Feasibility Study. He has extensive experience in underground mining operations and project development. His recent experience includes projects for Newcrest Ltd, Ivanhoe Mines Ltd and Western Metals Ltd.

Tim Lee, Financial Controller and Joint Company Secretary (Appointed 1 September 2008)

Mr Lee holds a Bachelor of Commerce from Curtin University and is a member of the Institute of Chartered Accountants Australia and Affiliate of Chartered Securities Australia with experience in corporate accounting and administration.

Jessica Brown, Joint Company Secretary (Appointed 1 September 2008, Resigned 5 May 2009)

Mrs Brown is an Affiliate of Chartered Securities Australia with significant experience in corporate administration and 4 years in company secretarial procedures and administration.

Ann Nahajski, Joint Company Secretary (Appointed 12 August 2009)

Ms Nahajski is a fellow of the Financial Services Institute of Australasia (Finsia), an Associate of Chartered Securities Australia (CSA) and is a Graduate Member of the Australian Institute of Company Directors (AICD). Ann has extensive experience as an investment banker, investor relations, global financial markets and corporate governance.

OPERATING RESULTS

The loss of the consolidated entity, after providing for income tax, amounted to $14,206,605 (2008: $28,362,855).

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the year ended 30 June 2009 were the exploration for base metals and iron ore and the mining, processing and sales of nickel and copper concentrate.

OPERATING AND FINANCIAL REVIEW

Income Statement

The loss before interest, taxation, depreciation, amortisation and impairment (EBITDA) was $11.23 million. The loss after, interest, taxation, depreciation, amortisation and impairment was $14.21 million and has decreased by 49.89% (2008:$28.36 million).

Impacting the net loss of $14.21 million for the year were the following non cash items:

- Depreciation charges of $2.31 million.
- Write off of property, plant and equipment of $1.43million.
- Write off of exploration properties of $0.09 million.
- Share based payment expense of $1.79 million.

These non-cash items amounted to $5.62 million.

Balance Sheet

Total assets at reporting date were $35.68 million. The following significant items impacted on assets:

- A decrease in concentrate and ore inventories at 30 June 2009 of $2.43 million.
- A decrease in the cash balance at 30 June 2009 of $13.49 million.
- At year end Exploration and Mineral Properties expenditure totalled approximately $29.03 million.

Total liabilities at reporting date were $12.66 million. The following events occurred during the year which impacted liabilities:

- $3.24 million including interest borrowed from Jungle Creek Goldmines Pty Ltd during the year.

Total equity attributable to shareholders decreased by $9.15 million to $23.01 million due primarily to:

- $3.42 million raised from the issue of shares during the year.
- $1.79 million increase in reserves recognising the non-cash cost associated with employee share options.
- An increase in retained losses of $14.21 million.

Cash Flow Statement

Consolidated cash flows from operating activities resulted in a net cash outflow of $13.31 million, representing an increase of $9.56 million from the prior year. Payments to suppliers and employees decreased by $32.79 million. This was due mainly to the Radio Hill operation being placed into care and maintenance in August 2008.

Net cash outflows from investing activities decreased by $6.49 million due primarily to decreased cash outflows for property, plant and equipment expenditure and exploration expenditure.

Net cash inflows from financing activities decreased by $10.74 million due primarily to a lesser number of shares being issued, option conversions of unlisted options and repayment of borrowings compared to the prior year.

Dividends

No final dividend was declared for the 2009 financial year (2008: nil).

Significant Events after the Balance Date

On 17 July 2009 the Company announced that its non-renounceable Entitlement Offer had been successfully closed. Under the terms of the Entitlement offer, shareholders were offered to subscribe for 1 new share with 1 free attaching listed option exercisable at 30 cents on or before 30 November 2010 for every 2 shares held at a subscription price of 13 cents. Shareholders subscribed for a total of 22,661,642 shares or $2,946,013 before costs.

On 4 August 2009 the Company announced that it had placed 25,400,000 shares with 1 free attaching listed option exercisable at 30 cents on or before 30 November 2010 or $3,302,000 before issue costs of the Shortfall shares from Entitlement Offer that was closed on 17 July 2009.

On 23 September 2009 the Company held a General Meeting of shareholders at which shareholder approval was granted to repay 100% of the unsecured loans from Jungle Creek Gold Mines Pty Ltd by the issue of shares. The total of the loans including interest at 23 September 2009 totalled $3,305,098.

Likely Developments and Expected Results

Initiatives have been put in place to explore the viability of heap leaching with the Company's existing ore resources and stock piled material as a low cost operation at the Radio Hill mine site in the Pilbara. The Company has more than 300,000 tonnes of stockpiled material that is the subject of the study, and which could provide the basis for a five year, heap leaching operation.

Initial metallurgical test work has commenced and has delivered high grades of nickel and copper recoveries that augur well for a heap leach operation to produce high value end products. The Company is proceeding with more advanced test work with the objective of rapidly exploiting this significant opportunity. Assuming successful results from this test work, the potential exists to utilise disseminated resources available from the Radio Hill underground mine and Sholl B2.

Significant Changes in State of Affairs

The Company announced on 7 July 2008, that its operations would change focus from nickel/copper concentrate production from the Radio Hill underground mine to a new growth strategy focusing on increasing iron ore exploration, continuing nickel and copper exploration in the Pilbara region, and improving the efficiency of the Company's Radio Hill mill. This consequently involved deferring the Sholl B2 nickel project and shutting down the underground mining and milling operations by the end of August 2008.

Share Options

At the date of this report the following options were on issue.

	Number	Exercise Price	Expiry Date
Unlisted Incentive Options	6,366,340	$1.00	30 June 2011
Listed Options	48,052,140	$0.30	30 November 2010

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

There are no unissued ordinary shares for which options are outstanding at the date of this report other than the options set out above.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received, or become entitled to receive, any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts or the fixed salary of a full-time employee of the Company or of a related corporation) by reason of a contract made by the Company or a related corporation with the Directors or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.

Directors' Meetings

During the financial year, seventeen meetings of the Company's Directors were held in respect of which each Director of the Company attended the following number of meetings:

Name of Director	Director Meetings Eligible To Attend	Remuneration Committee Meetings Eligible To Attend	Audit Committee Meetings Eligible To Attend	Number Attended
D P Harper	1	-	-	1
B Seneque	17	-	-	17
T E J Streeter	17	-	2	19
G T Clifford	17	-	2	19
Dr Y Tian	17	-	-	7

Indemnification and Insurance of Directors and Officers

Indemnity agreements have been entered into between the Company and each of the Directors and officers of the Company. Under the agreements, the Company has agreed to indemnify those officers, to the extent permitted under the Corporations Act 2001, against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities as officers of the Company.

Non-Audit Services

The Directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and does not compromise auditor independence.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are detailed in note 23 of the financial statements.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, Grant Thornton, to provide the directors with a written Independence Declaration in relation to their audit of the financial report for the year ended 30 June 2009. This written Auditor's Independence Declaration forms part of this Directors' Report.

Environmental Regulation and Performance

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

Remuneration Report (Audited)

The information in this section is audited. This remuneration report of the consolidated entity outlines the remuneration arrangements which were in place during the year and remain in place as at the date of this report for the Directors and other key management personnel of Fox Resources Ltd.

(a) Remuneration philosophy

The objective of the Company's executive framework is to ensure that remuneration properly reflects the relevant person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Directors and other key management personnel with a remuneration package consisting of fixed components, non-monetary payments or equity based remuneration, that reflect the person's responsibilities, duties and personal performance.

The Company has structured an executive remuneration framework that is market competitive and complementary to the performance of the organisation. This is achieved through alignment with shareholders interests which focus on sustained growth in share price.

Remuneration Committee

The Board acts in the capacity of a Remuneration Committee and is responsible for determining and reviewing compensation arrangements for the Directors and other key management personnel.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and other key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration Structure

In accordance with best practice corporate governance, the structure of remuneration for Non-Executive Directors and Executive Directors and other key management personnel is separate and distinct.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on and the responsibilities of the Directors. Non-Executive Directors fees and payments are reviewed annually by the Board.

Executive Directors and Executives

The Remuneration Committee makes specific recommendations on remuneration packages and other terms of employment for Executive Directors and other key management personnel. The Company's remuneration policy for Executive Directors and other key management personnel is designed to promote superior performance and long term commitment to the Company.

The executive pay and reward framework consists of the following components:

- base pay benefits;
- short-term incentive bonus based on performance;
- long-term incentive share and/or option scheme;
- other non-monetary benefits including motor vehicles;
- other remuneration including superannuation.

The combination of these comprises the Executive Directors' and key management personnel remuneration.

There were no cash bonuses granted during the year ended 30 June 2009 (2008: nil).

Relationship of Rewards and Performance

The value of options will represent a significant portion of an executive's salary package. The ultimate value to the executives of the options depends on the share price of the Company. The share price is the main criteria for the long-term incentive as the realised value arising from options issued is dependent upon an increase in the share price to above the exercise price of the options. There is no direct performance condition on securities granted during the year; however the exercise price of options is at a level that encourages the Directors and Executives to focus on share price appreciation.

Company performance, shareholder wealth and Director and Executive remuneration

As the Company is not yet generating earnings nor paying dividends, the share price is the key measure of shareholder value. The table below shows the performance in share price over the year and previous 4 years.

Year	30 June 2005 $	30 June 2006 $	30 June 2007 $	30 June 2008 $	**30 June 2009 $**
Closing Share price	0.31	0.845	0.88	0.97	**0.11**
% Change	-52%	173%	4%	10%	**-89%**

The issuing of share options under Director and Employee share option plans helps align the Boards personal interests to that of the shareholders.

Details of the nature and amount of each element of the emoluments of Directors and Executives of the Group are set out in the following sections of this report.

Long-Term Incentive to Performance

The objective of the long-term incentive plan is to reward executives in a manner which aligns reward with the creation of shareholder wealth. As such this reward is only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance. Long-term incentives are delivered in the form of options. The exercise price of options are determined so as to ensure that the options only have value if there is an increase in shareholder wealth over time.

(b) Details of Director Remuneration

Details of the nature and amount of each element of the emoluments of each Director of the Company are as follows:

	Short-term benefits			**Post-employment benefits**	**Equity settled share based payment**		
Directors	**Salary and Fees**	**Non monetary benefits ***	**Other benefits**	**Super-annuation**	**Options****	**% of remuneration consisting of options**	**TOTAL**
Year ended 30 June 2009	**$**	**$**	**$**	**$**	**$**	**%**	**$**
D P Harper *** (i)	381,473	4,538	-	4,633	-	-	390,644
B Seneque (ii)	324,362	27,918	-	29,193	-	-	381,473
T E J Streeter **** (iii)	150,000	6,482	-	13,500	-	-	169,982
G T Clifford (iv)	68,750	-	-	5,625	-	-	74,375
Y Tian *****	-	-	-	-	-	-	-
R White ****** (v)	-	-	-	-	-	-	-

	Short-term benefits			Post-employment benefits	Equity settled share based payment		
Directors	**Salary and Fees**	**Non monetary benefits ***	**Other benefits**	**Super-annuation**	**Options****	**% of remuneration consisting of options**	**TOTAL**
Year ended 30 June 2008	**$**	**$**	**$**	**$**	**$**	**%**	**$**
D P Harper (i)	330,000	19,856	-	30,184	-	-	380,040
B Seneque (ii)	297,000	27,995	-	25,110	-	-	350,105
T E J Streeter **** (iii)	150,000	-	-	-	-	-	150,000
G T Clifford (iv)	75,000	-	-	6,750	-	-	81,750
Y Tian *****	-	-	-	-	-	-	-

* Non monetary benefits relate to the provision of motor vehicles.

** All performance related remuneration consists of options.

*** D P Harper resigned as Managing Director on 11 August 2008.

**** On 28 December 2007 Terry Streeter was appointed Chairman with a fee of $150,000 per annum by way of Directors' resolution.

***** Dr Yulong Tian was appointed as a Non-Executive Director on 6 June 2008. Dr Tian is a representative of Jinchuan Group Ltd which holds 28,200,000 shares and 9,400,000 options exercisable at 30 cents on or before 30 November 2010 in Fox Resources Ltd (2008:18,800,000 shares and nil options).

****** R White was appointed as a Non-Executive Director on 8 July 2009.

Service Agreements

(i) Mr Harper resigned on 11 August 2008.

(ii) Mr. Seneque is employed under contract effective 1 July 2008 and continues to 30 June 2011, unless terminated earlier.

The Company may terminate the employment contract at any time during the period of employment by giving written notice. In this instance, the Company is liable to pay any outstanding remuneration owed to Mr Seneque that would have been earned had he remained in employment until 30 June 2011.

The Company may terminate the employment contract at any time in the event the termination is due to material breaches of the employment contract or serious misconduct or wilful neglect in the discharge of his duties. The Company is not liable to pay any remuneration that would have otherwise been owed to Mr Seneque. Upon termination it is at the Boards discretion whether or not any equity component in the form of options is forfeited.

(iii) The Board has entered into an agreement with Jungle Creek Gold Mines Pty Ltd on 3 June 2005 to engage the services of Mr. Streeter as a Non-Executive Director. Fees paid under that agreement are $100,000 per annum effective from 1 July 2005. This agreement continues until terminated and does not contain any termination benefits. Upon termination it is at the Boards discretion whether or not any equity component in the form of options is forfeited.

The Board has entered into an agreement with Jungle Creek Gold Mines Pty Ltd on 28 December 2007 to engage the services of Mr. Streeter as the Chairman of the board. Fees paid under that agreement are $50,000 per annum effective from 28 December 2007. This agreement continues until terminated and does not contain any termination benefits. Upon termination it is at the Boards discretion whether or not any equity component in the form of options is forfeited.

(iv) The Board has entered into an agreement with Mr Clifford on 17 April 2007 to provide his services as a Non-Executive Director. Fees under the agreement are $75,000 per annum effective from 17 April 2007. This agreement continues until terminated and does not contain any termination benefits. Upon termination it is at the Boards discretion whether or not any equity component in the form of options is forfeited.

(v) The Board has entered into an agreement with Mr White on 8 July 2009 to provide his services as a Non-Executive Director. Fees under the agreement are $75,000 per annum effective from 8 July 2009. This agreement continues until terminated and does not contain any termination benefits. Upon termination it is at the Boards discretion whether or not any equity component in the form of options is forfeited.

Other Key Management Personnel

The following persons also had the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name		***Position***	***Employer***
Craig Bradshaw	(i)	Chief Operating Officer	Fox Radio Hill Pty Ltd
Duncan Spencer	(ii)	General Manager - Pilbara Operations	Fox Radio Hill Pty Ltd
Laurie Chew	(iii)	General Manager	Fox Resources Ltd
Barry Gaunt	(iv)	Exploration Manager – Base Metals	Fox Radio Hill Pty Ltd
Luke Marshall	(v)	Exploration Manager – Base Metals	Fox Resources Ltd
Neil Winfield	(vi)	Exploration Manager –Iron Ore	Fox Resources Ltd
Mark Eccleston	(vii)	Registered Manager	Fox Radio Hill Pty Ltd
Timothy Lee	(viii)	Financial Controller/Company Secretary	Fox Resources Ltd
Jessica Brown	(ix)	Company Secretary	Fox Resources Ltd

(i) Craig Bradshaw was appointed Chief Operating Officer on 19 January 2008 and resigned on 19 August 2008.

(ii) Duncan Spencer was appointed as General Manager for Pilbara Operations on 6 May 2009.

(iii) Laurie Chew was appointed General Manager on 19 August 2008.

(iv) Barry Gaunt was appointed as Exploration Manager of Base Metals on 29 February 2008.

(v) Luke Marshall resigned on 9 September 2008.

(vi) Neil Winfield was appointed as Exploration Manager – Iron Ore on 22 September 2008.

(vii) Mark Eccleston resigned on 18 August 2009.

(viii) Timothy Lee was appointed as Financial Controller/Company Secretary on 1 September 2008.

(ix) Jessica Brown was appointed as Company Secretary on 1 September 2008 and resigned on 5 May 2009.

Service Agreements

Contractual arrangements between key management personnel and the Company are unlimited in term and provide for termination period of one month's notice. On termination of employment, key management personnel are entitled to receive their entitlements to accrued annual and long service leave, together with any superannuation benefits. Where employment is terminated by reason of redundancy, key management personnel are entitled to additional payments of 1 month's salary.

(c) Details of Executive Remuneration

Executives	Short-term benefits			Post-employment benefits	Equity settled share based payment		
	Salary & fees	Non monetary benefits *	Allowances	Super-annuation	Options**	% of remuneration consisting of options	Total
Year Ended 30 June 2009	$	$	$	$	$	%	$
C Bradshaw	118,312	-	-	3,807	50,764	29	172,883
D L Spencer	34,500	-	-	3,105	-	-	37,605
L Chew	219,166	16,544	-	19,725	36,260	12	291,695
B Gaunt	137,199	-	-	12,341	-	-	149,540
L Marshall	84,724	-	-	3,739	48,346	35	136,809
N Winfield	121,108	-	-	10,890	-	-	131,998
M Eccleston	157,408	-	-	14,167	36,260	17	207,835
T Lee	115,000	11,825	-	10,350	29,008	17	166,183
J Brown	97,677	4,453	-	29,025	36,260	22	167,415

Executives	Short-term benefits			Post-employment benefits	Equity settled share based payment		
	Salary & fees	Non monetary benefits*	Allowances	Super-annuation	Options**	% of remuneration consisting of options	Total
Year Ended 30 June 2008	$	$	$	$	$	%	$
C Bradshaw (i)	250,000	-	-	22,500	130,095	32	402,595
L Ruwoko (ii)	203,344	-	-	16,922	123,900	36	344,166
L Chew	190,000	12,919	-	17,100	92,925	30	312,944
M Antill (iii)	185,599	-	-	16,152	92,925	32	294,676
J Andreazza (iv)	142,579	9,121	-	12,391	130,095	44	294,186
E Ruggiero (v)	9,834	-	-	-	-	-	9,834
S McKie (vi)	153,130	-	24,706	14,387	123,900	39	316,123

* Non monetary benefits relate to the provision of motor vehicles and or motor vehicle expense payment benefits.

** All performance related remuneration consists of options.

(i) Craig Bradshaw was appointed Chief Operating Officer on 19 January 2008 and resigned on 19 August 2008.

(ii) Lawrence Ruwoko resigned as Resident Manager on 25 May 2008.

(iii) Matthew Antill resigned as Mining Manager on 4 June 2008.

(iv) Jack Andreazza resigned as Chief Operating Officer on 18 January 2008.

(v) Elvio Ruggiero resigned as Financial Controller on 2 July 2007.

(vi) Sarah McKie resigned as Exploration Manager 1 April 2008.

(d) Share-based compensation – options over ordinary shares

An employee share option plan has been established where the Company may grant options over ordinary shares of the Company to staff. The options are issued for nil consideration and are granted at the discretion of the Directors. The options cannot be transferred, are not quoted on the ASX and carry no dividend and voting rights.

Compensation options: Granted and vested during the year

	Granted		Terms & Conditions for each Grant					Vested	
30-Jun-09	No.	Grant Date	Fair Value per option at grant date ($)	Exercise price per option ($)	Expiry Date	First Exercise Date	Last Exercise Date	No.	%
Directors									
D P Harper	-	-	-	-	-	-	-	-	-
B Seneque	-	-	-	-	-	-	-	-	-
T E J Streeter	-	-	-	-	-	-	-	-	-
G T Clifford	-	-	-	-	-	-	-	-	-
Y Tian	-	-	-	-	-	-	-	-	-
Executives									
C Bradshaw	70,000	12 Jul 07	0.7252	1.00	30 Jun 11	17 Sept 08	30 Jun 11	70,000	33
D L Spencer	-	-	-	-	-	-	-	-	-
L Chew	50,000	12 Jul 07	0.7252	1.00	30 Jun 11	17 Sept 08	30 Jun 11	50,000	33
B Gaunt	-	-	-	-	-	-	-	-	-
L Marshall	66,666	12 Jul 07	0.7252	1.00	30 Jun 11	17 Sept 08	30 Jun 11	66,666	33
N Winfield	-	-	-	-	-	-	-	-	-
M Eccleston	50,000	12 Jul 07	0.7252	1.00	30 Jun 11	17 Sept 08	30 Jun 11	50,000	33
T Lee	40,000	12 Jul 07	0.7252	1.00	30 Jun 11	17 Sept 08	30 Jun 11	40,000	33
J Brown	50,000	12 Jul 07	0.7252	1.00	30 Jun 11	17 Sept 08	30 Jun 11	50,000	33

	Granted		Terms & Conditions for each Grant					Vested	
30-Jun-08	No.	Grant Date	Fair Value per option at grant date ($)	Exercise price per option ($)	Expiry Date	First Exercise Date	Last Exercise Date	No.	%
Directors									
D P Harper	-	-	-	-	-	-	-	-	-
B Seneque	-	-	-	-	-	-	-	-	-
T E J Streeter	-	-	-	-	-	-	-	-	-
J P Hanna	-	-	-	-	-	-	-	-	-
G T Clifford	-	-	-	-	-	-	-	-	-
Executives									
C Bradshaw	210,000	12 Jul 07	0.6195	1.00	30 Jun 11	17 Sept 08	30 Jun 11	-	-
J Andreazza	210,000	12 Jul 07	0.6195	1.00	30 Jun 11	17 Sept 08	30 Jun 11	-	-
L Chew	150,000	12 Jul 07	0.6195	1.00	30 Jun 11	17 Sept 08	30 Jun 11	-	-
E Ruggerio	-	-	-	-	-	-	-	-	-
M Antill	150,000	12 Jul 07	0.6195	1.00	30 Jun 11	17 Sept 08	30 Jun 11	-	-
S McKie	200,000	12 Jul 07	0.6195	1.00	30 Jun 11	17 Sept 08	30 Jun 11	-	-
L Ruwoko	200,000	12 Jul 07	0.6195	1.00	30 Jun 11	17 Sept 08	30 Jun 11	-	-

Options granted as part of remuneration

There were no director or employee options granted as part of remuneration during the financial year.

For details on the valuation of the options, including models and assumptions used, refer to Note 26.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Shares issued on exercise of compensation options

There were no shares issued on exercise of compensation options during the financial year.

The following shares were issued on exercise of compensation options to directors and executives during the 2008 financial year:

Directors

T E J Streeter – 1,000,000 shares issued at $1.00 per share.

Executives

C Bradshaw – 250,000 shares issued at $0.52 per share; and

L Chew – 150,000 shares issued at $0.52 per share.

End of Remuneration Report.

Shareholding of Directors during the year to the date of this report

	Balance at 1 July 2008	Exercise of Options	Net Change Other ****	Balance
Directors				
D P Harper *	935,708	-	-	935,708
B Seneque	901,500	-	(362,200)	539,300
T E J Streeter	16,517,027	-	3,846,154	20,363,181
G T Clifford	57,738	-	28,869	86,607
Y Tian **	-	-	-	-
R White***	-	-	200,000	200,000

* Balance as at resignation date

** Y Tian is a Non-Executive Director and Representative of Jinchuan Group Ltd which holds 28,200,000 shares and 9,400,000 options exercisable at 0.30 cents on or before 30 November 2010 in the Company.

*** R White was appointed a Non-Executive Director on 8 July 2009.

**** Relates to shares received via the participation of the Entitlement Offer as announced on 11 June 2009.

Option holdings of Directors during the year to the date of this report

	Balance at 1 July 2008	Grant of Options	Net Change Other ****	Balance
Directors				
D P Harper *	-	-	-	-
B Seneque	-	-	-	-
T E J Streeter	-	-	3,846,154	3,846,154
G T Clifford	-	-	28,869	28,869
Y Tian **	-	-	-	-
R White***	-	-	10,000	10,000

* Balance as at resignation date

** Y Tian is a Non-Executive Director and Representative of Jinchuan Group Ltd which holds 28,200,000 shares and 9,400,000 options exercisable at 0.30 cents on or before 30 November 2010 in the Company.

*** R White was appointed a Non-Executive Director on 8 July 2009.

**** Relate to free attaching options received via the participation of the Entitlement Offer as announced on 11 June 2009.

Signed in accordance with the resolution of the Directors.

B SENEQUE
Managing Director
Perth
30 September 2009

Grant Thornton

10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E admin@gtwa.com.au
W 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 audit of Fox Resources Limited for the year ended 30 June 2009, 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

GRANT THORNTON AUDIT PTY LTD

J W VIBERT
Director – Audit & Assurance Services

Perth, 30 September 2009

Corporate Governance Statement

The Board of Directors of Fox Resources Ltd is responsible for the corporate governance of the Company and is committed to maintaining high standards. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. The Corporate Governance Statement has been structured with reference to the Australian Securities Exchange Corporate Governance Council's ("Council") "Corporate Governance Principles and Recommendations" to the extent that they are applicable to the Company.

Board of Directors

Role of the Board and Management

The Board represents shareholders' interests in continuing a successful business which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Group.

The Board has sole responsibility for the following:

- Determining the strategic direction of the Group and measuring performance of management against approved strategies;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Group's short, medium and long term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Group's financial affairs and liaising with the auditor;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements and supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed;
- Ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters;
- Monitoring and ensuring compliance with all of the Company's obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety; and
- The Board must convene regular meetings with such frequency as is sufficient to discharge its responsibilities.

CORPORATE GOVERNANCE STATEMENT (Continued)

The Board's role and the Group's corporate governance practices are being continually reviewed and improved as required.

Composition of the Board and New Appointments

The Company currently has the following Board members:

Mr Bruno Seneque,	Managing Director (Appointed 11 August 2008)
Mr Terence Streeter,	Non-Executive Director and Chairman
Mr Geoff Clifford,	Non-Executive Director
Mr Yulong Tian,	Non-Executive Director
Mr Rod White,	Non-Executive Director (Appointed 8 July 2009)

The Company's Constitution provides that the number of Directors shall not be less than three and not more than eight. There is no requirement for any share holding qualification.

The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board's duties and physical ability to undertake Board's duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next Annual General Meeting. Under the Company's Constitution, the tenure of Directors (other than Managing Director and Executive Directors, and only one Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

Committees of the Board

The Board has established an audit committee which consists of only Non-Executive Directors, being Mr Clifford and Mr Streeter. Mr Clifford acts as the chairman of the audit committee.

The Board has established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

Conflicts of Interest

In accordance with the Corporations Act, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chair and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

CORPORATE GOVERNANCE STATEMENT (Continued)

Ethical Standards

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Group.

Code of Conduct for Directors

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors.

The principles of the code are:

- A Director must act honestly, in good faith and in the best interests of the Company as a whole.
- A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A Director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A Director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- A Director must not make improper use of information acquired as a Director.
- A Director must not take improper advantage of the position of Director.
- A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A Director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a Director in the course of the exercise of Directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A Director should not engage in conduct likely to bring discredit upon the Company.
- A Director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.
- Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

Code of Ethics and Conduct

The Company has implemented a Code of Ethics and Conduct, which provides guidelines, aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All employees and Directors are expected to:

- Respect the law and act in accordance with it;
- Respect confidentiality and not misuse Company information, assets or facilities;
- Value and maintain professionalism;
- Avoid real or perceived conflicts of interest;
- Act in the best interests of shareholders;
- Contribute by their actions to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- Perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- Exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- Act with honesty, integrity, decency and responsibility at all times.

CORPORATE GOVERNANCE STATEMENT (Continued)

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

Dealings in Company Securities

The Company's share trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the Directors of the Company.

'Inside information' is information that:

- Is not generally available; and
- If it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- Trade in the Company's securities;
- Advise others or procure others to trade in the Company's securities; or
- Pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information (e.g. even if the employee or Director overhears it or is told in a social setting).

In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

Disclosure of Information

Continuous Disclosure to ASX

The continuous disclosure policy requires all executives and Directors to inform the Managing Director or in their absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on the ASX in deciding whether to buy, sell or hold the Company's securities.

Information is not material and need not be disclosed if:

a) A reasonable person would not expect the information to be disclosed or is material but due to a specific valid commercial reason is not to be disclosed;

b) The information is confidential; or

c) One of the following applies:

   i. It would breach a law or regulation to disclose the information;
   ii. The information concerns an incomplete proposal or negotiation;
   iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
   iv. The information is generated for internal management purposes;
   v. The information is a trade secret;
   vi. It would breach a material term of an agreement, to which the Company is a party, to disclose the information;
   vii. It would harm the Company's potential application or possible patent application; or
   viii. The information is scientific data that release of which may benefit the Company's potential competitors.

CORPORATE GOVERNANCE STATEMENT (Continued)

The Managing Director is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX.

Communication with Shareholders

The Company places considerable importance on effective communications with shareholders.

The Group's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Half Yearly Report;
- Presentations at the Annual General Meeting/General Meetings; and
- Annual Report.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Group's strategy and goals.

The Company also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website at www.foxresources.com.au.

Risk Management Systems

Identification of Risk

The Board is responsible for the oversight of the Group's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the Executive Directors and Chief Financial Officer having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Group are highlighted in the Business Plan presented to the Board by the Managing Director each year.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the Group

Integrity of Financial Reporting

The Company's Managing Director and Chief Financial Officer (or equivalent) report in writing to the Board that:

- The consolidated financial statements of the Company and its controlled entities for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- The above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Role of Auditor

The Company's practice is to invite the auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Performance Review

The Board has adopted a self-evaluation process to measure its own performance during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the Directors of the Company.

CORPORATE GOVERNANCE STATEMENT (Continued)

Arrangements put in place by the Board to monitor the performance of the Group's executives include:

- A review by the Board of the Group's financial performance; and
- Annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company.

Remuneration Arrangements

The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and executives with a remuneration package consisting of fixed components and equity based remuneration, that reflect the person's responsibilities, duties and personal performance.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to Non-Executive Directors by other companies of similar size in the industry, and the level of involvement in the Company's affairs.

Details of remuneration are set out in the Remuneration Report section of the Directors' Report.

ASX Principles of Good Corporate Governance

The board has reviewed its current practises in light of the ASX Corporate Governance Principles and Recommendations 2007 2nd Edition with a view to making amendments where applicable after considering the Company's size and the resources available it has available. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the ASX Corporate Governance Guidelines with which the Company does not comply:

ASX Principle	**Comment**
Principle 2: Structure the board to add value 2.1 A majority of the board should be independent.	The Board considers that a majority of the Board is not independent in accordance with Recommendation 2.1. However, the Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board Meeting before commencement of discussion on the topic.
2.2 The Chair should be an independent director.	The Board considers that the Chairman of the Board is not independent in accordance with Recommendation 2.2. However, the Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board Meeting before commencement of discussion on the topic.
2.3 The board should establish a nomination committee.	The Board acknowledges this does not comply with point four of recommendation 2.4 of the ASX Corporate Governance Guidelines. As the Company's activities increase in size, scope and nature, the appointment of a nomination committee will be reviewed by the Board and implemented, if appropriate.

Income Statements
for the year ended 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Sale of product		**3,857,145**	47,180,133	**-**	-
Other revenue		**936,150**	393,480	**3,983,883**	3,526,127
Revenue	3(a)	**4,793,295**	47,573,613	**3,983,883**	3,526,127
Cost of sales	3(c)	**(10,910,887)**	(53,853,012)	**-**	-
Gross (loss)/profit		**(6,117,592)**	(6,279,399)	**3,983,883**	3,526,127
Other income	3(b)	**129,535**	634,281	**-**	(18,527)
Other expenses	3(e)	**(6,122,331)**	(6,786,210)	**(4,865,957)**	(5,116,090)
Write off of property, plant and equipment		**(1,430,213)**	-	**-**	-
Impairment loss on property, plant and equipment		**-**	(7,057,221)	**-**	-
Impairment loss on mine properties and development costs		**-**	(7,156,942)	**-**	-
Impairment loss on inventories		**-**	(1,059,338)	**-**	-
Impairment of loan to controlled entities		**-**	-	**(13,161,177)**	(26,452,636)
Loss before income tax and finance costs		**(13,540,601)**	(27,704,829)	**(14,043,251)**	(28,061,126)
Finance costs	3(d)	**(666,004)**	(658,026)	**(163,354)**	(301,729)
Loss before income tax		**(14,206,605)**	(28,362,855)	**(14,206,605)**	(28,362,855)
Income tax expense	4	**-**	-	**-**	-
Loss for the period		**(14,206,605)**	(28,362,855)	**(14,206,605)**	(28,362,855)
Loss per share (cents per share) Basic and diluted loss per share for the year attributable to ordinary equity holders of the parent	22	**(7.90)**	(18.14)		

The above Income Statements should be read in conjunction with the accompanying notes.

Balance Sheets
as at 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	**224,872**	13,711,308	**15,566**	12,569,817
Trade and other receivables	6	**544,058**	1,441,058	**268,648**	22,428
Inventory	7	**159,277**	2,829,722	**-**	-
Other financial assets	8	**157,717**	364,014	**152,017**	162,328
TOTAL CURRENT ASSETS		**1,085,924**	18,346,102	**436,231**	12,754,573
NON-CURRENT ASSETS					
Property, plant and equipment	9	**4,362,866**	8,099,878	**625,537**	761,001
Trade and other receivables	6	**-**	-	**25,482,134**	18,694,843
Investments and Available for sale financial assets	10	**22,700**	22,700	**622,720**	622,720
Exploration expenditure	12	**29,031,295**	23,047,037	**95,784**	161,855
Other financial assets	8	**1,173,475**	1,060,280	**-**	10,000
TOTAL NON CURRENT ASSETS		**34,590,336**	32,229,895	**26,826,175**	20,250,419
TOTAL ASSETS		**35,676,260**	50,575,997	**27,262,406**	33,004,992
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	13	**4,037,740**	11,742,833	**986,978**	714,260
Interest bearing liabilities	14	**4,211,451**	1,079,395	**3,236,241**	88,219
Provisions	15	**96,203**	345,887	**29,040**	42,625
TOTAL CURRENT LIABILITIES		**8,345,394**	13,168,115	**4,252,259**	845,104
NON-CURRENT LIABILITIES					
Interest bearing liabilities	14	**3,488,719**	4,415,994	**-**	-
Provisions	15	**832,000**	832,000	**-**	-
TOTAL NON-CURRENT LIABILITIES		**4,320,719**	5,247,994	**-**	-
TOTAL LIABILITIES		**12,666,113**	18,416,109	**4,252,259**	845,104
NET ASSETS		**23,010,147**	32,159,888	**23,010,147**	32,159,888
EQUITY					
Issued capital	16(a)	**92,903,108**	89,633,916	**92,903,108**	89,633,916
Other reserves	17	**6,562,715**	4,775,043	**6,562,715**	4,775,043
Accumulated losses	17	**(76,455,676)**	(62,249,071)	**(76,455,676)**	(62,249,071)
TOTAL EQUITY		**23,010,147**	32,159,888	**23,010,147**	32,159,888

The above Balance Sheets should be read in conjunction with the accompanying notes.

Cash Flow Statements
for the year ended 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**5,677,093**	47,961,088	**-**	-
Payments to suppliers and employees		**(18,625,097)**	(51,415,559)	**(4,090,992)**	(4,224,524)
Interest received		**144,680**	360,585	**105,008**	159,527
Borrowing costs		**(504,448)**	(658,026)	**(1,798)**	(301,729)
NET CASH USED IN OPERATING ACTIVITIES	27(a)	**(13,307,772)**	(3,751,912)	**(3,987,782)**	(4,366,726)
CASHFLOWS FROM INVESTING ACTIVITIES					
Payments for mineral properties		**-**	(774,399)	**-**	**-**
Exploration expenditure		**(4,950,860)**	(6,316,123)	**(3,156)**	**(70,601)**
Loan to subsidiaries		**-**	-	**(14,857,299)**	**(16,341,092)**
Payments for plant and equipment		**(741,066)**	(6,792,648)	**(35,206)**	**(713,433)**
Proceeds on sale of plant and equipment		**222,199**	2,241,825	**-**	**53,254**
Cash inflow/(outflow)for short term deposits		**(112,500)**	(426,786)	**(20,000)**	**(30,000)**
NET CASH USED IN INVESTING ACTIVITIES		**(5,582,227)**	(12,068,131)	**(14,915,661)**	(17,101,872)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from share issues		**3,420,531**	21,684,600	**3,420,531**	21,684,600
Share issue costs		**(151,339)**	(145,541)	**(151,339)**	(145,541)
Proceeds from borrowings		**3,080,000**	3,500,000	**3,080,000**	3,500,000
Repayment of borrowings		**-**	(7,500,000)	**-**	(3,500,000)
Repayment of hire purchase		**(945,629)**	(1,390,835)	**-**	(104,165)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**5,403,563**	16,148,224	**6,349,192**	21,434,894
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(13,486,436)**	328,181	**(12,554,251)**	(33,704)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**13,711,308**	13,383,127	**12,569,817**	12,603,521
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	**224,872**	13,711,308	**15,566**	12,569,817

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

Statements of Changes in Equity for the year ended 30 June 2009

		Issued Capital	*Accumulated Losses*	*Other Reserves*	*Total Equity*
CONSOLIDATED		*$*	*$*	*$*	*$*
At 1 July 2007		68,094,858	(33,886,216)	2,565,703	36,774,345
Loss for the period		-	(28,362,855)	-	(28,362,855)
Total income & expense for the period		-	(28,362,855)	-	(28,362,855)
Exercise of options	16(b)	3,824,600	-	-	3,824,600
Share issue expenses	16(b)	(145,542)	-	-	(145,542)
Cost of share-based payment	17(b)	-	-	2,209,340	2,209,340
Issue of share capital	16(b)	17,860,000	-	-	17,860,000
At 30 June 2008		89,633,916	(62,249,071)	4,775,043	32,159,888
At 1 July 2008		89,633,916	(62,249,071)	4,775,043	32,159,888
Loss for the period		-	(14,206,605)	-	(14,206,605)
Total income & expense for the period		-	(14,206,605)	-	(14,206,605)
Exercise of options	16(b)	-	-	-	-
Shares issue expenses	16(b)	(151,339)	-	-	(151,339)
Cost of share-based payment	17(b)	-	-	1,787,672	1,787,672
Issue of share capital	16(b)	3,420,531	-	-	3,420,531
At 30 June 2009		92,903,108	(76,455,676)	6,562,715	23,010,147

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

Statements of Changes in Equity (continued)
for the year ended 30 June 2009

	Issued Capital	*Accumulated Losses*	*Other Reserves*	*Total Equity*
PARENT	*$*	*$*	*$*	*$*
At 1 July 2007	68,094,858	(33,886,216)	2,565,703	36,774,345
Loss for the period	-	(28,362,855)	-	(28,362,855)
Total income & expense for the period	-	(28,362,855)	-	(28,362,855)
Exercise of options	3,824,600	-	-	3,824,600
Share issue expenses	(145,542)	-	-	(145,542)
Cost of share-based payment	-	-	2,209,340	2,209,340
Issue of share capital	17,860,000	-	-	17,860,000
At 30 June 2008	89,633,916	(62,249,071)	4,775,043	32,159,888
At 1 July 2008	89,633,916	(62,249,071)	4,775,043	32,159,888
Loss for the period	-	(14,206,605)	-	(14,206,605)
Total income & expense for the period	-	(14,206,605)	-	(14,206,605)
Exercise of options	-	-	-	-
Share issue expenses	(151,339)	-	-	(151,339)
Cost of share-based payment	-	-	1,787,672	1,787,672
Issue of share capital	3,420,531	-	-	3,420,531
At 30 June 2009	92,903,108	(76,455,676)	6,562,715	23,010,147

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

Contents of the notes to the financial statements

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009

1 Corporate Information

The financial report of Fox Resources Ltd for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 30 September 2009.

Fox Resources Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian securities exchange.

The nature of the operations and principal activities of Fox Resources Ltd is the exploration for iron ore and base metals and the mining, processing and sale of nickel and copper.

2 Summary of Significant Accounting Policies

(a) Basis of accounting

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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

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

(b) Going Concern

In the forthcoming financial year, the Company and the consolidated entity will be required to meet various commitments (refer Note 21) which require funds that are above and beyond the working capital of the consolidated entity at 30 June 2009. These commitments include:

1. Continue metallurgical testwork to progress towards the potential development of a low cost, value adding Nickel and Copper Heap Leaching operation; and
2. Continue base metal exploration across the Companies Base Metals projects.

The financial statements have been prepared on the basis that the Company and consolidated entity will continue to meet their commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. In arriving at this position, the directors are reviewing various funding alternatives to meet these commitments. These funding alternatives include:

1. Through the sale of non-core assets. The directors are actively pursuing this with negotiations well underway with various parties.
2. Future raisings through various equity issues.

The Directors have concluded that the combination of these circumstance represent a material uncertainty that casts doubt upon the group's and the company's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the consolidated entity and the company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

Should the Company and consolidated entity not achieve the matters set out above there is significant uncertainty whether the Company and consolidated entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the consolidated entity and company not be able to continue as going concerns.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009 (continued)

(c) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows;

- AASB 3: Business Combinations AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australia Accounting Standards arising from AASB 3 and AASB 127 [AASB's 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 and 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of an application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:
  - Acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
  - Contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
  - A gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
  - There shall be no gain or loss from transactions affecting parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Groups policy);
  - Dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognized as income;
  - Impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
  - Where there is, in substance, no change to Group interests, parent entities inserted above existing Groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's' share of net assets acquired or change its policy so goodwill recognised also reflects that of non-controlling interest.

- AASB 8: Operating Segments and AASB 1007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments impairment calculations may be affected. Management does not presently believe impairment will result however.

- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138] and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalization of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009 (continued)

- there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.
- AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual accounting reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purpose of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.
- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2005) (AASB 2008-5) and AASB 2008-6: Further amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.
- AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009). This amendment requires that non-current assets held for distribution to owners be measured at the lower of carrying value and fair value less costs to distribute.

The Group does not anticipate early adoption of any of the above requirements and does not expect these requirements to have any material effect on the Groups financial statements.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Fox Resources Limited ("the Company") and its subsidiaries ("the Group" or "the consolidated entity").

The financial statements of subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless cost cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Parent entities investments in controlled entities are carried at cost less accumulated impairment provisions.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Fox Resources Limited has control.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009 (continued)

(e) Foreign currency translation

Both the functional and presentation currency of Fox Resources Limited and its Australian subsidiaries is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(f) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment	over 3 to 5 years
Motor Vehicles	over 3 years
Furniture and fittings	over 3 years
Computer equipment	over 2 to 3 years

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. Any impairment loss is recognised in the income statement.

Derecognition and disposal
An item of property, plant and equipment is derecognised on disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the year the asset is derecognised.

(g) Borrowing costs

Borrowing costs are expensed as incurred. Borrowing costs directly associated with qualifying assets are capitalised.

(h) Recoverable amount of assets

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009 (continued)

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

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

(i) Investments and other financial assets

All investments which are classified as available for sale are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition investments which are classified as available-for-sale are measured at fair value.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Securities Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and conditions are accounted for as follows:

Ore and concentrate
Inventories are valued at the lower of weighted average cost and net realisable value. Costs include fixed direct costs, variable costs and an appropriate portion of fixed overhead costs. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

Stores
Inventories of consumable supplies and spare parts are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average basis.

(k) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Sales revenue is generally invoiced and received in US dollars. Trade debtors represent gross sales revenue proceeds receivable from the customer. A receivable is recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metal price, assay, weight and currency between the time of shipment and the time of final settlement of sale proceeds.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009 (continued)

(l) Cash and cash equivalents

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

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(m) Provisions

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

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

(n) Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

There is currently one plan in place to provide these benefits being the Employee Share Option Plan (ESOP), which provides benefits to directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions no account is taken of any performance conditions, other than conditions linked to the price of the shares of Fox Resources Limited.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects

(i) the extent to which the vesting period has expired; and

(ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest.

This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period recognises the movement in cumulative expense recognised as at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except when vesting is conditional only on market performance conditions.

If the terms of an equity settled contract are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity settled award is cancelled, it is treated as if it had vested on the date on cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009 (continued)

(o) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependant on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the lease.

(p) Revenue

Revenue is recognised to the extent that is it probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Concentrate
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the shipment from port.

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

Rental Revenue
Revenue is recognised from the leasing of rooms of the accommodation camp in arrears and when it can be measured reliably.

(q) Income tax

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

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009 (continued)

1. except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2. in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

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

(r) Other taxes

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

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

- receivables and payables are stated with the amount of GST included.

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

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

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

(s) Areas in Exploration and Evaluation

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

- Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or

- Exploration and/or evaluation activities in the area of interest have not yet reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area are continuing.

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

Refer to Note 29 for assessment of impairment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009 (continued)

(t) Mineral Properties

Expenditure for mineral properties represents the costs incurred in preparing mines for production, and includes stripping and waste removal costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining leases. Once production commences, these costs are amortised using the units-of-production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned.

Impairment
The carrying value of capitalised expenditure for mineral properties is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised expenditure for mineral properties is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

Impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

(u) Provisions for Site Restoration

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

Typically the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

The unwinding of the discount on the provision over time is recorded as a finance cost in the income statement. The carrying amount capitalised is depreciated over the life of the related asset.

(v) Trade and other payables

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

(w) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

(x) Earnings Per Share ("EPS")

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009 (continued)

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

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

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

(y) Contributed equity

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

(z) Interest in a jointly controlled operation

The Group has interests in joint ventures that are jointly controlled. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to control. A jointly controlled operation involves use of assets and other resources of the joint ventures rather than the establishment of a separate entity.

(aa) Employee benefits

(i) Wages and salaries, superannuation, sick leave
Liabilities for wages and salaries and superannuation, including non monetary benefits and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables.

(ii) Annual leave
Liabilities for annual leave are recognised as a current provision.

(iii) Employee benefit on-costs
Employee benefit on costs, including payroll tax, are recognised and included in other payables.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

3 Revenues and Expenses

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
(a) Revenue				
Sale of product	**3,857,145**	47,180,133	**-**	-
	3,857,145	47,180,133	**-**	-
Other revenue				
Finance revenue – bank interest	**194,450**	360,585	**124,083**	159,527
Management fees	**-**	-	**3,859,800**	3,366,600
Hire of Equipment	**26,001**	-	**-**	-
Accommodation Camp Rental Income	**706,080**	-	**-**	-
Other	**9,619**	32,895	**-**	-
	936,150	393,480	**3,983,883**	3,526,127
Total revenue	**4,793,295**	47,573,613	**3,983,883**	3,526,127
(b) Other income				
Net gain/(loss) on sale of property, plant and equipment	**129,535**	634,281	**-**	(18,738)
Other	**-**	-	**-**	211
Total Other income	**129,535**	634,281	**-**	(18,527)
(c) Cost of sales				
Production costs	**(8,608,901)**	(47,805,218)	**-**	-
Royalties - Government mining royalties	**(158,955)**	(2,004,619)	**-**	-
Depreciation – plant and equipment	**(2,143,031)**	(3,735,942)	**-**	-
Amortisation of mineral properties	**-**	(307,233)	**-**	-
Total cost of sales	**(10,910,887)**	(53,853,012)	**-**	-
(d) Finance costs				
Other loans	**(176,262)**	(325,661)	**(163,354)**	(301,380)
Finance charges payable under hire purchase contracts	**(489,742)**	(332,365)	**-**	(349)
	(666,004)	(658,026)	**(163,354)**	(301,729)
(e) Other expenses				
Impairment of deferred exploration and evaluation expenditure	**(85,658)**	(98,996)	**(69,228)**	(23,231)
Administration expenses	**(4,078,332)**	(4,365,139)	**(4,009,104)**	(4,341,818)
Depreciation of plant and equipment	**(170,669)**	(112,735)	**(170,669)**	(112,735)
Share based payments expense	**(1,787,672)**	(2,209,340)	**(616,956)**	(638,306)
	(6,122,331)	(6,786,210)	**(4,865,957)**	(5,116,090)

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

4 Income Tax

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
The major components of income tax are:				
Income statement				
Current income tax				
Current income tax benefit	**-**	-	**-**	-
Adjustments in respect of current income tax of previous years	**-**	-	**-**	-
Deferred income tax				
Relating to origination and reversal of temporary differences	**-**	-	**-**	-
Net adjustments to opening balances	**-**	-	**-**	-
Income tax expenses reported in the income statement	**-**	-	**-**	-
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows;				
Accounting profit/(loss) before income tax	**(14,206,605)**	(28,362,855)	**(14,206,605)**	(28,362,855)
At the Group's statutory income tax rate of 30% (2008: 30%)	**(4,261,982)**	(8,508,857)	**(4,261,982)**	(8,508,857)
Expenditure not allowable for income tax purposes:				
Non – deductible expenses	**598,968**	791,007	**247,592**	242,156
Loan write down to subsidiaries	**-**	-	**3,948,353**	7,935,791
Effect of deferred tax balances not recognised	**3,663,014**	7,717,850	**66,037**	330,910
Income tax expense/(benefit) reported in the income statement	**-**	-	**-**	-
Deferred tax recognised directly in equity				
Relating to equity raising costs	**-**	-	**-**	-
Relating to equity settled transactions	**-**	-	**-**	-
Relating to equity securities available for sale	**-**	-	**-**	-
Deferred tax expense\(income) attributable to entity recognised in equity	**-**	-	**-**	-

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

Movement in temporary differences during the year

CONSOLIDATED **Movement in temporary differences during the year**	**Balance at 1/07/2007**	**Recognised in income**	**Recognised in equity**	**Balance at 30/06/2008**
Property plant and equipment	(1,806,773)	(2,743,553)	-	(4,550,326)
Exploration & Mine Properties	4,270,856	671,644	-	4,942,500
Investments	(7,890)	9,030	-	1,140
Inventories	-	(113,213)	-	(113,213)
Accruals & Provisions	(1,690,077)	1,674,225	-	(15,852)
Restoration Liabilities & Assets	(130,795)	(118,805)	-	(249,600)
Tax value of revenue losses recognised	(623,717)	614,406	-	(9,311)
Other Items	(11,604)	6,266	-	(5,338)
Net tax (assets)/liabilities	-	-	-	-

	Balance at 1/07/2008	**Recognised in income**	**Recognised in equity**	**Balance at 30/06/2009**
Property plant and equipment	(4,550,326)	761,493	-	**(3,788,833)**
Exploration & mine properties	4,942,500	2,047,401	-	**6,989,901**
Investments	1,140	-	-	**1,140**
Inventories	(113,213)	-	-	**(113,213)**
Accruals & Provisions	(15,852)	(155,878)	-	**(171,730)**
Restoration Liabilities & Assets	(249,600)	-	-	**(249,600)**
Tax value of revenue losses recognised	(9,311)	(2,699,698)	-	**(2,709,009)**
Other items	(5,338)	46,682	-	**41,344**
Net tax (assets)/liabilities	-	-	-	**-**

Recognised deferred tax assets & liabilities

	Assets		**Liabilities**		**Net**	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Property plant and equipment	**(3,788,833)**	(4,550,326)	**-**	-	**(3,788,833)**	(4,550,326)
Exploration & Mine Properties	**-**	-	**6,989,901**	4,942,500	**6,989,901**	4,942,500
Investments	**-**	-	**1,140**	1,140	**1,140**	1,140
Inventories	**(113,213)**	(113,213)		-	**(113,213)**	(113,213)
Accruals & Provisions	**(171,730)**	(15,852)	**-**	-	**(171,730)**	(15,852)
Restoration Liabilities & Assets	**(249,600)**	(249,600)	**-**	-	**(249,600)**	(249,600)
Tax value of losses recognised	**(2,709,009)**	(9,311)	**-**	-	**(2,709,009)**	(9,311)
Prepayments	**-**	-	**-**	-	**-**	-
Other items	**-**	(5,338)	**41,344**	-	**41,344**	(5,338)
Net tax (assets)/liabilities	**(7,032,385)**	(4,943,640)	**7,032,385**	4,943,640	**-**	-

Unrecognised deferred tax assets

	Consolidated	
	2009	**2008**
Deductible temporary differences	**184,805**	1,208,061
Tax revenue losses	**20,865,048**	16,254,876
Tax capital losses	**9,030**	9,030
	21,058,883	17,471,967

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

PARENT

Movement in temporary differences during the year	**Balance at 1/07/2007**	**Recognised in income**	**Recognised in equity**	**Balance at 30/06/2008**
Property plant and equipment	(1,070)	2,636	-	1,566
Exploration & Mine Properties	25,167	23,390	-	48,557
Investments	(7,890)	9,030	-	1,140
Accruals & Provisions	(87,303)	71,450	-	(15,853)
Other items	(11,604)	6,266	-	(5,338)
Deferred Tax Assets not recognised	82,700	(112,772)	-	(30,072)
Net tax (assets)/liabilities	-	-	-	-

	Balance at 1/07/2008	**Recognised in income**	**Recognised in equity**	**Balance at 30/06/2009**
Property plant and equipment	1,566	(11,699)	-	**(10,133)**
Exploration & mine properties	48,557	(19,822)	-	**28,735**
Investments	1,140	-	-	**1,140**
Accruals & Provisions	(15,853)	(104,699)	-	**(120,552)**
Other items	(5,338)	5,338	-	**-**
Deferred Tax Assets not recognised	(30,072)	130,882	-	**100,810**
Net tax (assets)/liabilities	-	-	-	**-**

Recognised deferred tax assets & liabilities

	Assets		**Liabilities**		**Net**	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Property plant and equipment	**(10,133)**	-	**-**	1,565	**(10,133)**	1,565
Exploration & Mine Properties	**-**	-	**28,735**	48,557	**28,735**	48,557
Investments	**-**	-	**1,140**	1,140	**1,140**	1,140
Accruals & Provisions	**(120,552)**	(15,854)	**-**	-	**(120,552)**	(15,854)
Other items	**-**	(5,337)	**-**	-	**-**	(5,337)
Deferred Tax Assets not recognised	**-**	(30,071)	**100,810**	-	**100,810**	(30,071)
Net tax (assets)/liabilities	**(130,685)**	(51,262)	**130,685**	51,262	**-**	-

Unrecognised deferred tax assets

	Parent	
	2009	**2008**
Deductible temporary differences	**184,805**	393,638
Tax revenue losses	**20,865,048**	16,254,876
Tax capital losses	**9,030**	9,030
	21,058,883	16,657,544

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

The Group has tax losses arising in Australia of $69,550,159 (2008: $54,182,922) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. These losses are only available if the Group satisfies specific requirements in the tax year in which they were recouped.

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

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

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

5 Cash and cash equivalents

	Consolidated		Parent	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Cash at bank	**224,872**	13,711,308	**15,566**	12,569,817
	224,872	13,711,308	**15,566**	12,569,817

Cash at bank earns interest at floating rates based on daily bank deposit rates. The weighted average interest rate on the cash accounts was 2.50% (2008: 6.82%).

6 Trade and other receivables

	Consolidated		Parent	
	2009	2008	**2009**	2008
Current	**$**	$	**$**	$
Trade debtors	**221,467**	706,035	**-**	-
Other debtors	**322,591**	735,023	**268,648**	22,428
	544,058	1,441,058	**268,648**	22,428

Terms and conditions relating to the above financial instruments:

(i) Trade and other debtors are non-interest bearing and generally repayable within 30 - 90 days. All Trade and Other debtors are within terms and not considered past due or impaired.

(ii) Loan to controlled entities (refer note 24)

	Consolidated 2009	Consolidated 2008	Parent 2009	Parent 2008
Non-Current				
Loan to controlled entities	**-**	-	**25,482,134**	18,694,843
Movement in loan to controlled entities				
At 1 July, net of impairment loss			**18,694,843**	23,819,636
Advances			**19,948,468**	21,327,843
Provision for Impairment *			**(13,161,177)**	(26,452,636)
At 30 June, net of impairment loss			**25,482,134**	18,694,843

* Refer to Note 29 for assessment of impairment.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

7 Inventory

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Current				
Consumables and stores – at net realisable value	**159,277**	400,000	**-**	-
Raw Materials (ore stockpiles) – at net realisable value	**-**	336,598	**-**	-
Finished product (concentrates) – at net realisable value	**-**	2,093,124	**-**	-
	159,277	2,829,722	**-**	-

8 Other Assets

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Current				
Other financial assets	**157,717**	108,540	**152,017**	30,000
Prepayments	**-**	255,474	**-**	132,328
	157,717	364,014	**152,017**	162,328

Other financial assets represent bonds for office premises and term deposits.

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Non-Current				
Other financial assets	**1,173,475**	1,060,280	**-**	10,000
	1,173,475	1,060,280	**-**	10,000

Other financial assets represent bonds for mineral tenements. These bonds are secured to cover guarantees.

9 Property, Plant and Equipment

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Plant and equipment – at cost	**8,684,535**	29,049,241	**1,062,646**	1,027,440
Less: accumulated depreciation	**(3,103,779)**	(13,892,142)	**(437,109)**	(266,439)
Less: accumulated impairment loss	**(1,217,890)**	(7,057,221)	**-**	-
Net carrying amount	**4,362,866**	8,099,878	**625,537**	761,001
Movement in property, plant and equipment				
At 1 July, net of accumulated depreciation and impairment	**8,099,878**	9,416,671	**761,001**	232,296
Additions	**59,025**	11,196,649	**35,205**	713,432
Disposals	**(52,124)**	(1,607,544)	**-**	(71,992)
Depreciation expense	**(2,313,700)**	(3,848,677)	**(170,669)**	(112,735)
Impairment loss	**-**	(7,057,221)	**-**	-
Write off expense	**(1,430,213)**	-	**-**	-
At 30 June, net of accumulated depreciation and impairment	**4,362,866**	8,099,878	**625,537**	761,001

Impairment
As a result of the suspension of operations and impairment loss recognised during the year ended 30 June 2008, the carrying value of property, plant and equipment expenditure was again assessed for the year ended 30 June 2009. It was concluded from this assessment that certain assets are idle, with no future economic benefits foreseen. In accordance with AASB 136 Impairment' and AASB 116 'Property, Plant & Equipment' these assets have been written off against the associated accumulated impairment loss, with a further write off expense of $1,430,213 being recognised in the income statement.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

Assets pledged as security
Leased assets and assets under hire purchase are pledged as security for the related finance lease and hire purchase liabilities. The carrying amount of assets pledged as security is $4,108,990 (2008:$5,926,406)

10 Investments and Available for sale financial assets

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Non-Current				
Shares				
- in controlled entities at cost (Note 11) *	-	-	**600,020**	600,020
- available for sale investment at fair value	**22,700**	22,700	**22,700**	22,700
	22,700	22,700	**622,720**	622,720

* Refer to Note 29 for assessment of impairment.

Available for sale financial assets consist of investments in ASX listed ordinary shares and shares in unlisted companies.

11 Investment in Controlled Entities

Name of Entity	Percentage Owned		Class of Share	Cost of Company's Investment	
	2009 %	2008 %		2009 $	2008 $
Parent					
Fox Resources Limited					
Controlled Entities					
Fox Radio Hill Pty Ltd	**100**	100	Ordinary	**10**	10
Newcity Corporation Pty Ltd	**100**	100	Ordinary	**10**	10
Gascoyne Mines Pty Ltd	**100**	100	Ordinary	**600,000**	600,000
Fox Energy Pty Ltd	**100**	-	Ordinary	**10**	-
				600,030	600,020

Fox Resources Ltd, Fox Radio Hill Pty Ltd, Newcity Corporation Pty Ltd, Gascoyne Mines Pty Ltd and Fox Energy Pty Ltd are all companies incorporated in Australia.

12 Exploration Expenditure

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Costs carried forward in respect of:				
Exploration and evaluation phase - at cost				
- Balance at beginning of year	**23,047,037**	15,716,757	**161,855**	238,448
- Expenditure incurred	**6,069,916**	7,429,276	**3,157**	70,601
- Transferred to Fox Radio Hill Pty Ltd	**-**	-	**-**	(123,963)
	29,116,953	23,146,033	**165,012**	185,086
- Impairment	**(85,658)**	(98,996)	(69,228)	(23,231)
	29,031,295	23,047,037	**95,784**	161,855

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

13 Trade and other payables

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Current				
Trade and other creditors	**4,037,740**	11,742,833	**986,978**	714,260
Aggregate amounts payable to related parties				
Other related parties. (Refer to Note 24)	**163,500**	**125,000**	163,500	**125,000**

Terms and conditions relating to the above financial instruments:

(i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.

14 Interest Bearing Liabilities

		Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Current					
Related Party Loan	(a)	**3,236,241**	-	**3,236,241**	-
Hire Purchase	(b)	**975,210**	1,079,395	-	88,219
		4,211,451	1,079,395	**3,236,241**	88,219
Non-Current					
Hire Purchase	(b)	**3,488,719**	4,415,994	-	-
		3,488,719	4,415,994	-	-

(a) Financing arrangements – Related Party Loan
Jungle Creek Goldmines Pty Ltd loan. (Refer to Note 24)

(b) Security for interest-bearing liabilities

Hire purchase loans are effectively secured as the rights to the assets revert to the owner in the event of default. (Refer to Note 21(b))

15 Provisions

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Current				
Employee entitlements	**96,203**	345,887	**29,040**	42,625
Movements in provisions				
(a) At 1 July	**345,887**	377,127	**42,625**	125,619
Entitlements incurred/(utilised)	**(249,684)**	(31,240)	**(13,585)**	(82,994)
At 30 June	**96,203**	345,887	**9,040**	42,625
Non-Current				
Rehabilitation	**832,000**	832,000	-	-
Movements in provisions				
(b) At 1 July	**832,000**	526,000		
Arising during the year	**-**	306,000		
At 30 June	**832,000**	832,000		

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

16 Contributed Equity

	Consolidated		Parent	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
(a) Issued and paid up capital				
Ordinary shares fully paid	**92,903,108**	89,633,916	**92,903,108**	89,633,916

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the parent entity does not have authorised capital nor par value in respect of issued shares.

(b) Movement in shares on issue	**2009**		**2008**	
	Shares	**$**	**Shares**	**$**
Balance at beginning of year	**175,411,830**	**89,633,916**	152,256,830	68,094,858
Issue of ordinary shares	**26,311,773**	**3,420,531**	18,800,000	17,860,000
Less transaction costs	**-**	**(151,339)**	-	(145,542)
Sub-total	**201,723,603**	**92,903,108**	171,056,830	85,809,316
Issue of shares on conversion of options	**-**	**-**	4,355,000	3,824,600
Total issued and paid up capital	**201,723,603**	**92,903,108**	175,411,830	89,633,916

(c) Share options

At the end of the year there were nil (2008: nil) unissued ordinary shares in respect of which listed options were outstanding.

At the end of the year there were 6,336,340 (2008: 6,678,840) unissued ordinary shares in respect of which unlisted options were outstanding.

Unlisted options to subscribe for ordinary shares at $0.52 each exercisable on or before 30 April 2008	**2009**	**2008**
Balance at beginning of year	**-**	1,425,000
Issue	**-**	-
Lapsed	**-**	(320,000)
Options exercised	**-**	(1,105,000)
Balance at end of year	**-**	-

Unlisted options to subscribe for ordinary shares at $1 each exercisable on or before 30 June 2008		
Balance at beginning of year	**-**	5,400,000
Issue	**-**	-
Lapsed	**-**	(2,150,000)
Options exercised	**-**	(3,250,000)
Balance at end of year	-	-

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

		2009	2008
Unlisted options to subscribe for ordinary shares at $2 each exercisable on or before 12 January 2009			
Balance at beginning of year		**312,500**	312,500
Issue		**-**	-
Options exercised		**-**	-
Lapsed	16 (d)(i)	**(312,500)**	-
Balance at end of year		**-**	312,500
Unlisted options to subscribe to ordinary shares at $1 each exercisable on or before 30 June 2011			
Balance at beginning of year		**6,336,340**	-
Issue		**-**	6,366,340
Options exercised		**-**	-
Balance at end of year		**6,366,340**	6,366,340

(d) Detail of share and option issues

During the year ended 30 June 2009, 312,500 unlisted options exercisable at $2 each on or before 12 January 2009 lapsed.

(e) Terms and conditions of contributed equity

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

(f) Capital Management Policy

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

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

There are no externally imposed capital requirements.

Management effectively manages the 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 response include the management of debt levels and share issues.

17 Other Reserves and Accumulated Losses

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Share option reserve (a)	**282,811**	282,811	**282,811**	282,811
Employee/Director equity benefit reserve (b)	**6,279,904**	4,492,232	**6,279,904**	4,492,232
Other reserves	**6,562,715**	4,775,043	**6,562,715**	4,775,043
Accumulated losses (c)	**(76,455,676)**	(62,249,071)	**(76,455,676)**	(62,249,071)

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

(a) Share Option Reserve

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Balance at beginning of year	**282,811**	282,811	**282,811**	282,811
Options Issued	-	-	-	-
Balance at end of year	**282,811**	282,811	**282,811**	282,811

This reserve is used to record the value of premium received for options issued.

(b) Employee/Director equity benefits reserve

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Balance at beginning of year	**4,492,232**	2,282,892	**4,492,232**	2,282,892
Share-based payment expense	**1,787,672**	2,209,340	**1,787,672**	2,209,340
Balance at end of year	**6,279,904**	4,492,232	**6,279,904**	4,492,232

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration under the Company's Employee Share Option Plan. Further information about the share based payments are made in Note 26.

(c) Accumulated losses

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Balance at beginning of year	**(62,249,071)**	(33,886,216)	**(62,249,071)**	(33,886,216)
Net loss for the period	**(14,206,605)**	(28,362,855)	**(14,206,605)**	(28,362,855)
Balance at end of year	**(76,455,676)**	(62,249,071)	**(76,455,676)**	(62,249,071)

18 Segment Reporting

The consolidated entity is involved in the exploration for base metals and iron ore and for the mining and processing of nickel and copper solely within Australia.

19 Joint Ventures

The consolidated entity has interests in the following unincorporated joint ventures.

	% Interest
Bolgart Joint Venture	70
Christmas Creek Joint Venture	70
Coobina Joint Venture	70

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

The carrying value of the Company's interest in these joint ventures is $95,784 (2008: $161,855), and is included in Note 12. The contribution of these exploration joint ventures to the loss of the consolidated entity for the year was $3,156.

20 Contingent Liabilities

Native Title
Mineral properties in Western Australia, as in other parts of Australia, may be subject to native title claims. It is therefore possible that mineral properties in which the Company has or acquires an interest will be subject to native title claims. Until further information arises in relation to potential claims and their likelihood of success, the consolidated entity is unable to assess the likely effect, if any, of such claims.

21 Commitments for Expenditure

(a) Mineral Tenement Commitments

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

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Minimum expenditure requirements				
Not later than one year	**2,103,299**	1,611,560	**-**	13,167
Later than one year but not later than five years	**6,867,031**	5,002,144	**-**	24,774
Later than five years	**1,192,031**	3,088,651	**-**	2,732
	10,162,361	9,702,355	**-**	40,673

(b) Hire Purchase Commitments

	Consolidated						Parent	
	2009		2008		2009		2008	
	Minimum lease payments	PV of lease payments	Minimum lease payments	PV of lease payments	Minimum lease payments	PV of lease payments	Minimum lease payments	PV of lease payments
Not later than one year	**1,369,842**	**975,210**	1,572,473	1,079,395	**-**	**-**	92,303	88,219
Later than one year but not later than five years	**3,793,065**	**3,088,582**	5,108,270	3,657,412	**-**	**-**	-	-
Total minimum lease payments	**5,162,907**	**4,063,792**	6,680,743	4,736,807	**-**	**-**	92,303	88,219
Less amounts representing finance charges	**(698,978)**	**-**	(1,185,354)	-	**-**	**-**	(4,084)	-
Present value of minimum lease payments	**4,463,929**	**4,063,792**	5,495,389	4,736,807	**-**	**-**	88,219	88,219

Details regarding terms and conditions of hire purchase commitments are referred to in Note 28.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

(c) Operating Lease

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Not later than one year	**267,054**	362,607	**234,678**	265,885
Later than one year but not later than five years	**1,078,904**	1,194,693	**1,078,904**	1,097,564
Later than five years	**458,472**	463,513	**458,472**	463,513
	1,804,430	2,020,813	**1,772,054**	1,826,962

Operating lease commitments include property, photocopier, and computer leases. All leases are non-cancellable leases with remaining terms ranging from 1 – 6 years.

22 Loss per Share

The following reflects the income and share data used in the calculation of basic and diluted loss per share.

	Consolidated	
	2009 $	2008 $
Net loss used in calculating basic and diluted loss per share:	**(14,206,605)**	(28,362,855)
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	**179,838,212**	156,377,076

Options on issue are not considered to be dilutive as the impact of including them would be to decrease the loss per share.

23 Remuneration of Auditors

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
The auditor of Fox Resources Limited in 2008 was Ernst & Young				
Amounts received or due and receivable by Ernst & Young (Australia) for:				
- an audit or review of the financial report of the entity and any other entity in the consolidated group	**-**	138,792	**-**	138,792
- other non-audit services	**7,525**	30,937	**7,525**	30,937
	7,525	169,729	**7,525**	169,729

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
The auditor of Fox Resources Limited in 2009 is Grant Thornton Audit Pty Ltd				
Amounts received or due and receivable by Grant Thornton (Australia) for:				
- an audit or review of the financial report of the entity and any other entity in the consolidated group	**55,000**	-	**55,000**	-
- other non-audit services	**1,236**	-	**1,236**	-
	56,236	-	**56,236**	-

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

24 Related Party Transactions

Details of Fox Resources Limited's wholly owned subsidiaries are included in Note 11.

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. Aggregate amounts receivable from wholly owned controlled entities by the Company are set out in Note 6.

Allowance for impairment loss on intercompany loan
As of 30 June 2009, allowance for impairment loss on the intercompany loan is $65,754,344 (2008: $52,593,167).

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:

The Company has entered into various agreements with Jungle Creek Gold Mines Pty Ltd, of which T EJ Streeter is a Director of the Company, pursuant to which Jungle Creek Gold Mines Pty Ltd made unsecured loans totalling $3,080,000. The terms of the loans are that interest is accrued at a rate of 9.6% per annum with the loans (including accrued interest) repayable on or before 31 December 2009. Under the terms of the agreements, Jungle Creek may elect to for the loans (including accrued interest) to be repaid, subject to shareholder approval, by the issue of shares at a deemed price of 15 cents per share. Jungle Creek has elected for 100% of the loans to be satisfied, and the Company has agreed, subject to shareholder approval, to repay the loans (including accrued interest) by the issue of shares. The Company held a General Meeting of Shareholders on 23 September 2009 in which approval from shareholders was granted for the conversion of the loan into 22,033,984 shares. The shares were issued to Jungle Creek on 24 September 2009.

The Company provided B Seneque with additional unsecured loans of $197,275 (2008: 27,000). The additional loans were made at arms length at a rate of 10% with interest totalling $18,392 (2008: $293). As at 30 June 2009 $5,000 had been repaid towards the loans with a remaining balance of $237,667 including interest to be repaid. Subsequent to 30 June 2009 a further $35,000 has been repaid.

The Company made sales of bulk nickel-copper to Jinchuan Group Ltd a related party who at 30 June 2009 held 18,800,000 shares or 9.32% interest in the Company. Total concentrate sales for the 30 June 2009 financial year were $3,857,145.

Other related party transactions:

At 30 June 2009, the following amounts were payable to directors for directors' fees:

T EJ Streeter: $163,500.

There were no other amounts payable to directors for directors' fees.

There were no other related party transactions during the year.

25 Directors and Executives Disclosures

(a) Directors

The following persons were Directors of Fox Resources Ltd during the financial year:

Managing Director
Bruno Seneque (Appointed 11 August 2008)
Don Harper (Resigned 11 August 2008)

Non Executive Directors
Terence EJ Streeter
Geoff Clifford
Dr Yulong Tian

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

(b) Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name		***Position***	***Employer***
Craig Bradshaw	(i)	Chief Operating Officer	Fox Radio Hill Pty Ltd
Duncan Spencer	(ii)	General Manager - Pilbara Operations	Fox Radio Hill Pty Ltd
Laurie Chew	(iii)	General Manager	Fox Resources Ltd
Barry Gaunt	(iv)	Exploration Manager – Base Metals	Fox Radio Hill Pty Ltd
Luke Marshall	(v)	Exploration Manager – Base Metals	Fox Resources Ltd
Neil Winfield	(vi)	Exploration Manager –Iron Ore	Fox Resources Ltd
Mark Eccleston	(vii)	Registered Manager	Fox Radio Hill Pty Ltd
Timothy Lee	(viii)	Financial Controller/Company Secretary	Fox Resources Ltd
Jessica Brown	(ix)	Company Secretary	Fox Resources Ltd

(i) Craig Bradshaw was appointed Chief Operating Officer on 19 January 2008 and resigned on 19 August 2008.

(ii) Duncan Spencer was appointed as General Manager for Pilbara Operations on 6 May 2009.

(iii) Laurie Chew was appointed General Manager on 19 August 2008.

(iv) Barry Gaunt was appointed as Exploration Manager of Base Metals on 29 February 2008.

(v) Luke Marshall resigned on 9 September 2008.

(vi) Neil Winfield was appointed as Exploration Manager – Iron Ore on 22 September 2008.

(vii) Mark Eccleston resigned on 18 August 2009.

(viii) Timothy Lee was appointed as Financial Controller/Company Secretary on 1 September 2008.

(ix) Jessica Brown was appointed Company Secretary on 1 September 2008 and resigned on 5 May 2009.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

(c) Equity instrument disclosures relating to Directors

(i) Option holdings of Directors

	Balance at 1 July 2008	Granted as Remune-ration	Exercise of Options	Net Change Other	Balance at 30 June 2009	Vested at 30 June 2009		
						Total	Exercisable	Not Exercisable
Directors								
D P Harper	-	-	-	-	-	-	-	-
B Seneque	-	-	-	-	-	-	-	-
T Streeter	-	-	-	-	-	-	-	-
G T Clifford	-	-	-	-	-	-	-	-
Y Tian *	-	-	-	-	-	-	-	-

	Balance at 1 July 2007	Granted as Remune-ration	Exercise of Options	Net Change Other	Balance at 30 June 2008	Vested at 30 June 2008		
						Total	Exercisable	Not Exercisable
Directors								
D P Harper	2,000,000	-	-	(2,000,000)	-	-	-	-
B Seneque	1,500,000	-	-	(1,500,000)	-	-	-	-
T Streeter	1,000,000	-	(1,000,000)	-	-	-	-	-
G T Clifford	-	-	-	-	-	-	-	-
Y Tian *	-	-	-	-	-	-	-	-

***** Y Tian is a Non-Executive Director and Representative of Jinchuan Group Ltd.

(ii) Shareholdings of Directors

	Balance at 1 July 2008	Exercise of Options	Net Change Other	Balance at 30 June 2009
Directors				
D P Harper *	935,708	-	-	935,708
B Seneque	901,500	-	(362,200)	539,300
T E J Streeter	16,517,027	-	-	16,517,027
G T Clifford	57,738	-	-	57,738
Y Tian **	-	-	-	-

	Balance at 1 July 2007	Exercise of Options	Net Change Other	Balance at 30 June 2008
Directors				
D P Harper	1,138,225	-	(202,517)	935,708
B Seneque	901,500	-	-	901,500
T E J Streeter	18,848,153	1,000,000	(3,331,126)	16,517,027
G T Clifford	40,000	-	17,738	57,738
Y Tian	-	-	-	-

There were no shares granted as remuneration during the year.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

* Balance as at resignation date.

** Y Tian is a Non-Executive Director and Representative of Jinchuan Group Ltd which hold 28,200,000 shares and 9,400,000 options exercisable at 30 cents on or before 30 November 2010.

All equity transactions with key management personnel, other than those arising from the exercise of remuneration options have been entered into under terms no more favourable than those the Group would have adopted if dealing at arm's length.

(d) Equity instrument disclosures relating to key management personnel

(i) Option holdings of key management personnel

Executives	Balance at 1 July 2008	Granted as Remune-ration	Exercise of Options	Net Change Other	Balance at 30 June 2009	Vested at 30 June 2009		
						Total	Exercisable	Not Exercisable
C Bradshaw	210,000	-	-	-	210,000	-	70,000	140,000
D L Spencer	-	-	-	-	-	-	-	-
B Gaunt	-	-	-	-	-	-	-	-
L Chew	150,000	-	-	-	150,000	-	50,000	100,000
L Marshall	200,000	-	-	-	200,000	-	66,667	133,333
N Winfield	-	-	-	-	-	-	-	-
M Eccleston	150,000	-	-	-	150,000	-	50,000	100,000
T Lee	120,000	-	-	-	120,000	-	40,000	80,000
J Brown	150,000	-	-	-	150,000	-	50,000	100,000

Executives	Balance at 1 July 2007	Granted as Remune-ration	Exercise of Options	Net Change Other	Balance at 30 June 2008	Vested at 30 June 2008		
						Total	Exercisable	Not Exercisable
C Bradshaw	250,000	210,000	(250,000)	-	210,000	-	-	210,000
M Antill	-	150,000	-	-	150,000	-	-	150,000
J Andreazza	250,000	210,000	(250,000)	-	210,000	-	-	210,000
E Ruggerio	-	-	-	-	-	-	-	-
L Ruwoko	-	200,000	-	-	200,000	-	-	200,000
S McKie	-	200,000	-	-	200,000	-	-	200,000
L Chew	150,000	150,000	(150,000)	-	150,000	-	-	150,000

(ii) Share holdings of key management personnel

	Balance at 1 July 2008	Exercise of Options	Net Change Other	Balance at 30 June 2009
Executives				
C Bradshaw	367,600	-	(367,600)	-
D L Spencer	-	-	-	-
B Gaunt	-	-	-	-
L Chew	222,000	-	(115,000)	107,000
L Marshall	-	-	-	-
N Winfield	-	-	-	-
M Eccleston	-	-	-	-

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

	Balance at 1 July 2007	Exercise of Options	Net Change Other	Balance at 30 June 2008
Executives				
C Bradshaw	117,600	250,000	-	367,600
J Andreazza	460,000	-	-	460,000
E Ruggerio	100,000	-	(100,000)	-
M Antill	-	-	-	-
L Ruwoko	-	-	-	-
S McKie	-	-	20,000	20,000
L Chew	72,000	150,000	-	222,000

(e) Compensation of Directors and Executives

	Consolidated 2009 $	Consolidated 2008 $
Short-term	**1,950,940**	2,013,083
Post-employment	**131,075**	161,496
Other long-term	**-**	-
Termination benefits	**-**	-
Share-based payment	**-**	693,840
	2,082,015	2,868,419

	Parent 2009 $	Parent 2008 $
Short-term	**1,531.890**	1,374,140
Post-employment	**97,655**	105,922
Other long-term	**-**	-
Termination benefits	**-**	-
Share-based payment	**-**	346,920
	1,629,545	1,826,982

26 Share Based Payments

Employee Share Option Plan (ESOP)

An employee share plan has been established where the Company may grant options over ordinary shares of the Company to staff. The options are issued for nil consideration and are granted at the discretion of the Directors. The options can not be transferred, are not quoted on the ASX and carry no dividend and voting rights.

Inputs used in the valuation model for share based payment arrangements which were in existence during the period are shown below.

Share options have been valued by a registered financial services provider using the Binomial Valuation Model. The inputs to the calculation of share based payments are detailed below.

Type of options	Number of options	Grant date	Share price at issue	Exercise price	Risk free rate	Expected volatility	Expiry date	Expiration period (years)	Fair value at grant date
ESOP	6,366,340	12 July 2007	1.215	1.00	6.37%	65.3%	30 June 2011	3.97	0.7252

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

(a) Expenses arising from share based payment transactions

Total expenses arising from share based payment transactions recognised during the period as part of employee benefit expense as shown in Note 3 were as follows;

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Options issued under employee option plan	**1,787,672**	2,209,340	**1,787,672**	2,209,340

(b) Share based payment arrangements

Director Options
Share options are granted to Directors as a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentives, such as payment of cash compensation. The number of options is determined based upon the Directors' wish to ensure that remuneration offered is competitive with market standards and where appropriate, based upon performance hurdles. The Directors have generally reviewed a selection of comparable companies to determine market conditions generally to ensure options issued are in line with market standards.

Employee Options
Share options are granted to provide the opportunity for eligible employees to share in the success of the Company and to attract and retain talented employees to ensure the continuing growth and success of the Company.

(c) Summary of options granted under Director Option and Employee option arrangements

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2009 No.	2009 WAEP	2008 No.	2008 WAEP
Outstanding at the beginning of the year	6,678,840	1.05	7,137,500	0.95
Granted during the year	-	-	6,366,340	1.00
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	4,355,000	-
Expired during the year	312,500	2.00	2,470,000	0.94
Outstanding at year end	6,366,340	1.00	6,678,840	1.05
Exercisable at year end	2,122,113	1.00	312,500	2.0

The outstanding balance at 30 June 2009 is represented by:

(a) 6,366,340 options over ordinary shares with an exercise price of $1 each, exercisable on or before 30 June 2011.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

27 Cash Flow Information

(a) Reconciliation of net loss after tax to net cash flows from operations

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Net loss	**(14,206,605)**	(28,362,855)	**(14,206,605)**	(28,362,855)
Non-Cash Items				
Depreciation	**2,313,700**	3,848,677	**170,669**	112,735
Amortisation of mineral properties	**-**	307,233	**-**	-
Impairment loss	**-**	15,273,501	**-**	-
(Gain)/Loss on sale of exploration tenements	**-**	-	**-**	-
(Gain)/Loss on sale of assets	**(129,535)**	(634,281)	**-**	18,527
Non -current assets written off	**1,430,213**	-	**-**	-
Exploration expenditure written off	**85,658**	-	**69,228**	-
Employee entitlements	**-**	-	-	-
Share based payments expense	**1,787,672**	2,209,340	**616,956**	638,306
Inter-company management fee	**-**	-	-	-
Write-down of loan to controlled entity	**-**	-	**13,161,177**	26,452,636
Changes in Assets and Liabilities				
(Increase)/ Decrease in accounts receivable	**901,262**	484,181	**(246,220)**	(7,317)
(Increase)/Decrease in inventories	**2,670,445**	3,753,135	**-**	-
(Increase)/Decrease in prepayments	**255,384**	(139,375)	**132,328**	(132,328)
Increase/(Decrease) in accounts payable	**(8,415,966)**	(491,468)	**(3,685,315)**	(3,086,430)
Net cash flows used in operating activities	**(13,307,772)**	(3,751,912)	**(3,987,782)**	(4,366,726)

(b) Non Cash Financing and Investing Activities

During the year, the consolidated entity acquired plant and equipment to the value of $361,494 (2008: $5,317,581) by means of hire purchase finance.

28 Financial Instruments

(a) Financial risk management policies and objectives

The Group's principal financial instruments comprise of a finance lease, hire purchase contracts and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is and has been throughout the period under review, the Group's policy that no trading in derivatives shall be undertaken. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk and commodity price risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecasts for interest rate, foreign exchange and commodity prices. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 of the financial statements.

(b) Interest rate risk exposure

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

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

(c) Liquidity Risk

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

30 June 2009	**Maturing**						**Total**
CONSOLIDATED	**< 1 year $**	**>1 to <2 Years $**	**>2 to <3 Years $**	**>3 to <4 Years $**	**>4 to <5 Years $**	**>5 Years $**	**$**
Financial Liabilities at amortised cost							
Fixed Rate							
Hire purchase liabilities	1,369,842	2,972,507	402,859	317,699	-	-	5,062,907
Trade and other payables	3,990,846	-	-	-	-	-	3,990,846
Floating Rate							
Bank and other loans	-	-	-	-	-	-	-
Total Financial Liabilities	**5,360,688**	**2,972,507**	**402,859**	**317,699**	**-**	**-**	**9,053,753**

30 June 2009	**Maturing**						**Total**
PARENT	**< 1 year $**	**>1 to <2 Years $**	**>2 to <3 Years $**	**>3 to <4 Years $**	**>4 to <5 Years $**	**>5 Years $**	**$**
Financial Liabilities at amortised cost							
Fixed Rate							
Hire purchase liabilities	-	-	-	-	-	-	-
Trade and other payables	940,017	-	-	-	-	-	940,017
Total Financial Liabilities	**940,017**	**-**	**-**	**-**	**-**	**-**	**940,017**

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

30 June 2008 CONSOLIDATED	**Maturing**						**Total**
	< 1 year $	**>1 to <2 Years $**	**>2 to <3 Years $**	**>3 to <4 Years $**	**>4 to <5 Years $**	**>5 Years $**	**$**
Financial Liabilities at amortised cost							
Fixed Rate							
Hire purchase liabilities	1,572,473	1,350,558	2,953,223	486,790	317,699	-	6,680,743
Trade and other payables	11,742,833	-	-	-	-	-	11,742,833
Floating Rate							
Bank and other loans	-	-	-	-	-	-	-
Total Financial Liabilities	13,315,306	1,350,558	2,953,223	486,790	317,699	-	18,423,576

30 June 2008 PARENT	**Maturing**						**Total**
	< 1 year $	**>1 to <2 Years $**	**>2 to <3 Years $**	**>3 to <4 Years $**	**>4 to <5 Years $**	**>5 Years $**	**$**
Financial Liabilities at amortised cost							
Fixed Rate							
Hire purchase liabilities	92,303	-	-	-	-	-	92,303
Trade and other payables	714,260	-	-	-	-	-	714,260
Total Financial Liabilities	806,563	-	-	-	-	-	806,563

(d) Net Fair Values

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

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

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

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

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

(e) Credit Risk

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

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

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

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

Trade receivables are non interest bearing and are settled within 30 - 90 days. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. There are no receivables that are considered impaired and therefore no impairment loss has been recognised by the Group in the current year (2008:nil).

(f) Commodity Price Risk

The Group is exposed to the risk of fluctuations in prevailing nickel and copper prices from the sale of the concentrate it produces. The Group's policy is to manage these risks through the use of contract based prices with its customer. Concentrate is provisionally priced and sold under contracts at prices determined by reference to current market prices on the London Metals Exchange. All sales during the year were unhedged and were priced according to the price mechanisms in the relevant sales contracts. As at 30 June 2009 these receivables are finalised and therefore no exposure to fluctuations in commodity prices.

(g) Foreign Currency Risk

As a result of sales transaction with its customer denominated in United States Dollars, the Groups' balance sheet can be affected by movements in the US$/A$ exchange rates. The Group seeks to mitigate the effect of its foreign currency exposure by monitoring levels of foreign exchange and assessment of market forces. A sensitivity analysis table in relation to foreign currency risk has been included at (h).

(h) Sensitivity Analysis

The following tables summarise the sensitivity of the Group's financial assets and liabilities to interest rate risk and foreign exchange risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax profit and equity including retained earnings would have been affected as shown. The analysis has been performed on the same basis for 2009 and 2008. The following assumptions in relation to market movements have been made in the sensitivity analysis.

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

Foreign exchange risk: +10% and -10%. Based on historical rates for the past 5 years, management considers that 10% is a "reasonably possible" estimate for movements in foreign exchange for the next 12 months.

Consolidated 30 June 2009	Note	**Carrying Amount**	**Interest Rate Risk -1%**		**Interest Rate Risk 1%**		**Foreign Exchange Risk -10%**		**Foreign Exchange Risk 10%**	
Financial Assets			**Profit $**	**Equity $**	**Profit $**	**Equity $**	**Profit $**	**Equity $**	**Profit $**	**Equity $**
Cash & cash equivalents	1	224,862	-1,574	-1,574	1,574	1,574	-609	-609	609	609
Trade & other receivables	2	539,796	-	-	-	-	-	-	-	-
Financial Liabilities										
Trade and other payables	3	3,990,846	-	-	-	-	-67,532	-67,532	67,532	67,532
Total increase/(decrease)			-1,574	-1,574	1,574	1,574	-68.141	-68,141	68,141	68,141

Consolidated 30 June 2008		**Carrying Amount**	**Interest Rate Risk -1%**		**Interest Rate Risk 1%**		**Foreign Exchange Risk -10%**		**Foreign Exchange Risk 10%**	
Financial Assets			**Profit $**	**Equity $**	**Profit $**	**Equity $**	**Profit $**	**Equity $**	**Equity $**	**Profit $**
Cash & cash equivalents	1	13,711,308	-95,978	-95,978	95,978	98,978	12,055	12,055	-9,864	-9,864
Trade & other receivables	2	1,441,058	-	-	-	-	54,914	54,914	-44,930	-44,930
Financial Liabilities										
Trade and other payables	3	11,742,833	-	-	-	-	10,954	10,954	-8,962	-8,962
Total increase/(decrease)			-95,978	-95,978	95,978	95,978	77,923	77,923	-63,756	-63,756

1. Cash and cash equivalents include deposits at call at floating interest rates. At balance date, A$8,693 was denominated in USD (2008: A$155,000). The movement in profit and equity are due to a lower cash balance held at year end. The sensitivity is lower in 2009 than in 2008 due to a reduction in cash held at year end.

2. All trade and other receivables are denominated in AUD (2008: A$706,035). The movement in profit and equity are due to a lower debtors balance held at year end. The sensitivity is lower in 2009 than in 2008 due to a reduction in debtors balance held at year end.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2008 (continued)

3. Trade and other payables include A$964,741 of payables denominated in USD (2008: A$140,829). The movement in profit and equity are due to a higher USD creditors balance held at year end. The sensitivity is higher in 2009 than in 2008 due to an increase in the USD creditors balance held at year end.

Parent 30 June 2009	Note	Carrying Amount	Interest Rate Risk -1%		Interest Rate Risk 1%		Foreign Exchange Risk -10%		Foreign Exchange Risk 10%	
Financial Assets			**Profit $**	**Equity $**	**Profit $**	**Equity $**	**Profit $**	**Profit $**	**Equity $**	**Equity $**
Cash & cash equivalents	1	15,566	-109	-109	109	109	-	-	-	-
Trade & other receivables	2	264,386	-	-	-	-	-	-	-	-
Financial Liabilities										
Trade and other payables	3	940,017	-	-	-	-	-	-	-	-
Total increase/(decrease)			-109	-109	109	109	-	-	-	-

Parent 30 June 2008	Note	Carrying Amount	Interest Rate Risk -1%		Interest Rate Risk 1%		Foreign Exchange Risk -10%		Foreign Exchange Risk 10%	
Financial Assets			**Profit $**	**Equity $**	**Profit $**	**Equity $**	**Profit $**	**Profit $**	**Equity $**	**Equity $**
Cash & cash equivalents	1	12,569,816	-87,989	-87,989	87,989	87,989	-	-	-	-
Trade & other receivables	2	22,428	-	-	-	-	-	-	-	-
Financial Liabilities										
Trade and other payables	3	714,260	-	-	-	-	-	-	-	-
Total increase/(decrease)			-87,989	-87,989	87,989	87,989	-	-	-	-

1. Cash and cash equivalents include deposits at call at floating interest rates.
2. All trade and other receivables are denominated in AUD.
3. Trade and other payables are denominated in AUD.

(i) Capital Risk Management

The Group's total capital is defined as equity attributable to equity holders of the parent, cash and cash equivalents and borrowings.

The Group's capital management objectives are:

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

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

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

29 Critical accounting estimates and judgements

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

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

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

Determination of mineral resources and ore reserves

Fox Resource Limited estimates its mineral resources and ore reserves in accordance with the Fox Resources Limited Policy for the Reporting of Mineral Resources and Ore Reserves. This policy requires that the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the 'JORC code') be used as a minimum standard. The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values, deferred stripping costs and provisions for decommissioning and restoration.

Impairment of capitalised exploration and evaluation expenditure

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

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

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

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

Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

In determining value in use, future cash flows are based on:

- Estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Future production levels;
- Future commodity prices; and
- Future cash costs of production and capital expenditure.

Variations to the expected future cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2009 (continued)

Provisions for decommissioning and restoration costs

Decommissioning and restoration costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates. Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they were granted. The fair value is determined by an external valuer using the binomial method using the assumptions disclosed in Note 26. The carrying amount at the date is disclosed in Note 18 under Employee/Director equity benefits reserve.

Loans receivable from controlled entities

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

30 Events occurring after balance sheet date

On 17 July 2009 the Company announced that its non renounceable Entitlement Offer had been successfully closed. Under the terms of the Entitlement offer, shareholders were offered to subscribe for 1 new share with 1 free attaching listed option exercisable at 30 cents on or before 30 November 2010 for every 2 shares held at a subscription price of 13 cents. Shareholders subscribed for a total of 22,661,642 shares or $2,946,013 before costs.

On 4 August the Company announced that it had placed 25,400,000 shares with 1 free attaching listed option exercisable at 30 cents on or before 30 November 2010 or $3,302,000 before issue costs of the Shortfall shares from Entitlement Offer that was closed on 17 July 2009.

On 23 September the Company held a General Meeting of shareholders at which shareholder approval was granted to repay 100% of the unsecured loans from Jungle Creek Gold Mines Pty Ltd by the issue of shares. The total of the loans including interest at 23 September 2009 totalled $3,305,098.

DIRECTORS DECLARATION

In accordance with a resolution of the directors of Fox Resources Limited I state that:

1. In the opinion of the directors I state that:

   (a) the financial statements, notes and remuneration disclosures in the Directors' report of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

      (ii) complying with Accounting Standards; and

   (b) at the date of this declaration, subject to the achievement of the matters disclosed in Note 2(b), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2009.

On behalf of the Board

BRUNO SENEQUE
MANAGING DIRECTOR

Perth, 30 September 2009

10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E admin@gtwa.com.au
W www.grantthornton.com.au

Independent Auditor's Report
To the Members of Fox Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Fox Resources Limited (the Company) which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence
In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of Fox Resources Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

  ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Significant uncertainty regarding continuation as a going concern
Without qualifying our opinion, we draw attention to Note 1(b) in the financial report which indicates that the Company and Consolidated entity both incurred a net loss of $14,206,605 during the year ended 30 June 2009 and, as of that date, the Company's and Consolidated Entity's current liabilities exceeded their current assets by $3,816,028 and $8,259,470 respectively. These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty which may cast significant doubt about the Company's and Consolidated entity's ability to continue as a going concern and therefore the Company and Consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report
We have audited the Remuneration Report included in pages 5 to 12 of the directors' report for the year ended 30 June 2009. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the Remuneration Report of Fox Resources Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

Grant Thornton Audit Pty Ltd

GRANT THORNTON AUDIT PTY LTD

J W VIBERT
Director – Audit & Assurance Services

Perth, 30 September 2009