Annual Report Jan - Dec 2021

PYX 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

Contents

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 and UK 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 (JORC Code). 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 Mineral Resource of Zircon. The Company originally announced this resource in its Prospectus released 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 Prospectus. All material assumptions and technical parameters disclosed in the Prospectus that underpin the estimates continue to apply and have not materially changed.

The Tisma mineral sands deposit hosts a 4.5 Mt Inferred Mineral 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.

Together the Mandiri and Tisma mineral sand deposits total 10.5 Mt of contained Zircon within a total of 263.5 Mt of heavy mineral sands.

About PYX Resources

PYX Resources Limited (NSX: PYX | LSE: PYX) is a leading producer of premium Zircon, listed on the National Stock Exchange of Australia and on the Main Market of the London Stock Exchange.

PYX Mandiri is a large-scale, near-surface open pit mine that has been in operation since 2015.

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

What are Mineral Sands?

The majority of coastal sands are made up of quartz grains (SiO_2). Mineral sands are sands from an ancient seashore, riverbed, or wind alluvial deposits that include high amounts of Zircon, rutile, leucoxene, ilmenite and monazite. Monazite comes in five distinct species, based on the relative proportions of valuable earth elements in the mineral (Ce, La, Th, Nd, Y) bonded to phosphate or silica. The specific gravity of these substances range from of 4 to 5.5 g/cm^3, which is significantly higher than that of typical mineral sands like quartz, that has a specific gravity of 2.65 g/cm^3. Some mineral sand deposits also provide valuable minerals, such as pseudorutile, anatase, xenotime, garnet, kyanite, sillimanite, staurolite.

How are Mineral Sands Formed?

In general, there are two main forms of mineral sands, Placer and Primary sediments, both of which with a unique method of formation.

Placer sediments are unconsolidated and semi-consolidated erosional deposits generated by superficial weathering and erosion of primary minerals and then relocated and deposited on the surface elsewhere by gravity, rain, wind or snow. A placer is a deposit of valuable minerals generated by gravity sieving throughout the erosional processes. There are many numerous variations of placer deposits, including alluvial (river-transported), colluvial (gravity-transported), eluvial (material remaining at its point of origin), coastal-placers (abrasive sediments accumulated along the edge of huge bodies of water), and paleoplacers (ancient sediments from silt).

Primary sediments are volcanic in origin that contain any material that originated before the rock's first crystallisation. The fundamental minerals are utilised to offer a categorisation name to the sediments and the supplementary minerals present in lower quantity are classified as primary minerals.

What are Mineral Sands used for?

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.

Zircon is a silver-grey mineral that is very durable, malleable, ductile, and glossy. Zircon is exceptionally thermal and corrosion resistant. It is a metal that is less dense than steel and has a comparable toughness to copper. The material may rapidly burn in oxygen when finely split, particularly at higher temperatures.

Titanium Dioxide is considered a by-product in PYX's Tisma and Mandiri deposits due to the high Zircon grade. It is sorted into three main categories based on the quantity of titanium contained within the sample.

* Rutile (90% to 100% TiO_2)
* Leucoxene (65% to 90% TiO_2)
* Ilmenite (45% to 65% TiO_2)

Titanium is a lighter coloured mineral, which has a white silver metallic appearance. It has a tough, glossy and corrosion-proof surface that gives it great durability and hardness. When titanium is subject to extreme thermal energy, it generates a shielding oxide layer to prevent corrosion, however, it prevents tarnishing at cooler room temperatures.

Key Uses

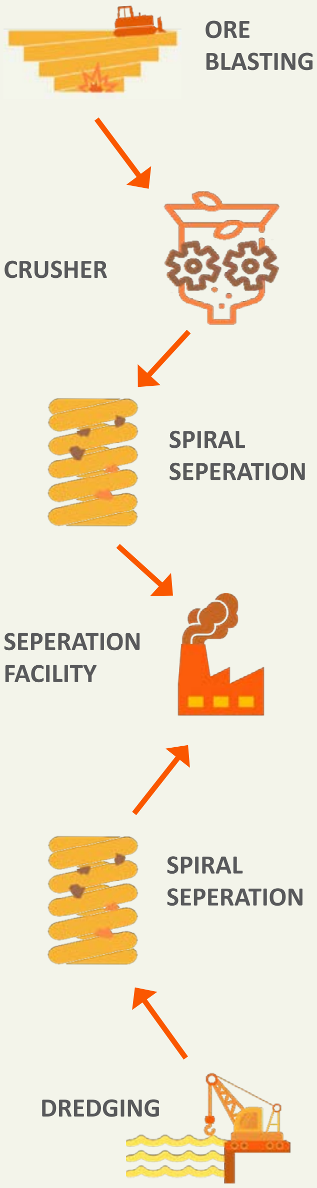
- **Zirconia** is a key element in doping Solar Panels for maximum efficiency
- The Ceramics industry consume over 50% of all the Zircon produced
- Catalysts with Zircon used as supportive substrate can operate in harsher conditions
- Zircon is an essential substance used to manufacture protective shielding for fuel rods in nuclear powewr plants
- Zircon has grown in usage for endosseous implants, implant abutments and crowns in dentistry
- Zircon sand is commonly used in refractories and casting industries
- **Titanium** dioxide adds opaqueness and toughness to paint pigment and extending the paint's life
- Addition of titanium dioxide to polymers and plastics helps minimize brittleness, discoloration and fracturing
- Cosmetics utilise titanium dioxide to help hide imperfections and enhance the complexion
- Titanium dioxide is used as nanoparticle catalysts in the automotive and manufacturing industry
- Nanoparticles made of titanium dioxide can be used to block harmful UV sun rays
- Paper is coated with titanium dioxide to make it lighter, sharper and opaquer

How are Mineral Sands Extracted?

Mineral Sands can be extracted with two main techniques: open cut mining and suction dredging.

Open Cut Mining

Scrapers and bulldozers are used to dig higher quality resources including relatively hard minerals or layers, ensuring that the concentrate mined has a consistent combination. The scraper transports the material to a filtering facility, where it is crushed into 2mm granules. To eliminate tailings and extra clay particles, the filtered material goes through a complex series of spirals.



Suction Dredging

A dredge scoops mineral deposits from the bed of an artificial reservoir, that is built atop low-grade deposits to facilitate quick transportation of massive volumes of sand, and transports it to a separation facility via a suction pipe.

How are Mineral Sands Processed?

Mandiri Deposit Processing

At PYX, the mineral sands are processed into two main products, premium grade Zircon, high-grade ilmenite and rutile (titanium dioxide). After the heavy mineral concentrate has been removed by suction dredging, it has its Zircon concentration increased through gravity separation.

The residual quartz sand and tailings removed from the concentrate are transported back into the mining pit. The process water from the spiral separation unit and solar drying dam are recycled back into the processing facility.

The main separation procedure at the Mandiri Processing facilities involves wet processing (Wilfley tabling), succeeded by a dry batch mineral processor (electrostatic separation).

Before the concentrate is transferred to the electrostatic separation unit, it is dried and cooled.

This results in an end product of premium grade Zircon at a ≥ 65.5% purity content.

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.

Where are Mineral Sands found?

Mineral sands can be found all over the globe near beach environments, rivers, or sand dunes. PYX Resources has two main mines, the Tisma Deposit, and the Mandiri Deposit, which are both located in Central Kalimantan, Indonesia.

Highlights

Avg Dec 2021 Zircon prices US$2,465/t	87% YoY Increase
6,855 tonnes Sales Volume	2% YoY Increase
7,233 tonnes Production Volume	10% YoY Increase
US$12,417k Revenue	39% YoY Increase
US$6,624k Net Cash Position	89% YoY Increase
Finished Goods Inventory	18 days

Acquisition of Tisma Develoment (HK) Ltd

75% Increase of Contained Zircon Resources

100% Covid-19 Employee Vaccination

Zero Covid-19 Fatality Rate

Zero Total Recordable Injury Frequency Rate

Female Employment +3 pp

Indigenous Employment 52%

134% Increase in Share Price YoY as of COB 31 Dec 2021

Chairman's Letter

Dear Shareholders,

Welcome to PYX Resources' December 2021 Annual Report. 2021 has been significantly impacted by the aftershocks of the COVID-19 pandemic and its related economic and financial instability, calling on a multitude of companies to adapt to inordinate change. Indonesia has been hit particularly hard by the coronavirus, with non-Indonesian citizens banned from entering Indonesia until the end of October, limited domestic and inter-regional travel, and restrictions on working visas. Despite these challenging circumstances, PYX Resources has continued to pursue and demonstrate resilience to drive value creation by leveraging on our coherent business model, the quality of our operations, and commitment to the sustainability of our local communities. Thanks to our efforts and outstanding relationship with our local communities, and despite Indonesia having a relatively low vaccination rate, we managed to vaccinate 100% of our people with the 2nd jab of the COVID vaccine and continued to improve our overall safety record, with zero work-related fatalities.

I am particularly proud of our results achieved in the context of other major challenges not related to the COVID-19 pandemic, including force majeure situations due to flooding around our mining area in July and August, followed by November's Palangkaraya flooding.

Firstly, we have managed to increase our production and sales volume despite the adverse circumstances this year. Customer interest in PYX's premium Zircon increased amid the lack of market supply and because of PYX's Zircon superior quality, which makes

it ideal for producing fused Zirconia used in different high-tech applications (electric vehicle batteries, solar cells, semiconductors and technical ceramics).

We were also able to capitalise on the strong increase in demand by enhancing our production capacity largely due to our investment in the Mandiri Mineral Separation Plant. Specifically, we expanded the Mandiri Mineral Separation Plant's production capacity from 18,000 tpa to 24,000 tpa by investing in wet concentration processes (Wilfley tabling) and batch dry mineral separation processing (electrostatic rolls, plates, and magnetic rolls). This investment will also enable the production of by-products such as rutile, leucoxene and ilmenite, which are utilised in the production of pigment, titanium metal and welding electrode fluxes. This, in turn, will enable us to add the export of titanium dioxide minerals to our sales mix in the near future.

Secondly, we were able to capitalise on the supply-demand imbalance driven by the general lack of premium Zircon supply globally, coupled with the strong increase in demand, specifically from China, with substantial price increases for our premium product recorded during the year. Our pricing power during 2021 was also strengthened by the trade war between Australia and China and our recognised premium quality, which further boosted the attractiveness of Indonesia as a Zircon mining source for Chinese buyers, further increasing the premium paid on Indonesia-sourced Zircon vs. Australian on the spot market. Since the beginning of 2021, PYX has raised its prices by over US$1,100 per tonne in total, supported by surging demand from global importing powerhouse China, supply issues in South Africa and low inventory levels.

Thirdly, we substantially added to our Zircon resources by acquiring the Tisma deposit in February 2021, in an all-share deal that was extremely well received by shareholders, positioning PYX as the second-largest producing mineral sands company globally in terms of JORC compliant Zircon resources. The Tisma deal's attractiveness was further put on full display in June as PYX received firm commitments to raise A$11.2M via a share placement. Proceeds from the placement, in tandem with existing cash reserves, will be put towards accelerating our growth. The completion of the acquisition of Tisma on 15 February 2021, additionally strengthens our positioning and is a testament to our determination to consolidate the mineral sands industry, both within Kalimantan and globally, boosting PYX's contained Zircon resources by 75% and providing strategic support to our plans to further develop into a premium Zircon supplier on a global scale.

Fourthly, PYX Resources has made strong advances in global capital markets with a successful Main Market, London Stock Exchange listing in mid-November. For both our current development, as well as our future plans, the

"I am very pleased with all the strong progress in such a challenging year as 2021, setting the base for strong growth in coming years."

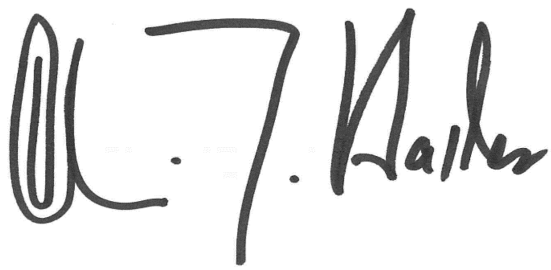
listing acts as a big milestone. As we focus on building a position as a key supplier of minerals sands to support world demand, we will increase our company's visibility, give potential investors, existing shareholders and the public, global access to participating in the growth and the future potential of PYX Resources and thus increase our share liquidity.

Besides the strong results mentioned above, the Zircon industry fundamentals remain extremely attractive and present significant opportunities for PYX and its shareholders. Zircon deposit discoveries and developments have diminished in numbers globally, creating a shortage in sustainable global supply for Zircon industries, which have now rebounded and experience growth in common and high-tech applications. From technical ceramics and tiles for infrastructure to electric vehicle batteries, solar cells and semiconductors, PYX's unique, high-quality, premium product, which boasts high whiteness, low radioactivity and low alumina content is highly appealing for key industries across global markets. In the future, Zircon is also expected to become a critical mineral in our transition to clean energy and more sustainable lifestyles, which will be key to maintaining viability in our economies and livelihoods.

Over the past 12 months, PYX has also been making major strides in terms of developing sustainable programs in its influenced communities. One of the earliest initiatives we took charge of, was putting in place the company's "PYX Cares" program, which is summarised in 5 overarching elements: people, planet, prosperity, peace and partnership, and provides the local communities with vital support surrounding its operations. Some examples of our initiatives include our COVID-19 vaccination campaign resulting in the vaccination of 100% of our employees, our collaboration with Indonesia's National Blood Donor Programme and the installation of a new drainage system at the local elementary school.

Considering the extraordinary results and achievements during this challenging year of 2021, on behalf of the Board, I would like to thank our professional staff and management team for their endeavours 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 cooperation.

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 successes ahead as we continue to deliver on our strategy in order 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.



Oliver Hasler
Chairman and Chief Executive Officer

Palangkaraya, Kalimantan
Indonesia
15 March 2022

Year in Review

Sales Volume of Zircon

6,855 t

FY2021	+2%	6,855 t
FY2020	+37%	6,737 t
FY2019	+50%	4,936 t
FY2018		3,296 t

Production Volume of Zircon

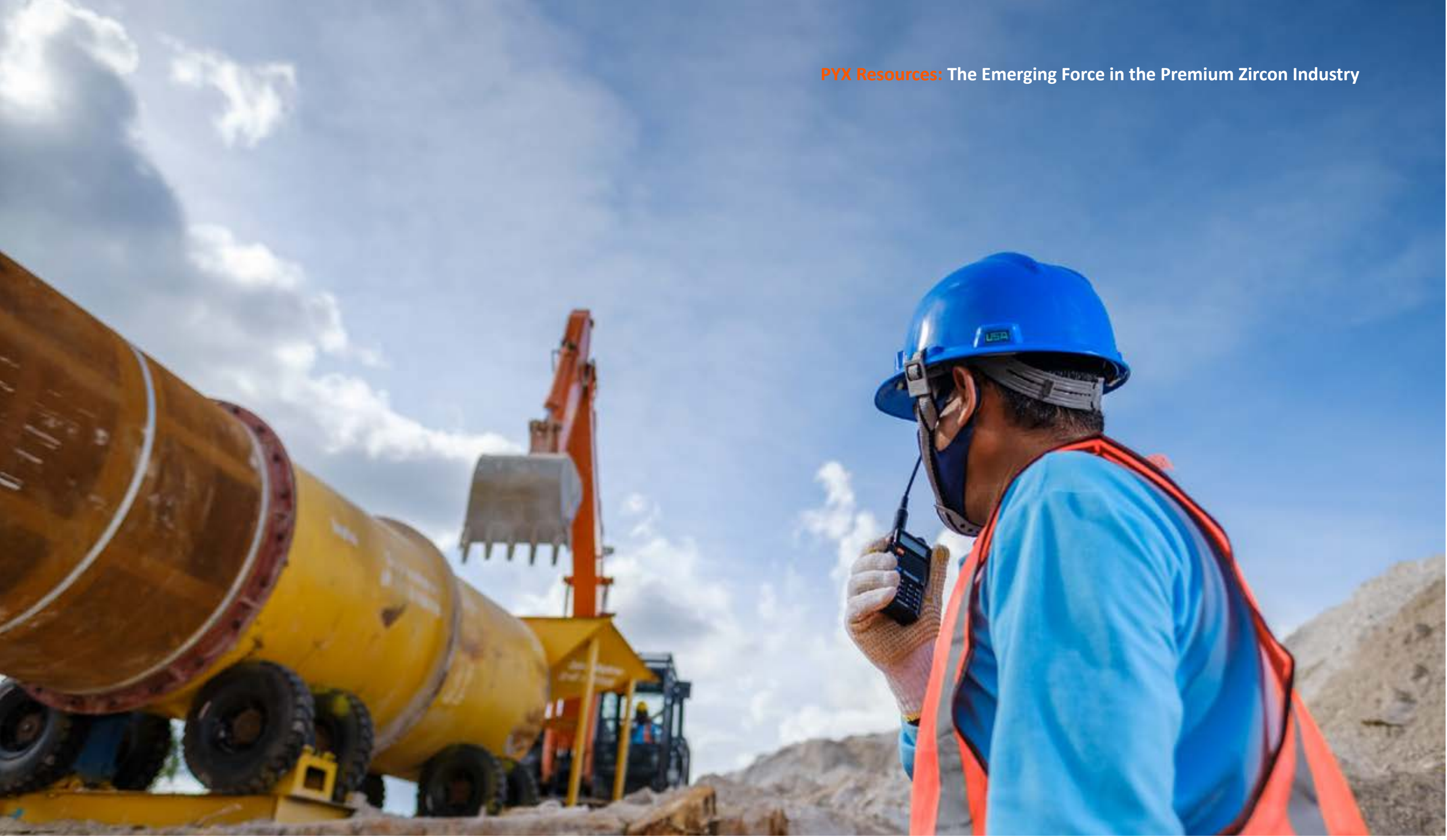
7,233 t

FY2021	+10%	7,233 t
FY2020	+32%	6,555 t
FY2019	+48%	4,966 t
FY2018		3,353 t

Financial Summary

(US$)	FY2021	FY2020
Sales revenue	$12,417,086	$8,956,694
EBITDA	$(4,329,943)	$(13,933,329)
EBIT	$(4,517,820)	$(14,062,503)
Net loss before tax	$(4,529,754)	$(14,083,464)
Net loss after tax (NLAT)	$(4,321,230)	$(13,820,603)
Underlying EBITDA	$(793,628)	$(1,213,402)
Total assets	$84,796,550	$6,166,204
Total liabilities	$(1,759,899)	$(1,645,355)

Management Discussion and Analysis



Strategy and Business Model

PYX Resources listed on both the National Stock Exchange of Australia and the Main Market of the London Stock Exchange, operates the Mandiri and Tisma deposits in Indonesia. The Mandiri tenement is in production since August 2015, and is located in the alluvium rich region of Central Kalimantan, just 100 km north to Palangkaraya, the provincial capital city and 23 km away from Kualan Kurun, the nearest township. PYX acquired the Tisma deposit on 15 February 2021, a world class asset, rich in various minerals and relatively close to the Mandiri tenement. It was a highly transformative and accretive acquisition for PYX:

- It positioned PYX as a leading miner of premium Zircon, as well as the world's 2nd largest company producing mineral sands in terms of Zircon- JORC compliant resources.

- The close proximity between the two tenements allows for significant synergies and economies of scale.

- Enabled PYX to strengthen its market position through the consolidation of Zircon-rich deposits within Kalimantan.

Maximising Value for our Mineral Sands Assets

PYX Resources' strategy is driven by its inherent determination to enhance shareholder value. This is being achieved by employing the most effective mining processes, increasing asset valuations, scaling premium-grade Zircon production and meticulously exploring the Mandiri and Tisma deposits to mine, process and sell valuable heavy mineral resources including, but not limited to Zircon, mining titanium feedstock, rutile, ilmenite among others in the same deposits.

The envisaged market strategy that helped bring such success, was one of identifying, developing, and acquiring undervalued, world-class mineral assets. Key candidates for acquisition were chosen based on possession of significant resources, high Zircon grade and assemblage value, long mine lives, and strategic geographical locations, specifically within countries that were partaking in China's Belt and Road initiative, which is seeking to connect Asia with Africa and Europe via land and maritime networks, improve regional integration, trade frequency, and economic growth.

Therefore, thorough metallurgical analysis and testing was carried by PYX's management team. Key interest areas, such as the North-East area were identified and are currently being explored in the Mandiri tenement. Moreover, a Mining Field Test Unit has been installed in the Mandiri tenement, which, if proven to be successful after the testing period, would be scaled up. Thus, extracting a high concentration of heavy mineral sands would allow PYX to mine cost-effectively, fulfilling the growing demand for Mineral Sands as well as reducing the overall production costs.

Furthermore, PYX strives to continually upgrade and expand its processing facilities, aiming to increase its overall production capacity. This includes increasing Mandiri's production to 4,000 tpm within five years. For instance, the new addition of a third production line in Mandiri's separation plant, resulted in a noteworthy increase in its overall productivity, which boosted the production capacity by 33%, from 18 ktpa to 24 ktpa, over the past 12 months. This will allow PYX not only to produce premium Zircon, but also by-products such as rutile and ilmenite in the near future. Timing for PYX's expansion could not be better, with the lack of Zircon supply, the trade war between Australia and China, the closing of some major mines and several others reaching the end of their mine life. PYX Resources is demonstrating its commitment to increase its mineral sands production capacity, with its ongoing expansion activities to fulfil the growing demand.

The Mandiri current mining area, which is in production, has approximately 126 million tonnes of defined inferred mineral resources of which 9.4 million tonnes are heavy minerals resources, which contain 64% of Zircon. Additionally, Tisma adds 137 million tonnes of mineral resources to PYX mining area containing another 5.5 million tonnes of heavy minerals, with 82% of Zircon. On top of that, there is a substantial upside related to exploration of other areas with high potential in both Mandiri and Tisma tenements as 46% of the concession area remains unexplored.

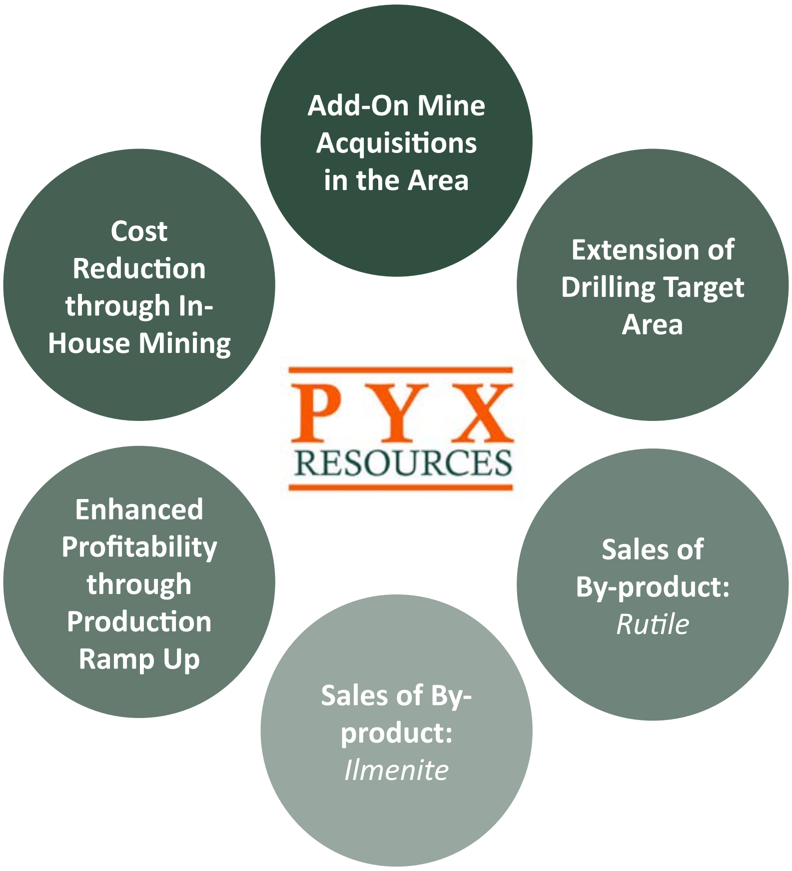
PYX is committed to identify, acquire, and develop undervalued world-class mineral assets. Hence, it strives to expand its resource base and consolidate its deposits as Zircon-rich within Kalimantan's area, focusing on the central Kalimantan resource-rich tenements as it continues to gain momentum on this journey to be the leading global company in mineral sands.

Premium Zircon Business

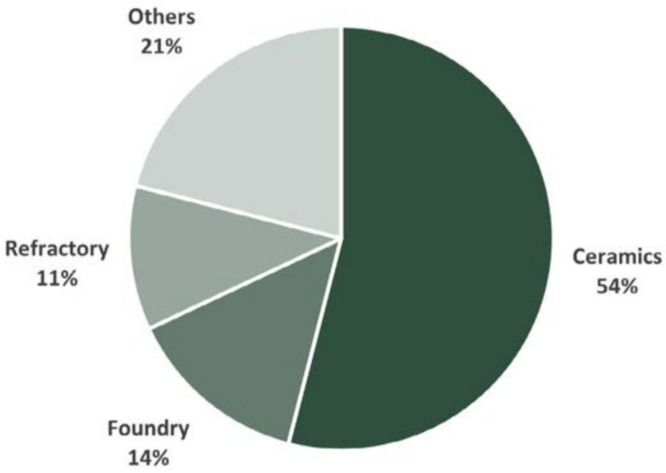
Zircon is an opaque inert mineral, which is characteristic for being a hard-wearing material, without a perfect identical replacement, and belongs to the nesosilicates group. Its chemical name is Zirconium silicate, $ZrSiO_4$, which chemical composition is roughly 67% Zirconia, 32% silica and 0.2-4% of hafnium. This crystal exists in various colours: yellow-golden, red, brown, blue, green, and even colourless. After mining, it is processed to produce a heavy mineral concentrate. Zircon is separated, beneficiated and commercialized as Zircon sand. However, it exists in many different forms, such as flour, widely used in variety of applications. Zircon's largest end-use consumer sector is the ceramics industry, consuming approximately 54% of all Zircon production, globally. This is mainly used as a raw material to produce ceramic bodies, glazes, enamels, frits, and pigments within the industry. These are applied to traditional ceramic products such as high-quality tiles for both walls and floors, porcelain tiles, industrial tiles, sanitaryware, dinnerware, bathroom basins, etc. Moreover, its high refractive index allows it to be used as an opacity enhancer increasing brightness and whiteness levels, which combined with its hard-wearing features, prevents chemical and physical damages. Likewise, Zircon has a lower environmental impact compared to its main alternative, alumina, exhibiting the increasing demand for this versatile mineral in this industry.

A high content of Zircon, as raw material in any product enhances the product's resistance to corrosion and/or chemical exposure, for example, in ceramic glazes. Furthermore, in advanced ceramic applications, it is used to produce biocompatible ceramics such as chemically derived and fused Zirconia that is used in artificial joints, medical prosthesis, cosmetic dentistry, and the gemstone industry where cubic Zirconia, commonly known as the synthetic diamond, is highly regarded, and demanded. Moreover, Zirconia allows the manufacture of high-stress components, such as thermal insulators, that enhance the efficiency of the manufactured products.

Other important uses include those in the foundry and refractory industry, including using Zircon in sand and milled sand form for



Global Consumption of Zircon by Industry



both casing and refractory application. Zircon boasts a high melting point and temperature stability at elevated temperatures, a high thermal conductivity and low thermal expansion coefficient including its low wettability by molten metal and good recyclability. Moreover, Zircon's dielectric and piezoelectric properties makes it highly suitable to be used in the telecommunications and automotive industry, producing special electro-ceramics used in aerospace.

Zircon is found in lead Zirconate titanate, commercially known as PZT electro-ceramics, which is used in a wide range of electric products such as microphones, microwave dielectrics and radio frequency power capacitors. Lastly, Zircon-based metals and chemicals extend to the gemstone industry, as well as being a key raw material for fuel cells, nuclear power plants and other industrial manufacturing processes. Hence, the growing usage and under-supply of this component, especially high-grade Zircon has fostered a favourable market for PYX Resources, with the latest large mineral sand deposits discovered in 2012. The depletion of existing reserves and few large deposits being explored and operated over the last 20 years has resulted in the highest demand for Zircon since the 2000's, predominately due to China's intensified need for Zircon Sand.

The recent increased interest for Zircon in both the chemical and foundry industry has also contributed significantly to the growth in demand. Together with an increase in the market share for ceramic manufacturers within the global market consumption, shows Zircon's versatility to be applied in a wide range of products in various industries. It is also present in a large range of home and construction designs including home appliances.

Logistics Competitive Edge

PYX's cost-effective infrastructure investment starts from sitting in a strategic location and the ability to access multiple destination flights around Indonesia departing from Palangkaraya airport (PKY). It is only one hour and twenty minutes away by plane from the Jakarta airport, connecting the major cities in Indonesia to its capital, Jakarta, and international flights. Thus, PYX Resources mines are incredibly accessible for the personnel and those who want to visit its installations from any destination around the world.

Furthermore, the Mandiri Tenement operations were designed to effectively house PYX's requirements, including earth-based and well- preserved asphalt roads as well as series of tracks throughout the entire tenement. The separation unit is conveniently located next to a national road, just 100 km north to Palangkaraya. The deposit and plant also have direct connection via the Kahayan River, a future low-cost transport route, which will be used to deliver heavy mineral concentrates from the deposit to the factory.

The factory will connect the Mineral Separation Plant (MSP) to the municipal electric grid to replace the diesel-fuel generators resulting in important cuts in energy costs. Additionally, the factory is located close to the Mandiri tenement, near to the district road which links the Kereng

Pangi village to the national road. In addition, a private airport near the tenement could potentially become a new access point for the mine and factory in the near future.

Equally the new tenement, Tisma deposit is located northwest to Palangkaraya city - just 75 km away by road. The Tisma concession is spread through two sub-districts: Katingan Hilir and Tasik Payawan, based in the central Katingan district of Kalimantan Province. It also has direct access to a prospective water route, the Katingan River, which flows into the Kahayan River.

The Sampit and Banjarmasin ports export most of the commodities produced in the region. These high-volume ports allow PYX to export its goods, thus growing export production.
PYX is confident in the diverse infrastructure surrounding its mines would not require it to make a large CAPEX investment, as the quality of existing infrastructure will meet PYX's logistical needs in a timely and efficient manner.

Mining Capacity Scale-Up

Using a wet mining process for Zircon, its extraction takes place in a wet pit pre-concentrator, which is undergoing capacity expansion. Perth-based MSP Engineering Pty Ltd carried out thorough engineering studies on Mandiri's fleet and mining equipment with the goal to expand the overall production capacity of the wet concentration plant. The aim is for the processing plant to be based on vendor-provided skids, as this would be relocated across the mining area over time, with the necessary infrastructure.

This Mine Field Unit (MFU), which is mobile and relocatable, together with: the scrub, trommel, cyclone desliming, CD tank and spiralling modules; will be utilised for the first in house mining unit. A water management plan consisting of a site drainage, surface water catchment and settling ponds would be required to make this development possible. Mine roads and pit access ramps are also included in the proposal.

The wet processing plant is designed to exploit Zircon's extraction among the other valuable minerals, rejecting non-valuable minerals through gravity separation and classification, immediately after being transported to the mineral separation plant (MSP), located 23km south to the Mandiri tenement, as a rich heavy mineral concentrate.

The optimisation of the initial pilot unit and rapid growth in production was due to a full-scale trial. A mining program has been undertaken during 2021 to confirm the MFU design. This forward- thinking approach allows for maximum efficacy, enabling the in-house field unit to serve as foundation for scale up in the near future. This will help to satisfy the increased demand from our growing customer base around the world.

Mandiri’s Processing Facility Upgrade

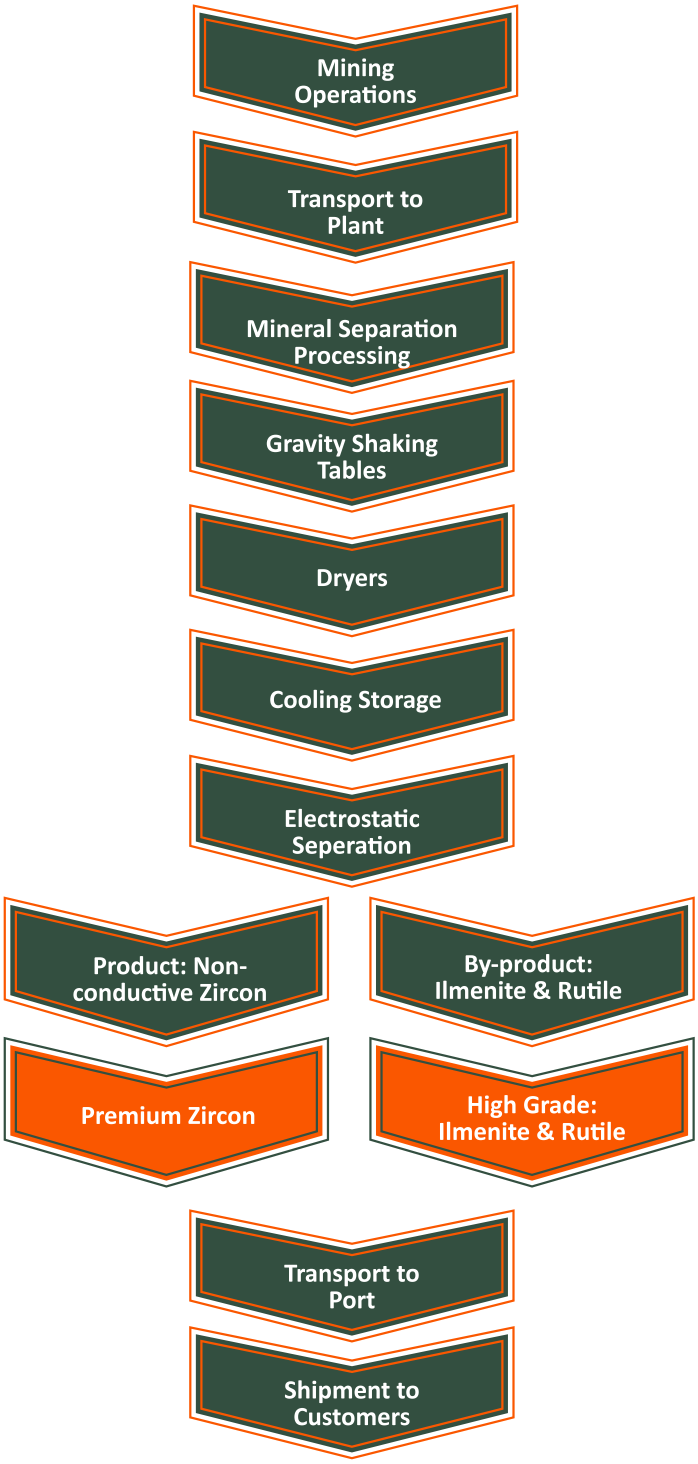
Surface Mineral Operations:

The Mandiri’s existing mineral separation unit consists of a conventional wet concentration, which consists of a Wilfley tabling followed by a batch dry mineral separation process using electrostatic and magnetic rolls and electrostatic plate.

The processing plant conducts the following separation process:

Heavy Mineral (HM) material is fed to gravity shaking tables to isolate Zircon from the rejects, increasing the concentrate output. Secondly, the concentrate undergoes drying and cooling, passing it through an electrostatic separation unit, where metallic minerals are separated from non-metallic and non-conductive minerals. Finally, the Zircon concentrate goes through an electromagnetic separation unit, enhancing the purity of our products such as high purity Zircon. The final product results in high Zircon content ranging between 66%-68%.

Mandiri’s current operation has an installed production capacity of 2,000 tpm, which achieves 24,000 tpa of Zircon product. It has produced more than 25,000 tonnes of Zircon, to date, mainly of 65.5 grade Zircon, which is considered premium grade Zircon. Other potential by-products include primarily rutile and ilmenite, among others.



Zircon Centred Innovation

Currently, governments have set the year 2050 as the goal for Net-Zero emissions and various technologies essential to this goal including solar cells, nuclear energy, and catalysis are utilising Zircon in the manufacture of emerging products for its various benefits. The Australian government considers Zirconium to be a crucial mineral vital for the economic well-being of the world's major and emerging economies. As the world moves toward decarbonisation, the demand for Zircon is expected to continue increasing.

Zircon is also finding its way into a variety of modern technologies. It is becoming more prominent as a casing material for 5G smartphones and a framework material for 3D printing.

Solar Cells

Zirconium oxide is not only a cheaper but a more efficient alternative to the current semiconductor doping technology. Currently, there is a push to implementing this Zircon derivative into the promising dye sensitised cell technology, which can be used in architecture as coloured glass windows

doubling as solar panels. This would revolutionise home energy systems and solve the current problem of limited roof space, which residential solar panels suffer from- taking us one step closer to Net-Zero.

Energy Storage

Zirconium oxide is already an excellent component for the safety of Li-ion batteries and this technology is the most promising solution to the intermittency of most renewable power sources, especially for home energy systems. Essentially, these batteries can provide energy at times when renewable sources cannot and therefore fossil fuels can be eliminated entirely from homes power sources.

Nuclear Power

Zirconium alloys are a proven structural material for nuclear fuel cladding and can satisfy all safety requirements due to Zirconium's unique properties. Like solar panels, nuclear power plants also produce no emissions during procedure with the added benefit of continuous operation. This makes the technology essential in the goal of Net-Zero and is especially important for countries in the northern hemisphere, where solar panels are less effective.

Hydrogen Storage

Green hydrogen produced using renewable electricity is stated to be critical in the goal to Net-Zero by the UK government. Practical, large scale deployment of the storage technology has been proven to rely heavily on the Zircon derivative, $ZrMn_2$. With increasing research into applying hydrogen energy to areas such as

the automotive industry by Japan, and into the hydrogen storage industry by Mitsubishi Power, it could potentially see the market for this Zircon derivative explode.

Fuel Cells

Yttria-stabilised Zirconia (YSZ) is increasingly in demand for electrolyte material in solid oxide fuel cells. PYX's premium Zircon mined in Indonesia has low uranium + thorium and alumina content. This enables the manufacturing of fused Zirconia for high-tech products that cannot be made with conventional Zircon.

Smartphone

Zirconia provides ultra-thin but scratch resistant phone case covers, which enable stronger signals, wireless charging and much faster download speeds compared to aluminium. It's also radio wave transparent, which is crucial for fast data downloads on 4G and 5G networks' high frequencies.

3D Printing

Zirconium oxide (ZrO_2) has the best mechanical properties of all the ceramic framework materials for 3D printing of dense and precise ceramics.

Uses of Zircon

Solar Panels

With the current race to improve the production of green energy, solar panels are a vital part of that future. Zircon is an essential material used to dope the titanium dioxide semiconductors. The doped semiconductor allows for the conductivity to be modulated, optimising efficiency.

Ceramics

The ceramics economy has the greatest demand for Zircon, using more than 50% of all Zircon mined worldwide. Tile manufacture accounts for over 85% of Zircon's utilisation in the ceramics market and also plays a vital function in advanced ceramics. However, Zircon may also be utilised in high-stress components, abrasive and cutting machines, medical implants, and other electro ceramic conductors in the automotive, aerospace, and telecommunications sectors because of its characteristics.

Nuclear Reactors

Zirconium is a vital substance used in the protective shielding layer for nuclear fuel rods. Zirconium is the preferred substance for shielding due to its ability to absorb little of the neutrons released in a fission reactor and is also extremely resistive to the effects of thermal and chemical corrosion.

Catalysts

Zirconia is employed as a supportive substrate and amplifier for other catalysts as well as a catalyst in and of itself. Catalysts may now be employed at greater temperatures and in harsher environments.

Consumer Electronics

Zircon research has expanded into the consumer electronic market through electro ceramics due to their special electrical, visual, and magnetic properties. Products like mobile phone, electric automobiles, laptops, and cameras all contain Zircon.

Household Essentials

Zircon is also commonly found in most household essential products and not just in industrial services. Glass panes, induction cookers, light bulbs, jewellery, cutlery, cooking pans, toothpaste and reading glasses are all examples of products containing Zircon.

3D Printing

Using Zirconium oxide in 3D printing offers the potential for cost-effective net-shape production with minimal material waste. By using an acrylic resin, the structure possesses a remarkable thermal stability, excellent hardness, and chemical and abrasion resistance.

Castings

Regarding casting and refractory operations, Zircon is commonly utilised in the production process as milled sand. Casings for ferrous and nonferrous metal castings are made from foundry sand. Zircon's qualities render it excellent for use as a casting covering in die casting and in refractory paints and washes to minimise the water solubility of other foundry sands, as well as for use as a mould coating in sand casting and investment casting.

Medicine

Zirconia's use in the medical field has grown quickly in recent years, owing to its favorable mechanical, biochemical, aesthetic, and corrosion qualities. Zirconia orthopedic hip implants have outlasted previous systems in terms of wear resistance. Because of its visually beautiful finishes, Zirconia has become the preferred material for endosseous implants, implant abutments, and all-ceramic crowns in dentistry.

Zero Carbon Transition to Increase Zircon Demand by 56-88%

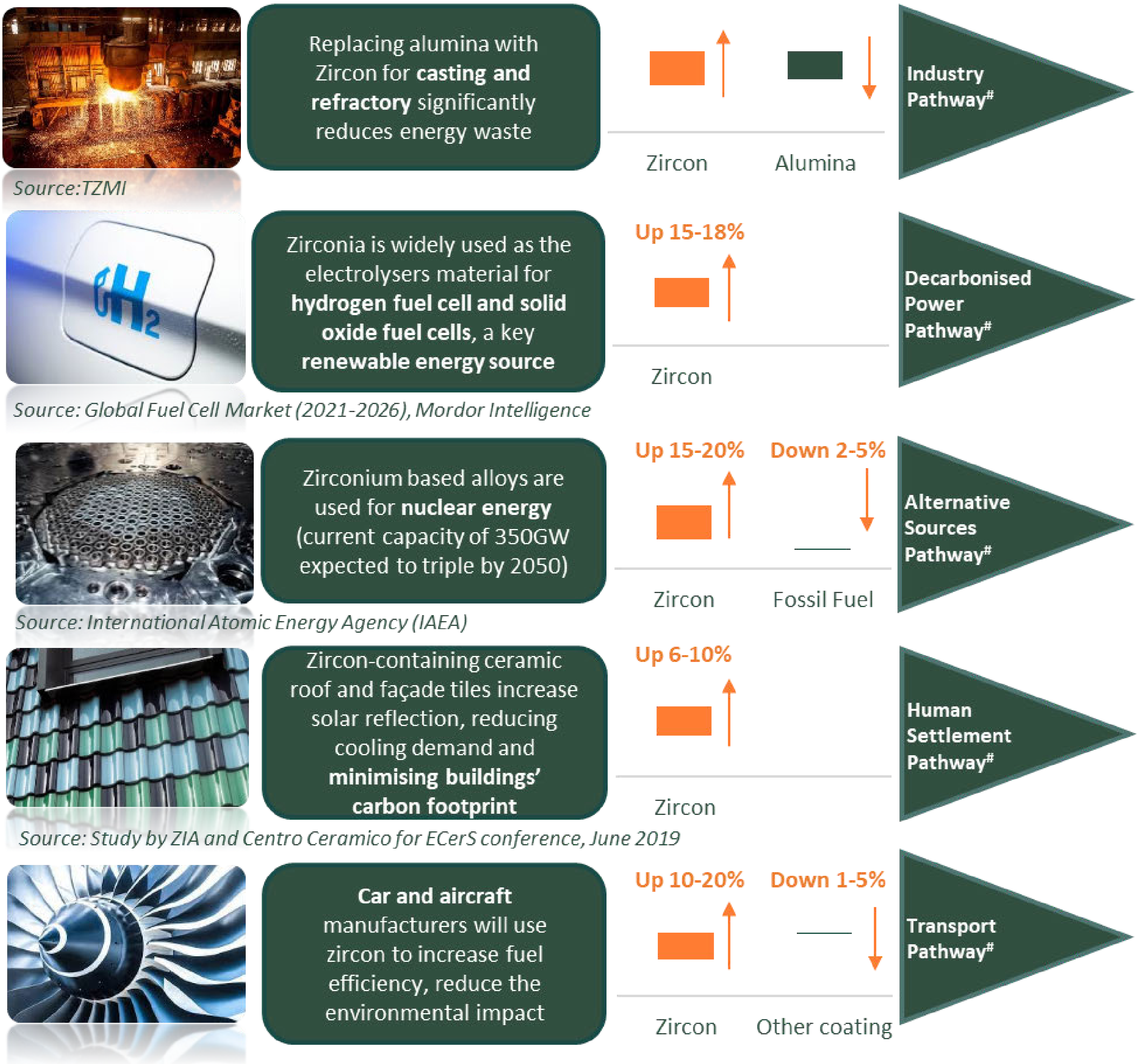
Zircon plays a crucial role in supporting industrial re-alignment toward Zero Carbon Transition. It is an important contributor towards both producing and adopting cleaner energy as well as improving energy efficiency in other applications.

In fact, according to Geoscience Australia and Mineral Commodity Summaries 2021, Australia has included Zirconium as a critical mineral to achieve low carbon economies. Based on various studies made by academic and industry researchers, it is estimated that the Zero Carbon Transition could potentially Increase Zircon demand by 56-88%. Research commissioned by the Zircon Industry Association (ZIA) showed that compared to alumina, using Zircon could potentially reduce Global

Warming Potential (GWP) by some 16%.
In addition, studies done by Praxair Technology revealed that using Zircon as thermal barrier coating could potential increase energy efficiency of jet turbine engines by 12%, making flying cleaner.

There are also other aspects where Zircon plays a critical role, including making solar cells with Zirconium-doped electrodes, forming an integral part of the zero carbon transition.

Some of the most significant changes and effects on Zircon demands can be depicted below.



All these five changes will result in a significant increase in Zircon demand and are crucial contributors of United Nation's (UN) **Climate Action Pathways (CAP)** as per Marrakech Partnership for Global Climate Action, which is an important plan for energy systems worldwide to be decarbonised by 2050.

- Studies by TZMI and various other analyses indicate that replacing alumina with Zircon for **casting and refractory** can improve heat resistance and **significantly reduce energy waste** in the casting process and refractory applications. This would lead to manufacturers using more Zircon to replace alumina and refrain from making reserve substitutions due to cost. PYX estimates potentially 10%-20% increase in demand for Zircon (as casting and refractory is the mainstream application of Zircon), while potentially leading to a reduction in alumina demand of 8%-10% (less significant application for alumina). This is also an important part of the UN's Decarbonised Power Pathway and a contributing part of the UN's industry category of the CAP.

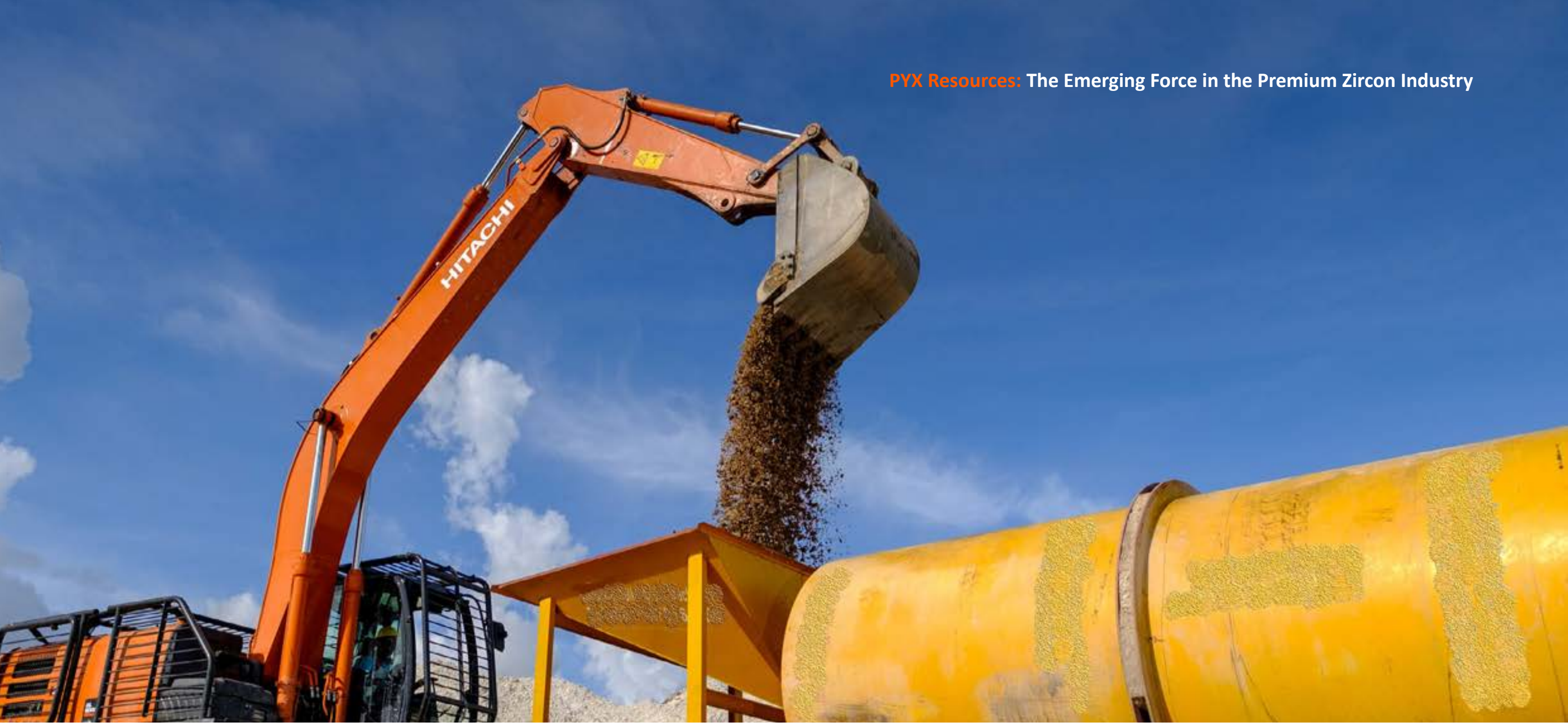
- Zirconia is widely used as the electrolysers material for **hydrogen fuel cell and solid oxide fuel cells**, a key **renewable energy source**. Global Fuel Cell Market (2021-2026) made by Mordor Intelligence predicts that the market size of hydrogen fuel cell could grow at a CAGR of 14.06% in the next five years. This means that fuel cells would grow to a US$7.12 billion industry by 2026 and translates to a yearly increase of some 15%-18% in Zircon demand as Zirconium-doped electrodes is widely used in fuel cells. This is also an important part of the UN's Decarbonised Power Pathway.

- Zirconium based alloys are also used for **nuclear energy as the coating for its reactor's fuel core**. Global nuclear power stations have a current capacity of 350GW, which is expected to triple by 2050 as an increasingly important source of clean energy. According to International Atomic Energy Agency (IAEA), nuclear energy will increase its share as a global energy source from 10% to 12% (mostly replacing electricity from traditional fossil fuel burning) in the coming years. This will mean that demand for Zircon from nuclear energy will also increase by 15% to 20%. This is also an alternative sourcing pathway category of the CAP.

- Architects are increasingly using Zircon-containing ceramic roof and façade tiles in residential and commercial buildings to increase solar reflection, thus reducing cooling demand and energy consumptions, one of the significant measures for the human settlement category of the CAP of the UN. This helps to **minimise urban buildings' carbon footprint**. A study commissioned by ZIA and Centro Ceramico for the ECerS conference in June 2019, reveals that by adding 6.6% to 10% of Zircon by weight (of the tile materials), it can materially increase solar reflection.

- Research by Praxair Technology show that thermal barrier coating using yttria-stabilised Zirconia with very low conductivity, while remaining stable at extremely high temperatures, can maximise turbine engine efficiency and lowering CO2 emissions by 2.6%. Car and aircraft manufacturers will use Zircon to increase fuel efficiency, thus reducing the environmental impact. This potentially transfers into a 10%-20% increase in demand and potentially reduces demand for other coating material (if any). This is also a beneficial part of the transport pathway category of the CAP.

PYX has included a sustainability goal in its PYX Cares Program to address the global decarbonisation effort. PYX's goal is in line with the world leaders' pledge in September 2015, to set the world on a path towards sustainable development through the adoption of the 2030 Agenda for Sustainable Development, which includes 17 Sustainable Development Goals (SDGs) in its agenda. In particular, our PYX Cares program has adopted the goal to ensure that access to affordable, reliable, sustainable, and modern energy to all can be achieved.



Operating and Financial Review 2021

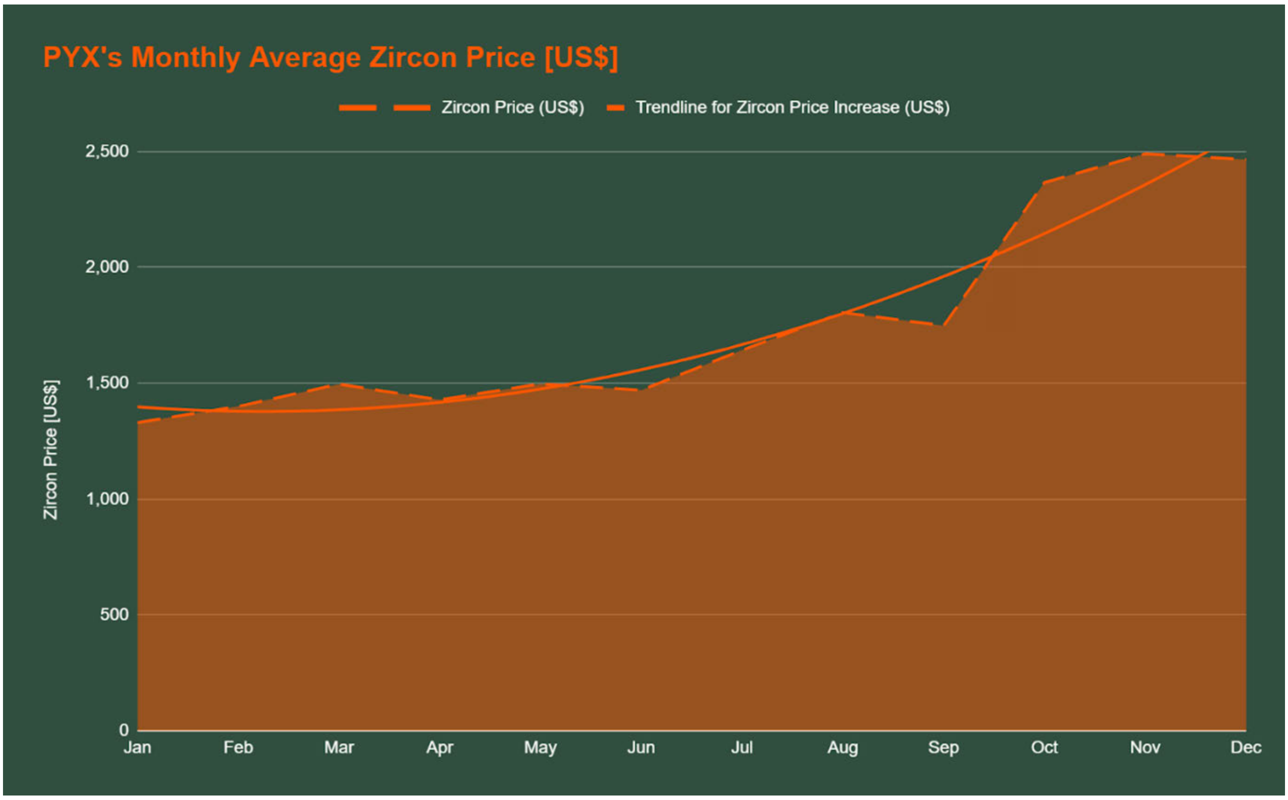
The year 2021 was marked by a very strong growth in sales revenue of 38%, amid several price increases and an increase in sales volume. Prices for the year grew by 87% vs December 2020, ending at US$2,465 per tonne. Sales volumes for the period increased 1.8% to 6,855 tonnes and production volumes increased 10.3% to 7,233 tonnes, resulting in a finished goods inventory of 18 days. The lack of premium Zircon supply in the market allowed PYX to continue to benefit from a very strong order book from its customers, with a sustained increase in geography and industry diversification. The company ended the year with no debt and with US$ 6.6 million in cash on its balance sheet.

Zircon Revenue

Revenues from sales of Zircon for the reporting period were US$12,417,086, an increase of 38% compared to the same period in 2020, due to the 1.8% growth in sales volumes and mostly driven by the substantial increase in the price charged to its customers, amid a substantial increase of premium Zircon market prices from December 2020 to December 2021. PYX announced four price increase during the year, in March, May, June and September, ending the year with an average sales price in December of US$2,465 per tonne.

Despite the US-China trade conflict, the Australia-China trade war, the impact of the COVID-19 pandemic, and related global supply chain disruptions, the mineral sands market showed resilience and rebounded strongly since the start of the pandemic, resulting in substantial price increases across both contract and spot markets. Chart 1 shows PYX's average monthly export prices for Indonesian Zircon.

Chart 1:



This feature is expected to persist in 2022, in view of the expected depletion of existing deposits combined with a continuous increase in Zircon demand. The anticipated structural supply deficit is also forecasted to supply strong fundamental support to Zircon prices in the medium to long term.

Sales Volume

	Year Ended 31 December 2021	Year Ended 31 December 2020	Year Ended 31 December 2019	Year Ended 31 December 2018
Zircon Sales (tonnes)	6,855	6,737	4,936	3,296

As a result of the growth of the Chinese economy and the rest of the world starting to show economic recovery after the pandemic, Zircon demand remained relatively robust during 2021 with PYX's sales volumes seeing strong growth in Q1 and Q4, and sporadic fluctuations in Q2 and Q3 due to challenging operating conditions, which resulted in the inability to meet surging customer demand in those periods.

PYX's existing customer base consists of global blue-chip customers operating in various industries, sectors, and geographies. Through the strategy of market diversification, PYX was able to mitigate disruptions in specific locations and markets. During the period, PYX grew its customer base by 71%, adding Brazil into its country mix. More importantly, and similarly to last year, PYX has been continuing to expand its market presence in China with Zircon becoming an increasingly large part of its total business and industries while developing strong relationships with key clients and customers internationally. Even in a year that saw extreme weather conditions and a reinvigorated pandemic hindering Q2 and Q3's sales volumes, PYX delivered strong volume growth in Q1 and Q4 of its reporting period, allowing it to end off the year with positive volume growth and low inventory, despite the challenges faced.

PYX 's further decrease in the top 3 customers' share of total sales volume (52% in 2021 vs 61% in 2020) has been obtained by increasing the number of customers in China. As a testament to its strategy of focusing geographically across Belt and Road countries, a substantially higher number of Chinese companies and customers are refocusing their supply chain near PYX for increased value-add services and logistic advantages.

All sales during the period were in US$, reducing the risk of exchange rate exposure.

Mineral Separation Plant (MSP) Performance

	Year Ended 31 December 2021	Year Ended 31 December 2020	Year Ended 31 December 2019	Year Ended 31 December 2018
Zircon Production (tonnes)	7,233	6,555	4,966	3,353

PYX's Zircon production volume increased from 6,555 tonnes to 7,233 tonnes in the reporting financial period, an annual increase of 10.3%. 2021 proved to be an incredibly challenging year, with Indonesia hit very strongly, with Covid-19 partially paralysing the country and interrupting travel within the country and traveling for foreigners into the country. In addition, there were major floodings in the Gunung Mas area during the months of July and August, resulting in the government declaring a Force Majeure, and additional flooding around Palangkaraya areas in November. As a result of this, production endured abrupt temporary drops and prolonged standstills. But thanks to the company personnel's continuous efforts, PYX was able to withstand this year's issues, continue to drive value creation and achieve solid production volume growth- despite the challenges encountered during the year.

2021 was off to a good start with Q1 year-on-year production results growing by 58% YoY. However, as the pandemic and flash floods interrupted operations through Q2 and Q3, production volumes were flat in Q2 and decreased harshly by 27% in Q3. Whilst efficiency was hindered in Q2 and Q3, in the last quarter of the year PYX regained control and stability in operations and saw growth in production volumes of 33%, with a very solid production performance overall. Most importantly, there was a 124% increase in the December 2021 monthly production volumes compared with December 2020. The year ended on a very positive note, with December's production achieving a step-changing 1,219 tonnes. This was due to the higher feed of heavy mineral concentrate, in combination with the expanded processing capacity during the reporting period. In addition, PYX has continued to focus on its productivity increase programs at the Mineral Separation Plant, successfully navigating through the problems facing operations.

Income Statement Analysis

For the Full Year ending on 31 December 2021 (FY2021), PYX Resources reported an increase in sales revenue of 39% compared to the previous year, with 2021 Q4 sales revenue more than doubling compared to 2020 Q4 sales and an improvement of the underlying EBITDA from negative US$1,213,402 to negative US$793,628. Because of China's quick economic recovery following the start of the COVID pandemic, China's sales grew at faster speeds relative to the rest of the world with strong increasing demand in the country and its markets.

(US$)	FY2021	FY2020
Sales revenue	12,417,086	8,956,694
Cash cost of production	(10,406,727)	(7,557,600)
Other income	1,089	110,576
Selling and distribution expenses	(950,745)	(492,248)
Corporate and other expenses [1]	(4,153,760)	(7,675,141)
Foreign exchange loss	(350,011)	(29,376)
Acquisition costs	-	(1,889,237)
Acquisition loss	-	(5,356,997)
Non-capitalised listing exenses	(928,506)	-
EBITDA	(4,329,943)	(13,933,329)
Depreciation and amotisation	(187,877)	(129,174)
EBIT	(4,517,820)	(14,062,503)
Net financial expenses	(11,934)	(20,961)
Net loss before tax	(4,529,754)	(14,083,464)
Income tax	208,524	262,861
Net loss after tax (NLAT)	(4,321,230)	(13,820,603)
Other comprehensive income	18,634	(40,046)

1. Excluding depreciation and amortisation

Underlying EBITDA

(US$)	FY2021	FY2020
EBITDA	(4,329,943)	(13,933,330)
Non-recurring items [2]	(3,536,315)	(12,719,928)
Underlying EBITDA	(793,628)	(1,213,402)

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$793,628. The modestly negative operating cash flow was the result of tight control on general and administrative expenses. This is a significant achievement, considering the expansion of the corporate structure when compared to FY2020 to deal with the higher complexity resulting from the very successful listing on the LSE and the more challenging operating environment caused by extreme environmental factors and the pandemic.

Net Profit (Loss) After Tax

PYX's net loss after tax for the periods was US$4,321,230 mainly due to expenses incurred in the listing process of LSE, and the acquisition of the Tisma mine and its Zircon assets.

Cash and Cash Equivalents

PYX's cash and cash equivalent balance at the end of the FY2021 period was US$6,624,364, up from US$3,509,395 in FY2020. The increase was attributed to the additional funds raised in June 2021, partially offset by LSE listing costs, the capital expenditure to bring the installed capacity up to 24kt per annum, and to a lesser extent, the modestly negative operational cash flow.

Table 1: Cash Flow Movements

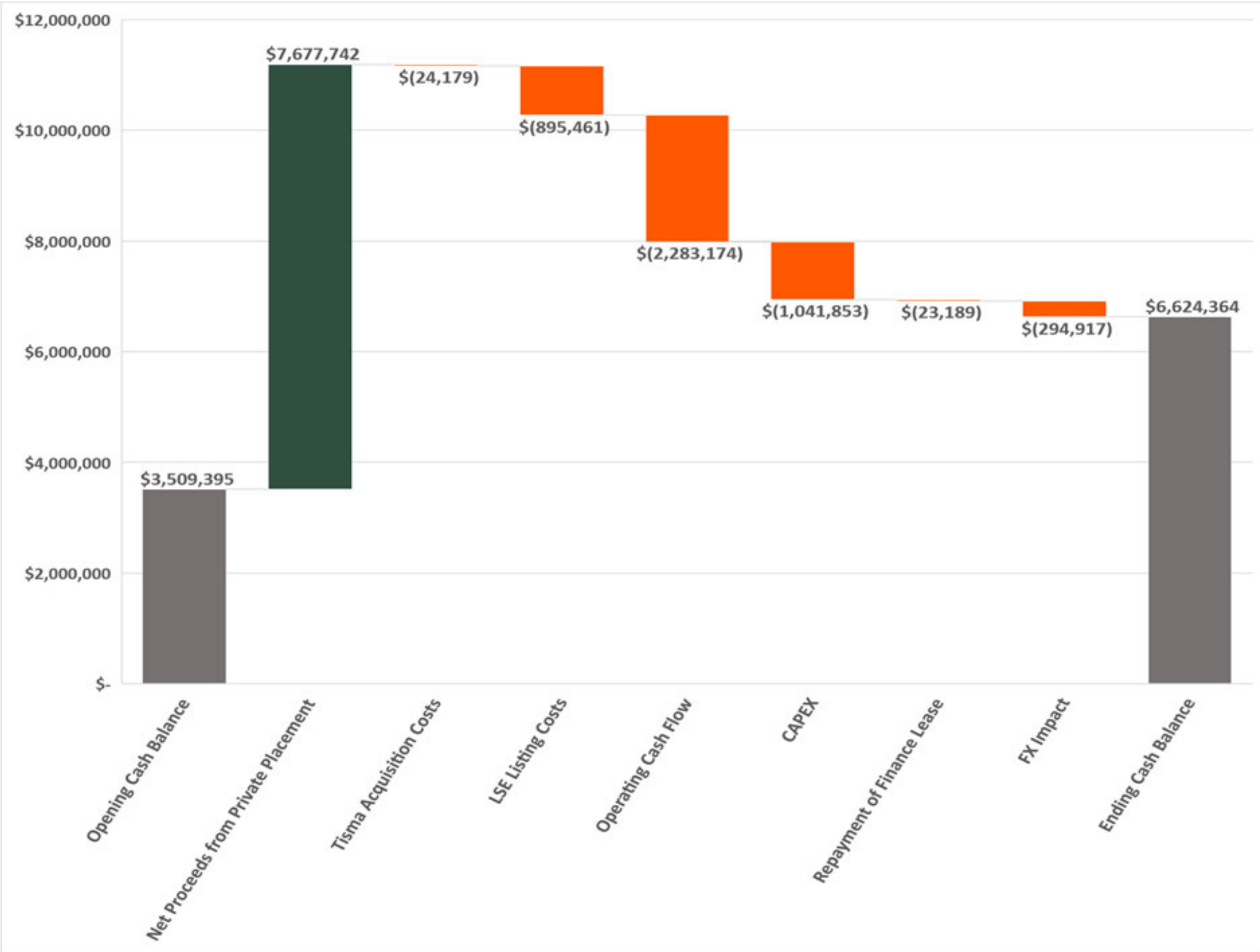


Table 1 illustrates the cash usage and shows that the actual cash consumed in the operation is relatively low at US$2,283,174, which is a positive result this early in the project. Q4 was cash positive, reflecting a very good trend for the future.

Market Outlook

Zircon demand continues to grow at unprecedented rates: the global Zirconium market was estimated to be worth US$1.8 in 2020, with an expected CAGR for the period 2021-2026 of over 5%, while the Zircon and the derivative market has been forecast by TZ Minerals International Pty. Ltd. (TZMI) to rise at CAGR of 10.3% through to 2027. But despite Zircon's crucial role in materials for thousands of years, the general public has been relatively unaware of its importance, until more recently, when it has been rebounding appearances in many of the industries within the modern tech world.

Favorable market conditions persist, giving PYX a powerful tailwind for a strong share price performance. With the AUKUS initiative taken by Australia, it has created regional tension and brought in additional uncertainties in mineral sands (including Zircon) supply from Australia as a major production country. This is evidenced by a greater margin between price of Australia Zircon and Indonesia Zircon of the same grade.

Benefit from its alternative supply of Zircon from Indonesia and higher market prices, the price of PYX's premium Zircon product is boosted and is expected to maintain such margin, bringing higher earnings.

PYX's high-grade Zircon is used in a variety of common applications across America, Asia and Europe, from homeware to healthcare, sensors to battery technologies, coatings to electronics, and more. The ceramics sector, in particular, accounts for the majority of Zircon demand, and PYX's Zircon, which has high purity and exceptional opacifying capabilities, is in high demand in this field. PYX's premium Zircon has also shown to be an excellent choice for fused Zirconia applications, which are commonly employed in industrial settings and is heavily demanded in China. Zircon is also becoming more popular in novel applications (typically high tech uses), including additive manufacturing, semiconductors, solar cells, fuel cells and batteries.

PYX's Customers Worldwide

Strong Pricing environment for premium Zircon and exploration of new targets

Zircon prices witnessed gains during 2021 as a result of strong recovery in demand with further opening up of the global economy, a lack of supply and restrictions due to the COVID-19 pandemic. During the year PYX introduced four price increases for its premium Zircon. PYX's premium Zircon sold in December 2021 at an average price of US$2,465 per tonne, compared to US$1,318 per tonne a year earlier. Both Zircon and titanium minerals can be found in the same deposits in most projects, including Mandiri and Tisma. The mineral sand component with the highest market value Zircon, is the mineral sands industry's cornerstone. Due to its unique characteristics and novel wide range of applications, there is currently no perfect replacement for Zircon, allowing for stable market conditions for premium Zircon.

In 2021, PYX completed the acquisition of Tisma and had a successful dual listing by completing its secondary listing on the LSE. The dual listing benefits shareholders by expanding PYX's investor base, allowing the Company to be accessible by investors from broader capital markets, enhance its international profile and increase its share liquidity. Despite the challenges, PYX achieved strong volume and top line growth in 2020 and 2021.

With tight cost controls, PYX's Zircon order book is very strong, with production booked up to March 2022 as a result of PYX's superior quality product and the unique whiteness of the Kalimantan-sourced Zircon and the scarcity of supply. It is no surprise that in 2021, PYX continued to be the best performing stock among global mineral sands listed peers and significantly outperformed the S&P/ASX 300 Metals and Mining index.

PYX Resources increased its production capacity by enabling production of Rutile and Ilmenite. This has enhanced profit margins, which still have big upside potential through increase in volume and drastic cost reduction which will free up resources to increase development of exploration targets and acquire additional assets.

Furthermore in 2021 Zircon prices increased 4 times, this is attributable to two key factors. Firstly, the price increases reflect the anticipated lack of meaningful new supply of premium Zircon globally in general through expansion of production capacity and new discoveries against the expectations of very strong increase in demand, particularly from China where economic growth should increase at healthy pace. Secondly, the expectation that a structural supply shortfall would persist due to the lack of high- quality mineral sand projects with consistent high Zircon assemblage will continue to support Zircon prices

The Zircon pricing environment is projected to remain resilient in the medium and long term, as supply tightness is seen to intensify going forward driven by the sustainable strength in traditional end markets and the widespread adoption of innovative applications. Amid the global megatrend of transitioning from fossil fuels to green (renewable) energy, premium Zircon produced by PYX, for example, will be in great demand for creating fused Zirconia and other products that standard Zircon cannot meet the stringent requirements.

Resources and Reserves

Geology and Mineralisation

The Heavy Mineral Sands (HMS) bearing stratum of the Mandiri and Tisma deposits are 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 and Tisma are placer deposits formed in a flood plain environment by concentration of heavy minerals, mostly Zircon ($ZrSi0_4$), rutile ($Ti0_2$), leucoxene ($FeTi0_3$, $Ti0_2$) and ilmenite ($FeTi0_3$). Zircon is the most valuable component followed by rutile, ilmenite and leucoxene 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 (PT IM) 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 had been granted for the maximum authorised period of 5 years until 1 September 2025, 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.

License held as at 31 December 2021

License	Location	Equity Interest		Beneficial Interest [1]	
		2021	2020	2021	2020
IUP 16/DPE/IX/2010	Central Kalimantan, Indonesia	0%	0%	95%	95%

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

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:

- Royalty on Zircon exported is 1.5%;
- Dead rent is payable to the Government of Indonesia at a rate of US$4 per hectare per annum;
- 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 0.5% based on taxable sales 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 2021

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: Mandiri Mineral Resources above 2% HM lower block cut-off grade at 31 December 2021

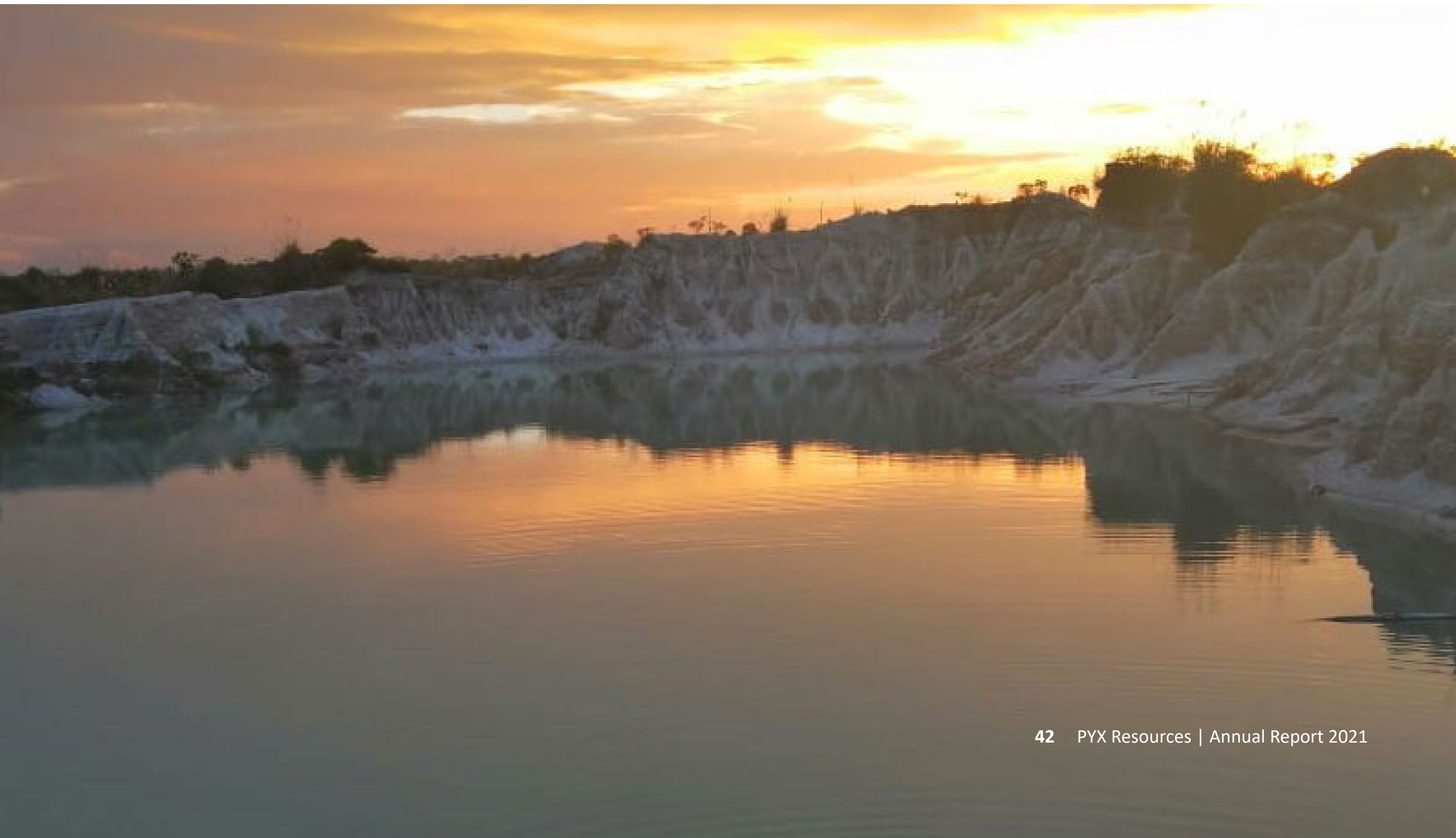
Area	Category	Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
Mandiri	Inferred	126	7	9	16

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 mineral components at 31 December 2021

Component	Zircon	Ilmenite	Rutile	Other	Waste + H2O	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 2021, a total of 14,126 t of premium Zircon grade ≥ 65.5% was produced from different parts of the Tenement. This small quantity of mineral is considered not to be material in terms of the total Zircon resources and the Inferred Mineral Resource classification of the resource, and have not been depleted from the total Mineral Resource inventory. Consequently, the Mineral Resource inventory remains the same as reported in December 2020.

Resources are given in Table 3 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 (PT TGN) under mining permit Izin Usaha Pertambangan – Operasi Produksi (IUP-OP) No. 545/244/KPTS/VIII/2012 issued on 1st August 2012. PT TGN has exclusive rights to perform exploration and mining works in the tenement area.

License held as at 31 December 2021

License	Location	Equity Interest		Beneficial Interest [1]	
		2021	2020	2021	2020
IUP 545/244/KPTS/VIII/2012	Central Kalimantan, Indonesia	0%	0%	95%	0%

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

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:

- Royalty on Zircon exported is 1.5%;
- Dead rent is payable to the Government of Indonesia at a rate of US$4 per hectare per annum;
- 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 0.5% based on taxable sales 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 2021

Based on an independent technical assessment carried out by Australia-based Continental Resource Management Pty Ltd, the Tisma project has a thickness of mineralized 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 Mt of heavy mineral (HM) containing JORC compliant Inferred Resources of 4.5 Mt of Zircon (3.27%). It also contains 0.08% rutile and 0.34% ilmenite. 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: Tisma Mineral Resources above 2% HM lower block cut-off grade at 31 December 2021

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

There has been no addition or depletion of the Mineral Resources during 2021 and 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 ZrSiO4. 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 31 December 2021

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 (unrounded)

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
	2	137.2	3.99	14.75	24.90

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

Ore Reserves

At present there are no Ore Reserves for the Tisma Project.

Governance

PYX's governance arrangements and internal controls for reporting its Mineral Resources Estimate includes review and reporting of Company resources on an annual basis and in compliance with the 2012 Edition of JORC. The Company's governance of the Mineral Resource Estimate is a key responsibility of the Head of Mining. The Company reviews that the Competent Person for resources is suitably qualified and experienced as defined in the 2012 Edition of JORC.

Competent Persons Statement

The information in this Annual Mineral Resources Estimate Statement is based on, and fairly represents, information and supporting documentation compiled or reviewed by Dr John Chisholm, a Competent Person who is a Fellow of The Australian Institute of Mining and Metallurgy. The Mineral Resource Statement as a whole has been approved by Dr Chisholm. Dr Chisholm is engaged by PYX and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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.

Sustainability

"PYX Cares" was established as PYX's blueprint for making meaningful and environmentally sustainable contributions to the communities in which the company operates. The "PYX Cares" initiative was inspired by the United Nations Development Program's Sustainable Development Goals (SDGs). PYX is dedicated in using our platform as a force for positive change.

The sustainability initiative "PYX Cares" was inspired by the Sustainable Development Goals the United Nations (UNSDG) introduced in 2015.

In essence, the "PYX Cares" initiative acts as a roadmap for guiding the company to ensure that targeted sustainability goals are met and maintained to promote sustainable growth within the company and the surrounding communities. PYX's approach to sustainability is summarised in five overarching elements: people, planet, prosperity, peace and partnership. During 2021 PYX focused on quality education, clean water and sanitation, decent work and environment growth, responsible consumption and production, climate action, and building partnerships to furthering these goals. PYX emphasises the importance of partnerships within the company and in surrounding communities. A holistic approach is a necessity in preserving the environment, empowering the local communities in Kalimantan and allowing PYX employees to benefit from the long-term success of the company.

As environmental sustainability is the utmost priority of PYX, the company ensures that partnerships are made with partners with aligned priorities. Equally prioritised at PYX Resources, is attending to the communities and employee concerns, while continually working to strengthen business partnerships.

PYX focuses on the local communities in Kalimantan in which the business operates. The company is motivated to promote economic growth through meaningful investments, that will continue to positively foster growth in Kalimantan.

Sustainable Development Project

PYX's goal is in line with what the world's leaders agreed on September 2015: to set the world on a path towards sustainable development through the adoption of the 2030 Agenda for Sustainable Development. This agenda includes 17 Sustainable Development Goals, or SDGs.

PYX Cares program recognises that ending poverty must go hand-in-hand with strategies that build economic growth and addresses a range of social needs, including education, health, social protection, and job opportunities, while tackling climate change and protecting the environment.

PYX focuses on the local communities in Kalimantan in which the business operates. The company is motivated to promote economic growth through meaningful investments, that will continue to positively foster growth in Kalimantan.

PYX Cares program has adopted the following 17 goals mainly focused in the Central Kalimantan surroundings of our operations:

1. End poverty in all its forms.
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.
3. Ensure healthy lives and promote well-being for all at all ages.
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
5. Achieve gender equality and empower all women and girls.
6. Ensure the availability and sustainable management of water and sanitation for all.
7. Ensure access to affordable, reliable, sustainable, and modern energy for all.
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
9. Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.
10. Reduce inequality.
11. Make cities and human settlements inclusive, safe, resilient and sustainable.
12. Ensure sustainable consumption and production patterns.
13. Take urgent action to combat climate change and reduce its impacts.
14. Conserve and ensure the sustainable use and development of the oceans, seas, freshwater bodies and marine resources.
15. Protect, restore and promote the sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss.
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels.
17. Strengthen the means of implementation and revitalise the global partnership for sustainable development.

Sustainable Development Project

Safety

PYX continues to prioritise the health, wellbeing and safety of all of its employees and contractors. Following the onset of the COVID-19 crisis, PYX responded quickly to the pandemic by following the guidelines introduced by the World Health Organization (WHO) to protect their staff, contractors and the surrounding communities of Kalimantan. PYX has continued to follow the instructions and recommendations given by the WHO as information surrounding COVID-19 continues to evolve.

In June 2021, the COVID-19 pandemic devastatingly struck Indonesia including Kalimantan. As of 31 December 2021, there have been a total of 4,262,540 million cases in Indonesia and the total count of COVID-19 related deaths equates to 144,063.

Further, in Indonesia 49.4% of the total population is now fully vaccinated.

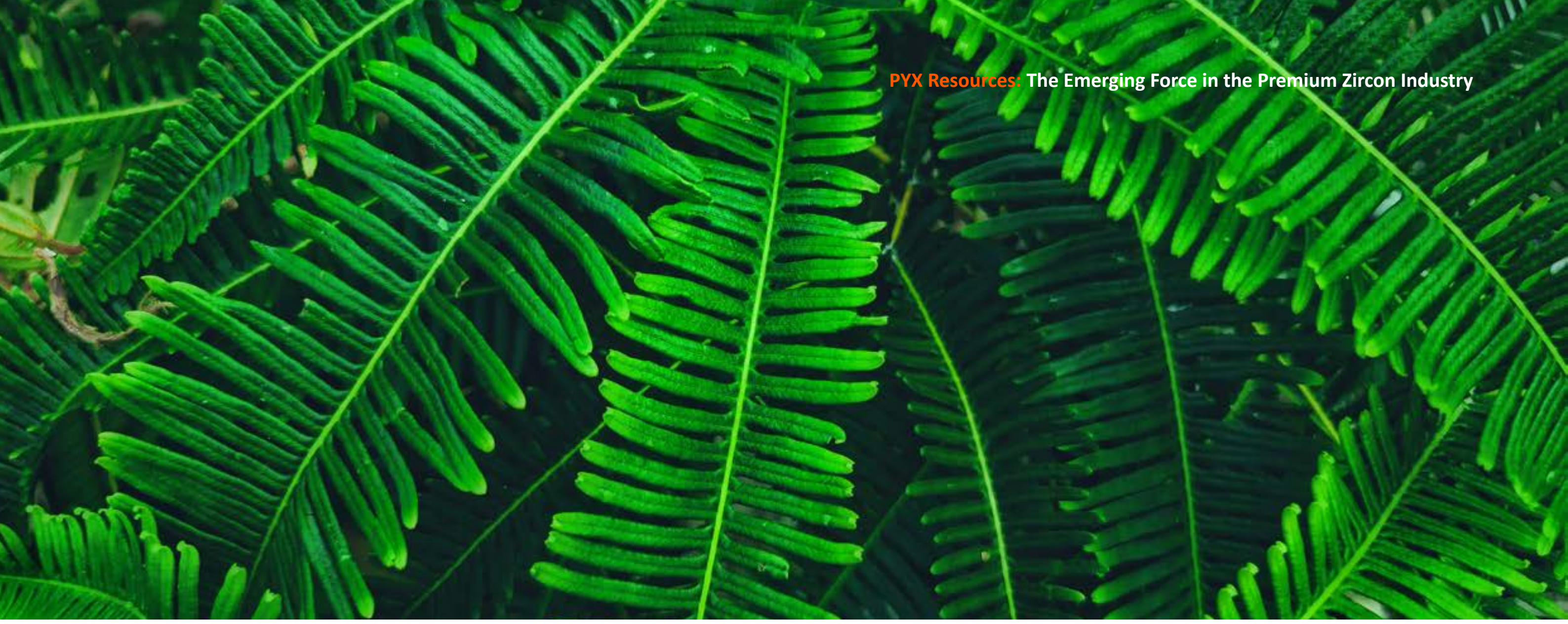
PYX's total recordable injury frequency rate since 24 January 2020 is zero. Sadly, the Company reported some COVID-19 cases among our personnel during the year. PYX's staff were all cared for during their recovery from the illness and reported zero COVID-19 fatalities.

The continued crisis and the outbreak of COVID-19 in Kalimantan led PYX to take the initiative in October 2021 of leading a vaccination campaign to protect all staff employed at all levels of the company including within the office, factory and mine in Kalimantan. Pleasingly, 100 percent of PYX employees have received their second dose of the COVID-19 vaccine. The vaccination campaign was a partnership that the company launched with local health authorities in an effort to target high infection rates in Indonesia.

Regarding gender equality, PYX has increased its total female employment from 20% in 2020 to 23% in 2021.

Stakeholders

PYX values the involvement of its stakeholders at multiple levels of the company as their engagement is critical to the company's UNSDGs, as mentioned above. Within PYX, these include individual stakeholders, the local community, employees, investors, regulatory agencies, consultants, government and domestic agencies, as well as customers and other related parties. PYX prioritises consistent communication between the stakeholders and senior management to ensure that both parties unique points of view are understood so that a collaborative approach is utilised in consistently growing the company. As such, PYX illustrates to stakeholders the company's commitment to eco-sustainability and social responsibility through initiatives like PYX Cares and participating in a multitude of philanthropic work.



Community

PYX collaborated with Indonesia's National Blood Donor Program in June 2021 in commemoration of the Indonesian National Blood Donor Day. Fifty employees attended the PYX factory in the Tumbang Empas village to donate blood, save lives and give back to their community. PYX continues to be the only company in the district to show active involvement and commitment in the blood bank drive. The company continues to show its support to the local community in the hope that surrounding local companies too, will take the initiative to actively partake in contributing to the community.

It was refreshing to see how participants of the donor program alongside the community recognised the valuable contribution made by PYX to the local area. PYX employees expressed their interest in supporting future humanitarian projects run by the company, including the blood donation drive, to further raise health awareness and positively contribute to the community.

PYX believes in the importance of furthering education within the company as well as the community. PYX fosters the learning of transferable skills through intensive workplace training. This further equips employees to grow within the company including opportunities towards a management position. In addition, PYX demonstrates their commitment to supporting the future generation through providing internship opportunities to university students from different countries and from a diversity of origins. This year PYX has given internships to students from Indonesia, Canada, UK, Australia and China with very diverse backgrounds as well as Malaysia, Mexico, Peru, Kenya, Afghanistan, Russia and Italy, to name a few.

Environment

PYX prioritises making conscious efforts to sustainably maintain the biodiversity within the land in which it operates. As such, the company ensures that it meets and surpasses domestic and international environmental standards. To further this commitment, PYX's senior management reports regularly to their board of directors regarding environmental and other relevant social matters.

The PYX Environment Management Plan was introduced in 2020 to record the company's environmental impact in Kalimantan. The Environment Plan also includes sustainability pathways that mitigate environmental harm. PYX diligently trains all of its workers in environmental monitoring and reporting so that they are aware of their environmental obligations and expectations within the company. Further, PYX has committed to decreasing its environmental impact through re-filling mining pits and planting natural flora.

Near the Mandiri mine site in Central Kalimantan, PYX's employees facilitated installing a new drainage system at the only state elementary school in the area. The school had a long history of experiencing regular flooding as poor drainage in the facility, in conjunction with uneven ground surfaces, often led to a disruption in the students' days. The drainage system is an asset for developing infrastructure in the community as well as for the environment in reducing flood risks.

Zircon is a crucial mineral in sustainable development, that can be readily used to decrease the environmental footprint of individuals and companies. For instance, ceramic tiles containing Zircon have been recognized for having low environmental impacts in comparison to the main competing material, alumina, on many key international standards set for examining environmental impacts. For instance, the Global Warming Potential found a 16% decrease in climate change threats with Zircon, in comparison to alumina, while the Eutrophication Potential that is related to airborne emissions was a drastic 23% lower with Zircon. Further, using Zircon-containing tile mixes uses less natural resources, as their Abiotic Depletion Potential (elements), which measures the depletion of natural resources is 50% less, comparatively.

Directors' Report

Directors' Report

Your directors present their report on PYX Resources Limited) ("PYX" or the "Company") and its controlled entities, (the "Group") for the financial year ended 31 December 2021.

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)

The length of service of each director is as follows:

Name	Length of Service
Oliver B. Hasler	23 months
Gary J Artmont	23 months
Bakhos Georges	23 months
Alvin Tan	21 years, 6 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, commodities, innovative manufacturing and various industrial sectors globally. He was named Top 50 CEO's in Spain by Forbes magazine.

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-seven 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 University of Santa Maria in Caracas, Venezuela 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.

Louisa has worked in corporate finance, assisting with company compliance (ASIC and ASX) and capital raising. She has also worked for a major accounting firm in its offices in Perth, London and Sydney offices, providing corporate advisory services on IPOs and M&A transactions and performing due diligence. Louisa's working experience includes working for the Business Development Division of a government organisation, where she reviewed business opportunities for companies 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 B. Hasler	9,969,005
Gary J Artmont	-
Bakhos Georges	-
Alvin Tan	795,798

Unissued Shares and Options

During the year the Company issued 6,480,000 (2020: 17,675,376) Performance Rights. Of the total Performance Rights on issue, 6,380,371 (2020: 5,186,568) vested during the year. 2,182,894 of these Performance Rights that vested (2020: Nil) were converted to shares after year end. As at 31 December 2021, 14,771,331 (2020: 12,488,808) Performance Rights are on issue which are able to be converted to a maximum of 19,349,303 (2020: 14,955,343) Shares on the achievement of certain milestones (refer Remuneration Report).

During the December 2021 financial year, the Company issued no options (2020: Nil).

The Company has on issue 537,500 options to Tamarind Classic Resources Private Limited. These options have an exercise price of AUD 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

The table below sets out the number of Directors' meetings held during the period and the number of meetings attended by each as a Director.

Name	No. Eligible to Attend	No. Attended
Board Meetings		
Oliver B. Hasler	4	4
Gary J Artmont	4	4
Bakhos Georges	4	4
Alvin Tan	4	4
Audit and Risk Committee Meetings		
Oliver B. Hasler	2	2
Gary J Artmont	2	2
Bakhos Georges	2	2
Alvin Tan	2	2
Remuneration and Nomination Committee Meetings		
Oliver B. Hasler	2	2
Gary J Artmont	2	2
Bakhos Georges	2	2
Alvin Tan	2	2

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 2021 was $4,321,230 (31 December 2020 loss: $13,820,603).

A detailed review of the operations of the Group is set out on page 33.

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. 100% of the Company's personnel are vaccinated for COVID-19.

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.

In March 2021 the Company entered into a binding Offtake Agreement with India-incorporated Microtech Zircon. Microtech Zircon is a member of Delta Tiles, a group of companies which fall under the brand name Geo Gres. The Offtake Agreement is for a committed quantity of 3,600 tonnes of Zircon over a two-year period.

The Company announced an increase in the price of its premium Zircon by US$75 per tonne on 29 March 2021. The move was prompted by a pick-up in demand for Zircon across PYX's end markets, and a lack of supply for the mineral. Three further increases in the price of the premium Zircon were announced on 24 May 2021, 16 June 2021 and 16 September 2021, resulting in a total increase of $910 per tonne during 2021 to a price of $2,305 per tonne.

New business was secured in April 2021 with Fujian Sanxiang Advanced Materials Co., Ltd (Fujian Sanxiang), a leading producer of fused Zirconia based in China. Fused Zirconia is a crucial raw material for the production of Zirconium metal, which has important applications in nuclear power and aerospace. The production of fused Zirconia requires premium Zircon.

On 21 June 2021 the Company completed a capital raise totaling AUD11.2 million (before administrative, legal and placement fees) via a share placement to professional and sophisticated investors at AUD1.03 per share, with approximately 10.9 million new fully-paid ordinary shares issued.

On 15 November 2021, the Company dual listed on the Standard Listing segment of the London Stock Exchange's Main Market for listed securities under the ticker PYX. This was driven by PYX's increased interest and demand from investors in Europe and to make it easier for existing shareholders to participate in the growth of the Company and its business, as well as enhancing the Company's share liquidity.

The Company increased the production capacity of its Mineral Separation Plant (MSP) at its world-class Mandiri deposit in Central Kalimantan, Indonesia, from 18,000 tpa to 24,000 tpa, to enable the production of by-products, rutile, leucoxene and ilmenite in December 2021.

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:

- The Company issued 2,182,894 Shares to Mr Oliver B. Hasler on 7 January 2022 on the exercise of 2,182,894 Performance Rights that vested in November 2021; and

- On 12 January 2022 PYX has commenced production and sales of natural rutile from its Mandiri deposit in Central Kalimantan, Indonesia, as a by- product of its primary Zircon production operation.

- On 11 March 2022, the Company announced a placement to a US-based institutional investor. The share placement consists of an initial investment of US$4.5 million by L1 Capital Global Opportunities Master Fund ("L1" or "Investor"). A further two investments of US$4.5 million each (totalling US$9.0 million) may be made by L1 subject to mutual agreement between PYX and L1.

  The receipt of these funds will allow PYX to accelerate its previously announced plans to grow its production volume at its Mandiri deposit and start planning operations at the Tisma deposit. The placement will be used for CAPEX and working capital.

  Details of the placement are contained in the Company's announcement dated 11 March 2022.

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$66,861 (2020: US$755) 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 2021 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:

Oliver B. Hasler
Chairman and Chief Executive Officer

Palangkaraya, Kalimantan
Indonesia
15 March 2022

Remuneration Report - Audited

The Remuneration Report sets out the remuneration arrangements for PYX Resources Limited for year ended 31 December 2021. 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
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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
Alvin Tan	Non-Executive Director
Bakhos Georges	Non-Executive Director
Gary J. Artmont	Non-Executive Director

The previous remuneration report was considered at the Company's last Annual General Meeting held on 18 May 2021, 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 the total

Performance rights on issue to the Chief Executive Officer 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 US$650,000 for the 2021 financial year (2020: US$550,000).

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 basis at US$29,711 for the financial year (2020: US$25,872).

Mr. Artmont's Director fee accrues to his related entity on a basis at US$29,711 for the financial year (2020: US$25,872).

Mr. Georges' Director fee accrues on a basis at US$29,711 for the financial year (2020: US$25,872).

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. These performance rights were set at levels to reflect market conditions and non-market conditions and to encourage continued service.

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

2021	Short-Term				Long-term	Share-based payments	TOTAL	Total performance related
	Salary fees ***	Cash bonus	Non-monetary	Other fees	Incentive plans			
	US$	US$	US$	US$	US$	US$	US$	US$
Directors								
Mr Hasler*	650,000	-	-	-	-	2,040,102	2,690,102	75.8
Mr Tan	29,711	-	-	-	-	-	29,711	-
Mr Artmont**	29,711	-	-	-	-	-	29,711	-
Mr Georges**	29,711	-	-	-	-	-	29,711	-
Sub-total	739,133	-	-	-	-	2,040,102	2,779,235	73.4
Other key management personal								
None	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
Total	739,133	-	-	-	-	2,040,102	2,779,235	73.4

* 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.

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

2020	Short-Term				Long-term	Share-based payments	TOTAL	Total performance related
	Salary fees ***	Cash bonus	Non-monetary	Other fees	Incentive plans			
	US$	US$	US$	US$	US$	US$	US$	US$
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	-
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.

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

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 2021 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*	**2021**	12,488,808	6,400,000	(6,380,371)	12,508,437
	2020	-	17,675,376	(5,186,568)	12,488,808

* 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. During the year 4,197,477 (2020: 5,186,568) Performance Rights vested and were converted to 3,567,827 shares (2020: 4,218,284 shares) on the achievement of milestones. 2,182,894 Performance Rights have vested as at 31 December 2021 on achievement of their milestone, with 2,182,894 shares issued on 7 January 2022.

Details of performance rights on issue to Mr Oliver Hasler as at 31 December 2021 are as follows:

No. of Performance Rights	Potential No. of Shares	Expiry Date	Vesting Conditions
1,141,304		30/6/2022	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		30/6/2022	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
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
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

No. of Performance Rights	Potential No. of Shares	Expiry Date	Vesting Conditions
1,600,000		30/6/2023	2022 Target Sales Volume
	320,000		Continuous employment to 31 December 2022
	480,000		Continuous employment and more than 20% - 30% of 2022 Target Sales Volume
	640,000		Continuous employment and more than 30% - 40% of 2022 Target Sales Volume
	800,000		Continuous employment and more than 40% - 75% of 2022 Target Sales Volume
	800,000-2,400,000		Continuous employment and more than 75% - 125% of 2022 Target Sales Volume
	2,400,000		Continuous employment and more than 125% of 2022 Target Sales Volume
1,600,000		30/6/2023	2022 Target EBITDA
	320,000		Continuous employment to 31 December 2022
	480,000		Continuous employment and more than 20% - 30% of 2022 Target EBITDA
	640,000		Continuous employment and more than 30% - 40% of 2022 Target EBITDA
	800,000		Continuous employment and more than 40% - 75% of 2022 Target EBITDA
	800,000-2,400,000		Continuous employment and more than 75% - 125% of 2022 Target EBITDA
	2,400,000		Continuous employment and more than 125% of 2022 Target EBITDA
1,600,000		30/6/2024	2023 Target Sales Volume
	320,000		Continuous employment to 31 December 2023
	480,000		Continuous employment and more than 20% - 30% of 2023 Target Sales Volume
	640,000		Continuous employment and more than 30% - 40% of 2023 Target Sales Volume
	800,000		Continuous employment and more than 40% - 75% of 2023 Target Sales Volume
	800,000-2,400,000		Continuous employment and more than 75% - 125% of 2023 Target Sales Volume
	2,400,000		Continuous employment and more than 125% of 2023 Target Sales Volume
1,600,000		30/6/2024	2023 Target EBITDA
	320,000		Continuous employment to 31 December 2023
	480,000		Continuous employment and more than 20% - 30% of 2023 Target EBITDA
	640,000		Continuous employment and more than 30% - 40% of 2023 Target EBITDA
	800,000		Continuous employment and more than 40% - 75% of 2023 Target EBITDA
	800,000-2,400,000		Continuous employment and more than 75% - 125% of 2023 Target EBITDA
	2,400,000		Continuous employment and more than 125% of 2023 Target EBITDA
14,691,331	**19,229,303 (maximum)**		

As at 31 December 2021, 14,691,331 performance rights (2020: 12,488,808) remain on issue which are convertible into a maximum of 19,229,303 Shares (2020: 14,955,343), 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 in respect of Key Management Personnel occurred during the 2021 financial year.

(i) Performance Rights

The Company awarded the Chairman and Chief Executive Officer 6,400,000 performance rights (2020: 17,675,376) under the Company's Stock Incentive Plan during the financial year. Of the total performance rights on issue to the Chairman and Chief Executive Officer, 4,197,477 (2020: 5,186,568) converted to 3,567,827 Shares (2020: 4,218,284) during the year on achievement of milestones. A further 2,182,894 performance rights vested during the year on achievement of their milestone however, these were not converted to 2,182,894 shares until 7 January 2022.

As at 31 December 2021, 12,508,437 performance rights (2020: 12,488,808) remain, which are convertible into a maximum of 19,229,303 shares (2020: 14,955,343), 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

3,567,827 Shares (2020: 4,218,284) were issued to the Chairman and Chief Executive Officer during the financial year upon reaching milestones associated with a portion of his performance rights.

(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.

3,567,827 Shares (2020: 4,218,284) 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.

I Other Transactions with KMP and/or their Related Parties

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 US$1,150,602 (2020: US$494,008) and expenses recognised during the year totaled US$1,155,006 (2020: US$494,008).

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 are as follows:

Company Directors and Associated Entities		Opening Balance	Received During Year on Exercise of Performance Rights	Net Change Other	Closing Balance *
Mr. Hasler^	2021	4,218,284	3,567,827	-	7,786,111
	2020	-	4,218,284	-	4,218,284
Mr Tan	2021	795,798	-	-	795,798
	2020	795,798	-	-	795,798
Mr Artmont^	2021	-	-	-	-
	2020	-	-	-	-
Mr Georges^	2021	-	-	-	-
	2020	-	-	-	-

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

* The Company notes that as at 31 December 2021, 2,182,894 performance rights held by Mr Hasler had vested on the achievement of their milestone. The 2,182,894 shares relating to these performance rights were not issued until 7 January 2022.

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 2021, which comply with the ASX Corporate Governance Council recommendations, except where noted.

This Corporate Governance Statement is current as at 31 December 2021 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 currently comprises three non-executive directors and one executive director. 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 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 Group. The Group's management is responsible for establishing the Group's risk management framework.

The Group 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.

SECURITIES TRADING POLICY

The Board has adopted a Securities Trading Policy for Directors, senior managers and employees in relation to securities dealings which is appropriate for a company with securities traded on NSX and the Main Market of the LSE.

Under the Securities Trading Policy, Directors and employees are prohibited from dealing in the Company's securities if they have in their possession information that they know, or ought reasonably to know, is inside information.

The Securities Trading Policy sets out a notification procedure which is required to be followed prior to any dealing in the Company's securities.

DISCLOSURE POLICY

The Company's disclosure policy is to assist with continuous disclosure obligations of both the Australian and UK regimes so as to provide the Company's shareholders, the NSX and the LSE with timely, direct and equal access to information issued by the Company and to promote investor confidence in the integrity of the Company and therefore to maintain an orderly market in its securities.

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 Audit Committee is comprised of Alvin Tan (Chair), Oliver B. Hasler, Gary J. Artmont and Bakhos Georges (Members).

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 & NOMINATION COMMITTEE

The Remuneration Nomination committee is comprised of Gary J. Artmont (Chair), Oliver B. Hasler, Alvin Tan and Bakhos Georges (Members).

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 committes and indiviudal directors and senior executives is set out in the Companys' Process for Performance Evaluations policy. Performance evaluations have been completed for the December 2021 financial year.

In relation to Board nominations, the Committee reviews and makes recommendations to the Board in relation to:
a. Board succession planning generally;
b. induction and continuing professional development programs for directors;
c. the development and implementation of a process for evaluating the performance of the Board, its committees and directors;
d. the process for recruiting a new director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment;
e. the appointment and re-election of directors; and
f. ensuring there are plans in place to manage the succession of the Managing Director and other senior executives.

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 2021:

Position *	Female	Male	Total
Directors	-	4	4
Senior executives **	4	3	7
Other employees	20	72	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

ANTI-SLAVERY AND HUMAN TRAFFICKING POLICY

There is a zero-tolerance approach to modern slavery both within the Company and within its supply chain. This policy underpins the Company's approach to prevent slavery and human trafficking taking place in any part of the business or supply chains.

To underpin the Company's compliance with practical steps, the Company aims to implement the following:
a. conduct risk assessments to determine which parts of our business and which suppliers are most at risk of modern slavery so that efforts can be focused on those areas;
b. engage with suppliers both to convey to them the Anti-Slavery and Human Trafficking Policy and to gain an understanding of the measures taken by them to ensure modern slavery is not occurring in their businesses and their supply chain;
c. introduce supplier pre-screening (for example as part of our tender process) and self-reporting for suppliers on safeguarding controls;
d. introduce contractual provisions for suppliers to confirm their adherence to this policy and accept the right for the Company to audit their activities and (where practicable) relationships, both routinely and at times of reasonable suspicion.

HEALTH, SAFETY AND ENVIRONMENT (HSE) POLICY

The Company is committed to operating its business in a responsible and appropriate manner, that protects the environment and ensures the safety of its employees and contractors and protects the members of the communities in which it operates.

The purpose of the HSE Policy is to assist the Company and its Directors to monitor and review the health, safety, environmental and sustainable development policies, principles, practices and processes, and monitor and review current and future regulatory issues relating to health, safety, the environment and sustainable development.

The Company is committed to, and the Board will monitor and review the Company's compliance with, the following principles and practices including but not limited to:
- Acknowledging that the management of health, safety, and environmental issues is an integral part of the Company's business, and should be incorporated into business planning and decision making processes.
- Implementing and maintaining a systematic approach to risk management in order to achieve the objectives outlined in the HSE Policy.
- The Company and its subsidiaries complying with all applicable laws and regulations as a minimum standard, and applying responsible standards consistent with the principles and policies outlined in this policy where laws do not exist.
- Working collaboratively and proactively with stakeholders to develop and advance effective approaches to HSE management, and communicating openly on HSE related issues.
- Continuously seeking ways to minimize the impact of the Group's exploration and production activities on the environment.
- Continuously identifying, reporting and evaluating risks, threats, hazards and impacts to company operations that have the

potential to adversely affect the environment or the health, safety and security of employees, contractors or the community, and implementing appropriate control and contingency measures to minimise and manage them to a responsible level.
- Monitoring, reviewing and setting targets for ongoing improved HSE performance.
- Committing to employee participation in the Health and Safety process and welcoming the opportunities presented by Employee Forums to expedite the high standards the HSE Policy represents.
- Providing sufficient and competent human resources to manage the Company's HSE commitments.
- Selecting and engaging contractors and suppliers whose HSE management systems are acceptable to the Company and consistent with the principles and policies outlined in the policy.
- Including a HSE performance assessment and requiring a demonstration of continuous commitment to the principles and policies outlined in the policy in the appraisal of the Company's personnel and suppliers.
- Providing training, instruction and supervision to personnel to enable them to attain the knowledge and skill levels necessary to perform their work incident free.
- Committing to re-use waste as much as is economically feasible to minimise the amounts of waste.

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.

In accordance with the Risk Management Policy, the Board assessed the need to form a risk committee in conjunction with the necessity to form an audit committee.

The Risk Management Policy identifies that the Company will regularly consider the following main areas of risk to the Company:
a. exploration and development;
b. fluctuating commodity prices and exchange rates;
c. political and economic climate in its areas of operation; and
d. continuous disclosure obligations.

The Company adopted an internal control framework to assist the Board in identifying, assessing, monitoring and managing risk. The framework includes financial reporting, continuous disclosure, regular operations reviews and investment appraisals.

ANTI-BRIBERY AND CORRUPTION POLICY

The Company has adopted an anti-bribery and corruption policy to ensure the Company conducts all business fairly, honestly and openly by ensuring compliance with all applicable anti-corruption laws and regulations, and to ensure that the Company conducts business in a socially responsible manner. The policy sets out the responsibilities of the Company, the Board, the Company personnel and the Company's associated persons. The policy specifically addresses facilitation payments or gifts and hospitality, dealings with public officials, political donations, and charitable donations.

WHISTLEBLOWER POLICY

The Company is committed to promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance. As part of that commitment, the Company has adopted a Whistleblower Policy.

This Policy is an important tool for helping the Company to identify wrongdoing that may not be uncovered unless there is a safe and secure means for disclosing wrongdoing. The Company encourages those who are aware of possible wrongdoing to report it in accordance with this policy. Any material breaches of the Whistleblower Protection Policy are to be reported to the Board or a committee of the Board.

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
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.	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. 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.
B. Policies and procedures adopted to ensure that the Issuer's board acts with due care and diligence and in the interests of shareholders	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. Securities Trading Policy This policy acts as a guide to dealing in the Company's securities. It discusses insider trading provisions and trading restrictions.
C. Policies and procedures adopted to adequately identify and deal with conflicts of interest at board, management and employee levels.	Code of Conduct The Company's Code of Conduct addresses conflicts of interest which may arise in the Company
D. Policies and procedures adopted to protect shareholder interests, including: access to information, voting rights, share of profits, and equitable treatment.	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. In terms of shareholder communication, the Company aims, amongst other things, to maintain an up to date website containing all information announced, and operate an email register. 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.
E. Policies and procedures adopted to protect the interests of stakeholders including: employees, creditors and the wider community.	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.

HALL CHADWICK
Chartered Accountants & Business Advisors

PYX 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

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 2021, 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

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

DREW TOWNSEND
Partner
Dated: 15 March 2022

Financial Statements

Directors' Declaration

In accordance with a resolution of the Directors of PYX Resources Limited, the directors state that:

The financial statements and notes set out on pages 78 to 119 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 2021 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 2021.

Signed in accordance with a resolution of the Directors.

Oliver B. Hasler
Chairman and Chief Executive Officer

Palangkaraya, Kalimantan
Indonesia
15 March 2022

Pyx Resources Limited ACN 073 099 171 and Controlled Entities

Financial report for the year ended 31 December 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Consolidated Group	
		2021	**2020**
		US$	**US$**
Revenue	3	12,417,086	8,956,694
Cost of sales	4	(10,511,342)	(7,630,173)
Gross Profit		1,905,744	1,326,521
Other income	3	1,089	110,576
Selling and distribution expenses		(950,745)	(492,248)
Corporate and administrative expenses		(4,195,750)	(7,731,742)
Foreign exchange loss		(350,011)	(29,376)
Listing costs		(928,147)	(1,889,237)
Acquisition costs		-	(5,356,997)
Interest expense	4	(11,934)	(20,961)
Loss before income tax		(4,529,754)	(14,083,464)
Income tax benefit	6	208,524	262,861
Net loss for the year		(4,321,230)	(13,820,603)
Net loss attributable to:			
Owners of the Parent Entity		(3,678,882)	(12,775,441)
Non-controlling interests		(642,348)	(1,045,162)
Net loss for the year		(4,321,230)	(13,820,603)
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		18,634	(40,046)
Total comprehensive income for the year		(4,302,596)	(13,860,649)
Total comprehensive income attributable to:			
Owners of the Parent Entity		(3,681,005)	(12,797,525)
Non-controlling interests		(621,591)	(1,063,124)
		(4,302,596)	(13,860,649)
Loss per share			
Basic loss per share (cents)	9	(1.1)	(6)
Diluted loss per share (cents)	9	(1)	(5.5)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	Consolidated Group	
		2021	**2020**
		US$	**US$**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	6,624,364	3,509,395
Trade and other receivables	11	968,915	368,627
Advances to suppliers		337,214	352,062
Prepayments and deposits		68,484	41,100
Prepaid tax	19	210,513	36,216
Inventories	12	530,716	122,703
TOTAL CURRENT ASSETS		8,740,206	4,430,103
NON-CURRENT ASSETS			
Property, plant and equipment	14	2,228,372	1,317,834
Intangible assets	15	73,334,566	92,309
Right of use assets	16	21,595	60,361
Deferred tax assets		471,811	265,597
TOTAL NON-CURRENT ASSETS		76,056,344	1,736,101
TOTAL ASSETS		84,796,550	6,166,204
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	1,758,140	1,626,802
Lease liabilities	18	1,759	1,780
TOTAL CURRENT LIABILITIES		1,759,899	1,628,582
NON-CURRENT LIABILITIES			
Lease liabilities	18	-	16,773
TOTAL NON-CURRENT LIABILITIES		-	16,773
TOTAL LIABILITIES		1,759,899	1,645,355
NET ASSETS		83,036,651	4,520,849
EQUITY			
Issued capital	20	96,651,080	14,873,158
Reserves	24	3,882,761	2,782,451
Accumulated losses		(16,555,930)	(12,877,048)
Equity attributable to owners of the Parent Entity		83,977,911	4,778,561
Non-controlling interest		(941,260)	(257,712)
TOTAL EQUITY		83,036,651	4,520,849

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	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 2021	14,873,158	2,804,535	(22,084)	(12,877,048)	4,778,561	(257,712)	4,520,849
Comprehensive income							
Loss for the year	-	-	-	(3,678,882)	(3,678,882)	(642,348)	(4,321,230)
Other comprehensive income for the year	-	-	(2,123)	-	(2,123)	20,757	18,634
Total comprehensive income for the year	-	-	(2,123)	(3,678,882)	(3,681,005)	(621,591)	(4,302,596)
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued during the year	80,818,748	-	-	-	80,818,748	-	80,818,748
Share based payments	-	2,061,607	-	-	2,061,607	-	2,061,607
Issue of shares to employees	959,174	(959,174)	-	-	-	-	-
Non-controlling interests on acquisitions	-	-	-	-	-	(61,957)	(61,957)
Total transactions with owners and other transfers	81,777,922	1,102,433	-	-	82,880,355	(61,957)	82,818,398
Balance at 31 December 2021	96,651,080	3,906,968	(24,207)	(16,555,930)	83,977,911	(941,260)	83,036,651

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Consolidated Group	
		2021 US$	2020 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		11,879,327	8,731,354
Payments to suppliers and employees		(13,982,760)	(10,769,835)
Other income		1,089	110,576
Interest received		2,007	376
Finance costs		(13,941)	(21,338)
Income tax paid		(168,896)	(137,844)
Net cash used in operating activities	21	(2,283,174)	(2,086,711)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,041,853)	(748,923)
Payments for acquisitions, net of cash acquired		(24,179)	311
Renewal of mining license		-	(88,984)
Net cash used in investing activities		(1,066,032)	(837,596)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		8,447,656	9,378,600
Payments of LSE listing costs		(895,461)	-
Payments of capital raising costs		(769,914)	(2,618,065)
Repayment of short-term borrowings		-	(432,575)
Repayments of lease liabilities		(16,794)	(52,575)
(Payments)/Receipts of employee loans		(6,395)	2,732
Net cash provided by financing activities		6,759,092	6,278,117
Net increase in cash and cash equivalents		3,409,886	3,353,810
Cash and cash equivalents at the beginning of financial year		3,509,395	93,071
Effect of foreign exchange rate changes		(294,917)	62,514
Cash and cash equivalents at the end of financial year	10	6,624,364	3,509,395

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 2021 the Group incurred a loss after tax of US$4,321,230 and had negative cash flows from operations of US$2,283,174.

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$6,624,364. The losses were partly because of the non-operating and non-cash items of US$3,536,315. The major non-operating item in the period were non-capitalized listing expenses of US$928,147 of which US$895,461 was paid during the year. The main non-cash item was an accrual of management's share-based payments of US$2,061,607. Therefore, the underlying EBITDA for the period was negative US$793,628. 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 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 non-controlling 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.

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.

Prior Year 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.

Asset Acquisition Accounting

On 15 February 2021, Pyx Resources Limited ("PYX") completed an acquisition of 100% of the issued capital of Tisma Development (HK) Limited (the company). In accordance with accounting standards, through acquiring 100% of the issued capital of Tisma Development (HK) Limited, the Group has obtained control of the company.

The consolidated financial information incorporated the assets and liabilities of all entities deemed to be acquired by Tisma and its controlled entities and the results of these entities for the period from which those entities are accounted for as being acquired by PYX. The assets and liabilities of Tisma acquired by PYX were recorded at fair value whilst the assets and liabilities of PYX 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 Business acquisition is disclosed in more detail in note 5.

AASB 3 *Business Combinations* requires that consolidated financial statements prepared following a business acquisition 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 2021 represents the consolidated financial position of Pyx Resources Limited and its controlled entities as at 31 December 2021.

Statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss for the year ended 31 December 2021 represents the consolidated results of PYX and Takmur and its controlled entities for the year ended 31 December 2021 and the consolidated results of Tisma and its controlled entities, PT Tisma Investasi Abadi and PT Tisma Global Nusantara, for the period from 16 February 2021 (date of the asset acquisition) to 31 December 2021. The comparative information for the period 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.

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.

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 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.

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 (i.e. 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 an 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.

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.

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 (i.e. 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 (i.e. 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 (e.g. 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:

– 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 (i.e. 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 (e.g. 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 (e.g. 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.

l. **Revenue and Other Income**

Revenue from sales of zircon is recognised either when the customer takes possession of and accepts the products or when the products are ready for shipment, according to the sales contract terms. 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 likeliness to exercise on a lease-by-lease basis looking at various factors 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 2021, 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 2021 have so far been higher than the 2020 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

	2021 US$	2020 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	12,335,955	6,133,005
Non-current assets	78,058,861	4,917,856
TOTAL ASSETS	90,394,816	11,050,861
LIABILITIES		
Current liabilities	1,093,863	1,162,006
Non-current liabilities	-	-
TOTAL LIABILITIES	1,093,863	1,162,006
EQUITY		
Issued capital	103,921,565	22,143,644
Accumulated losses	(18,866,644)	(15,398,389)
Share-based payment reserve	4,246,032	3,143,600
Non-controlling interest	-	-
TOTAL EQUITY	89,300,953	9,888,855
Statement of Profit or Loss and Other Comprehensive Income		
Net loss	(3,468,255)	(8,841,676)
Total comprehensive income	-	-

NOTE 3: REVENUE AND OTHER INCOME

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

	Note	2021 US$	2020 US$
Revenue from contracts with customers	3a	12,417,086	8,956,694
Other income	3b	1,089	110,576

a. Revenue from contracts with customers

Revenue from contracts with customers represents the amounts received and receivable for production and distribution of premium Zircon has recognised at a period in time or overtime.

	2021 US$	2020 US$
b. Other income		
Other income	1,089	110,576

NOTE 4: LOSS FOR THE YEAR

	Consolidated Group	
	2021 **US$**	**2020** **US$**
Loss before income tax from continuing operations includes the following specific expenses:		
a. **Expenses**		
Cost of sales	10,511,342	7,630,173
Interest expense on financial liabilities not classified as at fair value through profit or loss:		
– unrelated parties	12,162	14,029
Finance charges	1,779	7,308
Less: Interest income	(2,007)	(376)
Net interest expense	11,934	20,961
Employee benefits expense:		
– Staff salaries and benefits	302,339	265,885
– Share based payments	2,061,607	3,938,578
Rental expense on operating leases		
– short- term lease expense	5,509	100,366
Depreciation and amortisation	187,877	129,173

NOTE 5: ASSET ACQUISITION

On 16 February 2021, the Group acquired 100% of the issued capital of Tisma Development (HK) Limited (the company) which holds a tenement with 137 million tonnes of JORC-complaint inferred resources, including 4% heavy minerals, approximately 4.5 million tonnes of zircon and valuable by-products, including titanium minerals (rutile and ilmenite). The consideration paid was US$73,141,005.

Through acquiring 100% of the issued capital of Tisma Development (HK) Limited, the Group has obtained control of the Company

The purchase was satisfied by the issue of 147,277,370 ordinary shares at an issue price of US$0.49662 each. The issue price was based on the market price on the date of purchase.

	Fair Value US$
Purchase consideration:	
Equity issued	73,141,005
Less:	
Cash and cash equivalents	1,613
Other asset	1,794
Intangible asset - exploration asset	73,260,053
Non-controlling interest	61,957
Payables	(184,412)
Identifiable assets acquired and liabilities assumed	73,141,005

The impact of the acquisition on the results and cash flow of the Group for the period is insignificant.

NOTE 6: TAX EXPENSE

	Consolidated Group	
	2021 US$	**2020 US$**
a. The components of tax benefit income comprise:		
Deferred tax	208,524	262,861
	208,524	262,861

NOTE 6: TAX EXPENSE (CONTINUED)

		Consolidated Group	
		2021	**2020**
		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	(4,529,754)	(14,083,464)
	Prima facie tax payable on (loss) from ordinary activities before income tax at 25% (2020: 27.5%)	1,132,439	3,872,953
	Effect of different tax rate of subsidiaries	(33,973)	(213,012)
	Add:		
	Tax effect of:		
	– non-allowable items	(1,119)	(1,606)
	– Tax losses and temporary differences not recognised as deferred tax assets	-	-
	– Tax credit	(888,823)	(3,395,474)
	Income tax benefit	208,524	262,861

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 2021. The total remuneration paid to KMP of the Company and the Group during the year are as follows:

	Consolidated Group	
	2021	**2020**
	US$	**US$**
Short-term employee benefits	739,133	27,603
Share-based payments	2,061,607	3,938,578
Total KMP compensation	2,800,740	3,966,181

NOTE 8: AUDITOR'S REMUNERATION

		Consolidated Group	
		2021	**2020**
		US$	**US$**
	Remuneration of the auditor for:		
-	Audit or review of financial statement		
	Hall Chadwick (NSW)	58,346	58,359
	Pitcher Partners BA & A Pty Limited	-	8,847
-	Other services		
	T.K. Lo (HK)	14,500	-
	Hall Chadwick (NSW)	52,361	755
		125,207	67,961

NOTE 9: LOSS PER SHARE

		Consolidated Group	
		2021 US$	2020 US$
a.	Reconciliation of losses to profit or loss:		
	Loss attributable to non-controlling equity interest	(4,321,230)	(13,820,603)
	Loss used to calculate basic and dilutive EPS	(4,321,230)	(13,820,603)
		No.	No.
	Weighted average number of ordinary shares on issue used in the calculating of basic loss per share	404,902,836	237,772,257
	Weighted average number of dilutive options outstanding	537,500	537,500
	Weighted average number of dilutive performance rights outstanding	19,349,303	13,971,527
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive loss per share	424,789,639	252,281,284
	Loss per share		
	Basic loss per share (cents)	(1.1)	(6)
	Diluted loss per share (cents)	(1)	(5.5)

NOTE 10: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2021 US$	2020 US$
Cash at bank and on hand	6,624,364	3,509,395
	6,624,364	3,509,395

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	6,624,364	3,509,395
	6,624,364	3,509,395

NOTE 11: TRADE AND OTHER RECEIVABLES

	Note	Consolidated Group	
		2021 US$	**2020 US$**
CURRENT			
Trade receivables		945,425	148,000
Amount due from a unrelated entity		-	-
		945,425	148,000
Other receivables		10,002	205,355
GST/VAT receivable		14,666	16,450
Provision for impairment	11a(i)	(1.178)	(1,178)
		23,490	220,627
Total current trade and other receivables		968,915	368,627

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 allowance	Amounts written off	Closing balance
	1 January 2020			**31 December 2020**
	US$	**US$**	**US$**	**US$**
a. Lifetime Expected Credit Loss: Credit Impaired				
(i) Current other receivables	1,178	-	-	1,178
	1,178	-	-	1,178

	Opening balance	Net measure-ment of loss allowance	Amounts written off	Closing balance
	1 January 2021			**31 Decembe r 2021**
	US$	**US$**	**US$**	**US$**
(i) Current other receivables	1,178	-	-	1,178
	1,178	-	-	1,178

NOTE 11 TRADE AND OTHER RECEIVABLE (CONTINUED)

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 2021 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

	Note	Consolidated Group 2021 US$	Consolidated Group 2020 US$
Trade and other receivables:			
– total current		968,915	368,627
– total non-current		-	-
Total financial assets measured at amortised cost	23	968,915	368,627

d. **Collateral Pledged**

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

NOTE 12: INVENTORIES

	Consolidated Group	
	2021 US$	2020 US$
CURRENT		
At cost:		
Raw materials	18,147	88,935
Finished goods	512,569	33,768
	530,716	122,703

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	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-Controlling Interests	
		2021	2020	2021	2020
		%	%	%	%
Takmur Pte Limited	Singapore	100	100	-	-
PT Andary Usaha Makmur	Indonesia	99	99	1	1
PT Investasi Mandiri*	Indonesia	-	-	100	100
Tisma Development (HK) Ltd.	Hong Kong	100	-	-	-
PT Tisma Investasi Abadi	Indonesia	99	-	1	-
PT Tisma Global Nusantara**	Indonesia	-	-	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.

** 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 Tisma Investasi Abadi and PT Tisma Global Nusantara and was for nil purchase consideration.

The non-controlling interests in PT Andary Usaha Makmur and PT Tisma Investasi Abadi are 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.

NOTE 13 INTEREST IN SUBSIDIARIES (CONTINUED)

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	
	2021 US$	**2020 US$**
Summarised Financial Position		
Current assets	3,073,202	1,046,766
Non-current assets	1,464,608	1,362,019
Current liabilities	(5,410,355)	(2,652,214)
Non-current liabilities	-	(16,773)
NET ASSETS	(872,545)	(260,202)
Carrying amount of non-controlling interests	(872,545)	(260,202)
Summarised Financial Performance		
Revenue	12,417,086	8,956,694
Loss after income tax	(633,165)	(1,044,970)
Other comprehensive income after tax	20,822	(17,739)
Total comprehensive income	(612,343)	(1,062,709)
Loss attributable to non-controlling interests	(612,343)	(1,062,709)
Distributions paid to non-controlling interests	-	-
Summarised Cash Flow Information		
Net cash used in operating activities	(2,134,642)	(1,036,099)
Net cash used in investing activities	(615,776)	(469,219)
Net cash from financing activities	2,724,907	1,608,935
Net (decrease)/increase in cash and cash equivalents	(25,511)	103,617

NOTE 13 : INTEREST IN SUBSIDIARIES (CONTINUED)

	PT Tisma Global Nusantura 2021 US$
Summarised Financial Position	
Current assets	14,057
Non-current assets	-
Current liabilities	(147,942)
Non-current liabilities	-
NET ASSETS	(133,885)
Carrying amount of non-controlling interests	(133,885)
Summarised Financial Performance	
Revenue	-
Loss after income tax	(3,383)
Other comprehensive income after tax	-
Total comprehensive income	(3,383)
Loss attributable to non-controlling interests	(3,383)
Distributions paid to non-controlling interests	-
Summarised Cash Flow Information	
Net cash used in operating activities	(13,876)
Net cash used in investing activities	-
Net cash from financing activities	13,705
Net decrease in cash and cash equivalents	(171)

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2021 US$	2020 US$
Land and Buildings		
Freehold land at cost	196,989	194,542
Total land	196,989	194,542
Buildings at cost	826,936	635,825
Accumulated depreciation	(176,542)	(139,161)
Total buildings	650,394	496,664
Total land and buildings	847,383	691,206
Construction in Progress at cost	695,605	166,645
Total Construction in Progress	695,605	166,645
Plant and Equipment		
Plant and equipment at cost	818,856	520,385
Accumulated depreciation	(183,903)	(106,687)
Total plant and equipment	634,953	413,698
Motor Vehicles		
Motor vehicles at cost	79,758	22,894
Accumulated depreciation	(15,777)	(3,816)
Total motor vehicles	63,981	19,078
Furniture and Fittings		
Furniture and fittings at cost	30,668	30,668
Accumulated depreciation	(8,218)	(3,461)
Total furniture and fittings	22,450	27,207
Total property, plant and equipment	**2,228,372**	**1,317,834**

NOTE 14: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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	Construction in Progress	Plant and Equipment	Motor Vehicles	Furniture and Fittings	Total
	US$	US$	US$	US$	US$	US$	US$
Consolidated Group:							
Balance at 1 Jan 2020	57,053	505,998	48,047	43,653	-	-	654,751
Additions	137,489	22,152	118,598	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	496,664	166,645	413,698	19,078	27,207	1,317,834
Balance at 1 Jan 2021	194,542	496,664	166,645	413,698	19,078	27,207	1,317,834
Additions	2,447	191111	645,702	298,471	56,864	-	1,041,853
Transfer			(152,742)				
Depreciation expense	-	(37,381)	-	(77,216)	(11,961)	(4,757)	(131,315)
Balance at 31 Dec 2021	196,989	650,394	659,605	634,953	63,981	22,450	2,228,372

NOTE 15: INTANGIBLE ASSETS

	Consolidated Group	
	2021 US$	**2020 US$**
Goodwill:		
Cost	7,774	7,774
Accumulated impairment losses	-	-
Net carrying amount	7,774	7,774
Mining License Renewal:		
Cost	88,984	88,984
Accumulated amortization	(22,245)	(4,449)
Net carrying amount	66,739	84,535
Exploration asset		
Carrying value on acquisition	73,260,053	-
Accumulated amortization	-	-
Net carrying amount	73,260,053	-
Total intangible assets	73,334,566	92,309

	Goodwill US$	**Mining Licenses US$**	**Exploration assets US$**	**Total US$**
Consolidated Group:				
Year ended 31 December 2020	7,774	-	-	7,774
Balance at the beginning of the year	-	88,984	-	88,984
Acquisitions through business combinations	-	(4,449)	-	(4,449)
Closing value at 31 December 2020	7,774	84,535	-	92,309
Year ended 31 December 2021				
Balance at the beginning of the year	7,774	84,535	-	92,309
Additions through business combinations	-	-	73,260,053	73,260,053
Amortisation	-	(17,796)	-	(17,796)
Closing value at 31 December 2021	7,774	66,739	73,260,053	73,334,566

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	**Consolidated Group**	
	2021	**2020**
	US$	**US$**
Leased Buildings	11,187	11,187
Accumulated depreciation	(9,320)	(3,736)
	1,867	7,451
Leased Motor Vehicles	140,484	140,484
Accumulated depreciation	(120,756)	(87,574)
	19,728	52,910
Total Right of use assets	21,595	60,361
Movement in carrying amounts:		
Leased Buildings:		
Opening balance	7,451	-
Additions	-	11,187
Depreciation expense	(5,584)	(3,736)
Net Carrying Amount	1,867	7,451
Leased Motor Vehicles:		
Opening balance	52,910	88,058
Additions	-	-
Disposals	-	-
Depreciation expense	(33,182)	(35,148)
Net Carrying Amount	19,728	52,910
Total Right of use assets	21,595	60,361

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

	Consolidated Group	
	2021	**2020**
	US$	**US$**
Depreciation charge related to right-of-use assets	38,766	38,884
Interest expense on lease liabilities	1,779	7,308
Short term lease expenses	5,509	100,366

NOTE 17: TRADE AND OTHER PAYABLES

	Note	Consolidated Group	
		2021 US$	**2020 US$**
CURRENT			
Unsecured liabilities:			
Trade payables		225,797	311,647
Sundry payables and accrued expenses		1,532,343	1,315,155
		1,758,140	1,626,802
a. **Financial liabilities at amortised cost classified as trade and other payables**			
Trade and other payables:			
– total current		1,758,140	1,626,802
Financial liabilities as trade and other payables	24	1,758,140	1,626,802

NOTE 18: LEASE LIABILITIES

	Consolidated Group	
	2021 US$	**2020 US$**
Current	1,759	1,780
Non-current	-	16,773
	1,759	18,553

NOTE 19: TAX

	Consolidated Group	
	2021 US$	**2020 US$**
CURRENT		
Income tax recoverable	210,513	36,216

NOTE 20: ISSUED CAPITAL

	Consolidated Group	
	2021 US$	**2020 US$**
429,520,222 (2020: 267,777,037) fully paid ordinary shares	96,651,080	14,873,158

	Consolidated Group			
	2021		**2020**	
	No. of shares	Contributed equity US$	No. of Shares	Contributed equity US$
a. **Ordinary Shares**				
At the beginning of the reporting period	267,777,037	14,873,158	2,500	1,178
Elimination of Takmur Pte Ltd.	-	-	(2,500)	-
Movement :				
– Year 2020	-	-	267,777,037	14,871,980
– 15 February 2021	147,277,370	73,141,006	-	-
– 25 March 2021	1,627,477	437,531	-	-
– 9 April 2021	1,940,350	521,644	-	-
– 23 June 2021	10,897,988	8,447,656	-	-
– Share issue costs	-	(769,915)	-	-
At the end of the reporting period	429,520,222	96,651,080	267,777,037	14,873,158

On 15 February 2021, the Company completed acquisition of Tisma Development (HK) Limited. Essentially the business of Tisma and its controlled entities is the main undertaking of the Group going forward. As part of the acquisition of Tisma, the Company issued 147,277,370 shares to the vendors of Tisma;

On 25 March 2021, 1,627,477 shares were issued on conversion of 2,257,127 Performance Rights to Shares on achievement of milestones.

On 9 April 2021, 1,940,350 shares were issued on conversion of 1,940,350 Performance Rights to Shares on achievement of milestones.

On 23 June 2021, the Company completed a successful capital raise of US$8,447,656 million, with 10,897,988 shares issued at US$0.77516 per share;

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.

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	
		2021 US$	2020 US$
Total borrowings		1,759	18,553
Less cash and cash equivalents	10	6,624,364	3,509,395
Net cash/(debt)		6,622,605	3,490,842
Total equity		83,036,651	4,520,849
Total capital		83,036,651	4,520,849
Gearing ratio		0.002%	0.4%

NOTE 21: CASH FLOW INFORMATION

		Consolidated Group	
		2021 US$	2020 US$
a.	**Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax**		
	Loss after income tax	(4,321,230)	(13,820,603)
	Non-cash flows in (loss):		
	– depreciation	187,877	129,173
	– listing and acquisition costs	25,793	7,015,780
	– share-based payments	2,061,607	3,938,578
	– exchange differences	313,552	(102,560)
	Changes in assets and liabilities:		
	– (increase)/decrease in trade and other receivables	(666,381)	99,896
	– decrease/(increase) in advances to suppliers	14,848	(235,024)
	– (increase)/decrease in inventories	(408,013)	161,320
	– increase in prepayments and deposits	(25,588)	(41,100)
	– increase in deferred tax assets	(206,215)	(264,212)
	– decrease in trade and other payables	16,320	1,170,343
	– increase in LSE listing costs	895,461	-
	– increase in current tax liabilities	(171,205)	(138,302)
	Net cash generated by operating activities	(2,283,174)	(2,086,711)

b. **Changes in Liabilities arising from Financing Activities**

			Non-cash changes		
	1 January 2021 US$	Cash flows US$	Acquisition US$	Re-classification US$	31 December 2021 US$
Short term borrowings	-		-	-	-
Lease liabilities	18,553	(16,794)	-	-	1,759
Total	18,553	(16,794)	-	-	1,759

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) Asset acquisition:

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

NOTE 22: RELATED PARTY TRANSACTIONS

Phoenician Management Services Limited, a related party of Mr. Hasler, provided management support, general administration and IT services to PT Investasi Mandiri, after acquisition. For the year ended 31 December 2021, Phoenician Management Services Limited was paid US$1,150,602 (2020: US$494,008) and expenses recognised during the year totaled US$1,155,006 (2020: US$494,008). A total of US$4,404 (2020: Nil) remains payable at year end.

NOTE 23: 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	Consolidated Group	
		2021 US$	**2020 US$**
Financial assets			
Financial assets at amortised cost			
– cash and cash equivalents	10	6,624,364	3,509,395
– trade and other receivables	11c	968,915	368,627
Total financial assets		7,593,279	3,878,022
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	17	1,758,140	1,626,802
– Lease liabilities			
Current	18	1,759	1,780
Non-current	18	-	16,773
Total financial liabilities		1,759,899	1,645,355

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.

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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.

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

Financial liability and financial asset maturity analysis	**Within 1 Year**		**1 to 5 Years**		**Total**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Consolidated Group	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Financial liabilities due for payment						
Trade and other payables	1,758,140	1,626,802	-	-	1,758,140	1,626,802
Lease liabilities	1,759	1,780	-	16,773	1,759	18,553
Total expected outflows	1,759,899	1,628,582	-	16,773	1,759,899	1,645,355
Financial assets – cash flows realisable						
Cash and cash equivalents	6,624,364	3,509,395	-	-	6,624,364	3,509,395
Trade and other receivables	968,915	368,627	-	-	968,915	368,627
Total anticipated inflows	7,593,279	3,878,022	-	-	7,593,279	3,878,022
Net inflow/ (outflow) on financial instruments	5,833,380	2,249,440	-	(16,773)	5,833,380	2,232,667

c. (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.

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table shows 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.

2021	**Net Financial Assets/(Liabilities) in USD**		
Consolidated Group	**USD**	**AUD**	**Total USD**
Functional currency of entity:			
US dollar	-	5,975,070	5,975,070
Indonesian Rupiah	857,364	-	857,364
Statement of financial position exposure	857,364	5,975,070	6,832,434

2020	**Net Financial Assets/(Liabilities) in USD**		
Consolidated Group	**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

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.

		2021		**2020**	
Consolidated Group	**Note**	**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	6,624,364	6,624,364	3,509,395	3,509,395
Trade and other receivables(i)	11	968,915	968,915	368,627	368,627
Total financial assets		7,593,279	7,593,279	3,878,022	3,878,022
Financial liabilities at amortised cost					
Trade and other payables(i)	17	1,758,140	1,758,140	1,626,802	1,626,802
Lease liabilities(i)	18	1,759	1,759	18,553	18,553
Total financial liabilities		1,759,899	1,759,899	1,645,355	1,645,355

(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 24: 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	
	2021 US$	**2020 US$**
Share Based Payment Reserve		
At the beginning of the reporting period	2,804,535	-
Share based payments	2,061,607	3,938,578
Issue of shares to employees	(959,174)	(1,134,043)
Closing balance in share-based payment reserve	3,906,968	2,804,535
Foreign Currency Translation Reserve		
At the beginning of the reporting period	(22,084)	-
Exchange differences on translation of foreign operations	(2,123)	(22,084)
Closing balance in foreign currency translation reserve	(24,207)	(22,084)
Total	3,882,761	2,782,451

NOTE 25: EVENTS AFTER THE REPORTING PERIOD

The Company notes that as at 31 December 2021, 2,182,894 performance rights held by Mr Hasler had vested on the achievement of their milestone. The 2,182,894 shares relating to these performance rights were not issued until 7 January 2022.

On 11 March 2022, the Company announced a placement to a US-based institutional investor. The share placement consists of an initial investment of US$4.5 million by L1 Capital Global Opportunities Master Fund (“L1” or “Investor”). A further two investments of US$4.5 million each (totalling US$9.0 million) may be made by L1 subject to mutual agreement between PYX and L1.

The receipt of these funds will allow PYX to accelerate its previously announced plans to grow its production volume at its Mandiri deposit and start planning operations at the Tisma deposit. The placement will be used for CAPEX and working capital.

Details of the placement are contained in the Company's announcement dated 11 March 2022.

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

HALL CHADWICK
Chartered Accountants & Business Advisors

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

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 2021, 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 2021 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.

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Perth WA 6000
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SYDNEY
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T: +61 2 9263 2600

HALL CHADWICK
Chartered Accountants & Business Advisors

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 2021. 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
Acquisition of Tisma Development (HK) Limited Refer to Note 5 "Asset Acquisition"	
During the year, PYX Resources Limited (PYX) acquired Tisma Development (HK) Limited, for a deemed purchase consideration of US$73,141,005. This acquisition was considered a significant acquisition for the Group. 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. It is due to the nature of the acquisition and the judgement involved in accounting for the acquisition that it is considered a key audit matter.	Our audit procedures included but not limited to: • 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 business combination and if so whether AASB 3 "Business Combinations" was the relevant accounting standard to account for the acquisition. • We considered whether the cost of acquired asset has been dealt with in accordance with AASB 6 "Exploration for and Evaluation of Mineral Resources". • 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.
Share-Based Payments Refer to Remuneration Report "Compensation Performance Rights and Options Granted, Exercised, Converted or Lapsed During the Financial Year"	
During the year ended 31 December 2021, the Company issued performance rights to key management personnel, which were accounted for as share-based payments under AASB 2 "Share-based Payments". 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 issued during the year.	Our audit procedures included but not limited to: • 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 by inspecting relevant agreements. • Holding discussions with management to understand the share-based payments arrangements in place and evaluating management's assessment of the likelihood of meeting the performance conditions attached to the performance options. • Recalculating the estimated fair value of the performance options, including assessing the

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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 $4,321,230 and has negative operating cash flows of $2,283,174 for the year. The year-end net cash position of the Group was US$6,624,364. 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 future years. 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 up to 31 March 2023 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 2021 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.

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.

HALL CHADWICK
Chartered Accountants & Business Advisors

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

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.
- 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.

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

- 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 2021.

In our opinion, the remuneration report of PYX Resources Limited, for the year ended 31 December 2021, complies with s 300A of the Corporations Act 2001.

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

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

DREW TOWNSEND
Partner
Dated: 15 March 2022

Shareholder and Investor Information

Additional information required by National Stock Exchange of Australia Limited and the Main Market of the London Stock Exchange not shown elsewhere in this Annual Report is as follows. The information is as at 31 December 2021.

SHAREHOLDER INFORMATION AS AT MOST RECENT BALANCE DATE (31 DECEMBER 2021)

TWENTY LARGEST SHAREHOLDERS (AS AT 31 December 2021)

Ordinary Shareholders	Number of Ordinary Shares Fully Paid	Percentage
PHOENIX FUND SOLUTIONS LIMITED	92,520,635	21.54
CEDRUS INVESTMENTS LTD (NOMINEES 2 A/C)	84,822,342	19.75
COMPUTERSHARE CLEARING PTY LTD (CCNL DI A/C)	69,696,796	16.23
CITICORP NOMINEES PTY LIMITED	53,666,914	12.49
TGN HOLDINGS (HK) LIMITED	51,638,685	12.02
ZURICH CAPITAL PARTNERS LIMITED	15,554,964	3.62
JURA VENTURES LIMITED	13,000,000	3.03
SINO VENTURES LIMITED	10,934,257	2.55
EDELWEISS PARTNERS LIMITED	7,920,710	1.84
CEDRUS INVESTMENTS LTD (NOMINEES 1 A/C)	7,786,111	1.81
BNP PARIBAS NOMINEES PTY LTD (GROUP #48232)	6,013,152	1.40
TAMARIND RESOURCES PRIVATE LIMITED	2,951,230	0.69
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,636,407	0.61
BNP PARIBAS NOMINEES PTY LTD SIS SIS LTD (DRP A/C)	1,576,243	0.37
LIGHTGLOW ENTERPRISES PTY LTD (PALOMA INVESTMENTS A/C)	1,515,364	0.35
HSBC CUSTODY NOMINEES (AUS) LTD (GSCO CUSTOMERS A/C)	1,000,000	0.23
APEZO PTY LTD	740,000	0.17
AUGMENT HOLDINGS LTD	727,720	0.17
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	542,439	0.13
BRAD HAWKINS CONSULTING PTY LTD	431,000	0.10
	425,674,969	**99.10**

DISTRIBUTION OF SHARE HOLDERS (AS AT 31 DECEMBER 2021)

SPREADS OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS
1 - 1,000	386	103,723
1,001 - 5,000	97	225,811
5,001 - 10,000	32	244,575
10,001 - 100,000	58	1,876,593
100,001 - 999,999,999,999	27	427,069,520
TOTAL	**600**	**429,520,222**

SHAREHOLDER INFORMATION AS AT 31 DECEMBER 2021

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 429,520,222 fully paid ordinary shares on issue, held by 600 individual shareholders as at 31 December 2021.

SUBSTANTIAL SHAREHOLDERS
As at 31 December 2021, the following shareholders were recorded in the Register as a Substantial Shareholder.

Ordinary Shareholders	Number of Ordinary Shares Fully Paid	Percentage
Phoenix Fund Solutions Limited	92,520,635	21.54
Takmur SPC Limited	84,109,669	19.58
Phoenician Group Limited	62,628,770	14.58
TGN Holdings (HK) Limited	51,638,685	12.02

OPTIONS
As at 31 December 2021 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 2021 the Company had 14,771,331 Performance Rights held by Mr. Oliver Hasler on issue that are convertible into a maximum of 19,349,303 Shares, subject to the achievement of milestones.

RESTRICTED SECURITIES
As at 31 December 2021 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 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.

Act means the Australian 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.

LSE means London Stock Exchange

Mandiri or PT IM 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.

PT TIA means PT Tisma Investasi Abadi, 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 Limited, 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 means Tisma Development (HK) Limited, a limited liability company incorporated under the laws of Hong Kong SAR with Company Number 2749676 and registered address of 6/F., 8 Queen's Road Central, Hong Kong.

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.

Tisma or PT TGN means PT Tisma Global Nusantara, a subsidiary of Tisma.

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

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Telephone: +612 8823 3132 Website: www.pyxresources.com

Auditors

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Sydney NSW 2000

Australia

National Stock Exchange of Australia

Listing NSX Code: PYX

London Stock Exchange

Listing LSE Code: PYX

Share Registry

Advanced Share Registry Pty Ltd

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Facsimile: +618 9262 3723

Australian Company Number and Australian Business Number

ACN 073 099 171

ABN 30 073 099 171

Depositary

Computershare Investor Services plc

The Pavilions, Bridgewater Road, Bristol, BS 13 8AE, United Kingdom

Financial Advisor and Broker to the Company

VSA Capital Limited

New Liverpool House, 15-17 Eldon Street, London EC2M 7LD, United Kingdom

PYX 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