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PYX Resources Limited
16 March 2023

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16 March 2023

PYX Resources Limited

2022 Full Year Results and Publication of Annual Report

Strong Financial Position, Growing Global Demand for Critical Product Suite

PYX Resources Ltd ("PYX or the Company) (NSX: PYX | LSE: PYX) the second largest publicly-listed zircon producing mining company globally by zircon resources, is pleased to announce its results for the year ended 31 December 2022 ("Financial Year 2022" or "FY 2022"), and the publication of its Annual Report.

FY2022 HIGHLIGHTS

- Strong revenue growth on the back of solid business fundamentals
- Revenue increased by 83% to US$22.7 million (2021: US$12.4 million)
- Premium zircon revenue increased by 81%; as a result of price and volume increases
- Year ended with PYX zircon price at US$2,457 per tonne
- Premium zircon sales volume growth and strong production increase (33% & 25% year on year)
- Robust customer demand across PYX's end markets
- Natural rutile and ilmenite successfully added to production portfolio
- Continued to deliver on strategic growth plans by adding new export products to suite of highly sought after commodities
- Average premium zircon price for FY 2022 of US$2,457 per tonne, 36% increase on FY2021 (2021: US$1,811)
- Positive underlying EBITDA of US$419k (FY2021: negative US$794k)
- Ended year debt free, with closing cash of US$7.2 million
- Received strong strategic financial backing from well-regarded international investor groups
- 2023 projected to experience another very strong commodity up-cycle, which represents a great opportunity for PYX to boost capacity and grow market share.

FINANCIAL & OPERATIONS SUMMARY

US$	FY 2022	FY 2021	% change
Sales revenue	22,703,190	12,417,086	83%
Cash cost of production	(17,293,633)	(10,406,727)	-66%
EBITDA	(9,254,205)	(4,329,943)	-114%
EBIT	(9,496,707)	(4,517,820)	-110%
Net loss before tax	(9,524,646)	(4,529,754)	-110%
Net loss after tax (NLAT)	(9,433,600)	(4,321,230)	-118%
Underlying EBITDA	419,289	(793,628)	153%
Cash	7,221,085	6,624,364	9%
Total assets	89,124,565	84,796,550	5%
Total liabilities	(5,570,118)	(1,759,899)	-217%

	FY 2022	FY 2021	% change
Zircon Produced	9.1kt	7.2kt	25%
Zircon Sales	9.1kt	6.9kt	33%
Titanium Dioxide Minerals Produced	7.5kt	-	
Titanium Dioxide Minerals Sold	0.3kt	-	
Value Per Tonne Zircon	$2,457	$1,811	36%
Total Produced	**16.6kt**	**7.2kt**	**129%**
Total Sold	**9.5kt**	**6.9kt**	**38%**

FY 2022 OVERVIEW

The Company performed strongly in FY 2022 due to a boost in premium zircon, rutile and ilmenite production, increased sales volumes, and strong pricing.

Accordingly, FY 2022 saw PYX deliver 83% revenue growth to US$22.7 million (FY 2021: US$12.4 million), while achieving positive underlying EBITDA of US$419k, with limited negative operating cash flows. The positive underlying EBITDA is mainly obtained by excluding the non-cash share-based payments and loss on fair value change of financial instrument from the achieved EBITDA.

PYX achieved ongoing sale price increases in H1 2022, which stabilised in H2 2022, to help the Company achieve average premium zircon prices for FY 2022 of $2,457 per tonne, an increase of 36% when compared to FY 2021 ($1,811 per tonne).

Furthermore, PYX produced 16.6kt of minerals sands (zircon, rutile and ilmenite) ("Minerals Sands") in FY 2022, a 129% year-on-year ("YoY") increase on FY 2021 (7.2kt), of which 9.1kt were zircon, a 25% YoY increase on FY 2021 (7.2kt).

In FY 2022, YoY sales of Minerals Sands grew by 38% to 9.5kt (FY 2021: 6.9kt) and for premium zircon by 33% to 9.1kt (FY 2021: 6.9kt). The Company also strengthened its finished goods inventories to 7.3kt (2021: 0.3 kt) as a result of the start of rutile and ilmenite production. Premium zircon inventories increased to 438t (17.5 days) from 343t (18.3 days) at the end of 2021 and decreased from 913t at the end of June 2022.

In a year which saw record production, strong financial performance and growing product development, PYX began 2022 strongly when it announced it had commenced production and sales of rutile and ilmenite at the Mandiri deposit in Indonesia.

The natural rutile is a valuable by-product for the Company and follows PYX maximising its production capacity at its Mineral Separation Plant to 24ktpa in November 2021.

The main use of rutile is as a pigment in the manufacture of refractory ceramic, and for the production of titanium metal. Finely powdered rutile is a brilliant white pigment and is used in paints, plastics, paper, foods, and other applications that call for a bright white colour.

From a commercial perspective, ilmenite is the most important titanium ore and is used to produce synthetic rutile for feedstocks to produce titanium dioxide (TiO_2) pigment, which accounts for around 90% of global titanium feedstock consumption.

The production of rutile and ilmenite is an integral part of the company's growth strategy, expanding the range of products available to its increasingly diverse customers worldwide.

Notably, the Australian Government identified rutile and ilmenite as critical minerals considered vital for the economic well-being of the world's major and emerging economies, yet whose supply may be at risk.

Global demand for PYX's primary product, zircon, saw an increase in the price for PYX's Premium Zircon by 36% from US$1,811 to US$2,457 per tonne during the year; an increase of 85% compared to the 2020 average price.

On the corporate front, PYX attracted significant global investor interest throughout the year and received financial backing from a number of well-respected investment firms.

In late March, PYX announced a strategic placement of shares with well-regarded US-based institutional investor L1 Capital Global Opportunities Master Fund. The initial investment was US$4.5 million. A further two investments of US$4.5 million each (totaling US$9.0 million) may be made by L1 subject to mutual agreement between PYX and L1.

PYX's balance sheet received a further boost in October 2022 when it obtained a GBP20 million investment commitment from GGY Global Yield LLC SCS (GEM), a US$3.4 billion alternative investment firm with offices in Paris, New York, and the Bahamas. In this tailored agreement, PYX is able to control the amount and timing of investment under this GBP20 million commitment over a 36-month period, with no minimum subscription obligation.

Finally, in late November PYX boosted its team with the appointment of Dr Raden Sukhyar as a Non-Executive Director. Dr

Finally, in late November PYX boosted its team with the appointment of Dr. Raden Sukhyar as a Non-Executive Director. Dr. Sukhyar, a highly regarded geologist and Indonesian executive, has vast experience and knowledge of operating in Indonesia, including key government roles.

Commenting on the Company's achievements in FY 2022, PYX Resources' Chairman and Chief Executive Officer, Oliver B. Hasler, said: "2022 has been a hugely successful year for PYX in which we have delivered strong revenue growth and operational performance, on the back of solid business fundamentals. We finished the year on a very powerful note, with a healthy bank balance, global investor support, strong demand for our growing product suite and, most importantly, a safe workplace record.

We are particularly pleased that we have continued to grow our production numbers and have been successful in adding the highly sought after commodities of natural rutile and ilmenite to our product portfolio. We are very proud of our safety and environmental record, and sustainability remains a major focus of our operations. We look forward to delivering further strong growth in 2023 and we want to thank our highly valued shareholders, workers, and operating communities for their ongoing support."

The Annual Report and Financial Statements for the year ended 31 December 2022 has been published today and is available for inspection at https://pyxresources.com/investors-reports.

2022 Full Year Results Conference Call

A conference call for equity market participants will take place on Tuesday 21 March 2023 at 7pm AEDT, 4pm HKT, 8am GMT. All participants wishing to join the call must pre-register here to receive the dial-in information.

Annual General Meeting

The Company's Annual General Meeting (AGM) will be held virtually on Tuesday, 16 May 2023. Details of all resolutions to be considered at the AGM will be contained in a Notice of AGM and Explanatory Notes which will be dispatched to shareholders prior to the meeting in accordance with the relevant legal requirements.

***** ENDS *****

For more information:

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This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

This announcement is authorised for release by Oliver B. Hasler, Chairman and Chief Executive Officer.

CHAIRMAN'S LETTER

Dear Shareholders,

Welcome to PYX Resources' December 2022 Annual Report. In 2022, the global economy experienced moderate economic growth on the path to post pandemic recovery following the removal of virus-related restrictions in most countries worldwide, with China being the notable exception having only recently eased its zero-Covid strategy.

However, governments and financial markets globally had to contend with other major challenges, mostly stemming from geopolitical tensions, including the war in Ukraine and tensions around Taiwan and the South China Sea, and persistently high inflation in Europe and North America as a result of supply chain disruptions and dislocation following an attempt by most Western countries to reduce their import dependency from China and Russia.

Inflationary pressure in Western countries has triggered one of the most abrupt changes in monetary policy over the past 20 years, with US and European benchmark interest rates rising substantially in a very short period of time, which in turn led to a strong revaluation of the US Dollar against other major currencies.

Encouragingly, Indonesia's economy has performed remarkably well within the international political turmoil, with a contained currency depreciation, projected 2022 GDP growth of 6% and inflation of 4.6%, resulting from the commodity export increase and solid structural reforms and improvement of the regulatory environment.

June 2022 saw industrial metals markets come under pressure and experience the most significant price decline since 2008. The Company believes the trigger was not only the equity markets correction, but the uncertainty surrounding the possibility of an upcoming global recession, high inflation, higher interest rates, and the concern that the war in Ukraine might spread to other countries. Despite this, the average zircon price achieved in 2022 was US$2,457/mt, up 36% on 2021. Since the beginning of 2021, international premium zircon prices increased from US$1,400/mt to US$2,300/mt in December 2022 and actual prices are projected to remain stable into the beginning of 2023. We believe that zircon prices are driven by physical trade and impacted by a strong demand/supply imbalance rather than by geopolitical concerns.

The year 2022 showed a strong shift in the geographic segmentation of our customers, with demand from the Chinese market softening as a result of Covid-19 related restrictions and weakening of the construction sector. Fortunately, the flexibility of our commercial model allows us to shift supply as demand migrates from one geography to another and, accordingly, we moved sales towards India, Europe, and the Americas. Although there are some signs of weakened demand in the short term, prices have remained stable as supply remains tight as a result of the limited inventory in the market and production remaining at last year's levels. The market indications expect an increase of demand in China after the Chinese Lunar New Year at the end of January 2023 and a weakening of the Indian and European market as a result of the sharp increases in production costs driven by the energy crises.

Against this macro-economic backdrop and in the context of a major commodity pricing correction, I am very proud of the results achieved by PYX during 2022.

Firstly, PYX increased the production of its Minerals Sands by 129% and lifted sales volumes by 38% having capitalised on our investment in the Mandiri Mineral Separation Plant and on our strong customer relationships. We also increased the diversification of our revenue mix with the start of production and domestic sale of titanium minerals, zircon by-products utilised in the production of pigment, titanium metal, and welding electrode fluxes. With exports of these minerals expected to commence soon, we anticipate our investment in this regard will add a substantial avenue for future revenue growth.

Secondly, having streamlined our mining and separation processes, we delivered an increase in gross profit per ton compared to 2021. In addition, our underlying EBITDA improved significantly from negative US$794k in 2021 to positive US$419k in 2022, in line with our objective to increase volumes gradually and mostly through internally generated cash flows. Since the beginning of the world crisis, it was clear to us that we had to prioritise our cash, and I am pleased that we continue to have a positive net cash position of US$7.2m and remain debt free.

Thirdly, as mentioned earlier, we have worked hard to diversify our customer base with the intention of serving all geographies and industry sectors and mitigating disruptions in specific locations and markets. At the beginning of the year, PYX continued to expand its market presence in China while developing strong relationships with key clients and customers internationally, which became the larger part of our business in the second half of the year.

As part of this, we commenced operations at Kuala Lumpur's Port Klang, which has shown to provide significant benefits to PYX and its international clients by reducing shipping time to end-use markets, increasing predictability of shipments, reducing shipping costs to many key markets, and providing a well-placed buffer stock to negate the effects of seasonal storms and other supply chain issues.

Fourthly, as a reflection of the continued interest in our shares within the global investor community and having fully capitalised on our dual listing on the London Stock Exchange, we diversified our investor base and added high profile US-based investors including L1 and GEM to our shareholder register.

Finally, but yet importantly, PYX has continued to put the message of sustainability at the heart of its operations in Indonesia. Having joined the UN Global Compact Initiative to align our strategies with universal principles focused on preserving the environment and benefiting communities for generations to come, we have been involved in several major community programs: we successfully vaccinated 100% of our employees against Covid-19; started planting 10,000

Bengkirai trees in our mining tenement; oversaw blood donation efforts in Kalimantan; and supported both the local school and the Borneo Orangutans Survival Foundation. A comprehensive analysis of our measurable impact on ESG matters can be found in our Sustainability Report.

Looking forward, the zircon and titanium industry fundamentals remain extremely attractive and present significant opportunities for PYX and its shareholders. We believe the pricing environment on both markets have firmed up over the past few months and we are confident that 2023 will present opportunities for PYX in terms of increasing its pricing power. In addition, we continue to see strong demand for premium products, and we expect to be able to grow our volumes substantially as our investments in operations and mining infrastructure continue to bear fruit.

The extraordinary results and achievements during the year have only been possible thanks to the industriousness and diligence of our directors, management team and professional staff, and the support and commitment of the local communities and governments. On this note, on 31 August 2022 with great sadness we learnt of the sudden death of our director Gary Artmont, a world-renowned geologist with a deep knowledge of mineral sands and in particular mining in Kalimantan. Gary was instrumental in building the foundation for PYX's strategy and operation and we wish his family our most heartfelt sympathies for their loss.

As sad as we all are for Gary's passing, I am comforted by the fact that we appointed an equally outstanding director to join our board on 28 November 2022, Dr. Raden Sukhyar. Dr Sukhyar is a highly regarded geologist and Indonesian executive who is very familiar with PYX and its operations. We are delighted to have his support as he brings with him over 40 years of experience in the resource industry.

I would also like to thank our shareholders and stakeholders for their continued support and look forward to many more successful years ahead as we deliver on our strategy, build the Group into one of the most prominent mineral sands producers globally, and generate long-term value to all.

Oliver Hasler
Chairman and Chief Executive Officer

Palangkaraya, Kalimantan Indonesia
15 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 US$	2021 US$
Revenue	3	22,703,190	12,417,086
Cost of sales	4	(17,449,606)	(10,511,342)
Gross Profit		5,253,584	1,905,744
Other income	3	8,043	1,089
Selling and distribution expenses		(2,120,337)	(950,745)
Corporate and administrative expenses		(9,852,833)	(4,195,750)
Foreign exchange loss		(487,174)	(350,011)
Listing costs		-	(928,147)
Loss on fair value change	17	(2,297,990)	-
Interest expense	4	(27,939)	(11,934)
Loss before income tax		(9,524,646)	(4,529,754)
Income tax benefit/(expense)	5	91,046	208,524
Net loss for the year		(9,433,600)	(4,321,230)
Net loss attributable to:			
Owners of the Parent Entity		(9,471,192)	(3,678,882)
Non-controlling interests		37,592	(642,348)
Net loss for the year		(9,433,600)	(4,321,230)
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		(621,873)	18,634
Total comprehensive income for the year		(10,055,473)	(4,302,596)
Total comprehensive income attributable to:			
Owners of the Parent Entity		(9,446,042)	(3,681,005)
Non-controlling interests		(609,431)	(621,591)

		(10,055,473)	(4,302,596)
	Note	**2022**	**2021**
		US$	**US$**
Loss per share			
Basic loss per share (cents)	**8**	(2.16)	(1.10)
Diluted loss per share (cents)	**8**	(2.03)	(1.00)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022	2021
		US$	US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	7,221,085	6,624,364
Trade and other receivables	10	1,396,300	968,915
Advances to suppliers		619,782	337,214
Other assets		517,847	-
Prepayments and deposits		102,457	68,484
Prepaid tax	18	661,130	210,513
Inventories	11	705,776	530,716
TOTAL CURRENT ASSETS		11,224,377	8,740,206
NON-CURRENT ASSETS			
Property, plant and equipment	13	4,051,196	2,228,372
Intangible assets	14	73,314,239	73,334,566
Right of use assets	15	11,332	21,595
Deferred tax assets	16	523,421	471,811
TOTAL NON-CURRENT ASSETS		77,900,188	76,056,344
TOTAL ASSETS		89,124,565	84,796,550
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,505,996	1,758,140
Other liabilities	17	4,064,122	-
Lease liabilities		-	1,759
TOTAL CURRENT LIABILITIES		5,570,118	1,759,899
NON-CURRENT LIABILITIES			
Lease liabilities		-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		5,570,118	1,759,899
NET ASSETS		83,554,447	83,036,651
EQUITY			
Issued capital	19	102,226,925	96,651,080
Reserves	23	8,905,334	3,882,761
Accumulated losses		(26,027,122)	(16,555,930)
Equity attributable to owners of the Parent Entity		85,105,137	83,977,911
Non-controlling interest		(1,550,690)	(941,260)
TOTAL EQUITY		83,554,447	83,036,651

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Ordinary Shares	Share Based Payment Reserve	Foreign Exchange Translation Reserve	Options Reserve	Accumulated losses	Subtotal	Non-controlling Interests	Total
	US$	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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Ordinary Shares	Share Based Payment Reserve	Foreign Exchange Translation Reserve	Options Reserve	Accumulated losses	Subtotal	Non-controlling Interests	Total
	US$	US$	US$	US$	US$	US$	US$	US$
Balance at 1 January 2022	96,651,080	3,906,968	(24,207)	-	(16,555,930)	83,977,911	(941,260)	83,036,651
Comprehensive income								
Loss for the year	-	-	-	-	(9,471,192)	(9,471,192)	37,592	(9,433,600)
Other comprehensive income for the year	-	-	25,149	-	-	25,149	(647,022)	(621,873)
Total comprehensive income for the year	-	-	25,149	-	(9,471,192)	(9,446,043)	(609,430)	(10,055,473)
Transactions with owners, in their capacity as owners, and other transfers								
Shares issued during the year	4,452,459	-	-	-	-	4,452,459	-	4,452,459
Options reserve	-	-	-	553,939	-	553,939	-	553,939
Share based payments	-	5,566,871	-	-	-	5,566,871	-	5,566,871
Issue of shares to employees	1,123,386	(1,123,386)	-	-	-	-	-	-
Total transactions with owners and other transfers	5,575,845	4,443,485	-	553,939	-	10,573,269	-	10,573,269
Balance at 31 December 2022	102,226,925	8,350,453	942	553,939	(26,027,122)	85,105,137	(1,550,690)	83,554,447

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 US$	2021 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		22,148,216	11,879,327
Payments to suppliers and employees		(25,646,834)	(13,982,760)
Other income		8,043	1,089
Interest received		2,007	2,007
Finance costs		(29,946)	(13,941)
Income tax paid		(408,885)	(168,896)
Net cash used in operating activities	20	(3,927,399)	(2,283,174)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,021,930)	(1,041,853)
Payments for acquisitions, net of cash acquired		-	(24,179)
Net cash used in investing activities		(2,021,930)	(1,066,032)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from investor (Net of costs)		6,452,285	-
Net proceeds from placement funds		443,644	8,447,656
Payments of LSE listing costs		-	(895,461)
Costs associated with shares issues		-	(769,914)
Repayments of lease liabilities		(14,566)	(16,794)
(Payments)/Receipts of employee loans		6,930	(6,395)
Net cash provided by financing activities		6,888,293	6,759,092
Net increase in cash and cash equivalents		938,964	3,409,886
Cash and cash equivalents at the beginning of financial year		6,624,364	3,509,395
Effect of foreign exchange rate changes		(342,243)	(294,917)
Cash and cash equivalents at the end of financial year	9	7,221,085	6,624,364

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 the Group incurred a loss after tax of US$9,433,600 and had negative cash flows from operations of US$3,927,399.

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$7,221,085. The losses were partly because of the non-operating and non-cash items of US$7,820,721. One of the major non-operating items in the period were loss on fair value change of financial instrument expenses of US$2,297,990 and an accrual of management's share-based payments of US$5,566,871. Therefore, the underlying EBITDA for the period was positive US$419,289. 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 12.

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 (i.e., 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 Asset Acquisition Accounting

On 21 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.

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 statement comparatives.

Statement of financial position

The consolidated statement of financial position as at 31 December 2022 represents the consolidated financial position of Pyx Resources Limited and its controlled entities as at 31 December 2022.

Statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss for the year ended 31 December 2022 represents the consolidated results of PYX and Takmur and its controlled entities for the year ended 31 December 2022 and the consolidated results of Tisma and its controlled entities, PT Tisma Investasi Abadi and PT Tisma Global Nusantara, for the period from 1 January 2022 to 31 December 2022. The comparative information for the period ended 31 December 2022 represents the consolidated results of Takmur and its controlled entities for the period from 1 January 2022 to 31 December 2022 and the consolidated results of PYX for the period from 1 January 2022 to 31 December 2022.

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 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.

- 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. **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

j. **Exploration and evaluation assets**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

k. **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.

l. **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.

m. **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.

n. **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.

o. **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.

p. **Comparative Figures**

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

q. **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 production of mineral sands (including premium zircon, rutile and ilmenite), activities from which it incurs costs. Consequently, the results of the Group are analysed as a whole by the chief operating decision maker.

r. **Critical Accounting Estimates, Judgements and Assumptions**

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) **Share-based payments**

The fair value of performance rights is measured at grant date, taking into account the terms and conditions upon which those shares were granted. The cumulative expense recognised between grant date and vesting date is adjusted to reflect the Director's best estimate of the number of rights that will ultimately vest because of internal and market conditions, such as the employees having to remain with the Group until vesting date or such that employees are required to meet internal KPI.

When shareholders' approval is required for the issuance of performance rights, the expenses are recognised based on the grant date fair value according to the management estimation.

(ii) **Recovery of deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(iii) **Exploration and evaluation cost**

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

(iv) **Impact of COVID-19 on the Group**

Demand remained strong during the year of 2022, 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 2022 have so far been higher than the 2021 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

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.

	2022 US$	2021 US$
Statement of Financial Position		
ASSETS		
Current assets	17,441,243	12,335,955
Non-current assets	78,058,861	78,058,861
TOTAL ASSETS	95,500,104	90,394,816
LIABILITIES		
Current liabilities	4,857,163	1,093,863
Non-current liabilities	-	-
TOTAL LIABILITIES	4,857,163	1,093,863
EQUITY		
Issued capital	109,497,411	103,921,565
Accumulated losses	(28,097,926)	(18,866,644)
Share-based payment reserve	9,243,456	4,246,032
Non-controlling interest	-	-
TOTAL EQUITY	90,642,941	89,300,953
Statement of Profit or Loss and Other Comprehensive Income		
Net loss	(9,231,282)	(3,468,255)
Total comprehensive income	-	-

NOTE 3: REVENUE

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

	Note	2022 US$	2021 US$
Sales Revenue	3a	22,703,190	12,417,086
Other income	3b	8,043	1,089

a. Sales of mineral sands

The Group earns revenue by mining, processing, and subsequently selling mineral sands (including zircon and rutile) to customers based in the Americas, Asia, China and Europe. Revenue from the sale of product is recognised when control has been transferred to the customer, generally being when the product has been dispatched and is no longer under the physical control of the Group. In cases where control of product is transferred to the customer before dispatch takes place, revenue is recognised when the customer has formally acknowledged their legal ownership of the product, which includes all inherent risks associated with control of the product. In these cases, product is clearly identified and immediately available to the customer.

Sales to customers are generally denominated in US Dollars. The effect of variable consideration arising from rebates, discounts and other similar arrangements with customers is included in revenue to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue recognised when any pricing uncertainty is resolved.

NOTE 4: LOSS FOR THE YEAR

		2022 US$	2021 US$
Loss before income tax from continuing operations includes the following specific expenses:			
a.	**Expenses**		
	Cost of sales	17,449,606	10,511,342
	Interest expense on financial liabilities not classified as at fair value through profit or loss:		
	- unrelated parties	29,907	12,162
	Finance charges	39	1,779
	Less: Interest income	(2,007)	(2,007)
	Net interest expense	27,939	11,934
	Employee benefits expense:		
	- Staff salaries and benefits	323,931	302,339
	- Share based payments	5,566,871	2,061,607
	Rental expense on operating leases		
	- short- term lease expense	4,304	5,509
	Depreciation and amortisation	242,502	187,877

NOTE 5: TAX EXPENSE

		2022 US$	2021 US$
a.	The components of tax benefit income comprise:		
	Deferred tax benefit	91,046	208,524
		91,046	208,524

		2022 US$	2021 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	(9,524,646)	(4,529,754)
	Prima facie tax payable on (loss) from ordinary activities before income tax at 25% (2021: 25%)	2,381,162	1,132,439
	Tax effect of:		
	- non-deductible items	(2,249,813)	(856,767)
	- Tax losses and temporary differences not recognised as deferred tax assets	(67,224)	(22,505)
	- Impact of overseas tax differential	26,921	(44,643)
	Income tax benefit	91,046	208,524

NOTE 6: 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 2022. The total remuneration paid to KMP of the Company and the Group during the year are as follows:

	2022 US$	2021 US$
Short-term employee benefits	728,876	739,133
Share-based payments	5,515,195	2,061,607
Total KMP compensation	6,244,071	2,800,740

NOTE 7: AUDITOR'S REMUNERATION

	2022 US$	2021 US$
Remuneration of the auditor for:		
Audit or review of financial statement		
Hall Chadwick (NSW)	67,924	58,346
Other services		
T.K. Lo (HK)	3,800	14,500
KAP Syarief Basir & Rekan	15,664	
Hall Chadwick (NSW)	-	52,361
	87,388	125,207

NOTE 8: LOSS PER SHARE

	2022 US$	2021 US$
a. Reconciliation of losses to profit or loss:		
Loss attributable to non-controlling equity interest	(9,433,600)	(4,321,230)
Loss used to calculate basic and dilutive EPS	(9,433,600)	(4,321,230)

	2022 No.	2021 No.
Weighted average number of ordinary shares on issue used in the calculating of basic loss per share	436,375,601	404,902,836
Weighted average number of dilutive options outstanding	4,944,576	537,500
Weighted average number of dilutive warrants outstanding	3,000,000	-
Weighted average number of dilutive performance rights outstanding	20,220,000	19,349,303
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive loss per share	464,540,177	424,789,639
Loss per share		
Basic loss per share (cents)	(2.16)	(1.10)
Diluted loss per share (cents)	(2.03)	(1.00)

NOTE 9: CASH AND CASH EQUIVALENTS

	2022 US$	2021 US$
Cash at bank and on hand	7,221,085	6,624,364
	7,221,085	6,624,364

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:

	2022 US$	2021 US$
Cash and cash equivalents	7,221,085	6,624,364
	7,221,085	6,624,364

NOTE 10: TRADE AND OTHER RECEIVABLES

	Note	2022 US$	2021 US$
CURRENT			
Trade receivables		1,379,259	945,425
Amount due from a unrelated entity		-	-
		1,379,259	945,425
Other receivables		1,731	10,002

	Note	2022 US$	2021 US$
Other receivables		1,731	10,002
GST/VAT receivable		15,310	14,666
Provision for impairment	10a(i)	-	(1.178)
		17,041	23,490
Total current trade and other receivables		1,396,300	968,915

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 measurement of loss allowance	Amounts written off	Closing balance
		1 January 2021			31 December 2021
		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 measurement of loss allowance	Amounts written off	Closing balance
		1 January 2022			31 December 2022
		US$	US$	US$	US$
(i)	Current other receivables	-	-	-	-
		-	-	-	-

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.

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 10. 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	2022 US$	2021 US$
Trade and other receivables:			
- total current		1,396,300	968,915
Total financial assets measured at amortised cost	22	1,396,300	968,915

d. **Collateral Pledged**

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

NOTE 11: INVENTORIES

	2022 US$	2021 US$
CURRENT		
At cost:		
Raw materials	-	18,147
Finished goods	705,776	512,569
	705,776	530,716

NOTE 12: 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	
		2022	2021	2022	2021
		%	%	%	%
Takmur Pte Limited	Singapore	100	100	-	-
PT Andary Usaha Makmur	Indonesia	99.5	99	0.5	1
*PT Investasi Mandiri**	Indonesia	-	-	100	100
Tisma Development (HK) Ltd.	Hong Kong	100	100	-	-
PT Tisma Investasi Abadi	Indonesia	99	99	1	1
*PT Tisma Global Nusantara***	Indonesia	-	-	100	100

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

** 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.

b. **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	
	2022 US$	2021 US$
Summarised Financial Position		
Current assets	5,106,190	3,073,202
Non-current assets	2,280,298	1,464,608
Current liabilities	(8,865,505)	(5,410,355)
Non-current liabilities	-	-
NET ASSETS	(1,479,017)	(872,545)
Carrying amount of non-controlling interests	(1,479,017)	(872,545)

Summarised Financial Performance		
Revenue	22,703,190	12,417,086
Profit/(Loss) after income tax	53,431	(633,165)
Other comprehensive income after tax	(659,903)	20,822
Total comprehensive income	(606,472)	(612,343)
Loss attributable to non-controlling interests	(606,472)	(612,343)
Distributions paid to non-controlling interests	-	-

Summarised Cash Flow Information		
Net cash used in operating activities	(2,260,338)	(2,134,642)
Net cash used in investing activities	(1,086,625)	(615,776)
Net cash from financing activities	3,510,633	2,724,907
Net (decrease)/increase in cash and cash equivalents	163,670	(25,511)

	PT Tisma Global Nusantura	
	2022 US$	2021 US$
Summarised Financial Position		
Current assets	122,011	14,057
Non-current assets	74,596	-
Current liabilities	(332,308)	(147,942)
Non-current liabilities	-	-
NET ASSETS	(135,701)	(133,885)
Carrying amount of non-controlling interests	(135,701)	(133,885)
Summarised Financial Performance		
Revenue	-	-
Loss after income tax	(14,649)	(3,383)
Other comprehensive income after tax	12,833	-
Total comprehensive income	(1,816)	(3,383)
Loss attributable to non-controlling interests	(1,816)	(3,383)
Distributions paid to non-controlling interests	-	-
Summarised Cash Flow Information		
Net cash used in operating activities	(82,312)	(13,876)
Net cash used in investing activities	(74,596)	-
Net cash from financing activities	188,322	13,705
Net decrease in cash and cash equivalents	31,414	(171)

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	2022 US$	2021 US$
Land and Buildings		
Freehold land at cost	211,603	196,989
Translation	(11,286)	-
Total land	200,317	196,989
Buildings at cost	1,231,651	826,936
Accumulated depreciation	(248,221)	(176,542)
Translation	(53,375)	-
Total buildings	930,055	650,394
Total land and buildings	1,130,372	847,383
Construction in Progress		
Construction in Progress at cost	2,258,130	659,605
Translation	(132,079)	-
Total Construction in Progress	2,126,051	659,605
Plant and Equipment		
Plant and equipment at cost	1,073,904	818,856

Plant and equipment at cost	1,073,904	818,856
Accumulated depreciation	(333,363)	(183,903)
Translation	(53,678)	-
Total plant and equipment	686,863	634,953
Motor Vehicles		
Motor vehicles at cost	138,707	79,758
Accumulated depreciation	(42,618)	(15,777)
Translation	(6,254)	-
Total motor vehicles	89,835	63,981
Furniture and Fittings		
Furniture and fittings at cost	31,806	30,668
Accumulated depreciation	(13,145)	(8,218)
Translation	(586)	-
Total furniture and fittings	18,075	22,450
Total property, plant and equipment	**4,051,196**	**2,228,372**

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$
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	-	1,194,595
Transfer	-	-	(152,742)	-	-	-	(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
Balance at 1 Jan 2022	196,989	650,394	659,605	634,953	63,981	22,450	2,228,372
Additions	14,614	381,302	1,652,555	227,191	58,949	1,138	2,335,749
Transfer	-	-	(54,030)	-	-	-	(54,030)
Depreciation expense	-	(48,266)	-	(121,603)	(26,841)	(4,927)	(201,637)
Translation	(11,286)	(53,375)	(132,079)	(53,678)	(6,254)	(586)	(257,258)
Balance at 31 Dec 2022	200,317	930,055	2,126,051	686,863	89,835	18,075	4,051,196

NOTE 14: INTANGIBLE ASSETS

	2022 US$	2021 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	(40,041)	(22,245)
Translation	(2,531)	-
Net carrying amount	46,412	66,739
Exploration asset:		
Carrying value on acquisition	73,260,053	73,260,053
Net carrying amount	73,260,053	73,260,053
Total intangible assets	73,314,239	73,334,566

Mining Exploration

	Goodwill	Licenses	assets	Total
	US$	US$	US$	US$
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
Year ended 31 December 2022				
Balance at the beginning of the year	7,774	66,739	73,260,053	73,334,566
Additions through business combinations	-	-	-	-
Amortisation	-	(17,796)	-	(17,796)
Translation	-	(2,531)	-	(2,531)
Closing value at 31 December 2022	7,774	46,412	73,260,053	73,314,239

NOTE 15: RIGHT OF USE ASSETS

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

i) AASB 16 related amounts recognised in the balance sheet

Right of use assets

	2022	2021
	US$	US$
Leased Buildings	25,059	11,187
Accumulated depreciation	(4,624)	(9,320)
Disposals	(11,187)	-
Translation	(772)	-
	8,476	1,867
Leased Motor Vehicles	140,484	140,484
Accumulated depreciation	(137,334)	(120,756)
Translation	(294)	-
	2,856	19,728
Total Right of use assets	11,332	21,595
Movement in carrying amounts:		
Leased Buildings:		
Opening balance	1,867	7,451
Additions	13,872	-
Depreciation expense	(6,491)	(5,584)
Translation	(772)	-
Net Carrying Amount	8,476	1,867
Leased Motor Vehicles:		
Opening balance	19,728	52,910
Additions	-	-
Disposals	-	-
Depreciation expense	(16,578)	(33,182)
Translation	(294)	-
Net Carrying Amount	2,856	19,728
Total Right of use assets	11,332	21,595

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

	2022	2021
	US$	US$
Depreciation charge related to right-of-use assets	23,069	38,766
Interest expense on lease liabilities	39	1,779
Short term lease expenses	4,304	5,509

NOTE 16: DEFERRED TAX ASSETS (NON-CURRENT)

Non-current assets - deferred tax

	2022 US$	2021 US$
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	110,811	219,153
Property, plant and equipment	(8,131)	(6,865)
Employee benefits	(11,634)	(3,764)
Deferred tax asset	91,046	208,524
Amount expected to be recovered with 12 months		
Amount expected to be recovered after more than 12 months	91,046	208,524
Amount expected to be settled within 12 months	-	-
Amount expected to be settled after more than 12 months	-	-
	91,046	208,524
Movements:		
Opening balance	471,811	265,596
Credited to profit or loss (Note 5)	91,046	208,524
Foreign exchange	(39,436)	(2,309)
Closing balance	523,421	471,811

NOTE 17: OTHER LIABILITIES

	2022 US$	2021 US$
Prepayments from investor*	6,827,322	-
Allocation of costs	(309,154)	-
Less : fair value of initial shares	(3,702,036)	
Less : fair value of subscribed shares	(1,050,000)	
Loss on fair value change	2,297,990	-
Balance at the end of reporting period	4,064,122	-

* On 11 March the Company entered into Share Subscription Agreement ("Subscription Agreement") with L1 Capital Global Opportunities Master Fund ("L1" or "Investor") and received an advance payment amount of US$4,383,822 (net of costs) from L1 as a prepayment for US$5 million worth of PYX shares ("Initial Investment Subscription Amount") via a share placement. The Company has issued initial 3,000,000 shares at zero value and 2,083,431 unlisted options to L1.

The key terms and conditions of the Subscription Agreement are:

- The Investor will immediately prepay a lumpsum of US$4,500,000 for Placement Shares worth US$5,000,000; and on mutual consent, up to an additional US$9,000,000.
- The Investor will specify the time(s) of issuance(s) of shares (the "Placement Shares") no later than 24 months following the date of the applicable funding date to offset the Subscription Amount.
- The subscription price for the Placement Shares was initially 130% of the average of the 5 daily VWAPs on the applicable exchange (NSX or LSE) preceding the applicable funding date. Commencing 30 days after the funding date, the Investor may elect to subscribe for the Placement Shares at 95% of the average of 3 daily VWAPs over the 15 trading days (on the applicable exchange) prior to the Share Issuance Date.
- The Investor will not sell more than 20% of the monthly trading volume in any month.
- On each of the applicable funding dates, the Company will issue to the Investor a number of Options equal to 40% of the prepayment amount divided by the average of the 5 daily VWAPs preceding the applicable funding date. Each option will have a strike price equal to 130% of the average of the 5 daily VWAPs preceding the applicable funding date and expire 3 years from the applicable funding date.
- To the extent that any Shares remain unissued at the 24-month anniversary of the date of the prepayment, such Shares will be mandatorily issued at that time, based on the Subscription Price applying at the time.

On 7 July 2022, 857,000 placement shares valued at US$550,000 were issued to L1.

On 7 October 2022, 1,061,693 placement shares valued at US$500,000 were issued to L1.

* On 2 December 2022, L1 has invested an additional US$2,500,000 in the Company in exchange for US$2,777,778 worth of PYX shares. The Company received the additional advance funds of US$2,443,500 (net of costs) from L1 as a prepayment for US$2,777,778 worth of PYX shares. The Company has issued to the Investor 1,700,000 shares ("the Additional Initial

for US$2,777,778 worth of PYX shares. The Company has issued to the Investor 1,700,000 shares ("the Additional Initial Shares") and 2,323,645 unlisted options with an exercise price of GBP 0.45 which will expire three years from the applicable funding date.

The following variations to their agreement have since been made by the Company and the Investor:

- The Company will issue 1,700,000 shares to the Investor at the time of the funding of the Advance Payment of US$2.5m (the Additional Shares).
- The Investor may elect to subscribe for the Placement Shares at 95% of the average of 3 daily VWAPs over the 15 trading days (on the applicable exchange) prior to the Share Issuance Date or 130% of the average of 5 daily VWAPs over the 5 trading days immediately prior to the relevant date of the Advance Payment.
- The Investor will not sell more than 40% of the monthly trading volume in any month, provided that during the term the Investor may not sell more than 30% of the aggregate trading volume during the term.
- The term of the investment has been increased from 24 to 30 months.

The unconverted amounts of the prepayment and additional advance payment are reported net of the fair value of initial shares, additional initial shares and placement shares subscribed as at the reporting date.

NOTE 18: TAX

	2022 US$	2021 US$
CURRENT		
Income tax recoverable	661,130	210,513

NOTE 19: ISSUED CAPITAL

	2022 US$	2021 US$
441,349,100 (2021: 429,520,222) fully paid ordinary shares	102,226,925	96,651,080

	2022		2021	
	No. of shares	Contributed equity	No. of Shares	Contributed equity
	No.	US$	No.	US$
a. Ordinary Shares				
At the beginning of the reporting period	429,520,222	96,651,080	267,777,037	14,873,158
Movement:				
Year 2021	-	-	161,743,185	81,777,922
7 January 2022	2,182,894	586,762	-	-
15 March 2022	3,000,000	2,513,971	-	-
31 March 2022	1,996,368	536,624	-	-
7 July 2022	857,000	550,000	-	-
7 October 2022	1,061,693	500,000	-	-
7 December 2022	2,730,923	1,166,227	-	-
Share issue costs	-	(277,739)	-	-
At the end of the reporting period	441,349,100	102,226,925	429,520,222	96,651,080

On 7 January 2022, 2,182,894 shares were issued on conversion of 2,182,894 Performance Rights to Shares on achievement of milestones.

On 21 March 2022, the Company issued initial 3,000,000 shares valued at US$2,513,971, net of costs and 2,083,431 unlisted options to L1 Capital Global Opportunities Master Fund ("L1"). These initial shares and unlisted options were issued in connection with the advance funds of US$4,383,822 received from L1 as a prepayment for US$5,000,000 worth of PYX shares. These advance funds will be converted to ordinary shares of the Company within 24 months after the funding date. The unconverted amount of the advance funds is reported net of the value of initial shares and included in trade and other payables in the consolidated statement of financial position.

On 21 March 2022, 1,996,368 shares were issued on conversion of 2,675,943 Performance Rights to Shares on achievement of milestones.

On 7 July 2022, 857,000 shares valued at US$550,000 were issued to L1 Capital Global Opportunities Master Fund ("L1"). These shares were issued in connection with the funds of US$4,383,822 received from L1 as a prepayment for US$5 million worth of PYX shares.

On 7 October 2022, 1,061,693 shares valued at US$500,000 were issued to L1 Capital Global Opportunities Master Fund ("L1"). These shares were issued in connection with the funds of US$4,383,822 received from L1 as a prepayment for US$5 million worth of PYX shares.

On 7 December 2022, 1,700,000 shares were issued to L1 Capital Global Opportunities Master Fund ("L1") (the Additional Shares).

On 7 December 2022, 1,030,923 shares were issued to GGY Global Yield LLC SCS ("GGY").

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. Unlisted Options

	2022	2021
	No.	No.
At the beginning of the reporting period	537,500	537,500
21 March 2022	2,083,431	-
7 December 2022	2,323,645	-
At the end of the reporting period	4,944,576	537,500

On 21 March 2022, the Company issued 2,083,431 unlisted options to L1 Capital Global Opportunities Master Fund ("L1") with an exercise price of GBP 0.86 and an expiry date of 21 March 2025.

On 7 December 2022, 2,323,645 unlisted options were issued to L1 Capital Global Opportunities Master Fund ("L1") with an exercise price of GBP 0.45 to expire three years from the applicable funding date.

c. Unlisted Warrants

	2022	2021
	No.	No.
At the beginning of the reporting period	-	-
7 October 2022	3,000,000	-
At the end of the reporting period	3,000,000	-

On 7 October 2022, 3,000,000 unlisted warrants were issued to GGY Global Yield LLC SCS ("GGY") with an exercise price of GBP100 and an expiry date three years from the date of issue.

d. 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.

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	2022 US$	2021 US$
Total borrowings		-	1,759
Less cash and cash equivalents	9	7,221,085	6,624,364
Net cash/(debt)		7,221,085	6,622,605

	Note	2022 US$	2021 US$
Total equity		83,554,447	83,036,651
Total capital		83,554,447	83,036,651
Gearing ratio		0.000%	0.002%

NOTE 20: CASH FLOW INFORMATION

	2022 US$	2021 US$
a. Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax		
Loss after income tax	(9,433,600)	(4,321,230)
Non-cash flows in (loss):		
- depreciation	242,502	187,877
- listing and acquisition costs	-	25,793
- share-based payments	5,566,871	2,061,607
- exchange differences	(286,642)	313,552
- Fair value change of financial instrument	2,297,990	-
Changes in assets and liabilities:		
- increase in trade and other receivables	(434,478)	(666,381)
- (increase)/decrease in advances to suppliers	(282,568)	14,848
- increase in inventories	(175,060)	(408,013)
- increase in prepayments and deposits	(33,974)	(25,588)
- increase in deferred tax assets	(51,610)	(206,215)
- (increase)/decrease in trade and other payables	(886,213)	16,320
- increase in LSE listing costs	-	895,461
- increase in current tax liabilities	(450,617)	(171,205)
Net cash generated by operating activities	(3,927,399)	(2,283,174)

b. Changes in Liabilities arising from Financing Activities

	1 January 2022	Cash flows	Non-cash changes Acquisition	Non-cash changes Re-classification	31 December 2022
	US$	US$	US$	US$	US$
Short term borrowings	-		-	-	-
Lease liabilities	1,759	(1,759)	-	-	-
Total	1,759	(1,759)	-	-	-

c. Cash Financing and Investing Activities

(i) Share issue:

Refer to note 19 for details of cash financing activities arising from shares issued.

NOTE 21: 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 2022, Phoenician Management Services Limited was paid $1,292,188 (2021: $1,150,602) and expenses recognised during the year totaled $1,287,784 (2021: $1,155,006).

NOTE 22: 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	2022 US$	2021 US$
Financial assets			
Financial assets at amortised cost			

	Note	2022 US$	2021 US$
- cash and cash equivalents	9	7,221,085	6,624,364
- trade and other receivables	10c	1,396,300	968,915
Total financial assets		8,617,385	7,593,279
Financial liabilities			
Financial liabilities at amortised cost			
- trade and other payables		1,505,996	1,758,140
- lease liabilities - current		-	1,759
Financial liabilities at fair value			
- other liabilities	17	4,064,122	-
Total financial liabilities		5,570,118	1,759,899

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.

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 10.

b. Liquidity risk

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

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;

- obtaining funding from a Parent Group;

- maintaining a reputable credit profile;

- managing credit risk related to financial assets; and

- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

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

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

Financial Liability and Financial Asset Maturity Analysis

	Within 1 Year		1 to 5 Years		Total	
	2022	2021	2022	2021	2022	2021
	US$	US$	US$	US$	US$	US$
Financial liabilities due for payment						
Trade and other payables	1,505,996	1,758,140	-	-	1,505,996	1,758,140
Lease liabilities	-	1,759	-	-	-	1,759
Total expected outflows	1,505,996	1,759,899	-	-	1,505,996	1,759,899
Financial assets - cash flows realisable						
Cash and cash equivalents	7,221,085	6,624,364	-	-	7,221,085	6,624,364
Trade and other receivables	1,396,300	968,915	-	-	1,396,300	968,915
Total anticipated inflows	8,617,385	7,593,279	-	-	8,617,385	7,593,279
Net inflow/ (outflow) on financial instruments	7,111,389	5,833,380	-	-	7,111,389	5,833,380

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 Product 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.

d. (ii) Foreign currency risk

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

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

The following table shows 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.

2022	Net Financial Assets/(Liabilities) in USD			
	USD	GBP	AUD	Total USD
Functional currency of entity:				
US dollar	-	(3,213,877)	3,541,491	327,614
Indonesian Rupiah	1,595,683	-	-	1,595,683
Statement of financial position exposure	1,595,683	(3,213,877)	3,541,491	1,923,297

2021	Net Financial Assets/(Liabilities) in USD			
	USD	GBP	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

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.

		2022		2021	
	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)	9	7,221,085	7,221,085	6,624,364	6,624,364
Trade and other receivables(i)	10	1,396,300	1,396,300	968,915	968,915
Total financial assets		8,617,385	8,617,385	7,593,279	7,593,279
Financial liabilities					
Financial liabilities at amortised costs					
Trade and other payables(i)		1,505,996	1,505,996	1,758,140	1,758,140
Lease liabilities(i)		-	-	1,759	1,759
Financial liabilities at fair value					
Other liabilities(i)	17	4,064,122	4,064,122	-	-
Total financial liabilities		5,570,118	5,570,118	1,759,899	1,759,899

(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 23: RESERVES

A. ***Share-Based Payment Reserve***

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

b. **Options Reserve**

The options reserve records costs associated with the option issue.

c. **Foreign Currency Translation Reserve**

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

d. **Analysis of Each Class of Reserve**

	2022 US$	2021 US$
Share Based Payment Reserve		
At the beginning of the reporting period	3,906,968	2,804,535
Share based payments	5,566,871	2,061,607
Issue of shares to employees	(1,123,386)	(959,174)
Closing balance in share-based payment reserve	8,350,453	3,906,968
Options Reserve		
At the beginning of the reporting period	-	-
Options reserve	553,939	-
Closing balance in Options reserve	553,939	-
Foreign Currency Translation Reserve		
At the beginning of the reporting period	(24,207)	(22,084)
Exchange differences on translation of foreign operations	25,149	(2,123)
Closing balance in foreign currency translation reserve	942	(24,207)
Total	8,905,334	3,882,761

NOTE 24: EVENTS AFTER THE REPORTING PERIOD

During the 2022 financial year PYX received a total initial investment of US$6,827,322 from a US Institutional Investor, L1 Capital Global Opportunities Master Fund ("**Investor**"), for US$7,777,778 worth of PYX shares ("**Subscription Amount**") via a share placement, as announced on 11 March 2022 and 2 December 2022. Subsequent to year end the Company issued 5,412,629 Shares for the conversion into Shares of a total of US$1,350,000 of the Subscription Amount in accordance with the third and fourth Subscription Notices received. Following the fourth Subscription Notice, there is US$5,377,778 of available Subscription Amount remaining.

On 23 February 2023 the Company announced that it has received notification from the Central Kalimantan Provincial Government (DMPTSP: Head of Investment Office and One-Stop Integrated Service Department of Central Kalimantan) that after approval from the Energy and Mineral Resources Department of Central Kalimantan ("ESDM") the Company's application for the renewal of the license for the Tisma tenement has been granted for the maximum authorised period of 10 years, after which the license can be renewed for additional periods. The renewal of the tenement license allows PT. Tisma Global Nusantara ("PT TGN") to continue to perform exploration and mining works in the tenement area.

537,500 options with an exercise price of AU$1.00 expired in February 2023.

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

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