

THE EMERGING FORCE IN MINERAL SANDS

2020



PYX Resources Limited
(formerly South Pacific Resources Limited)
ABN 30 073 099 171
Annual Report Jan - Dec 2020

Due to PYX's commitment to the environment, printed copies of the Annual Report are only posted to shareholders who have requested to receive a physical copy

P Y X
RESOURCES

Contents

About PYX Resources	4
Mineral sands process	6
Highlights	8
Chairman's letter	10
Year in review	16
Management Discussion and Analysis	17
Strategy and business model	18
Operating and financial review	26
Market outlook	30
Sustainability	32
Resources and reserves	37
Directors' Report	43
Remuneration report - audited	52
Corporate governance	59
Auditor's independence declaration	64
Financial Statements and Notes	65
Directors' declaration	66
Consolidated statement of profit or loss	67
Consolidated statement of comprehensive income	68
Consolidated statement of financial position	69
Consolidated statement of changes in equity	70
Consolidated statement of cash flows	71
Independent auditor's report	108
Shareholder and investor information	114
Glossary	117
Corporate Information	119

Forward looking statements

Cautionary Note Regarding Forward-looking Information

This Annual Report contains forward-looking statements and forward-looking information within the meaning of applicable Australian securities laws, which are based on expectations, estimates and projections as of the date of this Report.

Forward-looking information includes, or may be based upon, without limitation, estimates, forecasts and statements as to management's expectations with respect to, among other things, the timing and amount of funding required to execute the Company's exploration, development and business plans, capital and exploration expenditures, the effect on the Company of any changes to existing legislation or policy, government regulation of mining operations, the length of time required to obtain permits, certifications and approvals, the success of exploration, development and mining activities, the geology of the Company's properties, environmental risks, the availability of labour, the focus of the Company in the future, demand and market outlook for precious metals and the prices thereof, progress in development of mineral properties, the Company's ability to raise funding privately or on a public market in the future, the Company's future growth, results of operations, performance, and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend", "may" and similar expressions have been used to identify such forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the information is given, and on information available to management at such time. Forward looking information involves significant risks, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors, including, but not limited to, fluctuations in currency markets, fluctuations in commodity prices, the ability of the Company to access sufficient capital on favourable terms or at all, changes in national and local government legislation, taxation, controls, regulations, political or economic developments in Indonesia and Australia or other countries in which the Company does business or may carry on business in the future, operational or technical difficulties in connection with exploration or development activities, employee relations, the speculative nature of mineral exploration and development, obtaining necessary licenses and permits, diminishing quantities and grades of mineral reserves, contests over title to properties, especially title to undeveloped properties, the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drill results and other geological data, environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding, limitations of insurance of project cost overruns or unanticipated costs and expenses, and should be considered carefully. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking

statements made by, or on behalf of, the Company. Prospective investors should not place undue reliance on any forward-looking information.

Although the forward-looking information contained in this Report is based upon what management believes, or believed at the time, to be reasonable assumptions, the Company cannot assure prospective purchasers that actual results will be consistent with such forward-looking information, as there may be other factors that cause results not to be as anticipated, estimated or intended, and neither the Company nor any other person assumes responsibility for the accuracy and completeness of any such forward-looking information. The Company does not undertake, and assumes no obligation, to update or revise any such forward-looking statements or forward-looking information contained herein to reflect new events or circumstances, except as may be required by law.

No stock exchange, regulation services provider, securities commission or other regulatory authority has approved or disapproved the information contained in this Report

Competent Person Statement

The information in this Report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr. John Chisholm, a Competent Person who is a Fellow of AusIMM (Australian Institute of Mining and Metallurgy). Dr. Chisholm is engaged by PYX and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr. Chisholm consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

The Mandiri mineral sands deposit hosts a 6 Mt Inferred JORC Resource of zircon. The Company originally announced this resource in its Replacement Prospectus released on NSX on 20 February 2020 and confirms that it is not aware of any new information or data that materially affects the information included in the Replacement Prospectus. All material assumptions and technical parameters disclosed in the Replacement Prospectus that underpin the estimates continue to apply and have not materially changed.

The Tisma mineral sands deposit hosts a 4.5 Mt Inferred JORC Resource of zircon. The Company originally announced this resource in its Announcement "PYX Resources Limited Agrees to Acquire Tisma Development (HK) Limited, a World-Class, Fully Licensed Mineral Sands Deposit" on NSX on 13 January 2021 and confirms that it is not aware of any new information or data that materially affects the information included in the Announcement. All material assumptions and technical parameters disclosed in the Announcement that underpin the estimates continue to apply and have not materially changed.

About PYX Resources

PYX Resources Limited (NSX: PYX) is listed on the National Stock Exchange of Australia (NSX) and is a global mineral sands company and a leading producer of premium zircon.



In addition to its flagship asset, the Mandiri tenement, PYX acquired the Tisma mineral sands asset on 15 February 2021, both located in the alluvium-rich region of Central Kalimantan, Indonesia.

PYX Mandiri is a large-scale, near-surface open pit operation that has been in operation since 2015. Exploration has indicated the presence of additional Valuable Heavy Minerals such as rutile and ilmenite.

Following the acquisition of Tisma in 2021, PYX boasts the world's 2nd largest producing mineral sands company globally in terms of zircon resources (10.5 Mt of inferred resources). PYX Resources controls two large-scale deposits with exploration to date validating the presence of additional Valuable Heavy Minerals such as rutile and ilmenite amongst others within its mineral sands.

Determined to strengthen its position as the industry consolidator of zircon rich deposits within Kalimantan, PYX is committed to mine responsibly and invest in the wider communities in which it operates. PYX Resources is dedicated to fully developing Mandiri and Tisma, with the vision of exploring and acquiring further mineral sands assets in Asia and beyond.



Mineral sands process



Zircon and titanium dioxide minerals – such as rutile and ilmenite – belong to a group of minerals widely known as ‘Heavy Mineral Sands’. In general, there are two kinds of compositions of Mineral Sands sediment: primary and placer sediment. Primary sediment is the sediment where the mineral sands remained in the carrier rock or in the rock where mineral sands ore is formed. Placer mineral sands sediment is the type of sediment that was shifted out of the source of high-grade igneous and metamorphic rocks and sedimented in a new place due to the process of weathering, transportation and reprecipitation. This process begins inland, with the minerals washed down to sea-level by heavy rainfall, where they are then shifted to the shore by waves. Here, wind helps to concentrate the heavier minerals by blowing away the less dense quartz sand. Repeated over millions of years, this process results in the formation of large sedimentary placer deposits commonly located in coastal environments. PYX’s key tenements, Mandiri and Tisma, contain vast reserves of such mineral sands, particularly zircon, derived from the lift and deep erosion of basement rocks from the Paleozoic – Cretaceous era.

Principal valuable elements of heavy minerals include zircon ($ZrSiO_4$), ilmenite ($FeTiO_3$), leucoxene ($FeTiO_3TiO_2$), rutile (TiO_2), and monazite (Ce, La, Th, Nd, Y) (PO_4, SiO_4) - other heavy minerals frequently occur together with the above primary valuable minerals include: pseudorutile, anatase, xenotime, garnet, kyanite, sillimanite, staurolite. Extraction of deposits with grades as low as 1% might be possible, depending on the technical difficulty of extraction.



Geological Analysis

Mineral Sands are a group of minerals commonly found and mined together from water or wind alluvial deposits. The principal Valuable Minerals include zircon ($ZrSiO_4$), rutile (TiO_2), ilmenite (Fe, TiO_3), leucoxene ($FeTiO_3, TiO_2$) and monazite (Ce, La, Th).

Heavy-Mineral Separation

The Heavy Mineral Concentrate is stockpiled and drained before being transferred to a secondary concentration process or mineral separation plant. Residual sand is pumped into the mining pit, while process water from cyclone stackers and the solar evaporation dam is recycled.

Marketing

Zircon is a major product of the Mineral Sands industry and has been used as a gemstone for over 2,000 years. Today, it is widely used to manufacture cubic zirconia, fibre optic components, refractory coatings, ceramics, dentures and other dental products. Zircon also serves as the primary ore of zirconium metal. PYX transports its final product of Zircon to customers in Europe and Asia.



Mining and Concentration

Around 97% of zircon in the world is obtained from Heavy Mineral Sands through a process which involves mining and wet concentration. The end result of this phase is referred to as Heavy Mineral Concentrate.

Mine Rehabilitation

Mine rehabilitation is part of responsible mining. Through rehabilitation, the mining pit will be recovered to a condition similar to its pre-mining stage to ensure mining's compatibility with future land uses such as farming.

Highlights

6,737 tonnes
Sales volume

36.5%
Sales volume y/y
increase

6,555 tonnes
Production volume

32.0%
Production volume
y/y increase

73.8%
Increase in share
price (as of COB
31 December
2020)

Zero
Reported Covid-19
cases

US\$8,957k

Revenue

30.6%

Revenue y/y
increase

1.4 days

Finished goods
inventory

US\$3,509k

Cash position

Zero

Total recordable
injury frequency
rate of zero

Chairman's letter



Dear Shareholders,

Welcome to PYX Resources' December 2020 Annual Report. 2020 has seen the COVID-19 pandemic present businesses with unprecedented challenges, requiring them to adapt in the face of change. PYX Resources has continued to demonstrate resilience to drive value creation, benefitting from the clarity of our business model, the quality of our operations and development, and the unwavering commitment to sustainability and the well-being of our people and their families. As a result of our commitment and determination, we are pleased to report there have been no COVID-19 cases at our operations or offices as well as zero instances of work-related injuries.

During this first year of operations of PYX as a listed entity, I am particularly proud of the manner in which we have set the base for strong business fundamentals, exceeded our goals and delivered on our strategy. We have increased our production and sales volumes while investing in increasing our production capacity, and completed the acquisition of Tisma on 15 February 2021. This transaction has enhanced our positioning and is a testament to our determination to consolidate the mineral sands industry both within Kalimantan and globally in terms of zircon JORC compliant resources and to our ability to efficiently allocate capital raised in public markets to transform ourselves into the 2nd largest mineral sands producing company in the 12 months as a public entity.

PYX Resources' management team is fully committed in its pursuit to develop our company into one of the most prominent mineral sands producers globally, supported by our world-class Mandiri and Tisma deposits in Central Kalimantan, which boast a mineral sands assemblage with the world's highest zircon content. Through this pursuit, we are dedicated to fulfilling our unfaltering commitment to deliver sustainable value to all our stakeholders, empowering local communities and safeguard the environment, while supporting diversity.

The year delivered immensely unique and testing times for businesses, families, communities and society as a whole. As business sentiment softened, particularly due to the COVID-19 pandemic and the ongoing US-China trade war, the global economy has been monumentally stunned. At the beginning



of the year, zircon sales were impacted by factory shutdowns in China, reduced demand from zircon consumers located in Europe and global travel restrictions hampering access. PYX's management team rapidly adapted the sales strategy, growing China sales in reaction to the country's rapid recovery from the crisis, as well as India which experienced an uplift in activity later on in the year.

Against the backdrop of the pandemic our teams have worked closely with our contractors, customers and suppliers in order to align our operating model and effectively mitigate the impact of external demand shocks across our operations. As a result of these efforts, we are pleased to report that there have been no cases of COVID-19 at our operations or offices, in addition to PYX Resources not having any work-related injuries since 24 January 2019, the date on which current management took over the business.

Over the past year PYX has achieved excellent results showing strong business fundamentals. The Mandiri operations have experienced robust growth, producing 6,555 tonnes of high-grade zircon, up 32% from the previous reporting period and sold 6,737 tonnes of zircon, up 37% from the previous reporting period. This represents the highest sales volumes in the history of Mandiri.

We are proud to report that our financial position has remained very favorable, with strong cash reserves and a strong balance sheet. We closed the year with a cash position of US\$3.5 million, and as of today,

**“
Over the
past year PYX has
achieved excellent
results showing
strong business
fundamentals.”**



we are debt free. Further, we have our highest ever order book, benefitting from our zircon premium quality, the US-China trade wars negative impact on the Australian products, Indonesia's position within China's Belt and Road initiative, and global supply chain disruptions, bolstered by China being the largest zircon offtaker globally. Accordingly, our zircon business remains well positioned, with sales into the ceramics industry (opacifier in glazes and frits, flour), specialty castings (foundry applications), refractories (refractory bricks, furnace linings, abrasives) and specialty markets (fused zirconia). Despite the prospect of acute and prolonged market volatility, PYX Resources has solid fundamentals and remains confident in its ability to continue delivering sustainable value.

In June 2020, PYX Resources received notification from the Central Kalimantan Provincial Government that following approval from the Energy and Mineral Resources Department of Central Kalimantan, the Company's application for the extension of the Production Operation Mining Activities IUP license related to the Mandiri deposit has been granted for the maximum authorized

period of 5 years, after which the license can be renewed for additional 5-year terms. Mandiri also received approval from the Provincial Energy and Mineral Resources Service for its Working Plan and Budget for 2021 including processing, marketing and shipping of zircon, rutile and ilmenite for a total of 154,000 tonnes. This is a major milestone for the Company, which soon will be selling rutile and ilmenite in addition to its premium zircon. The new license and extension of the license into new minerals shows the strong relationships with the Indonesian Central Government and local government as well as with the communities in which we operate.

PYX has made significant advances in its strategy and business fundamentals. Over the course of the next 12 months, we will pay close attention and react dynamically to the rapidly changing landscape, namely the scarcity of supply and the projected price increases and we will continue to monitor the effects of the COVID-19 pandemic and the global slowdown.

We expect 2021 to be the beginning of a very strong commodity up-cycle, which will clearly

support zircon pricing for the years to come.

Furthermore, we will continue to comply with the measures mandated by the national and provincial governments in Indonesia, while serving our global customer base and meeting their demands. Our increased production capacity and utilization will ensure that we are well positioned to capitalize on favorable mineral sands market dynamics as a result of a persistent demand-supply imbalance, which will result in an increased market share for our Group. PYX's top priorities will continue to be the undertaking of safe, high impact, responsible, value creating activities, while adhering to a disciplined capital expenditure investment strategy.

Since the completion of our IPO on the National Stock Exchange of Australia on 25 February 2020, we have seen a strong post-IPO share price performance, with our share price outperforming the ASX Metals & Mining index and all mineral sands listed peers. Looking ahead, we will also aim to continue complementing the current PYX resource base by identifying, acquiring and developing undervalued, world-class mineral assets strategically located in countries participating in the Belt and Road initiative, possessing significant resources, with long mine life and superior zircon assemblage.

With these extraordinary results in mind, on behalf of the Board, I would like to thank our professional staff and management team for their endeavors during the past year, and the

local communities and governments for their support and commitment. Furthermore, we would like to extend great appreciation to our customers for all their trust and co-operation.

I would also like to thank our shareholders and stakeholders who provide us with great support through this journey. I look forward to many more successful years ahead as we endeavor to deliver our strategy to further strengthen our market position in this coming financial year. We truly believe that our continued commitment to building a leading global mineral sands company will generate long-term value to all.

A handwritten signature in black ink, reading "Oliver B. Hasler". The signature is stylized, with a large, looped initial "O" and a prominent "H".

Oliver B. Hasler

Chairman

Dated: 15 March 2021



Year in review

Sales volume of Zircon

6,737 t

FY2020	6,737	+36.5%
FY2019	4,936	+49.8%
FY2018	3,296	

Production volume of Zircon

6,555 t

FY2020	6,555	+32.0%
FY2019	4,966	+48.1%
FY2018	3,353	

Financial summary

(US\$)	FY2020	FY2019
Sales revenue	\$8,956,694	\$6,858,289
EBITDA	\$(13,933,329)	\$86,195
EBIT	\$(14,062,503)	\$9,796
Net loss before tax	\$(14,083,464)	(\$47,295)
Net loss after tax (NLAT)	\$(13,820,603)	(\$58,387)
Underlying EBITDA	\$(1,213,402)	\$86,195
Total assets	\$6,166,204	\$1,714,622
Total liabilities	\$(1,645,355)	\$(1,009,639)

1. Control and accounting consolidation of PT Investasi Mandiri, the holder of the Mandiri Tenement, commenced 24 January 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Strategy and business model

Australian-based, NSX-listed PYX Resources operates the Mandiri and Tisma deposits in Indonesia. In production since August 2015, the Mandiri deposit is located in the alluvium-rich region of Central Kalimantan, 23 km away from the nearest township of Kuala Kurun, and 100 km north of the provincial capital city, Palangkaraya. On 15 February 2021, PYX completed the acquisition of Tisma, an outstanding mineral sands deposit located in close proximity to the existing Mandiri tenement. This is a highly transformative and accretive acquisition for PYX:

- PYX has become the world's 2nd largest mineral sands producing company globally in terms of zircon JORC compliant resources, significantly enhancing its positioning as a leading miner of premium zircon.
- The Tisma deposit and PYX's existing Mandiri deposit are in close proximity, generating significant synergies and economies of scale.
- PYX aims to strengthen its position through the consolidation of zircon rich deposits within Kalimantan.

Maximizing Value from our Mineral Sands Resources

PYX Resources' strategy is driven by its inherent determination to enhance shareholder value through increasing asset valuations, scaling the production of premium grade zircon and employing the most effective methods in its mining process. At the core of this commitment

is the importance of comprehensively exploring the Mandiri and Tisma deposits to mine, process and sell Valuable Heavy Mineral resources including, but not limited to, zircon, rutile and ilmenite.

PYX's management team is dedicated to undertaking thorough metallurgical analysis and testing to assist in identifying areas of

key interest, such as the current one to the north east of the Mandiri tenement. Through the installation of a new Mining Field Unit at Mandiri, PYX will be able to dramatically decrease its mining costs while ensuring the successful high-concentration extraction of Heavy Mineral Sands to help fulfil growing demand.

Furthermore, in order to increase the zircon, rutile and ilmenite production capacity, PYX strives to continually upgrade and expand its processing facilities. Over the last 12 months, the capacity of Mandiri's separation plant has increased from 12 kt to 18 kt of zircon per annum. This has been achieved through the installation of an additional (third) dryer line, the impact of which has been bolstered by a notable increase in productivity. This is furthered by the implementation of a first in-house mining unit in the near future, significantly upgrading capacity and helping to satisfy the growing demand for mineral sands, while demonstrating its ongoing activities aimed at increasing mineral sands

production capacity.

The current mining area is already in production with substantial defined inferred mineral resources of 126 million tonnes and 6.0 million tonnes of contained zircon. Additionally, the Tisma acquisition adds 137.2 million tonnes of Mineral Resources, 5.5 million tonnes of Heavy Minerals and 4.5 million tonnes of contained zircon. In addition, there are substantial areas of further exploration with high potential to be converted into resources within the Mandiri and Tisma deposits.

Finally, PYX strives to expand its existing resource base and consolidate zircon-rich deposits within Kalimantan. The Group is committed to identifying, acquiring and developing undervalued, world-class mineral assets, particularly focusing on Central Kalimantan resource-rich tenements, as it continues to gain momentum on the journey to becoming a leading global mineral sands company.





Key Focus on Premium Zircon Business

Zircon is an opaque, hard wearing, inert mineral, belonging to the group of nesosilicates. Zircon's chemical name, zirconium silicate, has a general chemical composition of 67% zirconia, 32% silica, and a small percentage of hafnium, typically about 1%. Zircon exists in varying colours including colourless, yellow-golden, red, brown, blue and green. After the mining and production of Heavy Mineral Concentrate, zircon is separated, beneficiated and commercialized as zircon sand (zircon). Zircon exists in many different forms, such as sand and flour, allowing it to be used in a wide range of applications.

The largest end-use sector of zircon is the ceramics industry, accounting for around 55% of all zircon used. Within the ceramics sector, zircon is mainly used as a raw material in the production of ceramic bodies, glazes, enamels, frits and pigments applied to traditional ceramics, including wall and floor ceramic tiles, porcelain tiles, sanitaryware, bathroom basins, dinnerware and industrial tiles. Its ability to be used as an opacity enhancer (whiteness), in combination with its hard-wearing characteristics, specifically water, heat, chemical and wear resistant, results in high demand for zircon within the ceramics industry.



As a raw material in ceramic glazes, increasing the zircon content enhances the resistance to corrosion and chemical attack. In advanced ceramic applications, such as the production of biocompatible ceramics, zircon is used as a raw material for the production of fused and chemically derived zirconia.

Other important uses of zircon include those in the foundry industry as a form of sand and milled sand for casing and refractory application. Its suitability for this purpose is largely due to its temperature stability, consisting of a high and

stable melting point, high thermal conductivity range and low thermal expansion coefficient, as well as its low wettability by molten metal. Furthermore, zircon's dielectric and piezoelectric properties make it highly suitable for use in the telecommunications and automotive sectors, and production of special electro-ceramics in aerospace. Zircon can also be commonly found in lead zirconate titanate (PZT) electro-ceramics, used in a wide range of products such as microphones, microwave dielectrics and radio frequency power capacitors.

Zircon's growing usage and under-supply – especially for high-grade zircon – has fostered favourable market conditions: particularly since existing reserves are being depleted, while a limited number of new large deposits have entered into operation over the last 20 years. Zircon demand has been increasing rapidly since the year 2000, largely due to the growth in demand from China for Zircon Sand. In recent times the chemical and foundry industry have been contributed significantly to growth in demand, exhibited by the increased market share of ceramic manufacturers with respect to global zircon consumption.

Zircon's wide-ranging applications are highly present in home, construction and design, as well as home appliances. Moreover, zircon is also a key raw material in the field of medicine, fuel cells and industrial manufacturing processes.

Uses of zircon

High Tech

High tech applications are the fastest growing category of products utilizing zircon for the manufacturing of: 3D printing, semiconductors, solar cells, implants, fuel cells and batteries, shape memory alloys and coating, catalysis.

Foundry sands

Zircon is widely used in the foundry industry, milled sand (or flour) is used for improved surface finishing and refractory coatings.

Coatings/materials

Exterior and interior paint, anti-pollution coatings, nanomaterials, nanorods, nanostructures, nanofabrication.

Healthcare

The medical sector uses zircon in diagnosis and treatment, including oxygen sensors, dental parts, medical implants and biocompatible devices, drug delivery, and bioimaging.

Sensors

High temperature and pressure sensors, gas sensors, relative humidity sensors, biosensing, DNA and proteins sensing in food and drink.

Ceramics

The most important market for zircon is the ceramics industry. Within this sector, zircon is mostly employed as a raw material in the production of ceramic bodies, glazes, enamels, frits and pigments applied to traditional ceramics, which includes wall and floor ceramic tiles, porcelain tiles, sanitaryware, washbasins, tableware, special porcelains and industrial tiles, among others.

Fuel cells

Many battery technologies make use of zircon, for example proton exchange membranes, hydrogen storage, solid oxide fuel cells and Li-ion batteries.

Advanced Ceramics

Ceramic materials that have been specially designed to improve upon traditional ceramics, such as grinding wheels, sharpening stones, pump seals, thermal insulators, and cutting tools.

Refractories

Refractories are materials that are designed to maintain strength, dimensional stability and chemical resistance at high temperature. These can be useful to the metallurgy industry for lining vessels which will hold high temperature materials such as kilns and furnaces.

Homeware

Zircon has many applications around the home including glass, light bulbs, dishes, glasses, clock parts, knives, pans, toothpaste, cosmetics, sunscreens, jewellery, optics, bicycle frames.

Electro-Ceramics

A wide class of materials used for their electronic properties, covering consumer electronics such as mobile phone cameras, microphones and ultrasonic toothbrushes to scientific devices like nano positioning stages.

Unique Logistics Advantage

PYX's key logistical advantage lies in the low-cost required infrastructure investment. By plane, the city of Palangkaraya in Kalimantan is easily accessible from Jakarta, only 1 hour and 20-minutes away. Palangkaraya's airport, Tjilik Riwut, boasts a modern, newly renovated design and is well-connected to all major cities in Indonesia, with many daily flights to Indonesia's capital.

The Mandiri Tenement infrastructure adequately accommodates PYX's operations, with a well-preserved asphalt-sealed road, an earth-based inland road and a series of tracks extending throughout the tenement. Mandiri's mine benefits from direct access to the Kahayan river, which is navigatable year round and has a history as a transport route within the mining industry. The use of the river allows for a significant reduction in transportation costs in the delivery of Heavy Mineral Concentrates from our tenement to the factory.

Mandiri's Mineral Separation Unit is conveniently located 100 km north from Palangkaraya, connected by a well maintained, paved national highway. Presently, the factory is undergoing connection to the electrical grid. Once complete, this process will generate substantial benefits to operations, allowing for energy costs to be minimised as the diesel fueled generators will be replaced with public electric power. The Mandiri Tenement is situated closely to the factory, with the outer working area of the tenement located near the district road which links the village of Kereng Pangi to the national highway. A private airport is positioned near the tenement, providing future opportunity as an access point to the mine and factory by air.



The new Tisma Tenement is located 50 km northwest from the regional capital Palangkaraya and approximately 75 km via bitumen road. The Tisma concession is located in two sub-districts: Katingan Hilir and Tasik Payawan. The two sub-districts are based in the Katingan district of Central Kalimantan Province. Tisma is located along the Katingan river, which flows into the Kahayan river; thus, providing an opportunity to navigate the surrounding area if desired.

The Sampit and Banjarmasin ports are suitably connected to the factory by a paved national highway. The ports have considerable experience in dealing with the export of the major commodities produced in the region; namely, coal, timber, palm oil and iron ore. In order to meet the region's growing year-on-year exports volume, the ports have been required to grow their capacity. The Group is confident in the success and ability of these ports in sustaining the delivery of our growing production to our customers around the world.

The existing infrastructure detailed above requires only low-cost investment in order to adapt it to the demands of our mining operations. We are confident that the quality of infrastructure will meet PYX's logistical needs in a timely and efficient manner.



Increasing the Mining Capacity

Mining takes place in an in-pit wet pre-concentrator, which is currently undergoing capacity expansion. As a result of the detailed engineering studies carried out by Perth-based MSP Engineering Pty Ltd. on Mandiri's fleet and mining equipment, the intention is to develop a wet concentration plant, which will allow for an increase in production. The aim is for the processing plant to be based on vendor-provided skids that will be relocatable across the mining area over time, with the necessary infrastructure established.

To realize the next phase of expansion in PYX's world-class mineral sands deposit, the renowned Jakarta-based engineering consulting company, Resindo Resources and Energy was hired to aid in the acquisition of the Mine Field Unit in order to expand extraction capacity. Moreover, the scope of work of Resindo Resources as consultants includes, but is not confined to, all engineering aspects, cost control, procurement and logistics work.

A combination of the mobile, relocatable Mine Field Unit (MFU) - together with scrub, trommel,

cyclone desliming, CD tank and spiraling modules - will be utilised for the first in-house mining unit. To make this development possible, a water management plan, consisting of site drainage, surface water catchment and settling ponds, in combination with mine roads and pit access ramps, was proposed.

The wet processing plant is designed to beneficiate zircon among other valuable minerals and reject the non-valuable minerals through gravity separation and classification. Following this process, the rich heavy mineral concentrate produced will be transported to the mineral separation plant (MSP), located 23km south of the Mandiri tenement and well connected by the Kahayan river.

In order to optimise the initial pilot solution and rapidly grow production, a full-scale trial mining program was undertaken during Q4 2020 and Q1 2021 to confirm the Mine Field Unit design. This forward-thinking approach allows for maximum efficacy and enables the in-house field unit to serve as a foundation to build additional capacity in the near future. The resulting capacity will help to supply the increased demand from PYX's global customer base.

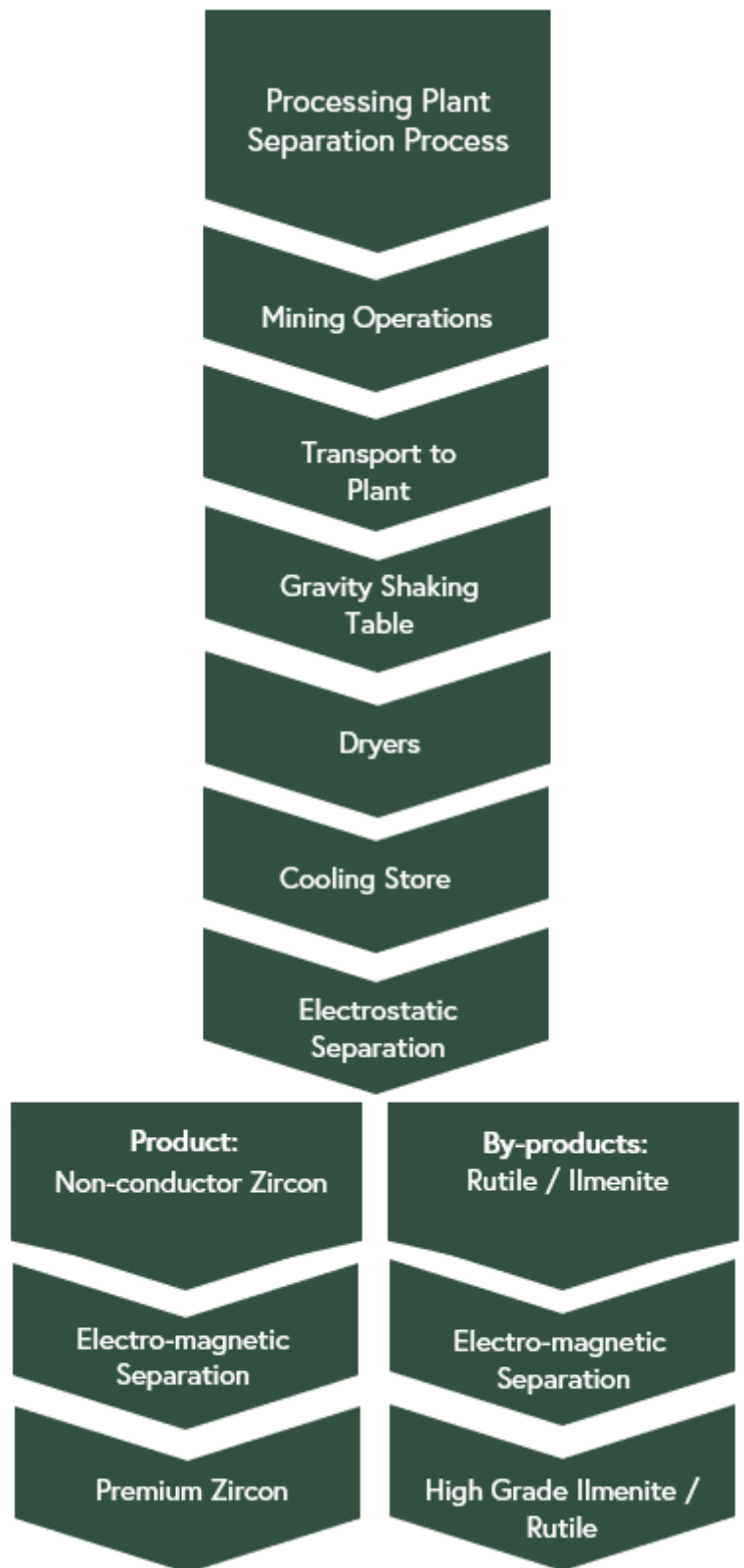
Upgrading Mandiri's Processing Facility

The existing Mandiri Mineral Separation Unit consists of a conventional wet concentration process (Wilfley tabling), followed by batch dry mineral separation processing (electrostatic rolls, electrostatic plates and magnetic rolls).

The Mandiri processing plant conducts the following separation process:

Heavy Mineral (HM) feed material is passed over gravity shaking tables in order to increase the zircon concentrate. Secondly, the concentrate undergoes drying and cooling. The concentrate is then passed through an Electrostatic Separation Unit, separating metallic and non-metallic minerals, as well as those minerals which possess non-conductive properties. Lastly, the zircon concentrates pass through an Electromagnetic Separation Unit, leading to the production of high purity zircon. The end product has a high zircon content ranging between 66%-68%.

Mandiri's current operation has an installed production capacity of 1,500 tpm (or 18,000 tpa) of zircon product and has produced more than 15,000 tonnes of zircon product to-date. The Mandiri project primarily produces 65.5-grade Zircon (premium grade for exports). Other potential by-products include rutile, and ilmenite, among others.



Operating and financial review

PYX's zircon sales volume increased from 4,936 tonnes to 6,737 tonnes in the reporting financial period, representing an annual increase of 36.5%. The volume increase stemmed from constant focus on increasing value for existing customers, new client acquisition, enhanced geographical and end-market diversification while pursuing the company's growth strategy.

Sales Volume

	Year Ended 31 December 2020	Year Ended 31 December 2019	Year Ended 31 December 2018
Zircon Sales (tonnes)	6,737	4,936	3,296

PYX's existing customer base consists of a diverse group of global blue-chip customers operating in various industries, sectors and geographies. Through this customer diversification, PYX is protected from any risks associated to high-concentration, thus mitigating against potential future crisis impacting specific geographies and/or industries. Crucially, PYX has continued to grow its market presence in China, the world's largest zircon consumption market, while developing strong, long-term relationships

with key customers globally. The robust growth observed in the Chinese zircon market this year has meant that sales continue to closely match production, allowing for minimal levels of inventory with an actual finished goods of 1 day at the end of the period, highlighting a high efficiency ratio and optimal inventory management.

Mineral Separation Plant (MSP) Performance

	Year Ended 31 December 2020	Year Ended 31 December 2019	Year Ended 31 December 2018
Zircon Production (tonnes)	6,555	4,966	3,353

During the same period, the share of the top-3 customers by sales volume fell from 83.6% to 47.9%. This decrease is largely a result of increasing the number of customers and sales in China. PYX has more than doubled the number of customers during this period, mainly as a result of Chinese companies refocusing its supply chain to Belt and Road countries. Mandiri's zircon production increased substantially from 4,966 tonnes to 6,555 tonnes, a YoY increase of 32%. This was as a result of higher feed of heavy

mineral concentrate, in combination with the upsized processing capacity during the reporting period.

Furthermore, the overall capacity of the Mineral Separation Plant (MSP) also increased from 12 kt to 18 kt per annum, as a result of the implementation of the investment programme and the installation of a third dryer unit. In addition to this, PYX has continued to focus on its productivity increase programme at the MSP.

Income Statement Analysis

For the Full Year ending on 31 December 2020 (FY2020), PYX Resources reported an increase in sales revenue of 30.6% compared to the same period in the previous year. The Company reported a net loss after tax of US\$13,821k for the reporting period compared to a net loss of

US\$58k in the previous year. The EBITDA for the period was negative US\$13,933k, with an Underlying negative EBITDA of US\$1,213k.

Income Statement

	(US\$)	FY2020	FY2019
Sales revenue		8,956,694	6,858,289
Cash cost of production		(7,557,600)	(5,554,577)
Other income		110,576	114,459
Selling and distribution expenses		(492,248)	(260,831)
Corporate and other expenses ¹		(7,675,142)	(1,059,485)
Foreign exchange loss		(29,376)	(11,659)
Acquisition costs		(1,889,237)	-
Acquisition loss		(5,356,997)	-
EBITDA		(13,933,330)	86,195
Depreciation and amortisation		(129,173)	(76,399)
EBIT		(14,062,503)	9,796
Net financial expenses		(20,961)	(57,091)
Net loss before tax		(14,083,464)	(47,294)
Income tax		262,861	(11,092)
Net loss after tax (NLAT)		(13,820,603)	(58,386)
Other comprehensive income		40,046	12,296

1. Excluding depreciation and amortisation

Underlying EBITDA

(US\$)	FY2020	FY2019
EBITDA	(13,933,329)	86,195
Non-recurring items ²	(12,719,927)	-
Underlying EBITDA	(1,213,402)	86,195

2. Non-recurring items are expenses that do not fall within the normal course of business and/or are not costs that occur every year

PYX's underlying EBITDA for the period was negative US\$1,213k. The modestly negative operating cash flow is the result of tight control on general and administrative expenses during the Initial Public Offering (IPO) preparation phase and following commencement of trading on the NSX. This is a significant achievement, considering the expansion of the corporate structure when compared to FY2019 and the adverse operating environment caused by the pandemic as well as geopolitical and trade tensions. The main non-recurring items in the period were non-capitalized listing expenses of US\$1,889k, RTO transaction loss of US\$5,357k (accounting for the transaction loss on consolidation of Pyx Resources Ltd.) and accrual of management's share-based payments for US\$3,939k.

The comparison between FY2020 and FY2019 is also impacted by the fact that in FY2019 only 11 months and 7 days of operating activity are accounted for in our accounting records.

Takmur Pte (the Group holding company as a result of the application of the principles of Reverse Acquisition Accounting) did not control any operational assets prior to 24 January 2019, the date in which Takmur Pte obtained control of PT Investasi Mandiri, the holder of the mining concession related to the mineral sands deposit of Mandiri. Therefore, revenues and expenses of PT Investasi Mandiri are only accounted for commencing 24 January 2019, the consolidation start date.

Zircon Revenue

Revenues from sales of zircon for the reporting period was US\$8,957k, an increase of 30.6% due to the growth in annualized sales volume, partly offset by lower realized prices and the reduced accounting period in FY2019. Average pricing for the period was only 4% lower than the prior period, despite the US-China trade conflicts and the impact of the COVID-19 pandemic, thus exhibiting the strength of the mineral sands market and in particular the zircon market.

Demand remained robust during 2020 with PYX's order book at an all-time high. Prices in 2020 largely mirrored those observed in 2019 in spite of the impact of the COVID-19 pandemic on the world economy. This is the result of zircon supply being largely dominated by few suppliers, which generally translates into strong pricing discipline. This feature is expected to persist in view of the expected depletion of existing deposits combined with a continuous increase in zircon demand. The anticipated structural supply deficit is forecast to provide strong fundamental support to zircon

prices in the medium to long term.

Net Profit (Loss) After Tax

PYX's net loss after tax for the period was US\$13,821k, mainly due to expenses incurred in the listing process, RTO transaction loss as well as management's share-based incentives.

Cash and Cash Equivalents

PYX's cash and cash equivalent balance at the end of the FY2020 period was US\$3,509k, up from US\$93k in the previous period. The increase was attributed to the addition of IPO funding, partially offset by listing and RTO costs, the capital expenditure required to bring the installed capacity up to 18 kt per annum, and to a lesser extent the negative operational cash flow.



Market outlook

Over the past year, PYX's order book has experienced significant growth. In a year dominated by the repercussions of the COVID-19 pandemic on the global economy and financial markets, this is particularly encouraging and highlights PYX's ability to adapt in tough market conditions. Further, the excellent relationships built by management with existing and prospective customers have been a key driver for the strong sales performance over the reporting period.

The geographic footprint of PYX's high-grade zircon covers countries throughout Asia and Europe serving as a vital component to a range of everyday applications, spanning from homeware to healthcare, sensors to battery technologies, coatings to electronics, and many more. Notably, the ceramics market represents the largest

proportion of zircon demand, and our zircon, which possesses high purity characteristics and superior opacifying properties, is highly sought after in this field. PYX's zircon has also proven to be ideal for fused zirconia applications which typically lend itself to industrial end uses.



Strong Pricing Environment for Premium Zircon

In most projects – including Mandiri and Tisma – both zircon and titanium minerals can be found within the same deposits. The mineral sand component with the highest market value; zircon is the cornerstone of the mineral sands industry. Presently, no perfect replacement for zircon exists due to its unique attributes and novel wide-ranging applications, allowing for robust pricing conditions for premium zircon.

2020 continued to demonstrate the strength of the mineral sands market. The zircon market coped particularly well considering the impact of the COVID-19 pandemic.

During the first half of 2020, demand remained strong with our order book reaching the highest levels since production began in 2015 and exceeding our maximum capacity. Despite the economic downturn caused by the pandemic, prices in 2020 roughly remained in line with 2019 average pricing. This is attributable to two key factors. Firstly, the zircon market is consolidated, with a few suppliers accounting for a significant share of the global supply base. Secondly, expectations that a structural supply deficit will persist due to an absence of quality mineral sand projects with high zircon assemblage continues to buoy zircon prices. In conjunction, the above factors are placing the zircon market in a position of strength going into 2021.





Sustainability

Inspired by the Sustainable Development Goals (SDGs) set forth by the United Nations Development Program, we have introduced “PYX Cares” as PYX’s blueprint for making a meaningful difference to the communities in which the company operates and in achieving sustainable growth. PYX strongly believes that business can be a catalyst for change.



The “PYX Cares” sustainability programme is designed to deliver sustainable value to all stakeholders. The programme ensures that operations align to contribute towards a number of the United Nations Sustainable Development Goals. PYX understands that achieving these long-term goals is reliant on building a mutually beneficial relationship with the local communities. PYX’s holistic approach to sustainability aims to empower local communities, protect the environment and foster diversity in order to ensure that both PYX’s employees and the people of Kalimantan fully participate and benefit from the Company’s long-term success story.

PYX expects all its partners to adhere to the highest standards of sustainability, and strive to strike a balance among our commitment to sustainability, the needs of our people and the entirety of our business obligations.

PYX understands that its responsibilities extend to the communities in which it operates. The community-based programmes are organically harmonious with the desire to foster improvements in the quality of life of all communities in which the Company operates. PYX is dedicated to working with local communities in Kalimantan to learn about their needs, in order to make meaningful investment which will ensure that a lasting legacy to the region and its people is left behind.

Following a survey conducted by PYX inviting local villagers to voice their greatest concerns, the need to improve infrastructure and roads was clear. An important local bridge, between the Bukit Batu and Muroi Raya villages, had been in a state of disrepair for three years, despite being a key infrastructure link for local villagers.

Consequently, realising the extent of the community’s reliance on agriculture for which safe and reliable roads are essential, PYX promptly provided the expertise of its highly-skilled Mandiri

workforce to plan the project. Further, it supplied the use of heavy equipment and machinery to enable the effective repair of the bridge. The upgraded bridge provides critical access to markets, schools and services for the local population which were hindered for several years. It also provides a positive example of the PYX Cares programme in action.



Employees

Safety

PYX recognizes that its people are its most valuable asset. Hence, the health, safety and wellbeing of its employees and contractors are paramount. The Company is committed to identifying, mitigating, and whenever possible, eliminating the risk factors associated with its activities. Health and safety are responsibilities shared by everyone throughout the organisation, and management strives to nurture a safety-first culture across all operations.

Against the backdrop of the COVID-19 crisis, PYX moved quickly, taking great care of the welfare of all its staff, contractors, and the communities it works with to ensure early preventive measures were put in place. Consequently, the Company's operating model was adjusted to deal with the new circumstances. Following the World Health Organization (WHO) guidelines, PYX provided infectious disease education, continuous communication alongside the implementation of preventive measures and protocols across the Company.

PYX Resources has always made employee health and safety a top priority, and has taken extensive precautions in response to the COVID-19 pandemic, including: international and domestic travel restrictions, work-from-home arrangements and supplemental health care – with a particular focus on its Kalimantan-based staff. Routine Covid-19 tests were performed in the tenement, factory and offices. In addition to this, the Company has deployed additional resources to promote workplace respiratory hygiene, Covid-19 tests, temperature controls and continuous communication in order to detect any possible symptoms immediately. It is the readiness and agility to make these changes that have been the cornerstone of PYX's ability to maintain its capacity



to operate efficiently during these difficult times.

As a result of our actions, we are pleased to report that there have been no cases of COVID-19 at our operation or offices. While we are pleased with how the situation has been handled thus far, we continue to remain vigilant by paying close attention to the rapidly-changing landscapes we face, and complying with the measures mandated by the national and provincial governments.

PYX is proud to announce that its success over the past year was delivered with a high level of commitment to the safety of all teams and community. Over the reporting period there were no injuries which required medical treatment. PYX has had a recordable injury frequency rate of zero with no lost time due to injury since January 2019 when current management took over.

Local employment and skills transfer

In PYX's talent acquisition activities, the recruitment of local people is highly emphasised in order to maximise the employment opportunities and project benefits for local communities. PYX is committed to helping its employees make the most of their potential. PYX strives to train its employees comprehensively and professionally, so they have the knowledge, skills and mentality to see beyond their daily tasks and help the Company improve its operations.

Through the PYX Cares initiative, the Company aims to deliver long-term benefits to the communities in which it operates. Through livelihood programmes as well as a strong emphasis on education, these initiatives look to render a tangible benefit to the communities in which we operate.

Community

PYX recognises that its role extends to enhancing the communities in which it operates, through employment and education, opportunity and community involvement. The social impact to these communities grows hand-in-hand with the Company.

PYX looks to foster significant personal growth in the communities through its education programs. Moreover, it is fully committed to increasing the diversity in its workforce and will continue to foster the favourable working environment that has ensured high levels of gender equality in the

workforce.

Furthermore, PYX looks to provide learning and skills transfer opportunities for the communities. The Company provides extensive on-the-job training for its employees, as well as providing various internships for university students and pathways into management for its workers. It is this ethos that allows PYX to truly enhance the communities in which it operates.





Environment

PYX strongly values the rich biodiversity of the areas in which it operates and is conscious of the need to preserve and foster the planet's biodiversity. Thus, PYX adheres to stringent environmental standards and practices, while striving to go beyond compliance to local and international regulations.

PYX has introduced an Environmental Management Plan (EMP) to monitor how it manages and mitigates Mandiri's environmental impact while also ensuring that all its employees receive formal training in environmental monitoring, reporting and compliance. As a

result, its employees are well versed on their environmental obligations and responsibilities. Moreover, PYX has set high benchmarks with regards to restoring land to the state it was in prior to our operations. The Company is committed to the re-filling of mining pits and planting of native vegetation to ensure that the environmental impact of its operations is minimised.

PYX's senior management is mandated to report regularly to the Board on environmental and social matters. It is the combination of these measures that will ensure the impact PYX has on the environment is greatly positive.

Resources and reserves

Geology and Mineralisation

The Heavy Mineral Sands (HMS) bearing stratum of the Mandiri deposit is composed of ancient Kahayan alluvium, which was deposited during the Holocene age. In general, alluvium has varying thickness of between 2m and 10m. The lithology consists of loose quartz, medium grained intercalated grey mudstone containing carbonaceous, shale and bed load stream product; coarse grain sand layer.

Geologically the HMS deposit at Mandiri is a placer deposit formed in a flood plain environment by concentration of heavy minerals, mostly zircon ($ZrSiO_4$), rutile (TiO_2), leucoxene ($FeTiO_3$, TiO_2) and ilmenite ($FeTiO_3$). Zircon is the most valuable component followed by rutile, leucoxene and ilmenite in terms of value given to the ore. The deposit is overlain by the Werukin Formation. The Heavy Minerals (HM) within the source sediments attain an economic concentration by accumulation within low-energy environments within streams and most usually on beaches. In alluvial placer deposits the medium to high energy zones on the stream are the meandering bars and channel zone. In these zones, the Heavy Mineral grains accumulate because they are denser than the quartz grains they occur with and become stranded. It is for this reason that alluvial placer deposits are often referred to as “strand-line deposits”. The deposits are found in unconsolidated sand stratum.



Mandiri

Mining License

PT Investasi Mandiri (PTIM) was granted mining permit Izin Usaha Pertambangan-Operasi Produksi (IUP-OP) for a total area of 2,032ha, by Bupati Gunung Mas, No. 16/DPE/IX/2010, on 2nd September 2010. On 29 June 2020 the Company announced that it has received notification from the Central Kalimantan Provincial Government that after approval from the Energy and Mineral Resources Department of Central Kalimantan, the Company's application for the extension of the Production Operation Mining Activities IUP license has been granted for the maximum authorized period of 5 years, after which the license can be renewed for additional periods of 5 years. The Production and Operation IUP license allows PT Investasi Mandiri to carry out production operations including construction, mining, processing and refining, transportation and sales activities.

The terms of the renewed permit, including payment of Indonesian taxes and the honouring of other financial obligations of PYX's subsidiary PT Investasi Mandiri, are set out in the IUP-OP. A summary of some of the key provisions is provided below:

- Dead rent is payable to the Government of Indonesia at a rate of US\$4 per hectare per annum;
- Royalty on zircon exported is 1.5%;
- Corporate tax of 22% is payable and set by the Government of Indonesia;
- Land and building taxes payable to the local government are applicable, at a rate of 5% based on estimated value;
- Environmental obligations, including reclamation bonding and plans, approved by the local government as part of the mine approval process.

Resource and Reserve Statement as at 31 December 2020

Mineral Resources for the Mandiri Heavy Mineral Deposit within mining permit Izin Usaha Pertambangan-Operasi Produksi are set out in Table 1. The resources are reported at a lower block cut-off grade of 2% HM. As the mineral assemblage for the Mandiri Tenement is well established, the Valuable Heavy Mineral (VHM) content represents approximately 86% of the HM content in the Mineral Resource estimate.

Table 1: Mineral Resources above 2% HM lower block cut-off grade at 25 February 2020

Area	Category	Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
Mandiri	Inferred	126	7	9	16

The Inferred Mineral Resources for the Mandiri HMS deposit are defined as 126 Mt containing 7.4% HM including 9% slimes and 16% oversize at a lower cut-off grade of 2%.

The mineral assemblage of the product from the Mandiri project is well established based on production records from the PTIM processing plant and confirmed by the certified laboratory analyses required by legislation for export product.

Table 2: Mineral assemblage and contained tonnes of the components at 25 February 2020

Component	Zircon	Ilmenite	Rutile	Other	Waste + H ₂ O	Total
Relative %	68%	9.5%	8.5%	1%	13%	100%
Contained mineral	6.0 Mt	0.8 Mt	0.8 Mt	0.1 Mt	1.2 Mt	8.8 Mt



Based on the data available, the tonnage of contained zircon, ilmenite and rutile, which together comprise the VHM is 7.59 Mt.

During the period 1 December 2019 to 31 December 2020 a total of 6,998 t of premium zircon grade > 66 was produced from different parts of the Tenement. This small quantity of mineral is considered to be not material in terms of the total zircon resources and the Inferred Mineral Resource classification of the resource and consequently has not been depleted from the total Mineral Resource inventory.

Resources are given in below at various lower block cut-off grades of contained HM.

Table 3: Inferred Resources by lower block cut-off grade (unrounded)

Category	Cut-off Grade (% HM)	Cumul. Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
Inferred	8	43.3	8.47	9.23	16.42
	7	88.4	7.99	9.18	16.19
	6	112.2	7.70	9.10	16.18
	5	125.0	7.53	9.01	16.25
	4	126.1	7.48	8.99	16.20
	3	126.1	7.44	8.99	16.16
	2	126.3	7.43	8.98	16.14

There is only minor material consisting of less than 2% HM.

Ore Reserves

At present there are no ore reserves for the Mandiri Project.

Tisma



Mining License

Tisma is fully licensed with an IUP-OP permit allowing the mining, production and export of premium grade zircon. The concession is owned by PT. TISMA GLOBAL NUSANTARA (PTTGN) under mining permit Izin Usaha Pertambangan – Operasi Produksi (IUP-OP) No. 545/244/KPTS/VIII/2012 issued on 1st August 2012. PTTGN has exclusive rights to perform exploration and mining works in the tenement area.

Resource and Reserve Statement as at 31 December 2020

Based on an independent technical assessment carried out by Australia-based Continental Resources Management Pty Ltd, the Tisma project has a thickness of mineralization alluvium of between 3.5 and 7.7m, with density of 1.75 t/m³. Current drilling program covers 87% of the total tenement area. The November 2020 resource estimation confirmed approximately 5.5 million tonnes of heavy mineral (HM) containing JORC compliant Inferred Resources of 4.5 million tonnes of zircon (3.27%). It also contains 0.08% rutile, 0.34% ilmenite and 1-7g/t of gold. While gold was identified in samples during the drilling it has not been included in the resource inventory due to the low number of samples assayed for gold. Gold has been included as an Exploration Target and has been estimated to be in the order of 1-7 g/t for 5.5 Mt of HM. Mineralisation expressed as Exploration Targets are in addition to Mineral Resources.

Table 4: Mineral Resources above 2% HM lower block cut-off grade at November

Area	Category	Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
Tisma	Inferred	137	4	14	25

The defined Inferred Mineral Resources of the Tisma tenement stand at 137 Mt containing 4% HM including an estimated zircon content of 3%. Slimes and oversize are 14% and 25% respectively. The resources are at a 2% HM lower cut-off.

The predominant valuable mineral in the assemblage is zircon and its content can be quite accurately calculated from the zirconium analyses using zircon's formulae of $ZrSiO_4$. The UBPT laboratory analyses were used to calculate the zircon content in the resource estimate.

Table 5: Mineral assemblage and contained tonnes of the components at November 2020

Component	Zircon	Rutile + Ilmenite	Other	Total
Relative %	82%	10.5%	7.5%	100%
Contained mineral	4.5 Mt	0.6 Mt	0.4 Mt	5.5 Mt

Based on the data available, the tonnage of contained zircon, ilmenite and rutile, which together comprise the VHM is 5.1 Mt.

Resources are given in below at various lower block cut-off grades of contained HM.

Table 6: Inferred Resources by lower block cut-off grade

Category	Cut-off Grade (% HM)	Cumul. Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
Inferred	5	6.5	5.13	12.60	27.93
	4	91.2	4.43	13.29	25.36
	3	117.8	3.64	15.16	26.37

There is only minor material consisting of less than 2% HM.

Ore Reserves

At present there are no ore reserves for the Tisma Project.



DIRECTORS' REPORT

Directors' report

Your directors present their report on PYX Resources Limited (formerly South Pacific Resources Limited) ("PYX" or the "Company") and its controlled entities, (the "Group") for the financial year ended 31 December 2020 (the reporting period) compared with the year ended 31 December 2019 (the comparative period).

The names of Directors of the Company in office at any time during the period and up to the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Oliver B. Hasler (Chairman and Chief Executive Officer) - appointed 31 January 2020

Gary J Artmont (Non-Executive Director) - appointed 31 January 2020

Bakhos Georges (Non-Executive Director) - appointed 31 January 2020

Alvin Tan (Non-Executive Director)

Domenic Martino (Managing Director) - resigned 31 January 2020

Joseph (Yosse) Goldberg (Non-Executive Director) - resigned 31 January 2020

The length of service of each director is as follows:

Name	Length of Service
Oliver Hasler	11 months
Gary J Artmont	11 months
Bakhos Georges	11 months
Alvin Tan	20 years, 6 months
Domenic Martino	7 years, 7 months
Joseph Goldberg	7 years, 7 months

Oliver B. Hasler; Chairman of the Board and Chief Executive Officer

Oliver is an accomplished chief executive, president and board member successfully leading world-class businesses and brands spanning multiple industries and markets, including natural resources, agri-industry, innovative manufacturing and various industrial sectors.

His most recent accomplishment was the successful transformation of the publicly-traded Spanish packaging company, Europac Group, in a short span of 3 years into a mid-cap company which was then acquired for a value exceeding US\$2 billion. Major projects that Oliver has participated in include a revision to the strategy of the Professional Division of Douwe Egberts, which is headquartered in the Netherlands, and its joint venture with U.S.-based Mondelez, and the restructuring of France's Arc International.

Oliver has over 20 years of experience of doing business in Asia, where he has built and operated factories, as well as setting up distribution networks throughout the region while managing significant export and import operations.

Oliver is a Swiss citizen with a degree in Materials Engineering and a Master's degree in Metallurgy from the Federal Institute of Technology in Zurich, Switzerland and an MBA with Honors from the Universidad Iberoamericana in Mexico City. He is fluent in English, German, Spanish and French.

Gary J. Artmont; Director

Gary has forty-six years of experience in the mining business operating in 21 countries and is familiar with all aspects of mineral exploration from grassroots to project pre-feasibility studies through to mining operations.

Gary is a fellow of AusIMM #312718 qualified to write Ni 43-101 or JORC Competent Person reports. He is experienced in the management of large multifaceted regional and detailed exploration programs in overseas locations with 14 years working in tropical environments.

Gary has worked as a geologist and project manager for multiple organizations over the past four decades, including Geostar Consulting, Rio Tinto, PT Pelsart Indonesia, PT Freeport Indonesia and Ivanhoe Mining China.

Gary received a Bachelor Degree from Waterloo University, Ontario.

Bakhos Georges; Director

Bakhos has more than forty years of experience in management and operation in the wholesale, retail and pharmaceutical sectors with significant direct involvement in internationally focused import and export operations.

Bakhos has received the Order of Australia Medal (OAM) in 2019 for service to the community. He currently serves as Director of Saint Charbel's Aged Care Centre and is a Justice of the Peace (JP) in and for the State of New South Wales.

Bakhos received a B.Ph.Chem from USMV in 1982.

Alvin Tan; Director

Mr. Tan has over 25 years corporate experience in Australia and Asia, including mergers, acquisitions, capital raisings and listings (on ASX, the Alternative Investments Market (AIM) of the London Stock Exchange, Kuala Lumpur Stock Exchange (KLSE) and the German Stock Exchange). Mr. Tan studied at the University of Western Australia, gaining a Bachelor of Commerce with honours, and subsequently was employed by KPMG in Kuala Lumpur from 1993-1995 as a financial consultant. Returning to Australia, Mr. Tan worked with the stockbroking firm of DJ Carmichael before pursuing other business interests. He was a founding director of various companies which are now listed on the ASX. Mr. Tan served on the board of ASX listed Advanced Share Registries Ltd and previously listed BKM Management Ltd. He also has interests in companies in technology, mining, exploration, property development, plantation and corporate services both in Australia and overseas.

During the past three years Mr. Tan held the following directorships in other ASX listed companies: Non- Executive Director of Advanced Share Registry Ltd (11 September 2007-6 October 2020) and previously listed BKM Management Limited (5 February 2002- Current).

Domenic Martino; former Managing Director

Mr Martino is a Chartered Accountant and an experienced director of ASX listed companies. Previously CEO of Deloitte Touch Tohmatsu in Australia, he has significant experience in the development of "micro-cap" companies.

Mr Martino is a key player in the re-birth of a broad grouping of ASX companies including Cokal Limited, Clean Global Energy Limited (renamed Citation Resources Ltd) and NuEnergy Capital Limited. He has a strong reputation in China, with a lengthy track record of operating in Papua New Guinea (PNG) and Indonesia, where he has successfully closed key energy and resources deals with key local players. He has a proven track record in capital raisings across a range of markets.

Mr Martino was a recipient of the Centenary Medal 2003 for his service to Australian society through business and the arts.

During the past three years Mr Martino held the following directorships in other ASX listed companies: Cokal Ltd (24 December 2010-Current)

Joseph (Yosse) Goldberg; former Director

In the early 1960s Mr Goldberg joined Denis Silver and formed Silver Goldberg and Associates. The practice grew and became a leading architectural office, based in Perth and expanding its activities throughout Australia, Asia and Iran. The practice is operating today, after almost 60 years, under the name Silver, Hanley Thomas.

In mid 1970s Mr Goldberg became a property developer and designed, built, owned and operated, either on his own or in partnership, four medium-sized suburban shopping centres, apartments, a modern pig farm, 6PR radio station, managed land subdivisions and established a horse racing and breeding farm (Jane Brook Stud and Shamrock Park) providing agistment/training for 250-300 horses.

In later years he lived in the UK, Spain, USA and Canada where he helped Australian companies in establishing operations in those countries.

On his return to Australia he became a consultant and major shareholder in a number of companies and helped companies create a foothold in countries such as PNG, Indonesia, Cameroon, South Africa and Turkey. Mr Goldberg has also consulted to Sydney Gas Limited, Blue Energy Limited, Kimberley Diamond Company NL, Sundance Resources Limited, CuDeco Limited, Gindalbie Metals Ltd about resource projects such as iron ore, oil and gas bed methane and copper. Recently Mr Goldberg has been engaged in establishing a major thermal, cooking oil and gas project in Indonesia requiring major infrastructure and financing.

During the past three years Mr Goldberg held a directorship in ASX listed company Ausmex Mining GP Limited (2 August 2017 – Current).

Company Secretary

Louisa Martino; Company Secretary

Ms. Martino provides company secretarial and accounting services through Indian Ocean Capital Pty Ltd. Prior to this, she was the Chief Financial Officer of a private company during its stage of seeking investor financing.

Ms. Martino previously worked for a corporate finance company, assisting with company compliance (ASIC and ASX) and capital raisings. She also has experience working for a government organisation in its Business Development division where she performed reviews of business opportunities and prepared business case documents seeking Government funding.

Ms. Martino previously worked for a major accounting firm in Perth, London and Sydney where she provided corporate advisory services, predominantly on IPOs and mergers and acquisitions and also performed due diligence reviews. She has a Bachelor of Commerce from the University of Western Australia, is a member of Chartered Accountants Australia and New Zealand, a member of the Financial Services Institute of Australasia (FINSIA) and a Fellow of the Governance Institute Australia.

Directors' Shareholdings

The following table sets out each current Director's relevant interest in shares of the Company or a related body corporate as at the date of this report.

Name	Fully Paid Ordinary Shares
Oliver Hasler	4,218,284
Gary J Artmont	-
Bakhos Georges	-
Alvin Tan	795,798

Unissued Shares and Options

During the year the Company issued 17,675,376 Performance Rights to Mr Oliver Hasler, of which 5,186,568 Performance Rights have vested. As at 31 December 2020, 12,488,808 Performance Rights are on issue which are able to be converted to a maximum of 14,955,343 Shares on the achievement of certain milestones (refer Remuneration Report).

During the December 2020 financial year, the Company issued no options.

The Company has on issue 537,500 options to Tamarind Classic Resources Private Limited. These options have an exercise price of \$1.00 and expiry of 22 February 2023.

Performance Rights and Option holders do not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

Dividends

No dividend has been paid during the financial year and no dividend is recommended for the current period.

Directors' Meetings

Name	No. Eligible to Attend	No. Attended
Board Meetings		
Oliver Hasler	3	3
Gary J Artmont	3	3
Bakhos Georges	3	3
Alvin Tan	3	3
Domenic Martino	-	-
Joseph (Yosse) Goldberg	-	-
Audit and Risk Committee Meetings		
Oliver Hasler	2	2
Gary J Artmont	2	2
Bakhos Georges	2	2
Alvin Tan	2	2
Domenic Martino	-	-
Joseph (Yosse) Goldberg	-	-
Remuneration and Nomination Committee Meetings		
Oliver Hasler	2	2
Gary J Artmont	2	2
Bakhos Georges	2	2
Alvin Tan	2	2
Domenic Martino	-	-
Joseph (Yosse) Goldberg	-	-

Principal Activities

Until 31 January 2020, the principal activities of the Group was oil and gas exploration. Since 1 February 2020 the principal activity of the Group is mineral sands exploration and development.

Review and Results of Operations

The loss after income tax and other comprehensive income of the Group for the year ended 31 December 2020 was \$13,820,603 (31 December 2019 loss: \$58,387).

A detailed review of the operations of the Group is set out on page 26. When confronted with the COVID-19 crisis, the Company moved quickly, taking great care of the welfare of its staff, contractors, and the communities it works with to ensure early preventive measures were put in place. As a result of its actions, the Company can report that there have been no cases of COVID-19 at its operation or offices.

Acquisition of Takmur Pte Ltd.

In July 2019, the Company signed a sale and purchase agreement to acquire Takmur Pte. Ltd. (Takmur), a Singapore based company that has exclusive rights to the operation and management of a mineral sands' tenement and production facility, which includes a premium quality mineral sands deposit in Indonesia.

Takmur, through its 99% owned subsidiary PT Andary Usaha Makmur (PT AUM), has exclusive contractual rights to the operation and management of the Mandiri Project (held by PT Investasi Mandiri (PTIM)), which includes a premium quality mineral sands target in Indonesia.

Under the Exclusive Operation and Management Agreement with PTIM, the holder of IUP-OP zircon production and export license 16/DPE/IX/2010, PT AUM has committed to provide mining equipment, technical and management know-how to develop the Mandiri Project. This Exclusive Operations and Management Agreement forms the basis of the Takmur's interest in the Mandiri Project. Takmur does not have a direct ownership interest in PT Investasi Mandiri.

Under the terms of this agreement PTIM and its shareholders have delegated to PT AUM:

- the power to determine the financial and operational policy of PTIM;
- the right to appoint the majority of PTIM directors; and
- the right to receive 95% of PTIM's net profit on an annual basis as a compensation for the services provided to PTIM.

The acquisition of Takmur completed on 31 January 2020. On completion the Company changed its name from South Pacific Resources Limited to "Pyx Resources Limited". Additionally, Mr Domenic Martino and Mr Joseph (Yosse) Goldberg resigned and were replaced by three new Board of Directors (Board) members; Mr Oliver Hasler, Mr Gary J Artmont and Mr Bakhos Georges. Mr Alvin Tan remained as a Director following the acquisition.

Sale of Oil and Gas Assets

In respect of the Company's Papua New Guinea assets, given the low oil price and lack of commercial prospectively, the Company entered into a share sale agreement with Ana and Bella Pty Ltd to divest the Papua New Guinea assets through the sale of Indo Pacific Energy Pty Ltd, South Pacific Resources Ltd (PNG) and Pacific Shale Gas Limited. The sale was completed on 31 January 2020.

Public Offer

During the 2019 financial year the Company issued a Prospectus and Replacement Prospectus' seeking to raise AU\$14 million (before costs) through the issue of 35,000,000 shares (post-consolidation) at a price of AU\$0.40 per share under a prospectus (Public Offer). The Public Offer was successfully closed on 24 January 2020, fully subscribed.

Listing on National Stock Exchange of Australia

On 24 December 2019, the Company advised that following consultations with the Australian Securities Exchange (ASX) in relation to its application for re-listing pending the acquisition of Takmur, the Board determined that it did not wish to make further submissions to the ASX in relation to the application for re-admission and resolved to consider listing alternatives for the Company.

As a result, the Board resolved that it was in the best interest of the Company's shareholders and all stakeholders to submit an application for listing on the National Stock Exchange of Australia (NSX) of the Company's shares, and to withdraw the current application for re-admittance to the Official List of the ASX.

The Company was removed from the Official List of the ASX on 11 February 2020 and admitted to the NSX on 25 February 2020.

Mineral Sands License held as at 31 December 2020

License	Location	Equity Interest	Beneficial Interest ¹
IUP 16/DPE/IX/2010	Central Kalimantan, Indonesia	0%	95%

¹ Beneficial interest held through an Exclusive Operation and Management Agreement with PTIM.

PTIM was granted mining permit Izin Usaha Pertambangan-Operasi Produksi (IUP-OP) for a total area of 2,032 ha, by Bupati Gunung Mas, No. 16/DPE/IX/2010, on 2nd September 2010. This license was extended for a period of 5 (five) years from September 2, 2020, to September 1, 2025 and can further be extended under statutory provisions.

Significant Changes in the State of Affairs

Other than as discussed in the Review of Operations and noted below, there have been no significant changes in the Company's state of affairs during the period.

Significant Events after Balance Date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years other than as mentioned below.

On 13 January 2021 the Company announced on NSX that it had entered into an agreement for the acquisition of Tisma Development (HK) Limited ("Tisma"), the operator of a world-class, fully licensed mineral sands deposit. The mineral sands asset consists of a concession area of 1,500 hectares located in Central Kalimantan Province, Indonesia, with substantial JORC compliant inferred resource and includes, in addition to 4.5 million tons of contained zircon, the potential to extract titanium minerals (rutile and ilmenite). The acquisition increases the scale of the Company's activities through an excellent strategic addition to the Group's resource base. It is a key milestone in the consolidation of the Indonesian Mineral Sands mining industry, transforming PYX's resource base into the 2nd largest zircon producing resource base in the world, thus, generating shareholder value through enhancing PYX's ability to service blue-chip customers around the world with high quality, premium zircon. To effect the acquisition of the entire share capital of Tisma, the Company issued 147,277,370 shares to the vendors. The acquisition was completed on 15 February 2021.

Environmental Issues

The Group is not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board is not aware of any breach of environmental requirements as they apply to the Group.

Likely Developments and Results

The Directors believe that likely developments in the preparations of the Group and expected return from the operations have been adequately disclosed in this report.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or its controlled entities, or to intervene in any proceedings to which the Company or its controlled entities are a party, for the purposes of taking responsibility on behalf of the Company or its controlled entities for all or part of those proceedings.

Indemnifying Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract insuring all its Directors and current and former executive officers against a liability incurred as such a director or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Group against a liability incurred as such an officer or auditor.

Non-Audit Services

An amount of US\$755 (2019: US\$74,800) was paid to the external auditor during the year for non-audit services. The Directors are satisfied that any non-audit services provided during the year ended 31 December 2020 did not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307c of the Corporations Act 2001 in relation to the review for the half year is provided with this report.

This report is presented in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:

A handwritten signature in black ink, appearing to read "O. Hasler". The signature is stylized with a large initial "O" and a long horizontal stroke.

Oliver Hasler
Chairman and Chief Executive Officer

Hong Kong
Date: 15 March 2021

Remuneration report - audited

The Remuneration Report sets out the remuneration arrangements for PYX Resources Limited for year ended 31 December 2020. The Remuneration Report forms part of the Directors' Report and has been audited as required in accordance with the Corporations Act 2001.

There were no company executives and other key management personnel who were not also Directors of the Company for the financial year.

The remuneration report is set out under the following main headings:

- A. Remuneration Philosophy
- B. Remuneration Structure
- C. Remuneration Approvals
- D. Remuneration and Performance
- E. Details of Directors' Remuneration
- F. Compensation Performance Rights and Options Granted, Exercised or Lapsed During the Financial Year
- G. Share-based Compensation
- H. Equity Instruments Issued on Exercise of Remuneration Performance Rights and Options
- I. Other Transactions with KMP and/or their Related Parties
- J. Shareholding of KMP

The remuneration arrangements detailed in this report are for the Chairman and Chief Executive Officer and Executive and Non-Executive Directors during the financial year as follows:

Oliver B. Hasler	Chairman and Chief Executive Officer (appointed 31 January 2020)
Alvin Tan	Non-Executive Director
Bakhos Georges	Non-Executive Director (appointed 31 January 2020)
Gary J. Artmont	Non-Executive Director (appointed 31 January 2020)
Domenic Martino	Executive Director (resigned 31 January 2020)
Joseph Goldberg	Non-Executive Director (resigned 31 January 2020)

The previous remuneration report was considered at the Company's last Annual General Meeting held on 18 November 2020, with 100% of shareholders voting to adopt the report. There were no comments on the previous remuneration report that were discussed at that Annual General Meeting and shareholders approved the remuneration report.

A Remuneration Philosophy

Key management personnel ("KMP") have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Company. The performance of the Group depends upon the quality of its key management personnel. To prosper, the Group must attract, motivate and retain appropriately skilled directors and executives.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining, and motivating people of the highest quality. During the year, the Company adopted a Stock Incentive Plan to:

- a) establish a method by which directors or employees of the Company (Eligible Persons) can participate in the future growth and profitability of the Company;
- b) provide an incentive and reward for Eligible Persons for their contributions to the Company; and
- c) attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

Performance rights were issued to the Chief Executive Officer during the year under the Stock Incentive Plan, of which a portion converted to shares on achievement of milestones. No other remuneration performance rights, options or shares have been issued to Directors.

A remuneration consultant has not been employed by the Group to provide recommendations in respect of the remuneration, given the size of the Group and its current structure.

B Remuneration Structure

Chairman and Chief Executive Officer

Mr. Hasler's employment with the Company is compensated by Phoenician Management Services Limited which has entered into a management service agreement with PT Investasi Mandiri for the provision of his services as an Executive Director of the Company, once the Company acquired PT Investasi Mandiri. Appointment shall cease if Mr Hasler is terminated in accordance with the terms of his employment arrangements, resigns or ends his term in accordance with the Company's Constitution. Mr Hasler received \$550,000 for the 2020 financial year (2019: \$187,500).

Executive Directors

Mr. Martino's Director fee accrued on a month to month basis at \$Nil for the financial year (2019: \$44,177).

Non-Executive Directors

There are formal agreements with the non-executive Directors. Appointment shall cease if a non-executive director is not re-elected as a director by shareholders, resigns or ends their term in accordance with the Company's Constitution. All Non-Executive Directors are paid via their director-related entity, with the exception of Mr. Bakhos Georges who was paid directly. There is no service period unexpired within these contracts as they are month to month.

Mr Tan's Director fee accrues to his related entity on a month to month basis at \$25,872 for the financial year (2019: \$12,103).

Mr. Artmont's Director fee accrues to his related entity on a month to month basis at \$25,872 for the financial year (2019: Nil).

Mr. Georges' Director fee accrues on a month to month basis at \$25,872 for the financial year (2019: Nil).

Mr. Goldberg's Director fee accrued to his related entity on a month to month basis at \$Nil for the financial year (2019: \$12,103).

No other agreements with key management personnel or their controlled entities during the financial year have been entered into.

The Group currently does not offer any variable remuneration incentive plans or bonus schemes to Non-Executive Directors or any retirement benefits and, as such, there are no performance related links to the existing remuneration policies.

C Remuneration Approvals

The Shareholders and Board of Directors approved to grant the Chairman and Chief Executive Officer, Mr. Oliver Hasler, performance rights under the Company's Stock Incentive Plan on 17 February 2020. These performance rights were set at levels to reflect market conditions and non-market conditions and to encourage continued service.

Non-Executive Directors signed director engagement agreements to receive fees determined by the Board within the aggregate limit set by the shareholders at the General Meeting held on 13 December 2019 of AU\$700,000.

D Remuneration and Performance

Only the remuneration package of the Chairman and Chief Executive Officer has been linked to long-term and short-term performance conditions. Non-Executive Director remuneration is currently not linked to either long-term or short-term performance conditions. The Board is of the view that current remuneration is a sufficient, long term incentive to align the goals of the Directors with those of the shareholders to maximise shareholder wealth, and as such, has not set any performance conditions for the Non-Executive Directors of the Company. The Board will continue to monitor this policy to ensure that it is appropriate for the Group in future years.

E	Details of Directors' Remuneration				Post-employment			Long-term	Share-based payments	TOTAL	Total performance related
	Salary fees ***	Cash bonus	Non-monetary	Other fees	Super-annuation	Retirement benefits	Termination benefits	Incentive plans			
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	%
2020											
Directors											
Mr Hasler*	550,000	-	-	-	-	-	-	-	3,938,575	4,488,575	87.7
Mr Tan	25,872	-	-	-	-	-	-	-	-	25,872	-
Mr Artmont**	25,872	-	-	-	-	-	-	-	-	25,872	-
Mr Georges**	25,872	-	-	-	-	-	-	-	-	25,872	-
Mr Martino**	-	-	-	-	-	-	-	-	-	-	-
Mr Goldberg**	-	-	-	-	-	-	-	-	-	-	-
Sub-total	627,616	-	-	-	-	-	-	-	3,938,575	4,566,191	86.3
Other key management personal											
None	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-
Total	627,616	-	-	-	-	-	-	-	3,938,575	4,566,191	86.3

* Mr. Hasler is compensated by Phoenician Management Services Limited which has entered into a management service agreement with PT Investasi Mandiri for the provision of his services as an Executive Director of the Company. Mr. Hasler has been appointed Chief Executive Officer of the Group and PT Investasi Mandiri since January 2019 and was appointed a director of the Company on 31 January 2020

** Mr. Artmont and Mr. Georges were appointed on 31 January 2020. Mr. Martino and Mr. Goldberg resigned on 31 January 2020.

***All directors' fees were paid to the Directors' related entities, with the exception of Mr. Georges and Mr. Martino.

^ From 1 July 2019 until the acquisition of Takmur on 31 January 2020, Messrs Tan, Martino and Goldberg agreed to forgo directors' fees.

2019	Short-Term				Post-employment			Long-term	Share-based payments	TOTAL	Total performance related
	Salary fees ***	Cash bonus	Non-monetary	Other fees	Super-annuation	Retirement benefits	Termination benefits	Incentive plans			
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	%
Directors											
Mr Hasler*	187,500	-	-	-	-	-	-	-	-	187,500	-
Mr Tan	12,103	-	-	-	-	-	-	-	-	12,103	-
Mr Artmont**	-	-	-	-	-	-	-	-	-	-	-
Mr Georges**	-	-	-	-	-	-	-	-	-	-	-
Mr Martino**	40,344	-	-	-	3,833	-	-	-	-	44,177	-
Mr Goldberg**	12,103	-	-	-	-	-	-	-	-	12,103	-
Sub-total	252,050	-	-	-	3,833	-	-	-	-	255,883	-
Other key management personal											
None	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-
Total	252,050	-	-	-	3,833	-	-	-	-	255,883	-

* Mr. Hasler is compensated by Phoenician Management Services Limited which has entered into a management service agreement with PT Investasi Mandiri for the provision of his services as an Executive Director of the Company. Mr. Hasler has been appointed Chief Executive Officer of the Group and PT Investasi Mandiri since January 2019 and was appointed a director of the Company on 31 January 2020

** Mr. Artmont and Mr. Georges were appointed on 31 January 2020.

***All directors' fees were paid to the Directors' related entities, with the exception of Mr. Martino. The numbers are converted in USD at the spot rate of 31 Jan 2020, the date of reverse take-over, for comparative purpose.

^ From 1 July 2019 until the acquisition of Takmur on 31 January 2020, Messrs Tan, Martino and Goldberg agreed to forgo directors' fees.

F. Compensation Performance Rights and Options Granted, Exercised, Converted or Lapsed During the Financial Year

There were no options issued to Directors as part of their remuneration in the past 12 months. There were no compensation options that were exercised or lapsed during the year. There were no compensation options issued or outstanding during 2019 or 2020.

During the year, the Company granted performance rights which convert into shares, subject to the achievement of milestones, to the Chairman and Chief Executive Officer as follows:

		Opening Balance	Performance Rights granted	Performance Rights Vested	Closing Balance
Mr. Hasler*	2020	-	17,675,376	5,186,568	12,488,808
	2019	-	-	-	-

* Mr. Hasler has been appointed Chief Executive Officer of the Group and PT Investasi Mandiri since January 2019 and was appointed a director of the Company on 31 January 2020. 5,186,568 Performance Rights vested and were converted to 4,218,284 shares on the achievement of milestones.

Details of performance rights issued are as follows;

Tranche	No. of Performance Rights	Potential No. of Shares	Expiry Date	Performance Condition
1	3,250,000	3,250,000	31/3/2020	Employment of Mr Oliver Hasler to 31 March 2020
2	1,936,568		30/6/2020	December 2019 Target Sales Volume
		387,314		Continuous employment to 31 December 2019
		580,970		Continuous employment and more than 20% - 30% of 2019 Target Sales Volume
		774,627		Continuous employment and more than 30% - 40% of 2019 Target Sales Volume
		968,284		Continuous employment and more than 40% - 75% of 2019 Target Sales Volume
		968,284-2,904,852		Continuous employment and more than 75% - 125% of 2019 Target Sales Volume (pro-rata)
		2,904,852		Continuous employment and more than 125% of 2019 Target Sales Volume
3	978,261		30/6/2021	December 2020 Target EBITDA
		195,652		Continuous employment to 31 December 2020
		293,478		Continuous employment and more than 20% - 30% of 2020 Target EBITDA
		391,304		Continuous employment and more than 30% - 40% of 2020 Target EBITDA
		489,131		Continuous employment and more than 40% - 75% of 2020 Target EBITDA
		489,131-1,467,392		Continuous employment and more than 75% - 125% of 2020 Target EBITDA (pro-rata)
		1,467,392		Continuous employment and more than 125% of 2020 Target EBITDA
4	1,278,866		30/6/2021	December 2020 Target Sales Volume
		255,773		Continuous employment to 31 December 2020
		383,660		Continuous employment and more than 20% - 30% of 2020 Target Sales Volume
		511,546		Continuous employment and more than 30% - 40% of 2020 Target Sales Volume
		639,433		Continuous employment and more than 40% - 75% of 2020 Target Sales Volume
		639,433-1,918,299		Continuous employment and more than 75% - 125% of 2020 Target Sales Volume (pro-rata)
		1,918,299		Continuous employment and more than 125% of 2020 Target Sales Volume
5	1,141,304		30/6/2022	December 2021 Target EBITDA
		228,261		Continuous employment to 31 December 2021
		342,391		Continuous employment and more than 20% - 30% of 2021 Target EBITDA
		456,522		Continuous employment and more than 30% - 40% of 2021 Target EBITDA
		570,652		Continuous employment and more than 40% - 75% of 2021 Target EBITDA
		570,652-1,711,957		Continuous employment and more than 75% - 125% of 2021 Target EBITDA
		1,711,956		Continuous employment and more than 125% of 2021 Target EBITDA
6	1,534,639		30/6/2022	December 2021 Target Sales Volume
		306,928		Continuous employment to 31 December 2021
		460,392		Continuous employment and more than 20% - 30% of 2021 Target Sales Volume
		613,856		Continuous employment and more than 30% - 40% of 2021 Target Sales Volume
		767,320		Continuous employment and more than 40% - 75% of 2021 Target Sales Volume
		767,320-2,301,959		Continuous employment and more than 75% - 125% of 2021 Target Sales Volume (pro-rata)
		2,301,959		Continuous employment and more than 125% of 2021 Target Sales Volume
7	1,940,350	1,940,350	31/12/2022	Share price reaching AUD1.14 at any time from 1 November 2019 to 31 Dec 2022
8	2,182,894	2,182,894	31/12/2022	Share price reaching AUD1.52 at any time from 1 November 2019 to 31 Dec 2022
9	3,432,494	3,432,494	31/12/2022	Share price reaching AUD1.90 at any time from 1 November 2019 to 31 Dec 2022
	17,675,376	17,675,376 (maximum)		

During the year, milestones in respect of tranches 1 and 2 of the performance rights issued were met, resulting in 4,218,284 Shares issued to Mr. Oliver Hasler. As at 31 December 2020, 12,488,808 performance rights remain on issue which are convertible into a maximum of 14,955,343 Shares, subject to the achievement of milestones.

G Share-based Compensation

The Company may reward Directors for their performance and align their remuneration with the creation of shareholder wealth by issuing performance rights, share options and / or shares. Share-based compensation is at the discretion of the Board and no individual has a contractual right to participate in any share-based plan or to receive any guaranteed benefits. Other than the performance rights mentioned above, no share-based compensation occurred during the 2020 financial year.

(i) Performance Rights

The Company awarded the Chairman and Chief Executive Officer 17,675,376 performance rights under the Company's Stock Incentive Plan during the 2020 financial year. Of these 17,675,376 performance rights, 5,186,568 converted to 4,218,284 Shares during the year on achievement of milestones. 12,488,808 performance rights remain which are convertible into a maximum of 14,955,343 Shares, subject to the achievement of milestones.

(ii) Options

There were no options granted to Directors during the financial year, nor were shares issued upon exercise of options. As at the date of this report there are no director options on issue and no options have been exercised.

(iii) Shares

4,218,284 shares were issued to the Chairman and Chief Executive Officer during the 2020 financial year upon reaching milestones associated with a portion of his performance rights.

During the 2019 financial year Mr. Tan received 14,800,000 shares pre-consolidation (740,000 shares post 20:1 consolidation) for director fees outstanding as at 30 June 2019 at a price of AU\$0.015 per share.

During the 2019 financial year Mr. Martino received 19,333,333 shares pre-consolidation (966,666 shares post 20:1 consolidation) for director fees outstanding as at 30 June 2019 at a price of AU\$0.015 per share.

During the 2019 financial year Mr. Goldberg received 9,423,033 shares pre-consolidation (471,151 shares post 20:1 consolidation) for director fees outstanding as at 30 June 2019 at a price of AU\$0.015 per share.

(iv) Link to Performance

The Company implemented a variable remuneration incentive plan for the Chief Executive Officer during the year by issuing performance rights. The details of these rights are set out above. The Company does not offer any other variable remuneration incentive plans or bonus schemes to Executive Directors or any retirement benefits.

H Equity Instruments Issued on Exercise of Remuneration Performance Rights and Options

No shares were issued during the financial year to Directors or key management as a result of exercising remuneration options.

4,218,284 shares were issued during the financial year to the Chairman and Chief Executive Officer as a result of achieving milestones relating to a portion of the performance rights on issue.

I Other Transactions with KMP and/or their Related Parties

Transaction Services Pty Ltd, is a related party of Mr. Martino who resigned on 31 January 2020 and provides office rental and office supplies. For the period to 31 January 2020 Transaction Services Pty Ltd was paid Nil (2019 financial year: \$33,620 (AU\$50,000)) inclusive of GST and expenses recognised for the period to 31 January 2020 totaled Nil (2019 financial year: \$86,418 (AU\$128,522)) inclusive of GST. During the year ended 31 December 2019 Transaction Services Pty Ltd received 21,773,051 shares pre-consolidation (1,088,652 post 20: 1 consolidation) for fees outstanding as at 30 June 2019 at a price of AU\$0.015 per share.

Indian Ocean Corporate Pty Ltd is a related party of Mr. Martino who resigned on 31 January 2020, and provides company secretarial and accounting services to the Company. For the period to 31 January 2020, Indian Ocean Corporate Pty Ltd was paid \$40,680 (AU\$60,500) (2019: NIL), inclusive of GST and expenses recognised for that period totaled \$3,698 (AU\$5,500) (2019: \$81,360 (AU\$121,000)) inclusive of GST. A total of Nil (2019: \$36,982 (AU\$55,000)), inclusive of GST, remains due and payable at year end. During the year ended 31 December 2019 Indian Ocean Corporate Pty Ltd received 16,866,667 shares pre-consolidation (843,333 shares post 20:1 consolidation) for fees outstanding as at 30 June 2019 at a price of AU\$0.015 per share.

Indian Ocean Consulting Group is a related party of Mr. Martino who resigned on 31 January 2020 and provides taxation services to the Company. For the period to 31 January 2020, Indian Ocean Consulting Group has been paid \$1,331 (AU\$1,980) (2019: \$444 (AU\$660)) inclusive of GST, expenses recognized for the period to 31 January 2020 totaled Nil (2019: \$1,775 (AU\$2,640)) inclusive of GST. A total of Nil (2019: \$1,331 (AU\$1,980)), inclusive of GST, remains due and payable at year end.

Fanucci Pty Ltd, a related party of Mr. Martino, provided a loan to the Company during the year. As at year end the balance was \$Nil (2019: \$51,313 (AU\$76,314)), and all amounts have been repaid. The loan was interest free and repayable on demand. No security has been provided in respect of the loan.

Phoenician Management Services Limited, a related party of Mr. Hasler, provided management support, general administration and IT services to PT Investasi Mandiri, after acquisition. Phoenician Management Services Limited has been paid and expenses recognised during the year totalled \$494,008 (2019: \$315,662).

J Shareholding of KMP

The number of shares in the Company held by directors or other key management personnel of the Company, including their associated entities at the end of the financial year as follows:

Company Directors and Associated Entities		Opening Balance	Received During Year on Exercise of Performance Rights	Shares Issued on Conversion of Debt *	Net Change Other **	Closing Balance ****
Mr. Hasler [^]	2020	-	4,218,284	-	-	4,218,284
	2019	-	-	-	-	-
Mr Tan	2020	795,798	-	-	-	795,798
	2019	1,115,984	-	14,800,000	(15,120,186)	795,798
Mr Artmont [^]	2020	-	-	-	-	-
	2019	-	-	-	-	-
Mr Georges [^]	2020	-	-	-	-	-
	2019	-	-	-	-	-
Mr Martino	2020	3,627,552	-	-	-	3,627,552
	2019	14,578,000	-	57,973,051	(68,923,499)	3,627,552
Mr Goldberg	2020	1,196,379	-	-	-	1,196,379
	2019	14,504,545	-	9,423,033	(22,731,199)	1,196,379

[^] Messrs Hasler, Artmont and Georges were appointed directors on 31 January 2020

* In August 2019 Directors converted debt owing as at 30 June 2019 for services rendered to the Company to equity.

** The Company's shares were consolidated on a 20:1 basis in December 2019.

*** Where a director resigned during the year, this balance is as at resignation date. Messrs Martino and Goldberg resigned on 31 January 2020.

END OF REMUNERATION REPORT

Corporate governance

The Board of Directors of Pyx Resources Limited (the “Company” or “PYX”) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of PYX on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company’s corporate governance practices are based on principles and recommendations set out in Corporate Governance Council’s Principles and Recommendations (4th edition) issued by the Australian Securities Exchange Corporate Governance Council. Corporate Governance Council’s principles are summarised as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to be effective and add value
Principle 3	Instill a culture of acting lawfully, ethically and responsibly
Principle 4	Safeguard the integrity of corporate reports
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of security holders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

This statement outlines the main corporate governance practices in place during the year ended 31 December 2020, which comply with the ASX Corporate Governance Council recommendations, except where noted.

This Corporate Governance Statement is current as at 31 December 2020 and has been adopted by the Board.

BOARD OF DIRECTORS

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives, and monitors performance against those objectives. The goals of the corporate governance processes are to:

- maintain and increase Shareholder value;
- ensure a prudential and ethical basis for the Company’s conduct and activities; and
- ensure compliance with the Company’s legal and regulatory objectives

In order to be consistent with these goals, the Board assumes the following responsibilities:

- to develop initiatives for profit and asset growth;
- to review the corporate, commercial and financial performance of the Company on a regular basis;
- to act on behalf of, and being accountable to, the Shareholders; and
- to identify business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors’ participation in the Board discussions on a fully-informed basis.

COMPOSITION OF THE BOARD

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and
- the principal criterion for the appointment of new directors is their ability to add value to the Company and its business.

The Board consists of 4 Directors. Where a casual vacancy arises during the year, the Board has procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective Board. Any Director appointed during the year to fill a casual vacancy or as an addition to the Board, holds office until the next general meeting and is then eligible for re-election by the Shareholders.

Each Director has confirmed to the Company that he anticipates being available to perform his or her duties as a non-executive director or executive director without constraint from other commitments.

The Directors consider an independent Director to be a non-executive director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. The Directors will consider the materiality of any given relationship on a case-by-case basis and reviews the independence of each Director in light of interests disclosed to the Board from time to time. Messers Artmont, Georges and Tan are considered to be independent directors. The length of service of each director is contained in the Directors' Report.

The Company's Board Charter sets out guidelines of materiality for the purpose of determining independence of Directors and has adopted a definition of independence that is based on that set out in the Corporate Governance Council's Principles and Recommendations (4th edition).

The Board will consider whether there are any factors or considerations which may mean that a Director's interest, position, association or relationship might influence, or reasonably be perceived to influence, the capacity of the Director to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its Shareholders generally.

IDENTIFICATION AND MANAGEMENT RISK

The Board's collective experience enables accurate identification of the principal risks that may affect the Group's business. Key operational risks and their management are recurring items for deliberation at Board meetings.

The Board is responsible for overseeing the establishment of and approving risk management strategies, policies, procedures and systems of the Company. The Company's management is responsible for establishing the Company's risk management framework.

The Company regularly undertakes reviews of its risk management procedures to ensure that it complies with its legal obligations, including assisting the Chief Executive Officer or Senior Financial Officer to provide required declarations.

ETHICAL STANDARDS

The Company carries on business honestly and fairly, acting only in ways that reflect well on the Company and in compliance with all laws and regulations.

The Board has adopted a policy document which outlines employees' obligations of compliance with the Code of Conduct and explains how the Code interacts with the Company's other corporate governance policies.

The responsibilities incorporated in the Code of Conduct include protection of the Company's business, using the Company's resources in an appropriate manner, protecting confidential information and avoiding conflicts of interest.

INDEPENDENT PROFESSIONAL ADVICE

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

TRADING POLICY

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Chief Executive Officer). The Securities Trading Policy explains the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act and to establish procedures in relation to such persons' dealing in Shares.

Under the terms of the policy, buying or selling Shares is not permitted at any time by any person who possesses inside information in a manner contrary to the Corporations Act or where short-term or speculative trading is involved. The policy generally provides that the written acknowledgement of the Chair or the Compliance Officer as so determined by the Board (or the Board in the case of the Chairman) must be obtained prior to trading.

EXTERNAL AUDIT

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

AUDIT COMMITTEE

The Company has adopted an Audit Committee Charter. The Audit Committee assists the Company in meeting its financial reporting obligations and other tasks, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

REMUNERATION COMMITTEE

The Board has adopted a Remuneration Committee Charter to assist with remuneration of Directors, executives and key employees. The Company recognises that formal and transparent remuneration and nomination policies assist in promoting understanding and confidence in remuneration and nomination decisions.

The Company has established a remuneration policy that states:

- non-executive Directors are to receive fees which are determined by the Board within the aggregate limit set by the shareholders at a general meeting; and
- executive Directors' remuneration is determined by the Board with reference to current market rates and remuneration paid to executives in comparable listed companies determined by the size and nature of operations.

Remuneration levels are set by the Board in accordance with industry standards to attract suitable qualified and experienced directors and senior management. The process of periodically evaluating the performance of the board, its committees and individual directors and senior executives is set out in the Company's Process for Performance Evaluations policy. Performance evaluations have been completed for the December 2020 financial year.

DIVERSITY POLICY

The Board has adopted a diversity policy. The Company aims to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

The Board consists of four male directors. The Company Secretary and senior financial controller are female.

The Company has the following appointments by gender as at 31 December 2020:

Position *	Female	Male	Total
Directors	-	4	4
Senior executives **	4	3	7
Other employees	17	75	92

* Includes personnel who contract their services to the Company

**Senior executives comprise the Senior Financial Officer, Finance Manager, Company Secretary, HR Manager, Admin Manager, Business Development Manager and Operations Manager

ASX CORPORATE GOVERNANCE COUNCIL PRINCIPLES AND RECOMMENDATIONS

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. 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 Board is committed to best practice corporate governance. To the extent applicable, the Company has adopted The Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance Council. In light of the Company's size and nature, the Board considers the current board a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

A copy of the Company's Corporate Governance Policies is able to be accessed on the Company's website www.pyxresources.com.

DEPARTURES FROM CORPORATE GOVERNANCE COUNCIL'S RECOMMENDATIONS

The Company will report any departures from the Recommendations in its annual financial report as part of its Corporate Governance Statement.

The Company's departures from the Recommendations are set out below. A copy of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations is available at: <http://www.asx.com.au/regulation/corporate-governance-council.htm>.

Best Practice Recommendation	Nature and Explanation for Departure
1.5 Set measurable objectives for achieving gender diversity in the composition of the entity's board, senior executives and workforce generally and disclose in relation to each reporting period the measurable objectives set for that period to achieve diversity and the entity's progress towards achieving those objectives.	The Company's general policy when choosing Employees and Board members is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background.
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Mr. Oliver B. Hasler is the chairman and chief executive officer of the Company. The Company is mindful of the need to have strong independent Board representation and anticipates that as the Company grows and its projects expand it will be appropriate to appoint an independent non-executive as chairman, either from the existing Directors or via a new appointment.

NSX CORPORATE GOVERNANCE POLICIES AND PROCEDURES

The NSX has developed suggested content for corporate governance policies and procedures which is set out on NSX's Practice Note 14 (Practice Note 14). The content outlined in Practice Note 14 is not prescriptive, but is intended to act as a guideline for listed entities' corporate governance.

The policies and procedures that listed entities may adopt as suggested by Practice Note 14, and the approach adopted by the Company to comply with such guidelines, is listed below:

Suggested content and scope	Company policy
<p>A. Policies and procedures adopted to ensure that the issuer acts according to law, including satisfying its reporting obligations under the Corporations Act and the Listing Rules.</p>	<p>Code of Conduct The Code of Conduct prescribes standards of ethical behaviour expected from the board, management and employees. All directors, officers, managers and employees are required to meet certain standards of ethical behaviour including acting honestly, in good faith and in the best interests of the Company as a whole, and avoiding conflicts of interest and managing conflicts of interest appropriately if they arise.</p> <p>Audit Committee Charter The Board has adopted an Audit Committee Charter which outlines appropriate structures are in place to ensure ongoing compliance with Listing Rules and other regulatory compliance.</p>
<p>B. Policies and procedures adopted to ensure that the Issuer's board acts with due care and diligence and in the interests of shareholders</p>	<p>Board Charter The Company has adopted a Board Charter which sets out the principles for operation of the Company board of directors. The board is accountable to shareholders for performance of the Company.</p> <p>Securities Trading Policy This policy acts as a guide to dealing in the Company's securities. It discusses the Corporations Act insider trading provisions and trading restrictions.</p>
<p>C. Policies and procedures adopted to adequately identify and deal with conflicts of interest at board, management and employee levels.</p>	<p>Code of Conduct The Company's Code of Conduct addresses conflicts of interest which may arise in the Company</p>
<p>D. Policies and procedures adopted to protect shareholder interests, including: access to information, voting rights, share of profits, and equitable treatment.</p>	<p>Disclosure Policy The Company has adopted a disclosure policy which addresses the Company's continuous disclosure obligations. It states that the Company has formed policies and procedures to discharge the Company's disclosure requirements to ensure information is released to the market in a timely manner.</p> <p>The policy also features the Company's shareholder communication policies, which operate in conjunction with the general disclosure policies. In terms of shareholder communication, the Company aims, amongst other things, to maintain an up to date website containing all information announced to NSX, and operate an email register.</p> <p>Risk Management Policy The Company's risk management policy provides a framework to identify, assess, monitor and manage the risks associated with the Company's business. The Company's risk management is focused on the areas of financial reporting, continuous disclosure (as provided in the disclosure policy), and operations review.</p>
<p>E. Policies and procedures adopted to protect the interests of stakeholders including: employees, creditors and the wider community.</p>	<p>The remuneration of directors is decided by the Board in its capacity as the Remuneration and Nomination Committee. The Remuneration and Nomination Committee is to review and make recommendations and to ensure that the remuneration policies and practices are consistent with the Company's strategic goals and human resources objectives. Refer Code of Conduct in Section A above.</p>

PYX RESOURCES LIMITED
(FORMERLY SOUTH PACIFIC RESOURCES LIMITED)
ABN 30 073 099 171
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PYX RESOURCES LIMITED

SYDNEY
Level 40, 2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of PYX Resources Limited. As the lead audit partner for the audit of the financial report of PYX Resources Limited for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 15 March 2021

A Member of PrimeGlobal
An Association of Independent
Accounting Firms



FINANCIAL STATEMENTS AND NOTES

Directors' declaration

In accordance with a resolution of the Directors of Pyx Resources Limited (formerly South Pacific Resources Ltd), the directors state that:

The financial statements and notes set out on pages 67 to 107 are in accordance with the Corporations Act 2001:

- a) Comply with Australian Accounting Standards which as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards and other mandatory professional reporting requirements; and
- b) Give a true and fair view of the financial position of the Group as at 31 December 2020 and of the performance for the year ended on that date.

In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declaration required to be made by the Chief Executive Officer and Senior Financial Controller to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 31 December 2020.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'O. Hasler', written over a faint, light-colored rectangular stamp or watermark.

Oliver Hasler
Chairman and Chief Executive Officer

Hong Kong

Date: 15 March 2021

Pyx Resources Limited ACN 073 099 171 and Controlled Entities

Financial report for the year ended 31 December 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated Group	
		2020 US\$	2019 US\$
Revenue	3	8,956,694	6,858,289
Cost of sales		(7,630,173)	(5,596,003)
Gross Profit		1,326,521	1,262,286
Other income	3	110,576	114,459
Selling and distribution expenses		(492,248)	(260,831)
Corporate and administrative expenses		(7,731,742)	(1,094,458)
Foreign exchange loss		(29,376)	(11,659)
Listing costs		(5,356,997)	-
Acquisition costs		(1,889,237)	-
Interest expense		(20,961)	(57,091)
Loss before income tax		(14,083,464)	(47,294)
Income tax benefit/(expense)	6	262,861	(11,092)
Net loss for the year		(13,820,603)	(58,386)
Net profit attributable to:			
Owners of the Parent Entity		(12,775,441)	(96,498)
Non-controlling interests		(1,045,162)	38,112
		(13,820,603)	(58,386)
Loss per share			
Basic loss per share (cents)	9	(6)	(2,390)
Diluted loss per share (cents)	9	(5.5)	(2,390)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated Group	
		2020 US\$	2019 US\$
Net loss for the year		(13,820,603)	(58,386)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		(40,046)	12,296
Total comprehensive income for the year		<u>(13,860,649)</u>	<u>(46,090)</u>
Total comprehensive income attributable to:			
Owners of the Parent Entity		(12,797,525)	(96,498)
Non-controlling interests		(1,063,124)	50,408
		<u>(13,860,649)</u>	<u>(46,090)</u>

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	Consolidated Group	
		2020	2019
		US\$	US\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	3,509,395	93,071
Trade and other receivables	11	368,627	468,522
Advances to suppliers		352,062	117,038
Prepayments and deposits		41,100	-
Prepaid tax	19	36,216	-
Inventories	12	122,703	284,023
TOTAL CURRENT ASSETS		4,430,103	962,654
NON-CURRENT ASSETS			
Property, plant and equipment	14	1,317,834	654,751
Intangible assets	15	92,309	7,774
Right of use assets	16	60,361	88,058
Deferred tax assets		265,597	1,385
TOTAL NON-CURRENT ASSETS		1,736,101	751,968
TOTAL ASSETS		6,166,204	1,714,622
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	1,626,802	456,459
Lease liabilities	18	1,780	40,797
Current tax liabilities	19	-	102,086
Short term liabilities		-	391,152
TOTAL CURRENT LIABILITIES		1,628,582	990,494
NON-CURRENT LIABILITIES			
Lease liabilities	18	16,773	19,145
TOTAL NON-CURRENT LIABILITIES		16,773	19,145
TOTAL LIABILITIES		1,645,355	1,009,639
NET ASSETS		4,520,849	704,983
EQUITY			
Issued capital	20	14,873,158	1,178
Reserves	25	2,782,451	-
Accumulated losses		(12,877,048)	(101,607)
Equity attributable to owners of the Parent Entity		4,778,561	(100,429)
Non-controlling interest		(257,712)	805,412
TOTAL EQUITY		4,520,849	704,983

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Ordinary Shares	Accumulated losses	Subtotal	Non-controlling Interests	Total
	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2019	734	(5,109)	(4,375)	-	(4,375)
Comprehensive income					
Profit/(loss) for the year	-	(96,498)	(96,498)	38,112	(58,386)
Other comprehensive income for the year	-	-	-	12,296	12,296
Total comprehensive income for the year	-	(96,498)	(96,498)	50,408	(46,090)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	444	-	444	-	444
Non-controlling interests on acquisitions	-	-	-	755,004	755,004
Total transactions with owners and other transfers	444	-	444	755,004	755,448
Balance at 31 December 2019	1,178	(101,607)	(100,429)	805,412	704,983

	Ordinary Shares	Share Based Payment Reserve	Foreign Exchange Translation Reserve	Accumulated losses	Subtotal	Non- controlling Interests	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2020	1,178	-	-	(101,607)	(100,429)	805,412	704,983
Comprehensive income							
Loss for the year	-	-	-	(12,775,441)	(12,775,441)	(1,045,162)	(13,820,603)
Other comprehensive income for the year	-	-	(22,084)	-	(22,084)	(17,962)	(40,046)
Total comprehensive income for the year	-	-	(22,084)	(12,775,441)	(12,797,525)	(1,063,124)	(13,860,649)
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued during the year	14,296,456	-	-	-	14,296,456	-	14,296,456
Share issue costs	(558,519)	-	-	-	(558,519)	-	(558,519)
Share based payments	-	3,938,578	-	-	3,938,578	-	3,938,578
Issue of shares to employees	1,134,043	(1,134,043)	-	-	-	-	-
Total transactions with owners and other transfers	14,871,980	2,804,535	-	-	17,676,515	-	17,676,515
Balance at 31 December 2020	14,873,158	2,804,535	(22,084)	(12,877,048)	4,778,561	(257,712)	4,520,849

The accompanying notes form part of these financial statements.

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

	Note	Consolidated Group	
		2020	2019
		US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		8,731,354	6,546,726
Payments to suppliers and employees		(10,769,835)	(6,633,518)
Other income		110,576	114,459
Interest received		376	5,670
Finance costs		(21,338)	(62,761)
Income tax paid		(137,844)	(80,781)
Net cash (used in)/generated by operating activities	22	<u>(2,086,711)</u>	<u>(110,205)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(748,923)	(148,246)
Renewal of mining license		(88,984)	-
Proceeds from sale of property, plant and equipment		-	1,500
Payments for acquisitions, net of cash acquired		311	17,468
Net cash used in investing activities		<u>(837,596)</u>	<u>(129,278)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		9,378,600	444
Repayments of lease liabilities		(52,575)	(59,042)
(Repayments)/Proceeds from short-term borrowings		(432,575)	391,152
Repayment of borrowings		2,732	-
Acquisition and capital raising costs		(2,618,065)	-
Net cash provided by/(used in) financing activities		<u>6,278,117</u>	<u>332,554</u>
Net increase in cash and cash equivalents		3,353,810	93,071
Cash and cash equivalents at the beginning of financial year		93,071	-
Effect of foreign exchange rate changes		62,514	-
Cash and cash equivalents at the end of financial year	10	<u><u>3,509,395</u></u>	<u><u>93,071</u></u>

The accompanying notes form part of these financial statements.

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

During the year ended 31 December 2020 the Group incurred a loss after tax of US\$13,820,603 and had negative cash flows from operations of US\$2,086,711.

Management has considered it is appropriate to prepare the financial statements on a going concern basis. The year-end net cash position of the Group was US\$3,509,395. The losses and negative cash flows from operations in the year of 2020 were because of the non-recurring items of US\$12,719,927. The main non-recurring items in the period were non-capitalized listing expenses of US\$1,889,237, RTO transaction loss of US\$5,356,997 (accounting for the transaction loss on the reverse acquisition of Pyx Resources Ltd.) and accrual of management's share-based payments of US\$3,938,578. The underlying EBITDA for the period was negative US\$1,213,402. Management has a detailed plan to increase the mining and production capacity which is expected to generate profit and positive cash flows from operations in the forthcoming years.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (Pyx Resources Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 13.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred at fair value;
- (ii) any non-controlling interest (determined under either the fair value or proportionate interest method); and
- (iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: *Financial Instruments: Recognition and Measurement*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (*proportionate interest method*). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Reverse Acquisition Accounting

On 31 January 2020, Pyx Resources Limited ("PYX") completed a Reverse Takeover ("RTO") with Takmur Pte. Ltd. ("Takmur"). In accordance with accounting standards, this RTO has been accounted for as a reverse acquisition business combination, described in this financial report as an RTO.

In applying the requirements of AASB 3 *Business Combinations*:

- a) PYX became the legal parent entity to the Group; and
- b) Takmur, which is neither the legal parent nor legal acquirer, is deemed to be the accounting acquirer.

The consolidated financial information incorporated the assets and liabilities of all entities deemed to be acquired by Takmur and its controlled entities and the results of these entities for the period from which those entities are accounted for as being acquired by Takmur. The assets and liabilities of PYX acquired by Takmur were recorded at fair value whilst the assets and liabilities of Takmur were maintained at their book value. The impact of all transactions between entities in the Group were eliminated in full. The impact on equity of treating the formation of the Group as a RTO is disclosed in more detail in note 5.

AASB 3 *Business Combinations* requires that consolidated financial statements prepared following an RTO shall be issued under the name of the legal parent (i.e. PYX), but be a continuation of the financial statements of the legal subsidiary (i.e. Takmur, the acquirer for accounting purposes). The implications of applying AASB 3 on each of the attached financial statements comparatives are as follows:

Statement of financial position

The consolidated statement of financial position as at 31 December 2020 represents the consolidated financial position of Takmur Pte. Ltd. ("Takmur") and its controlled entities as at 31 December 2020.

Statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss for the year ended 31 December 2020 represents the consolidated results of Takmur and its controlled entities for the period from 1 January 2020 to 31 December 2020 and the consolidated results of PYX for the period from 1 February 2020 (date of the RTO) to 31 December 2020. The comparative information for the period ended 31 December 2019 represents results of Takmur for the year ended 31 December 2019, the consolidated results of its controlled entity, PT Andary Usaha Makmur, for the year ended 31 December 2019 and the consolidated results of its controlled entity, PT Investasi Mandiri, for the year ended 31 December 2019.

b. Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to 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 accounting profit nor taxable profit (tax loss).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the first-in, first-out basis.

d. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property, plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	5%
Plant and Equipment	20%
Furniture and Fittings	25%
Motor Vehicle	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e. Leases (the Group as lessee)

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

f. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair values (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
- the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3: *Business Combinations* applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments*:

- the general approach
- the simplified approach

General approach

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

g. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

h. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in United States dollars, which is the Parent Entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except exchange differences that arise from net investment hedges.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at exchange rates on the date of transaction; and
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising on translation of foreign operations with functional currencies other than US dollars are recognised in other comprehensive income and included in the foreign exchange translation reserve in the statement of change in equity and allocated to non-controlling interest where relevant. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

i. **Employee Benefits**

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Equity-settled compensation

The Group operates an employee performance rights plan. Share-based payments to employees are measured at the fair value of the instruments at grant date and amortised over the vesting periods. The corresponding amounts are recognised in the share-based payment reserve and statement of profit and loss respectively. The fair value of rights is determined by reference to the share price of the Company. The number of rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

j. **Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

k. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

i. **Revenue and Other Income**

Revenue recognition

Revenue from sales of zircon is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

Interest income is recognised using the effective interest method.

j. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

k. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

l. **Segment Information**

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group engages in one business segment, being premium zircon production, activities from which it incurs costs. Consequently, the results of the Group are analysed as a whole by the chief operating decision maker.

m. **Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) *Impairment*

The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements

(i) *Performance obligations under AASB 15*

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

(ii) *Lease term and Option to Extend under AASB 16*

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The decision on whether or not the options to extend are reasonably going to be exercised is a key management judgement that the entity will make. The Group determines the likelihood to exercise on a lease-by-lease basis looking at various factors

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

such as which assets are strategic and which are key to future strategy of the entity.

(iii) Impact of COVID-19 on the Group

Demand remained strong during the year of 2020, with our order book reaching the highest level since production in 2015 and exceeding our maximum operation capacity. Even with the global economic fallout caused by the COVID-19 outbreak, prices in 2020 have so far been roughly in line with the 2019 average pricing. The reasons are: (i) zircon is a concentrated industry with a few suppliers accounting for a large share of the supply base (ii) expectations that a structural supply deficit would persist, buoying zircon prices.

NOTE 2: PARENT INFORMATION

	2020	2019
	US\$	US\$
The following information has been extracted from the books and records of the financial information of the Parent Entity set out below and has been prepared in accordance with Australian Accounting Standards.		
Statement of Financial Position		
ASSETS		
Current assets	6,133,005	964,039
Non-current assets	4,917,856	750,583
TOTAL ASSETS	11,050,861	1,714,622
LIABILITIES		
Current liabilities	1,162,006	990,494
Non-current liabilities	-	19,145
TOTAL LIABILITIES	1,162,006	1,009,639
EQUITY		
Issued capital	22,143,644	1,178
Accumulated losses	(15,398,389)	(101,607)
Share-based payment reserve	3,143,600	-
Non-controlling interest	-	805,412
TOTAL EQUITY	9,888,855	704,983
Statement of Profit or Loss and Other Comprehensive Income		
Net (loss)/profit	(8,841,676)	12,296
Total comprehensive income	-	12,296

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECMEBER 2020

NOTE 3: REVENUE AND OTHER INCOME

The Group has recognised the following amounts relating to revenue in the statement of profit or loss.

	Note	2020 US\$	2019 US\$
Revenue from contracts with customers	3a	8,956,694	6,858,289
Other income	3b	110,576	114,459

a. Revenue from contracts with customers

Revenue from contracts with customers represents the amounts received and receivable for production and distribution of premium Zircon.

	2020 US\$	2019 US\$
b. Other income		
Other income	110,576	114,459

NOTE 4: LOSS FOR THE YEAR

	Consolidated Group	
	2020 US\$	2019 US\$
Loss before income tax from continuing operations includes the following specific expenses:		
a. Expenses		
Cost of sales	7,630,173	5,596,003
Interest expense on financial liabilities not classified as at fair value through profit or loss:		
- unrelated parties	14,029	50,627
Finance charges	7,308	12,134
Less: Interest income	(376)	(5,670)
Net interest expense	20,961	57,091
Employee benefits expense:		
- Staff salaries and benefits	265,885	106,822
- Share based payments	3,938,578	-
Loss allowance on financial assets and other items:		
- loss allowance on trade receivables	-	444

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Consolidated Group	
	2020	2019
	US\$	US\$
Rental expense on operating leases		
– short- term lease expense	100,366	111,467
Depreciation and amortization	129,173	76,399

NOTE 5: ACQUISITION OF TAKMUR PTE. LTD. (“TAKMUR”)

On 30 July 2019, Pyx Resources Limited (“PYX”) entered into a Share Exchange Agreement with the shareholders of Takmur (“Takmur Vendors”), whereby Pyx would acquire 100% of Takmur, subject to certain conditions precedent. This transaction completed on 31 January 2020 with PYX issuing 210,274,171 shares to Takmur Vendors. This transaction constituted a Reverse Takeover (“RTO”). On completion of the transaction, PYX’s shares were re-instated to quotation on the NSX on 24 February 2020.

Under the accounting standards, when a transaction involves the transfer of consideration through the issue of shares, the directors must make an assessment of who the accounting acquirer in the transaction is by examining the following indicators of control, post-transaction, including a) the proportion of shareholder representation in the newly merged group from each transacting entity; and b) the ability of that shareholder group to influence control through its power over the governance and operations of the newly merged entity.

After due consideration by the Board and management of composition and other factors, Takmur was determined to be the acquirer for accounting purposes. The implications of this RTO of Pyx by Takmur are:

- (i) Although PYX was considered to be the legal parent company, Takmur was deemed to be the parent company for accounting purposes;
- (ii) The consolidated statement of profit or loss for the year ended 31 December 2020 represents the consolidated results of Takmur and its controlled entities for the year ended 31 December 2020 and the consolidated results of PYX for the period from 1 February 2020 (date after the RTO) to 31 December 2020.;
- (iii) The comparative information for the year ended 31 December 2019 represents results of Takmur for the year ended 31 December 2019, the consolidated results of its controlled entity, PT Andary Usaha Makmur, for the year ended 31 December 2019 and the consolidated results of its controlled entity, PT Investasi Mandiri, for the year ended 31 December 2019;
- (iv) The consideration that Takmur is deemed to have paid for PYX is the fair value of PYX’s equity at the date of the RTO, which was US\$4,917,856. This consideration has been allocated to the fair value of PYX’s intangible and tangible assets, liabilities and contingent liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 5: ACQUISITION OF TAKMUR PTE. LTD. ("TAKMUR")

When the accounting acquiree does not satisfy the definition of a business, as set out in AASB 3 "Business Combinations", the acquisition by the acquirer of the non-business entity is treated as a share-based payment under AASB 2 "Share-based payments" and any dilution in the value of equity of the accounting acquirer, plus any further consideration paid for the acquisition including related transaction costs, less the written-down book values of its assets and liabilities consolidated into the merged entity is charged to the profit and loss as a transaction cost. The value of the dilution of equity is calculated at its fair value as at the date of the transaction (when the transaction is contractually completed – its grant date), being its quoted market value.

Upon consolidation in the newly merged entity, all intergroup balances and transactions between entities in the pro-forma consolidated group, including any unrealised profits or losses, are eliminated. As at the date of completion, Takmur Vendors held 210,274,171 shares which represented 79.8% of the post-consolidation number of shares and shareholders, PYX held 18,284,582 shares, representing 6.9%. Immediately prior to the RTO the book value of PYX's net assets was as follows:

	30 January 2020
	US\$
Cash and cash equivalents	311
Other receivables	36,042
Trade and other payables	(434,747)
Borrowings	(40,747)
Identifiable assets acquired and liabilities assumed	<u>(439,141)</u>

The transaction cost of the RTO, which was booked to the consolidated statement of profit or loss, was calculated as follows:

	30 January 2020
	US\$
Consideration transferred:	4,917,856
Fair value of net liabilities acquired	439,141
Transaction costs	<u>5,356,997</u>

The consideration transferred has been accounted for as an increase in share capital of US\$4,917,856.

Deemed transaction costs have been expensed in the Consolidated Statement of Profit or Loss for the year ended 31 December 2020.

NOTE 6: TAX EXPENSE

	Consolidated Group	
	2020	2019
	US\$	US\$
a. The components of tax benefit/(expense) income comprise:		
Current tax	-	(12,465)
Deferred tax	262,861	1,373
	<u>262,861</u>	<u>(11,092)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Consolidated Group	
	2020	2019
	US\$	US\$
b. The prima facie tax on (loss) from ordinary activities before income tax is reconciled to income tax as follows:		
(Loss) before income tax expense	(14,083,464)	(47,294)
Prima facie tax payable on (loss) from ordinary activities before income tax at 27.5% (2019: 27.5%)	3,872,953	13,006
Effect of different tax rate of subsidiaries	(213,012)	(325)
Add:		
Tax effect of:		
- non-allowable items	(1,605)	(5,540)
- Tax losses and temporary differences not recognised as deferred tax assets	-	-
- Tax credit	(3,395,474)	(18,233)
Income tax benefit/(expense)	<u>262,861</u>	<u>(11,092)</u>

NOTE 7: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 31 December 2020.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	2020	2019
	US\$	US\$
Short-term employee benefits	27,603	-
Share-based payments	3,938,578	-
Total KMP compensation	<u>3,966,181</u>	<u>129,100</u>

NOTE 8: AUDITOR'S REMUNERATION

	Consolidated Group	
	2020	2019
	US\$	US\$
Remuneration of the auditor for:		
- Audit or review of financial statement		
Pitcher Partners BA & A Pty Ltd.	8,847	7,618
Hall Chadwick (NSW)	58,359	29,976
- Due diligence		
Hall Chadwick (NSW)	-	53,405
- Other services		
Hall Chadwick (NSW)	755	14,793
Pitcher Partners BA & A Pty Ltd.	-	6,602
	<u>67,961</u>	<u>112,394</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 9: LOSS PER SHARE

	Consolidated Group	
	2020	2019
	US\$	US\$
a. Reconciliation of losses to profit or loss:		
Loss attributable to non-controlling equity interest	(13,820,603)	(58,386)
Loss used to calculate basic and dilutive EPS	(13,820,603)	(58,386)
	No.	No.
Weighted average number of ordinary shares on issue used in the calculating of basic loss per share	237,772,257	2,442
Weighted average number of dilutive options outstanding	537,500	-
Weighted average number of dilutive performance rights outstanding	13,971,527	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive loss per share	252,281,284	2,442
Loss per share		
Basic loss per share (cents)	(6)	(2,390)
Diluted loss per share (cents)	(5.5)	(2,390)

NOTE 10: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2020	2019
	US\$	US\$
Cash at bank and on hand	3,509,395	93,071
	3,509,395	93,071
Reconciliation of cash		
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	3,509,395	93,071
	3,509,395	93,071

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 11: TRADE AND OTHER RECEIVABLES

	Note	Consolidated Group	
		2020 US\$	2019 US\$
CURRENT			
Trade receivables		148,000	51,178
Amount due from a unrelated entity		-	406,826
		<u>148,000</u>	<u>458,004</u>
Other receivables		205,355	8,892
GST/VAT receivable		16,450	2,804
Provision for impairment	11a(i)	(1,178)	(1,178)
		<u>220,627</u>	<u>10,518</u>
Total current trade and other receivables		<u><u>368,627</u></u>	<u><u>468,522</u></u>

The following table shows the movement in lifetime expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in AASB 9: *Financial Instruments*.

	Opening balance	Net measure- ment of loss		Closing balance
		allowance	Amounts written off	
	1 January 2019 US\$	US\$	US\$	31 December 2019 US\$
a. Lifetime Expected Credit Loss: Credit Impaired				
(i) Current other receivables	-	738	444	1,178
	<u>-</u>	<u>738</u>	<u>444</u>	<u>1,178</u>
	1 January 2020 US\$	US\$	US\$	31 December 2020 US\$
(i) Current other receivables	1,178	-	-	1,178
	<u>1,178</u>	<u>-</u>	<u>-</u>	<u>1,178</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2020 is determined as follows; the expected credit losses also incorporate forward-looking information.

The "amounts written off" are all due to customers declaring bankruptcy, or term receivables that have now become unrecoverable.

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 11. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques used or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

b. Collateral Held as Security

The Group does not hold any collateral over the trade and other receivables.

c. Financial Assets Measured at Amortised Cost

		Consolidated Group	
	Note	2020 US\$	2019 US\$
Trade and other receivables:			
- total current		368,627	468,522
- total non-current		-	-
Total financial assets measured at amortised cost	24	<u>368,627</u>	<u>468,522</u>

d. Collateral Pledged

The Group does not hold any collateral over the trade and other receivables.

NOTE 12: INVENTORIES

	Consolidated Group	
	2020	2019
	US\$	US\$
CURRENT		
At cost:		
Raw materials	88,935	8,203
Finished goods	33,768	275,820
	122,703	284,023
	122,703	284,023

NOTE 13: INTERESTS IN SUBSIDIARIES

a. **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly or indirectly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Country of Incorporation and Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non- controlling Interests	
		2020	2019	2020	2019
		%	%	%	%
Takmur Pte Limited (Holding Company)	Singapore	100%	-	-	-
PT Andary Usaha Makmur (Operator and Manager)	Indonesia	99%	99%	1%	1%
PT Investasi Mandiri (Operations)	Indonesia	-	-	100%**	100%**

** This entity is accounted for as a controlled entity on the basis that control was obtained through the execution of an exclusive operations and management agreement between PT Andary Usaha Makmur and PT Investasi Mandiri and was for nil purchase consideration.

The non-controlling interests in PT Andary Usaha Makmur is not material to the Group.

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

b. **Acquisition of Controlled Entities**

Details of acquisition of Takmur Pte Limited are disclosed at note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

c. **Summarised Financial Information of Subsidiaries with Material Non-controlling Interests**

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group, before any intragroup eliminations.

	PT Investasi Mandiri	
	2020	2019
	US\$	US\$
Summarised Financial Position		
Current assets	1,046,766	1,030,374
Non-current assets	1,362,019	742,808
Current liabilities	(2,652,214)	(951,530)
Non-current liabilities	(16,773)	(19,145)
NET ASSETS	(260,202)	802,507
Carrying amount of non-controlling interests	(260,202)	802,507
Summarised Financial Performance		
Revenue	8,956,694	6,858,289
(Loss)/profit after income tax	(1,044,970)	38,604
Other comprehensive income after tax	(17,739)	12,296
Total comprehensive income	(1,062,709)	50,900
(Loss)/profit attributable to non-controlling interests	(1,062,709)	50,900
Distributions paid to non-controlling interests	-	-
Summarised Cash Flow Information		
Net cash (used in)/from operating activities	(1,036,099)	(190,794)
Net cash used in investing activities	(469,219)	(144,220)
Net cash from/(used in) financing activities	1,608,935	403,303
Net (decrease)/increase in cash and cash equivalents	103,617	68,289

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2020	2019
	US\$	US\$
Land and Buildings		
Freehold land at cost	194,542	57,053
Total land	<u>194,542</u>	<u>57,053</u>
Buildings at cost	802,470	661,720
Accumulated depreciation	(139,161)	(107,675)
Total buildings	<u>663,309</u>	<u>554,045</u>
Total land and buildings	<u>857,851</u>	<u>611,098</u>
Plant and Equipment		
Plant and equipment at cost	520,385	103,263
Accumulated depreciation	(106,687)	(59,610)
Total plant and equipment	<u>413,698</u>	<u>43,653</u>
Motor Vehicles		
Motor vehicles at cost	22,894	-
Accumulated depreciation	(3,816)	-
Total motor vehicles	<u>19,078</u>	<u>-</u>
Furniture and Fittings		
Furniture and fittings at cost	30,668	-
Accumulated depreciation	(3,461)	-
Total furniture and fittings	<u>27,207</u>	<u>-</u>
Total property, plant and equipment	<u>1,317,834</u>	<u>654,751</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

a. **Movements in Carrying Amounts**

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Freehold Land	Buildings	Plant and Equipment	Motor Vehicles	Furniture and Fittings	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Consolidated Group:						
Balance at 1 Jan 2019	43,851	453,366	38,280	-	-	535,497
Additions	13,202	126,332	22,329	-	-	161,863
Depreciation expense	-	(25,653)	(16,956)	-	-	(42,609)
Balance at 31 Dec 2019	57,053	554,045	43,653	-	-	654,751
Balance at 1 Jan 2020	57,053	554,045	43,653	-	-	654,751
Additions	137,489	140,750	417,122	22,894	30,668	748,923
Depreciation expense	-	(31,486)	(47,077)	(3,816)	(3,461)	(85,840)
Balance at 31 Dec 2020	194,542	663,309	413,698	19,078	27,207	1,317,834

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 15: INTANGIBLE ASSETS

	Consolidated Group	
	2020	2019
	US\$	US\$
Goodwill:		
Cost	7,774	7,774
Accumulated impairment losses	-	-
Net carrying amount	<u>7,774</u>	<u>7,774</u>
Mining License Renewal:		
Cost	88,984	-
Accumulated amortization	(4,449)	-
Net carrying amount	<u>84,535</u>	<u>-</u>
Total intangible assets	<u><u>92,309</u></u>	<u><u>7,774</u></u>

	Goodwill	Mining License	Total
	US\$	US\$	US\$
Consolidated Group:			
Year ended 31 December 2019			
Balance at the beginning of the year	-	-	-
Acquisitions through business combinations	7,774	-	7,774
Closing value at 31 December 2019	<u>7,774</u>	<u>-</u>	<u>7,774</u>
Year ended 31 December 2020			
Balance at the beginning of the year	7,774	-	7,774
Addition	-	88,984	88,984
Amortisation	-	(4,449)	(4,449)
Closing value at 31 December 2020	<u>7,774</u>	<u>84,535</u>	<u>92,309</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 16: RIGHT OF USE ASSETS

The Group's lease portfolio includes motor vehicles & Office Building. These leases have an average of 4 years for the vehicle and 2 years for Office Building as their lease term.

i) AASB 16 related amounts recognised in the balance sheet

Right of use assets

	2020	2019
	US\$	US\$
Leased Buildings	11,187	-
Accumulated depreciation	(3,736)	-
	<u>7,451</u>	<u>-</u>
Leased Motor Vehicles	140,484	140,484
Accumulated depreciation	(87,574)	(52,426)
	<u>52,910</u>	<u>88,058</u>
Total Right of use assets	<u>60,361</u>	<u>88,058</u>

Movement in carrying amounts:

Leased Buildings:

Additions	11,187	-
Depreciation expense	(3,736)	-
Net Carrying Amount	<u>7,451</u>	<u>-</u>

Leased Motor Vehicles:

Opening balance	88,058	63,092
Additions	-	69,776
Disposals	-	(11,020)
Depreciation expense	(35,148)	(33,790)
Net Carrying Amount	<u>52,910</u>	<u>88,058</u>

Total Right of use assets	<u>60,361</u>	<u>88,058</u>
---------------------------	---------------	---------------

ii) AASB 16 related amounts recognised in the statement of profit or loss

	2020	2019
	US\$	US\$
Depreciation charge related to right-of-use assets	38,884	33,790
Interest expense on lease liabilities	7,308	12,134
Short term lease expenses	100,366	111,467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 17: TRADE AND OTHER PAYABLES

	Note	Consolidated Group	
		2020	2019
		\$	\$
CURRENT			
Unsecured liabilities:			
Trade payables		311,647	160,359
Sundry payables and accrued expenses		1,315,155	296,100
		<u>1,626,802</u>	<u>456,459</u>
a. Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables:			
- total current		1,626,802	456,459
Financial liabilities as trade and other payables	24	<u>1,626,802</u>	<u>456,459</u>

NOTE 18: LEASE LIABILITIES

At 31 December 2020, the Group had lease liabilities as follows:

	Consolidated Group	
	2020	2019
	US\$	US\$
Current	1,780	40,797
Non-current	16,773	19,145
	<u>18,553</u>	<u>59,942</u>

NOTE 19: TAX

	Consolidated Group	
	2020	2019
	US\$	US\$
CURRENT		
Income tax recoverable	36,216	-
Income tax payable	-	(102,086)
	<u>-</u>	<u>(102,086)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 20: ISSUED CAPITAL

	Consolidated Group	
	2020 US\$	2019 US\$
267,777,037 (2019: 2,500) fully paid ordinary shares	14,873,158	1,178
	<u>14,873,158</u>	<u>1,178</u>

	Consolidated Group			
	2020		2019	
	No. of shares	Contributed equity US\$	No. of Shares	Contributed equity US\$
a. Ordinary Shares				
At the beginning of the reporting period	2,500	1,178	1,000	734
Elimination of Takmur Pte Ltd.	(2,500)	-	-	-
Shares issued during the year:				
- 15 January 2019	-	-	1,500	444
- 31 January 2020	18,284,582	-	-	-
- 31 January 2020	210,274,171	4,917,856	-	-
- Share issue costs	-	(558,519)	-	-
- 25 February 2020	35,000,000	9,378,600	-	-
- 6 April 2020	4,218,284	1,134,043	-	-
At the end of the reporting period	<u>267,777,037</u>	<u>14,873,158</u>	<u>2,500</u>	<u>1,178</u>

On 31 January 2020, the Company completed acquisition of Takmur via a reverse takeover. Essentially the business of Takmur and its controlled entities is the main undertaking of the Group going forward. As part of the acquisition of Takmur, the Company issued 210,274,171 shares to the vendors of Takmur;

On 31 January 2020, Takmur is deemed to have issued 18,282,082 shares to the shareholders of the Company at the date of the reverse takeover.

On 25 February 2020, the Company completed a successful capital raise of AU\$14million, with 35,000,000 shares issued at AU\$0.40 per share;

On 6 April 2020, 4,218,284 shares issued on conversion of 5,186,568 Performance Rights to Shares on achievement of milestones.

Ordinary shares participate in dividends and the proceeds on winding-up of the Parent Entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

b. **Capital Management**

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital, redeemable preference shares, convertible preference shares and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 20: ISSUED CAPITAL

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

	Note	Consolidated Group	
		2020	2019
		US\$	US\$
Total borrowings		18,553	451,094
Less cash and cash equivalents	10	3,509,395	93,071
Net cash/(debt)		3,490,842	(358,023)
Total equity		4,520,849	704,983
Total capital		4,520,849	704,983
Gearing ratio		0.4%	64%

NOTE 21: CAPITAL AND LEASING COMMITMENTS

	Consolidated Group	
	2020	2019
	US\$	US\$
Lease Liabilities Commitments		
Payable – minimum lease payments:		
– not later than 12 months	1,780	40,797
– later than 1 year	16,773	19,145
Minimum lease payments	18,553	59,942
Less future finance charges	-	-
Present value of minimum lease payments	18,553	59,942

The lease on Motor Vehicle, which commenced mostly in 2017, is a 4-year lease with an option to refinance at the end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
NOTE 22: CASH FLOW INFORMATION

	Consolidated Group	
	2020	2019
	US\$	US\$
a. Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax		
Loss after income tax	(13,820,603)	(58,386)
Non-cash flows in (loss):		
- depreciation	129,173	76,399
- listing and acquisition costs	7,246,233	-
- share-based payments	3,938,578	-
- exchange difference	(102,560)	8,072
- Gain on disposal of property, plant and equipment	-	(1,500)
Changes in assets and liabilities,:		
- Decrease/ (increase) in trade and other receivables	99,896	(388,804)
- increase in advances to suppliers	(235,024)	-
- decrease in inventories	161,320	418,494
- increase in prepayments and deposits	(41,100)	-
- decrease in deferred tax assets	(264,212)	-
- increase in other assets	-	(117,038)
- decrease in trade and other payables	1,170,343	20,862
- increase in current tax liabilities	(138,302)	(68,304)
Net cash generated by operating activities	<u>(2,086,711)</u>	<u>(110,205)</u>

b. Changes in Liabilities arising from Financing Activities

	Non-cash changes				
	1	Cash flows	Acquisition	Re-classification	31
	January	US\$	US\$	US\$	December
	2020				2020
	US\$				US\$
Short term borrowings	391,152	(391,152)	-	-	-
Lease liabilities	59,942	(41,389)	-	-	18,553
Total	<u>451,094</u>	<u>(432,541)</u>	<u>-</u>	<u>-</u>	<u>18,553</u>

c. Non-cash Financing and Investing Activities

(i) Share issue:

Refer to note 20 for details of non-cash financing activities arising from shares issued.

(ii) RTO:

Refer to note 5 for details of non-cash financing activities arising from RTO.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 23: RELATED PARTY TRANSACTIONS

Transaction Services Pty Ltd, is a related party of Mr. Martino who resigned on 31 January 2020 and provides office rental and office supplies. For the period to 31 January 2020 Transaction Services Pty Ltd was paid Nil (2019 financial year: \$33,620 (AU\$50,000)) inclusive of GST and expenses recognised for the period to 31 January 2020 totaled Nil (2019 financial year: \$86,418 (AU\$128,522)) inclusive of GST. During the year ended 31 December 2019 Transaction Services Pty Ltd received 21,773,051 shares pre-consolidation (1,088,652 post 20: 1 consolidation) for fees outstanding as at 30 June 2019 at a price of AU\$0.015 per share.

Indian Ocean Corporate Pty Ltd is a related party of Mr. Martino who resigned on 31 January 2020 and provides company secretarial and accounting services to the Company. For the period to 31 January 2020, Indian Ocean Corporate Pty Ltd was paid \$40,680 (AU\$60,500) (2019: NIL), inclusive of GST and expenses recognised for that period totaled \$3,698 (AU\$5,500) (2019: \$81,360 (AU\$121,000)) inclusive of GST. A total of Nil (2019: \$36,982 (AU\$55,000)), inclusive of GST, remains due and payable at year end. During the year ended 31 December 2019 Indian Ocean Corporate Pty Ltd received 16,866,667 shares pre- consolidation (843,333 shares post 20:1 consolidation) for fees outstanding as at 30 June 2019 at a price of AU\$0.015 per share.

Indian Ocean Consulting Group is a related party of Mr. Martino who resigned on 31 January 2020 and provides taxation services to the Company. For the period to 31 January 2020, Indian Ocean Consulting Group has been paid \$1,331 (AU\$1,980) (2019: \$444 (AU\$660)) inclusive of GST, expenses recognized for the period to 31 January 2020 totaled Nil (2019: \$1,775 (AU\$2,640)) inclusive of GST. A total of Nil (2019: \$1,331 (AU\$1,980)), inclusive of GST, remains due and payable at year end.

Fanucci Pty Ltd, a related party of Mr. Martino, provided a loan to the Company during the year. As at year end the balance was \$Nil (2019: \$51,313 (AU\$76,314)), and all amounts have been repaid. The loan was interest free and repayable on demand. No security has been provided in respect of the loan.

Phoenician Management Services Limited, a related party of Mr. Hasler, provided management support, general administration and IT services to PT Investasi Mandiri, after acquisition. Phoenician Management Services Limited has been paid and expenses recognised during the year totalled \$494,008 (2019: \$315,662).

NOTE 24: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loan and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

	Note	Consolidated Group	
		2020 US\$	2019 US\$
Financial assets			
Financial assets at amortised cost			
- cash and cash equivalents	10	3,509,395	93,071
- trade and other receivables	11c	368,627	468,522
Total financial assets		3,878,022	561,593
Financial liabilities			
Financial liabilities at amortised cost:			
- trade and other payables	17	1,626,802	456,459
- Lease liabilities			
Current	18	1,780	40,797
Non-current	18	16,773	19,145
Total financial liabilities		1,645,355	516,401

Financial Risk Management Policies

The Finance and Operations Committee (FOC) has been delegated responsibility by the Board of Directors for, among other issues, managing financial risk exposures of the Group. The FOC monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, foreign currency risk, liquidity risk, and interest rate risk. The FOC meets on a bi-monthly basis and minutes of the FOC are reviewed by the Board.

The FOC's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 30 days from the invoice date.

NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 11.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a Parent Group;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The following table reflects an undiscounted contractual maturity analysis for financial assets and financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Total	
	2020	2019	2020	2019	2020	2019
Consolidated Group	US\$	US\$	US\$	US\$	US\$	US\$
Financial liabilities due for payment						
Trade and other payables	1,626,802	456,459	-	-	1,626,802	456,459
Lease liabilities	1,780	40,797	16,773	19,145	18,553	59,942
Total expected outflows	1,628,582	497,256	16,773	19,145	1,645,355	516,401
Financial assets – cash flows realisable						
Cash and cash equivalents	3,509,395	93,071	-	-	3,509,395	93,071
Trade and other receivables	368,627	468,522	-	-	368,627	468,522
Total anticipated inflows	3,878,022	561,593	-	-	3,878,022	561,593
Net (outflow)/ inflow on financial instruments	2,249,440	64,337	(16,773)	(19,145)	2,232,667	45,192

c. **Market risk**

(i) *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices for Zircon largely due to demand and supply factors (other than those arising from interest rate risk or foreign currency risk) for sand minerals.

The Group is exposed to commodity price risk through the operations of its Zircon Produce. Contracts for the sale and physical delivery of Zircons are executed whenever possible on a pricing basis intended to achieve a relevant index target. Where pricing terms deviate from the index, derivative commodity contracts may be used when available to return realised prices to the index. Contracts for the physical delivery of Zircon are generally not financial instruments and are carried in the statement of financial position at cost (typically at nil). There were no hedges in place at the end of the reporting period.

(ii) *Foreign currency risk*

Exposure to foreign currency risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the USD functional and presentation currency of the Group.

With instruments being held by overseas operations, fluctuations in the IDR and AUD may impact on the Group's financial results unless those exposures are appropriately hedged.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the Group's operations. The foreign currency risk in the books of the Parent Entity is considered immaterial and is therefore not shown.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

2020 Consolidated Group	Net Financial Assets/(Liabilities) in USD		
	USD	AUD	Total USD
Functional currency of entity:			
US dollar	-	970,376	970,376
Indonesian Rupiah	265,679	-	265,679
Statement of financial position exposure	265,679	970,376	1,236,055

2019 Consolidated Group	Net Financial Assets/(Liabilities) in USD		
	USD	AUD	Total USD
Functional currency of entity:			
US Dollar		(4,656)	(4,656)
Indonesian Rupiah	(405,912)	-	(405,912)
Statement of financial position exposure	(405,912)	(4,656)	(410,568)

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group.

Consolidated Group	Note	2020		2019	
		Carrying Amount US\$	Fair Value US\$	Carrying Amount US\$	Fair Value US\$
Financial assets					
Financial assets at amortised cost:					
Cash and cash equivalents ⁽ⁱ⁾	10	3,509,395	3,509,395	93,071	93,071
Trade and other receivables ⁽ⁱ⁾	11	368,627	368,627	468,522	468,522
Total financial assets		3,878,022	3,878,022	561,593	561,593
Financial liabilities at amortised cost					
Trade and other payables ⁽ⁱ⁾	17	1,626,802	1,626,802	456,459	456,459
Lease liabilities ⁽ⁱ⁾	18	18,553	18,553	59,942	59,942
Total financial liabilities		1,645,355	1,645,355	516,401	516,401

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

- (i) The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and lease liabilities are equivalent to their fair values.

NOTE 25: RESERVES

a. **Share Based Payment Reserve**

The share based payment reserve records items recognised as expenses on valuation of share based payments.

b. **Foreign Currency Translation Reserve**

The foreign currency translation reserve records exchange differences arising on translation of the foreign controlled subsidiaries.

c. **Analysis of Each Class of Reserve**

	Consolidated Group	
	2020	2019
	US\$	US\$
Share Based Payment Reserve		
Share based payments	3,938,578	-
Issue of shares to employees	(1,134,043)	-
Movement in share based payment reserve	<u>2,804,535</u>	<u>-</u>
Foreign Currency Translation Reserve		
Exchange differences on translation of foreign operations	(22,084)	-
Movement in foreign currency translation reserve	<u>(22,084)</u>	<u>-</u>
Total	<u><u>2,782,451</u></u>	<u><u>-</u></u>

NOTE 26: EVENTS AFTER THE REPORTING PERIOD

On 15 February 2021, the company has completed the transaction to acquire the entire share capital of Tisma Development (HK) Ltd. (Tisma), the operator of a world-class mineral sands asset consisting of a concession area of 1,500 hectares located in Central Kalimantan Province, Indonesia via the issue of 147,277,370 Shares in PYX to the shareholders of the Tisma.

No other significant events being noted by the management since the end of the reporting period.

PYX RESOURCES LIMITED
ABN 30 073 099 171
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PYX RESOURCES LIMITED AND CONTROLLED ENTITIES

SYDNEY

Level 40, 2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

Report on the Financial Report

Opinion

We have audited the financial report of PYX Resources Limited and controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the year then ended; and for
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's responsibility section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

A Member of PrimeGlobal
An Association of Independent
Accounting Firms



PYX RESOURCES LIMITED
 ABN 30 073 099 171
 AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
 PYX RESOURCES LIMITED AND CONTROLLED ENTITIES

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 31 December 2020. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p>Acquisition of Takmur Pte Ltd Refer to Note 5 "Acquisition of Takmur Pte Ltd"</p> <p>During the year, PYX Resources Limited (PYX) acquired Takmur Pte Ltd (Takmur), for a deemed purchase consideration of \$4,917,856. This acquisition was considered a significant acquisition for the Group.</p> <p>Accounting for this transaction is a judgement and requires management to determine the most appropriate accounting treatment to account for the acquisition based on factual circumstances.</p> <p>It is due to the nature of the acquisition and the judgement involved in accounting for the acquisition that this is considered a key audit matter.</p>	<p>Our audit procedures included but not limited to:</p> <ul style="list-style-type: none"> • We have read the share exchange agreement to understand the key terms and conditions. • We have assessed whether the acquisition was accounted for in accordance with the Australian Accounting Standards and in particular whether the acquisition was considered a reverse acquisition and if so whether AASB 3 "Business Combinations" and consequently AASB 2 "Share-based Payments" were the relevant accounting standards to account for the acquisition. • We considered whether fair values or adjustments to fair values have been dealt with in accordance with AASB 3. • We assessed the accuracy of the acquisition journals at acquisition date. • We assessed the adequacy of the Group's disclosures in respect to the acquisition.
<p>Share-Based Payments Refer to Remuneration Report "Compensation Performance Rights and Options Granted, Exercised, Converted or Lapsed During the Financial Year"</p> <p>During the year ended 31 December 2020, the Company issued performance rights to key management personnel, which were accounted for as share-based payments under AASB 2 "Share-based Payments".</p> <p>This was considered a key audit matter as the fair value of performance rights granted was material and share-based payments are a complex accounting area and include assumptions utilised in fair value calculations and judgments regarding the performance options and shares issued during the year.</p>	<p>Our audit procedures included but not limited to:</p> <ul style="list-style-type: none"> • Evaluating management's assessment of the valuation and recognition of the performance options and shares. • Obtaining an understanding of the key terms and conditions of the performance options and shares by inspecting relevant agreements. • Holding discussions with management to understand the share-based payments arrangements in place and evaluating management's assessment of the

PYX RESOURCES LIMITED
 ABN 30 073 099 171
 AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
 PYX RESOURCES LIMITED AND CONTROLLED ENTITIES

likelihood of meeting the performance conditions attached to the performance options.

- Recalculating the estimated fair value of the performance options, including assessing the reasonableness of the key inputs used in the Company's valuation model.
- Reviewing the adequacy of the Company's disclosures in respect of the accounting treatment of share-based payments in the financial statements, including the significant judgments involved, and the accounting policies adopted.

Going Concern

Refer to Note 1 "Going Concern"

The financial statements have been prepared on a going concern basis as discussed in Note 1 of the financial report.

The Group has incurred a loss after income tax of \$13,820,603 and has negative operating cash flows of \$2,091,662 for the year.

The group was listed on the NSX in February 2020 and there was a capital raising associated with the IPO. The proceeds from the capital raising amounted to \$9.4m

We included the going concern basis of accounting as a key audit matter as the Group will rely on existing cash reserves and revenue growth from operations in order to pay its debts as and when they fall due over the next twelve months from the date of this report.

Our audit procedures included but not limited to:

- We reviewed the cash flow forecast as at 31 March 2022 provided by management.
- A review of the assumptions and basis of the cashflow forecast reflected that the Group has sufficient cash to meet its working capital requirements over the next 12 months from the date of this report.
- We have assessed the adequacy of the Group's disclosures in respect to going concern.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2020 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

PYX RESOURCES LIMITED
ABN 30 073 099 171
AND CONTROLLED ENTITIES

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PYX RESOURCES LIMITED AND CONTROLLED ENTITIES**

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

**PYX RESOURCES LIMITED
ABN 30 073 099 171
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PYX RESOURCES LIMITED AND CONTROLLED ENTITIES**

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2020.

In our opinion, the remuneration report of PYX Resources Limited, for the year ended 31 December 2020, complies with s 300A of the Corporations Act 2001.

PYX RESOURCES LIMITED
ABN 30 073 099 171
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PYX RESOURCES LIMITED AND CONTROLLED ENTITIES

Responsibilities

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.



HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 15 March 2021

Shareholder and investor information

Additional information required by National Stock Exchange of Australia Limited and not shown elsewhere in this Annual Report is as follows. The information is as at 31 December 2020.

SHAREHOLDER INFORMATION AS AT MOST RECENT BALANCE DATE (31 DECEMBER 2020)

TWENTY LARGEST SHAREHOLDERS (AS AT 31 December 2020)

Ordinary Shareholders	Number of Ordinary Shares Fully Paid	Percentage
PHOENIX FUND SOLUTIONS LIMITED	92,520,635	34.55
CEDRUS INVESTMENTS LTD (NOMINEES 2 A/C)	84,822,342	31.68
BNP PARIBAS NOMS PTY (Group # 48232)	28,254,331	10.55
SINO VENTURES LIMITED	10,934,257	4.08
CITICORP NOMINEES PTY LIMITED	9,304,569	3.47
UNICO HOLDINGS LIMITED	4,366,263	1.63
CEDRUS INVESTMENTS LTD (NOMINEES 1 A/C)	4,218,284	1.58
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,125,588	1.54
PHOENICIAN GROUP LIMITED	4,047,538	1.51
AUGMENT HOLDINGS LIMITED	4,000,000	1.49
SINOWIDE INTERNATIONAL LIMITED	3,504,805	1.31
UNICO HOLDINGS LIMITED	3,054,805	1.14
TAMARIND RESOURCES PRIVATE LIMITED	2,951,230	1.10
CEDRUS INTERNATIONAL LIMITED	1,829,072	0.68
AUGMENT HOLDINGS LTD	1,415,888	0.53
LIGHTGLOW ENTERPRISES PTY LTD (Paloma Investments A/C)	1,269,014	0.47
FANUCCI PTY LTD (Fanucci A/C)	1,048,166	0.39
APEZO PTY LTD	740,000	0.28
CUMANI INVESTMENTS PTY LTD	637,500	0.24
CA RESOURCES PTY LTD (CA Resources A/C)	540,300	0.20
	263,584,587	98.43

DISTRIBUTION OF SHARE HOLDERS (AS AT 31 DECEMBER 2020)

<u>SPREADS OF HOLDINGS</u>	<u>NUMBER OF HOLDERS</u>	<u>NUMBER OF UNITS</u>
1 - 1,000	388	104,351
1,001 - 5,000	95	223,757
5,001 - 10,000	34	259,309
10,001 - 100,000	64	2,042,327
100,001 - 999,999,999,999	29	265,147,293
TOTAL	610	267,777,037

SHAREHOLDER INFORMATION AS AT 31 DECEMBER 2020

VOTING RIGHTS

Each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands.

Every person who is a member or a representative or a proxy of a member shall have one vote and on a poll every member present in person or by proxy or attorney or other authorised representative shall have one vote for each share held.

NUMBER OF HOLDERS OF EQUITY SECURITIES

ORDINARY SHAREHOLDERS

There are 267,777,037 fully paid ordinary shares on issue, held by 610 individual shareholders as at 31 December 2020.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, the following shareholders were recorded in the Register as a Substantial Shareholder.

Ordinary Shareholders	Number	Fully Paid Ordinary Percentage
Phoenix Fund Solutions Limited	92,520,635	34.55
Takmur SPC Limited	84,822,342	31.68

OPTIONS

As at 31 December 2020 the Company had 537,500 unlisted options on issue with an exercise price of \$1.00 and an expiry date of 22 February 2023, held by Tamarind Classic Resources Private Limited. Unlisted options do not carry any voting rights.

PERFORMANCE RIGHTS

As at 31 December 2020 the Company had 12,488,808 Performance Rights held by Mr. Oliver Hasler on issue that are convertible into a maximum of 14,955,344 Shares, subject to the achievement of milestones as follows:

No. of Performance Rights	Potential No. of Shares	Expiry Date	Performance Condition
978,261		6/30/2021	2020 Target EBITDA
	195,652		Continuous employment to 31 December 2020
	293,478		Continuous employment and more than 20% - 30% of 2020 Target EBITDA
	391,304		Continuous employment and more than 30% - 40% of 2020 Target EBITDA
	489,131		Continuous employment and more than 40% - 75% of 2020 Target EBITDA
	489,131-1,467,392		Continuous employment and more than 75% - 125% of 2020 Target EBITDA
	1,467,392		Continuous employment and more than 125% of 2020 Target EBITDA
1,278,866		6/30/2021	2020 Target Sales Volume
	255,773		Continuous employment to 31 December 2020
	383,660		Continuous employment and more than 20% - 30% of 2020 Target Sales Volume
	511,546		Continuous employment and more than 30% - 40% of 2020 Target Sales Volume
	639,433		Continuous employment and more than 40% - 75% of 2020 Target Sales Volume
	639,433-1,918,299		Continuous employment and more than 75% - 125% of 2020 Target Sales Volume
	1,918,299		Continuous employment and more than 125% of 2020 Target Sales Volume
1,141,304		6/30/2022	2021 Target EBITDA
	228,261		Continuous employment to 31 December 2021
	342,391		Continuous employment and more than 20% - 30% of 2021 Target EBITDA
	456,522		Continuous employment and more than 30% - 40% of 2021 Target EBITDA
	570,652		Continuous employment and more than 40% - 75% of 2021 Target EBITDA
	570,652-1,711,957		Continuous employment and more than 75% - 125% of 2021 Target EBITDA
	1,711,956		Continuous employment and more than 125% of 2021 Target EBITDA
1,534,639		6/30/2022	2021 Target Sales Volume
	306,928		Continuous employment to 31 December 2021
	460,392		Continuous employment and more than 20% - 30% of 2021 Target Sales Volume
	613,856		Continuous employment and more than 30% - 40% of 2021 Target Sales Volume
	767,320		Continuous employment and more than 40% - 75% of 2021 Target Sales Volume
	767,320-2,301,959		Continuous employment and more than 75% - 125% of 2021 Target Sales Volume
	2,301,959		Continuous employment and more than 125% of 2021 Target Sales Volume
1,940,350	1,940,350	12/31/2022	Share price reaching AUD1.14 at any time from 1 November 2019 to 31 Dec 2022
2,182,894	2,182,894	12/31/2022	Share price reaching AUD1.52 at any time from 1 November 2019 to 31 Dec 2022
3,432,494	3,432,494	12/31/2022	Share price reaching AUD1.90 at any time from 1 November 2019 to 31 Dec 2022
12,488,808	14,955,344 (maximum)		

RESTRICTED SECURITIES

As at 31 December 2020 restricted securities are as follows:

- Mr. Alvin Tan, 638,811 Shares. Restricted for 24 months from quotation (25 February 2022)

Glossary

Where the following terms are used in this Annual Report, they have the following meanings:

\$ means United States Dollars

Acquisition means the acquisition by the Company of all of the issued capital in Takmur via the Share Exchange Agreement.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 008 624 691.

AU\$ means Australian Dollar as the currency of the Commonwealth of Australia.

Awards means Options or Performance Rights, as the context requires, granted under the Stock Incentive Plan.

Board means the board of Directors of the Company.

Chairman means the chairman of the Board from time to time.

Company or PYX means PYX Resources Limited ABN 30 073 099 171, being a company incorporated in Australia and having registered address at Level 6, 56 Pitt Street, Sydney NSW 2000.

Company Secretary means the company secretary of the Company.

Completion means completion of the Share Exchange Agreement in accordance with its terms and conditions.

Constitution means the constitution of the Company.

Consolidation means the 20:1 consolidation of the capital of the Company the subject of a resolution at the General Meeting held 13 december 2019.

Act means the Corporations Act 2001 (Cth).

Group Company means the Company or any associated body corporate.

Heavy Mineral Concentrate (HMC) means the heavy mineral concentrate of zircon, rutile, and ilmenite.

Heavy Mineral (HM) or Heavy Mineral Sands (HMS) describes layered sediments deposited in coastal environments that contain dense ("heavy") minerals of economic value. The heavy minerals extracted from these coastal deposits contain mostly titanium components and zircon.

IUP-OP means "Izin Usaha Pertambangan Operasi Produksi", or Mining Business Permit for Production Operations granted by the Government of Indonesia.

JORC or JORC Code means the 2012 Australian Code for Reporting of Exploration Results, Mineral Resources and Oil and Gas Reserves. Listing means the admission of the Company and Official Quotation of the securities of the Company.

Listing Rules means the official listing rules of NSX.

Mandiri or PTIM means PT Investasi Mandiri, a subsidiary of Takmur.

Mandiri Plant means the heavy mineral sands processing plant forming part of the assets of Mandiri.

Mineral Separation Plant (MSP) means the plant that mines and processes sand in the production of industrial minerals such as ilmenite, rutile, monazite and zircon. The plant conducts dry mining of beach washings, which are then processed through wet gravity separation equipment. Through the separation process, heavy minerals are isolated using their individual specific gravity, electrical conductivity, magnetic susceptibility, and surface characteristics.

Mandiri Project means Takmur's mineral sands project located at the Mandiri Tenement including the Mandiri Tenement, Mandiri Plant and the operations of Mandiri.

Mandiri Tenement means the area as stated in the IUP-OP.

Mining Field Unit (MFU) means the specialized mining equipment used in the mineral sands industry including diesel pumps and riffle boxes, dedicated to pump soil into hydrocyclones and spirals in order to obtain Heavy Mineral Concentrate through the wet concentration process.

NSX means the National Stock Exchange of Australia.

Offers means the Public Offer and Takmur Offer, contained in this Prospectus.

Official List means the official list of NSX.

Official Quotation means the quotation of securities on the securities market operated by NSX.

Option means an option granted pursuant to the Stock Incentive Plan to subscribe for a Share upon and subject to the terms of the Stock Incentive Plan and the terms of any applicable offer.

Performance Right means a right to acquire a Share, subject to satisfaction of any vesting conditions, and the corresponding obligation of the Company to provide the Share, pursuant to a binding contract made by the Company under the Stock Incentive Plan.

PT AUM means PT Andary Usaha Makmur, a 99% owned subsidiary of Takmur. Share means a fully paid ordinary share in the capital of the Company.

Share Exchange Agreement means the agreement between the Company and Takmur Vendors dated 30 July 2019.

Shareholder means a holder of legal title to Shares (collectively).

Share Registry means Advanced Share registry Services Pty Ltd, 110 Stirling Highway, Nedlands Western Australia 6909.

SPB means South Pacific Resources Limite, the former name of PYX Resources Limited.

Stock Incentive Plan means the Stock Incentive Plan voted on at the General Meeting held on 13 December 2019.

Takmur means Takmur Pte. Ltd. a company incorporated in Singapore with company number: 20181911Z and registered address: #14- 02, The Arcade, 11 Collyer Quay, Downtown Core, 049317, Singapore.

Takmur Vendors means the shareholders of Takmur, being Phoenix Fund Solutions Limited, Takmur SPC Limited, Sinowide International Limited, Sino Ventures Limited and Unico Holdings Limited.

Takmur Offer means the offer of up to 210,274,171 new Shares to the Vendors of the issued capital in Takmur.

Tisma Project means the mineral sands project located at the Tisma Tenement including the Tisma Tenement, Tisma Plant and the operations of Tisma.

Tisma Tenement means the area as stated in the IUP-OP.

Transaction means the Acquisition, Consolidation, the Offers and the Listing.

USA means the United States of America.

US\$ means United States dollars, being the lawful currency of the USA.

Valuable Heavy Mineral (VHM) means the subsection of Heavy Mineral Sands (HMS) deposits including only the Heavy Minerals (HM) with an economic value (mostly titanium components and Zircon) and excluding residual waste and water.

Corporate information

Directors

Mr. Oliver B. Hasler, Mr. Gary J Artmont, Mr. Bakhos Georges, Mr. Alvin Tan

Company Secretary

Ms. Louisa Martino

Registered Office

Level 5, 56 Pitt Street

Sydney NSW 2000

Telephone: +612 8823 3132

Website: www.pyxresources.com

Auditors

Hall Chadwick Pty Ltd

Level 40, 2 Park Street

Sydney NSW 2000

Australia

Share Registry

Advanced Share Registry Pty Ltd 110 Stirling Highway

Nedlands, Western Australia, 6009 Telephone: +618 9389 8033

Facsimile: +618 9262 3723

National Stock Exchange of Australia

Listing NSX Code-PYX

Australian Company Number and

Australian Business Number

ACN 073 099 171

ABN 30 073 099 171

PYX Resources Limited
(formerly South Pacific Resources Limited)
ABN 30 073 099 171

Due to PYX's commitment to the environment, printed copies of the Annual Report are only posted to shareholders who have requested to receive a physical copy

