Notice of Extraordinary General Meeting and Explanatory Memorandum

Pyx Resources Limited ACN 073 099 171

Date of Meeting: 15 February 2021

Time of Meeting: 4:00pm (Sydney time)

Place of Meeting: To be held virtually via **www.advancedshare.com.au/virtual-meeting**

Notice of Extraordinary General Meeting

IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Extraordinary General Meeting of Shareholders (**EGM**) of Pyx Resources Limited ACN 073 099 171 (**Company**) will be held virtually on 15 February 2021 at 4:00pm (Sydney time).

Access to the meeting is via **www.advancedshare.com.au/virtual-meeting** using the Meeting ID and Shareholder ID on the proxy form to log in to the website.

Terms used in this Notice of Meeting are defined in section 5 (Interpretation) of the accompanying Explanatory Memorandum.

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting Eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (AEDT) on 13 February 2021.

Participating in the EGM online

Voting can occur during the meeting via **www.advancedshare.com.au/virtual-meeting** using the Meeting ID and Shareholder ID on the proxy form to login to the website.

Attending the EGM online enables Shareholders to listen to the EGM live and to view presentation slides and proxy results whilst the EGM is in progress. All shareholders will have a reasonable opportunity to ask questions during the EGM via the online platform.

All resolutions at the EGM will be decided on a poll. Shareholders are therefore strongly encouraged to lodge directed proxies in advance of the EGM.

Questions

Shareholders entitled to vote at the EGM may also submit written questions relevant to the business of the EGM in advance of the EGM. Questions may also be submitted for the external auditor about the auditor's report to be considered at the EGM or the conduct of the audit. It may not be possible to respond to all questions.

Shareholders are encouraged to lodge relevant questions in advance of the EGM by sending an email containing their question(s) to **lmartino@pyxresources.com** by 5.00pm (AEDT) on 11 February 2021.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.
In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

As proxies will not be able to physically attend the EGM, Shareholders are encouraged to consider appointing the Chair as their directed proxy for this EGM, or otherwise complete the directions for each resolution on the Proxy Form. You can direct your proxy to vote “For”, “Against” or “Abstain” from voting on, a resolution by marking the appropriate box in the **enclosed** Proxy Form.

Notice of Extraordinary General Meeting

Agenda

Ordinary business

1. Approval of Change to Nature and Scale of Activities

To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

"That, subject to and conditional upon the passing all of the Acquisition Resolutions, for the purposes of NSX Listing Rule 6.41 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities resulting from the acquisition of the Target as described in the Explanatory Statement."

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution 1 by or on behalf of:

- a counterparty to the transaction that, of itself or together with one or more other transactions, will result in a significant change to the nature or scale of the entity's activities and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity); and
- an associate of that person.

However, this does not apply to a vote cast in favour of this Resolution by:

- a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; and
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; or
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. Approval of Issue of Shares

To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

"*That, subject to and conditional upon the passing all of the Acquisition Resolutions, for the purposes of NSX Listing Rule 6.25 and for all other purposes, approval is given for the*

Company to issue up to 147,277,370 Shares to the Vendors as consideration for the acquisition of the Target on the terms set out in the Explanatory Memorandum."

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution 2 by or on behalf of:

- a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By order of the Board

Oliver B Hasler

Chairman of the Board

Dated: 14 January 2021

Notice of Extraordinary General Meeting

Proxy Appointment and Voting Instructions

Proxy Form
Shareholders are strongly encouraged to vote by proxy. To vote by proxy, please complete and sign the relevant enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

If you wish to appoint the Chair as your proxy, mark the appropriate box on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chair, please write the full name of that person on the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chair will be your proxy. A proxy need not be a Shareholder of the Company.

All resolutions at the EGM will be decided on a poll. Shareholders are therefore strongly encouraged to lodge directed proxies in advance of the EGM.

Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the Company;
- a director and a company secretary of the Company; or
- for a proprietary company that has a sole director who is also the sole company secretary, that director.

Corporate Representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry before the Meeting or at the registration desk on the day of the Meeting.

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in the 'FOR', 'AGAINST' or 'ABSTAIN' box opposite the Resolution. All your votes will be cast in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolutions by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolutions, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.
As proxies will not be able to physically attend the EGM, Shareholders are encouraged to consider appointing the Chair as their directed proxy for this EGM, or otherwise complete the directions for

each resolution on the Proxy Form. You can direct your proxy to vote “For”, “Against” or “Abstain” from voting on, a resolution by marking the appropriate box in the enclosed Proxy Form

Voting Restrictions that May Affect Your Proxy Appointment

Due to the voting exclusions that may apply to certain items of business, the Key Management Personnel and their Closely Related Parties will not be able to vote your proxy on Resolution 1 (Adoption of the Remuneration Report) unless you have directed them how to vote or, in the case of the Chair, if you expressly authorise him or her.

Chair Voting Undirected Proxies

If the Chair is your proxy, the Chair will cast your votes in accordance with your directions on the Proxy Form. If you do not mark any of the boxes on the Resolutions, then you expressly authorise the Chair to vote your undirected proxies at his/her discretion.

As at the date of this Notice, the Chair intends to vote undirected proxies FOR each of the Resolutions. In exceptional cases the Chair’s intentions may subsequently change and in this event, the Company will make an announcement to the market.

Voting Eligibility – Snapshot Date

The Company may specify a time, not more than 48 hours before the Meeting, at which a “snapshot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

The Directors have determined that all Shares of the Company that are quoted on NSX at 5.00pm AEDT on 12 February 2021 shall, for the purpose of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Defined terms

Capitalised terms used in the Notice and the Explanatory Statement are defined in the Glossary.

Questions from Shareholders

Shareholders may only submit questions that relate to the formal items of business in the Notice in advance of the Meeting to the Company. Should you have any questions, please send these in advance of the Meeting addressed to the Company Secretary via email at lmartino@pyxresources.com by 5pm (AEDT) on 12 February 2021.

As required under section 250PA of the Corporations Act, the Company will make available at the Meeting those questions directed to the Auditor received in writing at least 5 business days prior to the Meeting, being questions which the Auditor considers relevant to the content of the Auditor’s report or the conduct of the audit of the annual financial report for the year ended 30 June 2020. The Chair will allow a reasonable opportunity for the Auditor to respond to the questions set out on this list.

Questions Regarding the Notice of Meeting

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +612 8823 3132.

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to Shareholders of Pyx Resources Limited ACN 073 099 171 (**Company**) to explain the Resolutions to be put to Shareholders at the Extraordinary General Meeting to be virtually on 15 February2021 commencing at 4:00pm (Sydney time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in section 5.

1.1 Summary

The key business to be conducted at the General Meeting relates to the Company's proposed acquisition of Tisma Development (HK) Limited (**Target**) (**Acquisition**) and associated change to the nature and scale of the activities of the Company. The Acquisition will be implemented in accordance with the Share Purchase Agreement executed between the Company, Target and the shareholders of the Target (**Vendors**) pursuant to which the Company has agreed to acquire all of the issued capital of the Target (**Sale Shares**) in consideration for the issue for a total of 147,277,3770 Acquisition Shares (**Acquisition Shares**).

The Acquisition requires Shareholder approval under the Listing Rules and therefore will not proceed if that approval is not forthcoming.

1.2 Indicative Timetable

The key date regarding the General Meeting and the Acquisition are as follows:

Dispatch of the Notice to Shareholders	14 January 2021
Snapshot date for eligibility to vote at the General Meeting	12 February 2021
Extraordinary General Meeting	15 February 2021
Shares issued under the Acquisition Transaction Completion	16 February 2021
New holding statements and certificates dispatched to Vendors following completion of Acquisition	17 February 2021
Newly issued Shares start trading	Around 19 February 2021

2. Background to the Acquisition

2.1 Background

The key business to be conducted at the General Meeting relates to the Company's proposed acquisition of the Target and associated change to the nature and scale of the activities of the Company. Tisma is a limited liability company incorporated under the laws of Hong Kong. The Acquisition will amount to a change to the nature and scale of the activities of the Company and will be implemented in accordance with the Share Purchase Agreement executed between the Company, Tisma and the shareholders of Tisma (**Vendors**) pursuant to which the

Company has agreed to acquire all of the issued share capital of Tisma in consideration for the issue for a total of 147,277,370 Acquisition Shares (representing a maximum of 35.5% of the total issued share capital of Pyx on completion of the Acquisition). The Acquisition requires security holder approval under the NSX Listing Rules and therefore may not proceed if that approval is not forthcoming.

None of the Vendors are related parties or associates of each other and none of the Vendors are related parties of the Company. The Target and the company do not have common shareholders.

Conditions Precedent to Completion of Share Purchase Agreement

Completion of the Acquisition is subject to satisfaction (or waiver) of the following conditions precedent:

(a) due diligence investigations by the Company in respect of the Target, its shareholders and its projects and assets, including legal, financial and technical due diligence, and the results of the Company's due diligence on the Target being entirely to the Company's satisfaction;

(b) due diligence investigations by the Target in respect of the Company including legal and financial due diligence, and the results of the Target's due diligence on the Company being entirely to the Target's satisfaction;

(c) Shareholders of the Company approving the Acquisition Resolutions set out in this Notice of Meeting;

(d) evidence satisfactory to the Company that there are no legal restrictions that might prohibit the legal transfer of the Sale Shares to the Company;

(e) evidence satisfactory to the Vendors that there are no legal restrictions that might prohibit the legal transfer of the Acquisition Shares to the Vendors;

(f) the parties obtaining all relevant approvals, including shareholder approval, board approval and any third-party consents necessary to implement the Acquisition, including:

    (1) the issue of the Acquisition Shares; and

    (2) Shareholder approval of a change in nature and scale of the Company in accordance with the NSX Listing Rules;

(g) evidence satisfactory to the Company that the Vendors have executed and delivered all relevant documentation (including share certificates, stock transfer forms or otherwise) for the transfer of one hundred per cent (100%) of the issued share capital of the Target to the Company; and

(h) evidence satisfactory to the Vendors that the Company has issued the Acquisition Shares to the Vendors.

The Acquisition is subject to shareholder approval being received in respect of Resolutions 1 and 2 of this Notice of Meeting. The Resolutions are conditional on each other. That is, should either of the Resolutions not be approved by Shareholders, the Acquisition will not proceed.

As at the date of this Notice, none of the conditions precedent to the Share Purchase Agreement have been satisfied.

Subject to the finalisation of its ongoing due diligence, the Company has undertaken appropriate enquiries into the assets and liabilities, financial position and performance, profits and losses, JORC compliant resources and prospects of the Target. The current board of the Company is satisfied that the Acquisition is in the best interests of the Company and its existing Shareholders.

2.2 **Overview of the Target**

Business

Tisma Development (HK) Ltd. (**Target**) and its controlled entities operate the Tisma mineral sands deposit in Indonesia, a world-class mineral asset consisting of a concession area of 1,500 hectares located in Central Kalimantan Province, Indonesia. It has 137 million tonnes of JORC complaint inferred resources with 4% heavy mineral, containing approximately 4.5 million tonnes of zircon in combination with valuable by-products including titanium minerals (rutile and ilmenite).

The Target was incorporated on 27 September 2018 with an effective date of 15 October 2018. The Target acquired a 99% interest in PT Tisma Investasi Abadi for nil consideration. On and from 15 January 2019, PT Tisma Investasi Abadi obtained control over PT Tisma Global Nusantara through an exclusive operation and management agreement (**Op Agreement**). The operation and management agreement will continue until terminated by written notice from PT Tisma Investasi Abadi (of which the Target holds 99%) to PT Global Nusantara. PT Global Nusantara is unable to terminate the Op Agreement under the terms of the Op Agreement.

The Op Agreement operates in a broadly similar manner to the existing operations of the Company in relation to its Mandiri project.

Under the terms of the Op Agreement:

- PT Global Nusantara must appoint PT Investasi Abadi as the exclusive operator and management services provider for PT Global Nusantara; and

- PT Investasi Abadi has agreed to invest in PT Global Nusantara up to US$15,000,000 (there is no minimum quantum of investment) over a period of 10 years for mining equipment, other capital expenditures, exploration and geology studies, operational and administrative best practices, and management and other consulting services.

The services that will be provided by PT Investasi Abadi include, but are not limited to, providing advice which may be required by PT Global Nusantara for the conduct of the business and international marketing of the zircon business. Direct services to be provided include all assistance required to recruit, employ, train and direct employees for the safe and proper conduct of the zircon business on the Target assets.

The commitment to invest up to US$ 15 million will not be assigned to the Company, but will remain an obligation of PT Tisma Investasi Abadi, a company with limited liability incorporated under the laws of Indonesia, which will become a subsidiary of the Company following completion of the Acquisition.

As at the date of this Notice, PT Investasi Abadi has not made any investment into PT Tisma Global Nusantara under the terms of the Op Agreement

The commitment to invest up to US$ 15 million does not require PT Tisma Investasi Abadi to invest a fixed amount of money over time. The investment commitment may also be fulfilled by PT Investasi Abadi undertaking exploration activities on behalf of PT Tisma Global Nusantara and with the contribution of operational and management services to PT Global Nusantara, over a period of 10 years from the execution of the Op Agreement.

The Directors believe the capital expenditure program disclosed below, in combination with future capital expenditure and exploration activities to be executed over the next 5 to 8 years, will be adequate to fulfil the requirement of the investment commitment undertaken by PT Tisma Investasi Abadi.

In the event of non-compliance by PT Tisma Investasi Abadi in relation to the investment commitment over the prescribed 10-year period, PT Global Nusantara would be entitled to seek legal remedy from PT Tisma Investasi Abadi to enforce compliance, but non-compliance with the investment commitment will not entitle PT Tisma Global Nusantara to unilaterally terminate the Op Agreement. The Directors consider the risk of non-compliance being assessed by a court to be minimal.

In consideration for PT Investasi Abadi's services to PT Global Nusantara, PT Global Nusantara will pay service fees to PT Investasi Abadi equal to 95% of its annual net profit per annum for the term of the Op Agreement.

During the period of the Op Agreement, PT Global Nusantara and the existing shareholders of PT Global Nusantara warrant that, amongst other things:

- the board of directors of PT Global Nusantara shall consist of three members, and two of them will be approved and appointed by PT Investasi Abadi;
- PT Investasi Abadi may request the existing shareholders replace the PT Global Nusantara directors with new candidates appointed by PT Tisma Investasi Abadi during the period of the Op Agreement;
- any change in the formation of the board of directors shall be approved by PT Tisma Investasi Abadi in advance; and
- each of the existing shareholders of PT Global Nusantara has pledged the shares they hold in PT Global Nusantara to PT Investasi Abadi.

The obligations of PT Global Nusantara and its shareholders under the Op Agreement will remain enforceable and survive any share restructuring, corporate reorganisation or change of control implemented by PT Global Nusantara.

The Target is fully-licensed for zircon exploration and premium grade zircon production and export. The concession is owned by PT Tisma Global Nusantara under mining permit Izin Usaha Pertambangan – Operasi Produksi (**IUP-OP**) No. 545/244/KPTS/VIII/2012 issued on 1st August 2012 and expiring on 31 July 2022. PT Tisma Global Nusantara has exclusive rights to perform exploration and mining works in the tenement area.

The IUP-OP has a term of 10 years from grant. The Company has obtained an Indonesian Legal Opinion on the validity of the IUP-OP and this is included at Schedule 3 of this Notice. The IUP-OP is able to be renewed for 2 additional periods of 5 years each. The Company has obtained confirmation that there is no impediment to such renewals.

It has access to well-developed infrastructure such as paved roads to the deposits and is in close proximity to the Company's current Mandiri project and separation plant.

The Tisma concessions are located in two sub-districts, namely Katingan Hilir sub-district and Payawan Task Force. Both are based in the Katingan district of Central Kalimantan Province, Indonesia.

Based on an independent technical assessment carried out by Western Australia based Continental Resources Management Pty Ltd, the Tisma project has a thickness of mineralization alluvium of between 3.5 and 7.7 meters, with density of 1.75 t/m^3. Current drilling program covers 87% of the total tenement area. The November 2020 resource estimation confirmed approximately 5.5 million tonnes of heavy mineral (HM) containing JORC compliant Inferred Resources of 4.5 million tonnes of zircon (calculated zircon content of 3.27%). It also contains 0.08% rutile, 0.34% ilmenite and 1-7g/t of gold.

Transaction Rationale

The Acquisition fits the Company's business strategy in adding additional mine and resources in the same region. The Directors are of the view that the Acquisition will deliver value to existing Shareholders. In particular:

(a) by completing the Acquisition, the Company will add substantially to its Mineral Resource base, resulting in the Company ranking 2nd globally in terms of zircon content JORC compliant resources amongst mineral sands companies in production, behind market leader Iluka Resources Limited;

(b) post-Acquisition the Company will control 263 MM tons of JORC compliant resources, with 10.5MM tons of contained zircon, an increase of 75% in the Company contained zircon resources;

(c) the Target has a zircon grade of 3.27%, making it a clear outlier in terms of Zircon content globally, in line with the existing Company mineral sands deposit at Mandiri;

(d) value accretive for existing Shareholders**:** the Company is adding 109% of JORC Compliant Resources to its resource base, and 75% of contained zircon to its JORC Compliant zircon resource base, while issuing new Shares to the Vendors equivalent to 55% of its outstanding shares prior to the Acquisition.

Current and Proposed Business Activities

The Company intends to optimize exploration and mining of the Target resources for the benefit of the Company's shareholders and all the relevant stakeholders.

The Company expect to require up to US$10 million in additional capital expenditures and working capital to start production activities on the Target deposit.

The estimated breakdown is provided in the table below: (Note that the Company operates and reports in USD due to the nature and location of its business, the AUD/USD exchange rate used below is AUD$1:USD$0.75 which represents the approximate rate as at the date of this Notice)

Item	**Expenditure**	
	USD	*AUD*
Mineral Separation Plant	1,500,000	2,000,000
Mining Field Unit	5,000,000	6,666,666
Accessibility and Logistics	500,000	666,666
Other Capital Expenditures	1,000,000	1,333,333
Working Capital	2,000,000	2,666,668
Total	**10,000,000**	**13,333,333**

The Company, if needed, may seek to raise an amount of up to US$10 million to fund the estimated expenditures as agreed by the Directors. As at the date of this Notice there are no binding proposals to raise such capital. The Directors will assess the funding needs of the Company on an ongoing basis.

Costs associated with the Acquisition

The Company intends to use existing working capital to fund costs and expenses relating to the Acquisition (Note that the Company operates and reports in USD due to the nature and location of its business, the AUD/USD exchange rate used below is AUD$1:USD$0.75 which represents the approximate rate as at the date of this Notice).

Item of Work	Expenditure	
	USD	*AUD*
Cost attributable to commercial, accounting and operational due diligence and financial advisory	950,000	1,266,666
Legal advisory and administrative	200,000	266,666
Other estimated transaction costs	50,000	66,666
Total	**1,200,000**	**1,600,000**

The above are best estimate of the Directors after taking into account the various operational factors that affect Target operations. Actual amounts may vary significantly from the above estimates. These are estimates only and do not in any way constitute projections, financial or otherwise.

2.3 Capital Structure and Ownership of the Target

At present the Target has 1,000,000 fully paid ordinary shares on issue held by the following:

Vendor Name	Number of Shares in the Target	Shareholding in the Target (%)
Tisma (HK) Limited	350,622	35.1%
TGN Holdings (HK) Limited	350,622	35.1%
Jura Ventures Limited	120,000	12.0%
Zurich Capital Partners Limited	90,000	9.0%
Edelweiss Partners Limited	88,756	8.9%
TOTAL	**1,000,000**	**100%**

2.4 Share Capital Post Transaction

Currently the Company has 267,777,037 shares on issue as follows:

	Number of Shares	Percentage of ownership
Phoenix Fund Solutions	92,520,635	34.6%
Takmur SPC	84,109,669	31.4%
Other non-substantial holders (*)	86,132,651	32.1%
Shares held by Directors	5,014,082	1.9%
Total Shares currently on issue	**267,777,037**	**100%**

(*) Shares in the hands of the public

Should the Resolutions in this Notice of Meeting be approved by Shareholders and following satisfaction of all other conditions to the Acquisition, the Company will issue 147,277,370 Acquisition Shares to the Vendors, such that the issued capital of the Company post-Acquisition will be as follows:

	Number of Shares	Percentage of ownership
Phoenix Fund Solutions	92,520,635	22.3%
Takmur SPC	84,109,669	20.3%
Other non-substantial holders (*)	86,132,651	20.8%
Shares held by Directors	5,014,082	1.2%
Tisma (HK) Limited	51,638,685	12.4%
TGN Holdings (HK) Limited	51,638,685	12.4%
Jura Ventures Limited (*)	17,673,285	4.3%
Zurich Capital Partners Limited (*)	13,254,964	3.2%
Edelweiss Partners Limited (*)	13,071,751	3.1%
Total Shares on issue Post Acquisition	**415,054,407**	**100.00%**

(*) Shares in the hands of the public

The Company confirms that it does not have any Shareholders in common with the Target.

Dilutionary effect on Existing Shareholders

As set out above the issued capital of the Company will increase by 147,277,370 Shares if the Acquisition is completed resulting in an increase in the issued capital of approximately 55% of the presently issued capital. This results in Shareholders being diluted meaning they will hold a lower percentage of the Company following completion of the Acquisition.

	Number of Shares	Percentage of ownership
Existing Shareholders	267,777,037	64.5%
Acquisition Vendors	147,277,370	35.5%
Total Shares	415,054,407	100.0%

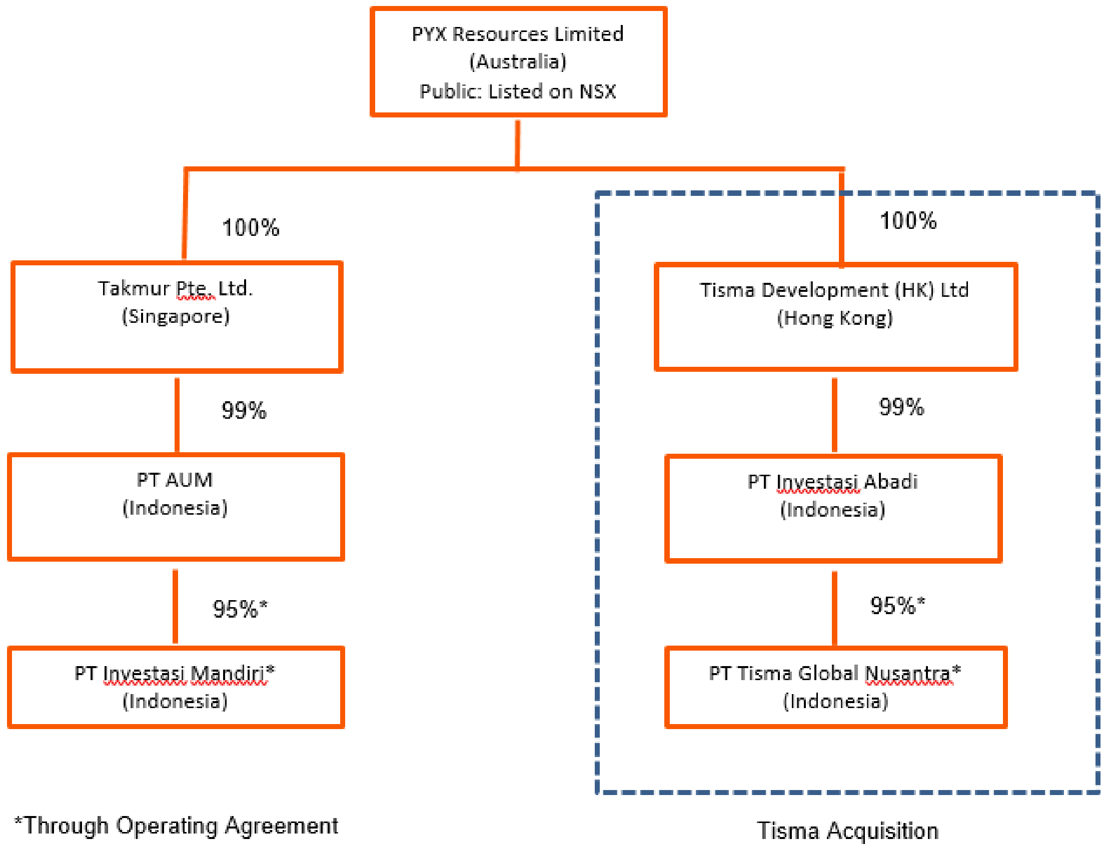
2.5 Corporate Structure

The Target currently has two subsidiaries:

(a) PT Tisma Investasi Abadi, registration number 8120017160385; and

(b) PT Tisma Global Nusantara, registration number 02.459.434.3-712.000.

The corporate structure of the Company on completion of the Acquisition is as follows:



2.6 **Board and Management Structure**

No change to the Company board or management will occur as a result of the Acquisition.

2.7 **Financial Information of the Company and Pro Forma Financials**

Below audited financials of the Company and the Target as of 30 June 2020, and proforma impact of the Acquisition on the Company's account as of 30 June 2020.

As of 30 June 2020	Company AUDITED	Target AUDITED	Pro-forma Post Acquisition	Note
Cash and cash equivalent	4,209,174	9,499	3,018,673	1
Trade Receivables	708,091		708,091	
Other current assets	549,707	49,495	599,202	
Total Current Assets	**5,466,972**	**58,994**	**4,325,966**	
Property Plant and Equipment	1,178,246		1,178,246	
Intangible Assets	7,774		60,633,400	2
Other Non Current Assets	161,540		161,540	
Total Non Current Assets	**1,347,560**	**0**	**61,973,186**	
Trade Payables	328,121	18,000	346,121	
Other current liabilities	59,474	128,910	188,384	
Total current liabilities	**387,595**	**146,910**	**534,505**	
Total non current Liabilities	**18,608**	**0**	**18,608**	
Issued Capital	14,873,158	1	75,468,812	3
Reserves	1,378,084	9,511	1,378,084	4
Accumulated Losses	(10,320,570)	(39,484)	(11,520,570)	5
Equity Attributable to owners of Parent Entity	**5,930,672**	**(29,972)**	**65,326,326**	
Non Controlling interest	477,657	(57,944)	419,713	
Total Equity	**6,408,329**	**(87,916)**	**65,746,039**	

Note 1			
Cash and cash equivalent	4,209,174	9,499	4,218,673
Transaction Costs			(1,200,000)
Total			3,018,673

Note 2			
Intangible Assets	7,774	0	7,774
Exploration Asset recognition			60,625,626
Total			60,633,400

Note 3			
Issued Capital	14,873,158	1	14,873,159
Elimination of Target Issued Capital			(1)
New Shared issued (@0.53)			60,595,654
Total			75,468,812

Note 4			
Reserves	1,378,084	9,511	1,387,595
Elimination of Target Reserves			(9,511)
Total			1,378,084

Note 5			
Accumulated Losses	(10,320,570)	(39,484)	(10,360,054)
Elimination of Target Accumulated Losses			39,484
Transaction Costs			(1,200,000)
Total			(11,520,570)

2.8 Summary of Significant Accounting Policies

The historical and pro-forma financial information has been prepared in accordance with Australian Accounting Standards, Australia Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It is highly recommended that the financial information be read in conjunction with the Company's published Financial Statements and any public announcements made by the Company in accordance with its continuous disclosure requirements arising under the Corporations Act 2001 and NSX Listing Rules and with the Target audited accounts as reported in Schedule 2.

2.9 **Risk Factors**

Shareholders should be aware that if the Acquisition proceeds, the Company will be changing the scale of its activities. Based on the information available, a non-exhaustive list of risk factors are as follows:

2.9.1 Specific Risks

(a) Future Capital Needs and Additional Funding Risks

The Company's ability to effectively implement its business strategy will depend in part on its ability to generate income from its operations, and/or to raise additional funds. The need and amount for any additional funds required is currently unknown and will depend on numerous factors related to its current and future activities (including any future acquisitions).

There can be no assurance that funding will be available on satisfactory terms or at all. Any inability to obtain finance will adversely affect the business and financial condition of the Company and its performance. If required, the Company would seek additional funds through equity, debt or Joint Venture financing. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro-rata basis to existing shareholders, the percentage ownership of shareholders may be reduced. Shareholders may experience subsequent dilution. There can be no guarantee that any capital raisings will be successful.

If the Company is unable to obtain additional financing as needed, it may result in the delay or indefinite postponement if the Company's activities.

(b) Exploration and development Risk

Mineral sands exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project there is no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting any resource.

(c) Mineral Resources Risk

Mineral Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly (either upward or downward) when new information or techniques become available. Resources estimates, by their very nature, are imprecise and depend to some extent on interpretations, which may be inaccurate.

(d) Operating Risks

The Company's operations may be adversely affected by a range of factors, including but not limited to: failure to locate or identify mineral sands deposits, failure to commission production facilities, mechanical failure, plant breakdown, unanticipated production issues, failure to procure goods and services on commercial terms, failure to market production, failure to attract or retain staff, adverse weather conditions, industrial and environmental accidents, industrial disputes, strikes, unexpected shortages or increases in the costs of consumables, spare parts and capital equipment, adverse changes to legislation with respect to the operating environment and other such operating factors. The success of the Company's operations will also require the use of outside suppliers, the performance of whom is beyond the Company's control.

(e) Reliance on Key People

The responsibility of overseeing the day-to-day operations and strategic management of the Company depends substantially on its Directors, management and other persons. No assurance can be given that there will be no detrimental impact on the Company if one or more of these persons cease their engagement.

(f) Geopolitical, Regulatory and Sovereign Risk

The Company and Target operations are located in Indonesia and are subject to the risks of operating in a foreign country. These risks include, but are not limited to: economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, export licensing, domestic supply obligations, export duties, resource rent taxes, corporation tax rates and definitions, capital gains taxes, repatriation of capital, environmental protection, labour relations, subsoil use conditions, social obligations and other such factors that may be introduced by governments from time-to-time.

(g) Global Economic and Equity Market Conditions

The market price of the Company's securities will rise and fall independently of the Company's activities as a result of varied and unpredictable influences on the equities market in general and mineral sands stocks in particular. As a result, neither the Company nor the Directors warrant the future performance of the Company.

The Company's acquisition, exploration, development and production activities as well as its ability to fund those activities can also be adversely affected by general global and/or domestic conditions, movements in currencies or interest rates, inflation and other such macroeconomic conditions out of the Company's control.

(h) Commodity Price Volatility

The Company and Target revenues and underlying asset values are dependent on the market value of zircon and the terms of any agreement under which these products are sold. Commodity prices are volatile and are affected by many factors beyond the Company's control. Such factors include but are not limited to: fluctuations in supply and demand of the commodity, technological change, international regulation, forward selling activities and other macroeconomic factors.

(i) Foreign Currency Risk

The Company reports its accounts in USD, the Company's ordinary shares are listed and traded in AUD, and the Company's operations are in the Republic of Indonesia where the local currency is the Indonesian Rupiah. The Company's operations and listed securities are therefore subject to currency fluctuations and such fluctuations may materially affect the Company's financial position and results as well as the listed price of its securities. The Company does not currently engage in any hedging activities to offset any risk of currency fluctuations.

(j) Taxation Risks

The tax environment of Indonesia is subject to continuous development and can be subject to retroactive change, ambiguity and inconsistent application, interpretation and enforcement which could result in unfavourable changes to the Company's tax position. Non-compliance with local laws and regulations as interpreted by local authorities could lead to the assessment of additional taxes, penalties and interest.

The Target structures a number of its operations (financial, professional services, or otherwise) through some low-tax jurisdictions (please refer to Target structure chart contained within this document). Given the current governmental and political focus upon multinational corporations acting both inside and outside of Australia, the Company, following the Acquisition, may be subject to heightened regulatory risk from tax authorities.

(k) Competitor Risk

The Company and the Target face competition from established entities having greater financial and technical resources which may hinder the Company's ability to compete for future business opportunities, acquire and exploit additional attractive mineral sands properties, access transport links and market production on commercially sound terms. There can be no assurance that the Company can compete effectively with these competitors.

(l) Environmental Risks

The Target's activities are expected to have an impact on the environment and despite the Company's best efforts, and strong commitment to preventing any such impact, there can be no assurance that the Company will be successful in such mitigation. Mining activities are subject to numerous national and local environmental laws and regulations which provide for penalties and obligations to remediate damage. Significant liability could be imposed on the Company for damages, clean-up costs or penalties. Environmental laws are subject to change from time-to-time at local, national and international level and such changes may make the Company's activities uneconomic. The Company complies to the highest standards of environmental obligations and relevant local and national environmental obligations in order to mitigate any environmental damage and any potential legal remedies imposed on it. Nevertheless, there are certain risks inherent in the Company's activities which could subject the Company to extensive liability.

(m) Occupational Health and Safety

The mineral sands industry is subject to occupational health and safety laws and regulations which change from time-to-time and may result in increased costs of compliance or the potential for liability. It is the Company's intention to mitigate such risks by complying with all relevant local and national legislation and by operating to global oil and gas industry best practice.

(n) Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis the estimates are likely to change. This may result in alterations to development and production plans which may in turn, adversely affect the Company, Target and their operations.

(o) Retention of key business relationships

The enlarged Company may rely on strategic relationships with other entities such as joint venture and farm-in parties and also on good relationships with regulatory and governmental departments. It will also rely upon third parties to provide essential contracting services.

While the Company has no reason to believe otherwise, there can be no assurance that the Company's existing relationships will continue to be maintained or that new ones will be successfully formed and the Company could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance, which causes the early termination or non-renewal of one or more of these key business alliances or contracts, could adversely impact the Company, its business, operating results and prospects.

(p) Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

(q) Insurance

The Company, where feasible, intends to insure the Target's operations in accordance with industry practice. However, in certain circumstances, the Company's insurance (if obtained) may not be of a nature or level to provide adequate cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with mineral sands exploration, development and production is not always available and where available, the costs may be prohibitive. In addition, the Company may judge that it is not in the best interests of the business to insure certain assets or operations (if, for example, the cost of insurance is higher than the value of the asset). However, certain jurisdictions require that certain activities are insured and, in these cases, the Company will be required to obtain insurance even if it is not commercially viable to do so.

(r) Uninsurable risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company.

2.9.2 General Risks

(a) Economic Risks

Factors such as inflation, currency fluctuations, interest rates, supply and demand of capital and industrial disruption have an impact on business costs, commodity prices and stock market prices. The Company's operating costs, possible future revenues and future profitability can be affected by these factors, which are beyond the control of the Company.

(b) Share Market Conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as, general economic outlook, interest rates and inflation rates, currency fluctuations, changes in investor sentiment toward particular market sectors, the demand for, and supply of, capital and terrorism or other hostilities.

(c) Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Company's securities.

2.10 **Advantages and Disadvantages of the Acquisition**

The Directors consider that the Acquisition is in the best interests of the Company as:

(a) post-Acquisition the Company will control 263 MM tons of JORC compliant resources, with 10.5MM tons of contained zircon, an increase of 75% in the Company contained zircon resources;

(b) there is large potential to increase extraction and production synergies given the proximity of Mandiri and Tisma and the ability to optimize capacity utilization of the Company's separation plant;

(c) value accretive for existing Shareholders**:** The Company is adding 109% of JORC Compliant Resources to its resource base, and 75% of contained zircon to its JORC compliant zircon resource base, while issuing new Shares to the Vendors equivalent to 55% of its outstanding shares prior to the Acquisition.

The Directors consider that the Acquisition may have the following disadvantages:

(a) the issue of Acquisition Shares will result in an increase in the issued capital of approximately 55% of the presently issued capital. As a result, existing Shareholders will hold a lower percentage of the Company following completion of the Acquisition;

(b) the Company may have to raise additional capital to fund the further development of the Target following the Acquisition.

3. Resolution 1 – Approval of Change to Nature and Scale of Activities

3.1 **General**

On or about 13 January 2021 the Company entered into an agreement to purchase all the issued capital of the Target. The Acquisition, if successful, will result in the Company changing the nature and scale of its activities. Details of the Acquisition, the operations of the Target, proposed changes to the structure and operations of the Company, and the impact on the capital of the Company are set out at Section 2 of the Explanatory Statement.

Resolution 1 seeks approval from Shareholders for a change in scale of the activities of the Company.

The Acquisition requires security holder approval under the Listing Rules and therefore will not proceed if that approval is not obtained.

The Directors recommend the Acquisition (and the Resolution) to you as we believe it will significantly enhance the Company's financial strength, providing the Company with further opportunities and increased scale to compete effectively in the mineral sands industry for the benefit of Shareholders, either through returns from production, or from value adding and then divestment.

3.2 **Listing Rule 6.41**

Listing Rule 6.41 provides that issuers shall provide full details to NSX as soon as practicable of any proposed significant change to the nature or scale of its activities. the issuer must do any of the following if required by NSX:

(a) provide additional information to NSX;

(b) obtain the approval of members for the change; or

(c) meet the requirements of Chapter 4 as if applying for a listing.

In the event that the Acquisition completes, there will be a significant change to the scale of the Company's activities, both operationally and financially.

NSX has advised that Company that it will require the Company to obtain the approval of members of the change. NSX has not required the Company to meet the requirements of Chapter 4 as if applying for a listing.

3.3 Outcome of voting for and against the Resolution

If the Resolution is passed, and the other conditions precedents are fulfilled the Acquisition will be completed, subject to the satisfaction of all conditions to the Acquisition.

If the Resolution is not passed, the Acquisition will not be completed.

Directors' recommendation

The Directors believe that the Acquisition is, for the reasons stated above, in the best interests of the Company and its Shareholders. Approval of this Resolution will allow the proposed Acquisition to proceed. Accordingly, the Directors recommend Shareholders vote in favour of Resolution 1.

4. Resolution 2 - Issue of Shares under Listing Rule 6.25

4.1 Introduction

Resolution 2 seeks Shareholder authorisation to issue up to 147,277,370 Ordinary Shares at a deemed issue price of $0.638 (**Acquisition Shares**) to the Vendors. Once issued, the Acquisition Shares will rank pari passu with the existing Shares of the Company.

4.2 Listing Rule 6.25 - Issues exceeding 15% of capital

Subject to a number of exceptions, NSX Listing Rule 6.25 limits the number of equity securities that a company may issue or agree to issue without Shareholder approval in any 12-month period to 15% of its issued securities. Shareholder approval is required for the issue of Shares under NSX Listing Rule 6.25 if the number of Shares issued may exceed this limit.

As a result, if this Resolution is passed, any Shares issued to the Vendors will not count towards the Company's 15% cap.

4.3 **Information for Listing Rule 6.48**

NSX Listing Rule 6.48 states that the Company must provide Shareholders with sufficient information to ensure Shareholders are informed of all substantial matters relevant to the resolutions.

The material terms of the Acquisition Shares to be issued are disclosed in the following table:

Shares to be issued to Vendors	147,277,370
Date to be issued	Shares will be issued the business day following the date of the General Meeting assuming Shareholder approval of the Acquisition Resolutions are obtained.
Deemed issue price	0.638
Terms of the Shares to be issued	The Shares issued will be fully paid ordinary shares in the capital of the Company and issued on the same terms and conditions as the Company's existing Shares.
Persons who the Shares will be issued to	Please refer to the Vendors set out at section 2.3.
Use of funds	No funds will be provided for the issue of the Acquisition Shares by the Company.

4.4 **Outcome of Voting for or against the Resolution**

If Resolution 2 is passed, 147,277,370 will be issued to the Vendors as consideration for the Acquisition.

If Resolution 2 is not passed, no Shares will be issued to the Vendors and the Acquisition will not complete.

Directors' recommendation

The Directors unanimously recommend that you vote in favour of Resolution 2.

5. Interpretation

Acquisition means the acquisition by the Company of all of the issued capital in the Target.

Acquisition Resolutions means Resolutions 1 and 2.

Acquisition Shares means 147,277,370 Shares to be issued to the Vendors.

Board means the board of directors of the Company.

Chair means the person who chairs the Meeting.

Closely Related Parties of a member of the Key Management Personnel means:

(a) a spouse or child of the member;

(b) a child of the member's spouse;

(c) a dependent of the member or the member's spouse;

(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;

(e) a company the member controls; or

(f) a person prescribed by the *Corporations Regulations 2001* (Cth).

Company means Pyx Resources Limited ACN 073 099 171.

Constitution means the constitution of the Company as may be amended from time to time.

Director means a director of the Company.

Equity Securities has the meaning given to that term in the Listing Rules.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting.

Key Management Personnel means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

Listing Rule means the official listing rules of the NSX as amended from time to time.

Meeting, Extraordinary General Meeting or **EGM** means the extraordinary general meeting to be held virtually on 15 February 2021 as convened by the accompanying Notice of Meeting.

Notice of Meeting or **Notice** means the notice of meeting giving notice to Shareholders of the Meeting, accompanying this Explanatory Memorandum.

NSX means the National Stock Exchange of Australia Limited.

Official List means the official list of NSX.

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders.

Relevant period means:

(a) if the entity has been admitted to the Official List for 12 months or more, the 12 month period immediately preceding the date of the issue or agreement; or

(b) if the entity has been admitted to the Official List for less than 12 months, the period from the date the entity was admitted to the Official List to the date immediately preceding the date of the issue or agreement.

Resolution means a resolution as set out in the Notice of Meeting.

Sale Shares means 100% of the issued capital of the Target.

Share means an ordinary fully paid share in the issued capital of the Company.

Shareholder means a holder of Shares in the Company.

Share Purchase Agreement means the agreement between the Company and Vendors whereby the Company has agreed to purchase all of the issued capital of the Target.

Target or **Tisma** means Tisma Development (HK) Limited.

Vendors means the shareholders of the Target, being Tisma (HK) Limited, TGN Holdings (HK) Limited, Jura Ventures Limited, Zurich Capital Partners Limited, and Edelweiss Partners Limited.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Louisa Martino (**Company Secretary**):

Level 5
56 Pitt Street
Sydney NSW 2000
02 8823 3179

Schedule 1 – Independent Technical Report and JORC Report

INDEPENDENT TECHNICAL ASSESSMENT REPORT
MINERAL RESOURCE ESTIMATION
TISMA PROJECT
CENTRAL KALIMANTAN
REPUBLIC OF INDONESIA

Prepared for

Tisma Development (Hong Kong) Limited

CRM Report No WA20/027

AUTHOR: Dr J.M. Chisholm

DATE: Updated 24 November 2020

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Figures

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1 EXECUTIVE SUMMARY

Continental Resource Management Pty Ltd (CRM) was requested by Tisma Development (Hong Kong) Ltd (TDL) to prepare a Mineral Resource Estimation report in accordance with the Australian JORC Code for the Tisma Heavy Mineral Sands (HMS) Project located in Central Kalimantan, Indonesia. A site visit to the Tisma tenement area was conducted by Dr John Chisholm on the 16 March accompanied by representatives of TDL.

The Tisma Project is comprised of a single tenement (N0. 545/244/KPTS/VIII/2012) granted on 1st August 2012 to PT Tisma Global Nusantara. The tenement covers an area of 1,500 ha and is issued for the exploitation, production and export of zircon only.

The Tisma tenement is located in Central Kalimantan approximately 50 km northwest from the regional capital Palangkaraya and approximately 75 km by bitumen road. Access to the tenement is good but access within the tenement is difficult due to the boggy conditions.

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

The unrounded total Mineral Resources are given in Table 1-1 and includes the estimated zircon content. The zircon content was estimated based on the zirconium analyses by the UPTD Laboratory of Energy and Mineral Resources (UPTD).

Table 1-1 Mineral Resources above 2% HM lower block cut-off grade (unrounded)

Tonnes	HM%	Zircon%	Slime%	OS%
137,248,439	3.99	3.27	14.75	24.90

The HM assemblage appears to be simple with the predominant mineral being zircon. Based on chemical analyses the calculated content of rutile and ilmenite are low with mean values of 0.08% & 0.34% respectively. Assay values for Fe, Cr & Th are also low indicating that the chromite, monazite and other iron rich minerals will be in trace quantities.

The rutile and ilmenite contents have not been reported as part of the estimation as the confidence level is not considered to be sufficiently high. As both minerals contain titanium the relative proportions of each mineral in the concentrate needs to be known before the quantity of each can be estimated on the basis of the chemical formulae of both minerals. The field estimate of 30:70 ratio of rutile to ilmenite is not considered to be precise enough to report the contained tonnages of these minerals.

While there may well be mineralised material below the current drilling depth this has not been shown to date and therefore it is not prudent to assign an **Exploration Target for additional HM mineralisation**. Some deeper holes should be drilled at the start of the next round of drilling to test for deeper mineralisation. It is understood that floating dredges are capable of recovering mineral sands to depths greater than 30 m.

Visible gold flakes were identified in ten of the holes during the core logging and the UPTD laboratory analyses reported gold (4.25 to 9.76 g/t) in in the HM concentrate in ten of the holes. The gold resources were not estimated as there are insufficient gold analyses available. Only three of the holes where visible gold was reported during logging recorded gold values in the samples sent for laboratory analysis. This is not surprising as the distribution of gold in the HM concentrate is very irregular and the lower limit of detection of gold by XRF is around 5 g/t whereas gold values of 1-2 g/t can often be seen in pan concentrates. The gold however represents a potentially significant valuable component to the valuable heavy mineral (VHM) assemblage.

The Exploration Target for gold is best determined by estimating the gold grade in the HM content of the Tisma deposit rather than the grade of the HM bearing sand. Assuming that the visible gold with no complementary assay result has a grade in the order of 1-2 g/t and the average grade of the holes for which assay data is available is 7 g/t then the grade of the HM content of the deposit would be in the order of 1-7 g/t. The quantity of HM is that of the Inferred Mineral Resource which is 4% of 137 Mt (5.5 Mt of HM).

In the case of the Tisma tenement the Exploration Target for gold within the Tisma tenement is in the order of 5-6 Mt of HM concentrate containing 1-7 g/t gold. Mineralisation expressed as Exploration Targets are in addition to Mineral Resources.

A drilling programme has been completed involving a total of 36 holes. The original proposal was to drill holes at 400 m spacing along east-west lines 800 m apart to determine the lateral extent of the HM mineralisation. Subsequent drilling was to be at a closer spacing based on the results of the first phase of drilling but probably in the order of 400 m x 200 m.

Very difficult drilling conditions were encountered due to the boggy conditions which made for very slow progress and the programme was widened to drilling on 800 m spacing to get drill data from most of the tenement in order to assess the situation. Closer spaced drilling at 400 m centres was completed along easting 765766. Based on the drill logs and descriptions and the portable XRF analyses it became apparent that the mineralised horizon was quite uniform in HM content and that it would most likely be possible to estimate the resource at the Inferred level once the laboratory results were available. The UPTD laboratory results confirmed the portable XRF results within an acceptable level and confirmed the narrow range of HM present in the sands. The HM content ranged from 1.53% to 7.18% with a mean value of 3.80% for the individual analyses but when the two statistical outliers were removed the range was much smaller at 2.4% to 5.2%. The grade range for the composited sections used in the resource estimation was smaller again. Based on this information the estimation of the Tisma HM deposit was completed

The drilling was completed using a trailer mounted DP-180YY Drilling Rig manufactured by Shanghai Hardrock Drills Co Ltd that was man-handled between drill sites. Drill samples were geologically logged and panned onsite with composited samples submitted for heavy mineral separation to determine the HM content, oversize (OS) and slimes present in each sample. Onsite visual estimation of HM content was made followed by portable XRF analysis.

Sample documentation and QA/QC procedures are according to a protocol designed to meet the standards of the JORC Code.

2 INTRODUCTION

2.1 Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

This Mineral Estimation Report has been prepared in accordance with the 2012 JORC Code and the 2015 VALMIN Code. Both industry codes are binding for all members of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. These codes are also requirements under Australian Securities and Investment Commission (ASIC) rules and guidelines and the listing rules of the Australian Securities Exchange (ASX).

2.2 Principal Sources of Information and Reliance on Experts

The statements and opinions contained in this report are given in good faith. This report is based on information provided by TDL, along with technical information prepared by independent laboratories, contractors and consultants, and other relevant published and unpublished information. TDL provided CRM with details of the tenement, relevant technical reports, maps, GIS data and drilling database. CRM has endeavoured, by making all reasonable enquires, to confirm the authenticity, accuracy, and completeness of the data and information. CRM has no reason to doubt the authenticity or substance of the information provided.

2.3 Site Inspection

A site visit to the Tisma tenement area was conducted by Dr John Chisholm on the 16 March accompanied by representatives of TDL.

2.4 Location and Access

The Tisma tenement is located in Central Kalimantan approximately 50 km northwest from the regional capital Palangkaraya and approximately 75 km by bitumen road (Figure 2-1).

Figure 2-1 Location of the Tisma tenement

Access to the tenement is via a good bitumen road from Palangkaraya. There in only a single dirt road that crosses the lower part of the tenement.

Access within the tenement is extremely difficult due to thick vegetation and boggy conditions and flooding from the river.

Figure 2-2 Access for drilling was difficult due to thick vegetation and boggy ground conditions

2.5 Coordinate System

The coordinate system used is the Universal Transverse Mercator (UTM) Zone 49 (49M) south coordinate system under WGS 1984 spheroid

2.6 Tisma Tenement and Ownership

The Tisma Project is comprised of a single tenement (N0. 545/244/KPTS/VIII/2012) held by PT Tisma Global Nusantara (Figure 2-3).

- Date granted 1 August 2012
- Area 1,500 ha
- Minerals included in the grant – zircon

The coordinates defining the tenement are shown in Figure 2-4 reproduced from the licence document.

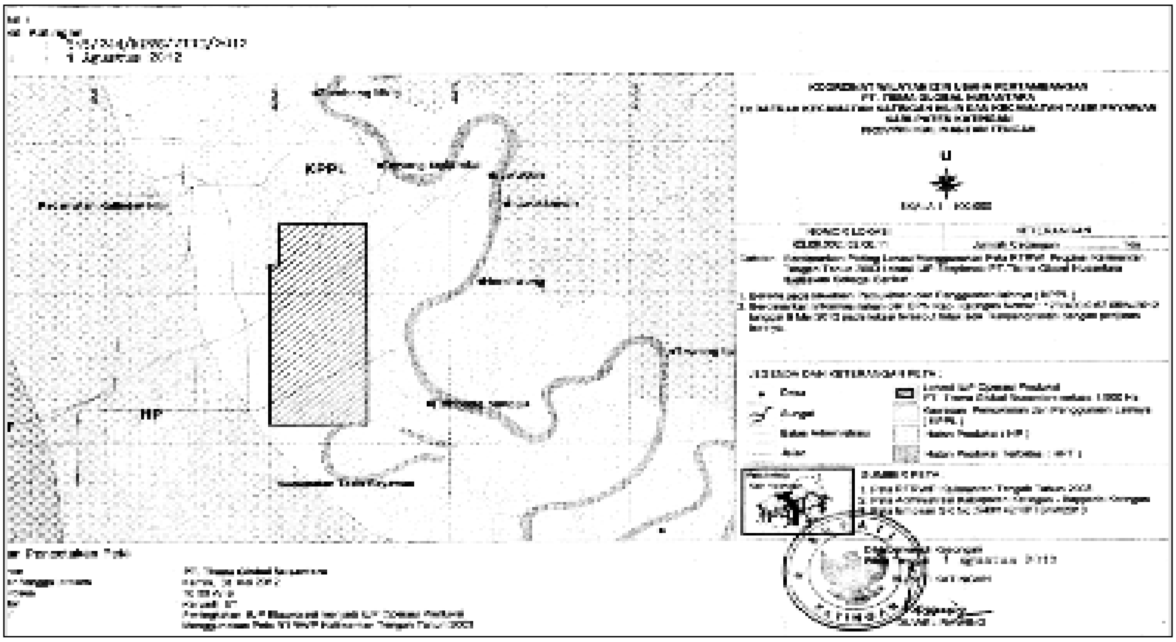


Figure 2-3 Tenement location diagram reproduced from the licence document

LAMPIRAN II : KEPUTUSAN BUPATI KATINGAN
Nomor : 545/244/KZ26/VIII/2012
Tanggal : 1 Agustus 2012
Tentang : PEMBERIAN IZIN USAHA PERTAMBANGAN OPERASI PRODUKSI KEPADA PT. TISMA GLOBAL NUSANTARA

PETA DAN KOORDINAT WILAYAH IZIN USAHA PERTAMBANGAN
PT. TISMA GLOBAL NUSANTARA

LOKASI

- PROVINSI : KALIMANTAN TENGAH
- KABUPATEN : KATINGAN
- KOMODITAS : Mineral bukan logam " Zirkon ".
- LUAS WILAYAH : 1.500 Ha

No	BUJUR TIMUR				LINTANG SELATAN			
	°	'	"	BT	°	'	"	LS
1.	113	22	31	BT	1	59	33	LS
2.	113	22	39	BT	1	59	33	LS
3.	113	22	39	BT	1	58	51	LS
4.	113	23	51,5	BT	1	58	51	LS
5.	113	23	51,5	BT	2	2	10,6	LS
6.	113	22	31	BT	2	2	10,6	LS

BUPATI KATINGAN

DUWEL RAWING

Figure 2-4 Defined geographic coordinates for the Tisma tenement

2.7 Environment, Social and Culture Factors

TDL has advised CRM that it is currently not facing any environmental or social litigation and has commenced exploration activities.

The Tisma tenement is over designated State Forest Area (hutan produksi konversi) that is reserved for use for transmigration, settlement, agriculture and plantation development (Figure 2-5).

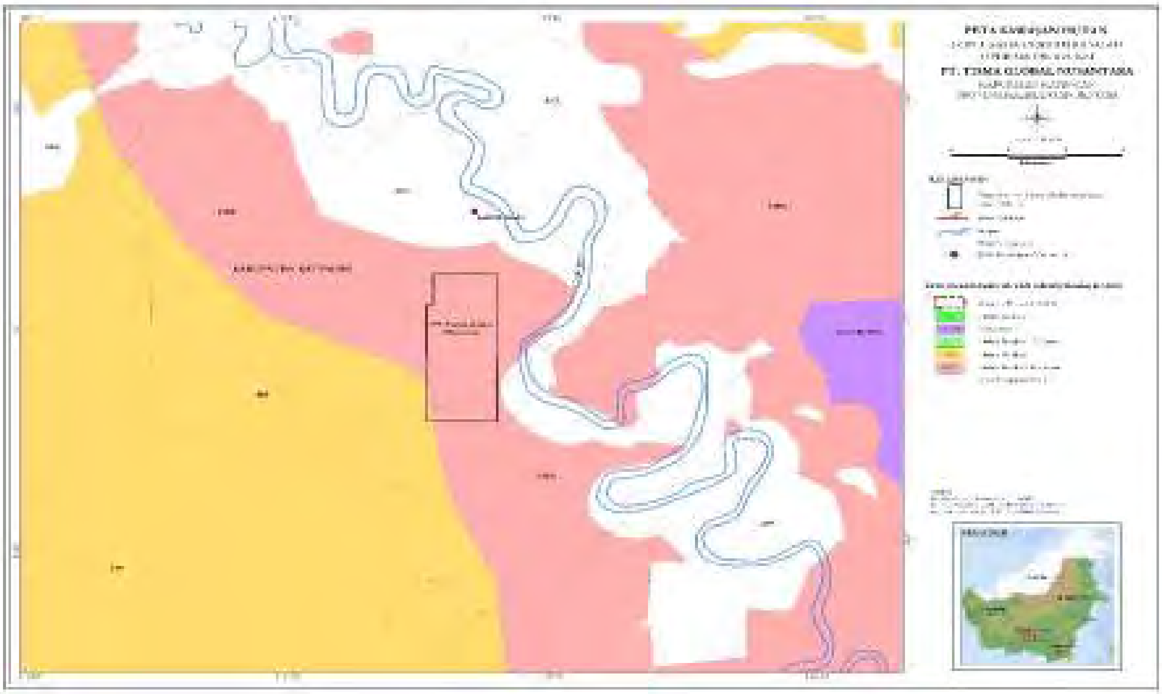
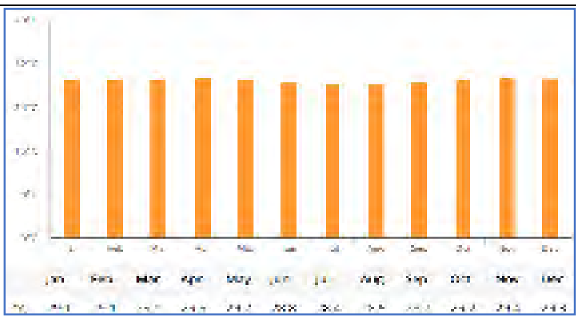


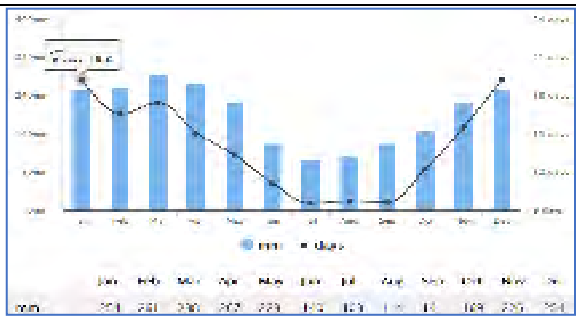
Figure 2-5 Land use map of the Tisma Project area

2.8 Climate

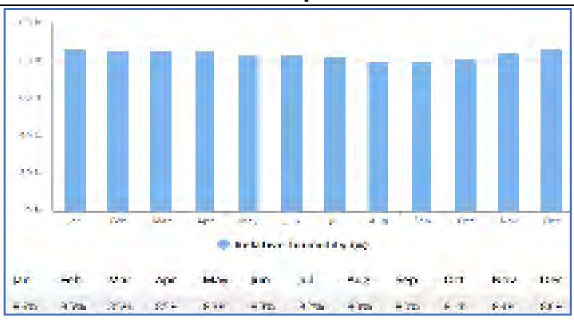
The closest meteorological recording station to the project area is at Palangkaraya[1] is located 50 km south of the project area. Palangkaraya has an average annual temperature of 26 to 32.5° C. The wind speeds are between 7 and 8 km/hour and humidity ranges from 75 to 79%. Rainfall is mainly concentrated during the wet season from October to April (>200mm).



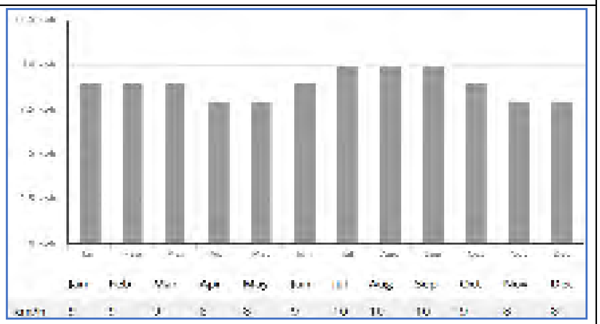
Annual temperature



Annual rainfall



Annual humidity



Annual wind

Figure 2-6 Climatic data for Palangkaraya

[1] Data source:https://www.weather2visit.com/asia/indonesia/palangkaraya.htm

2.9 Topography

In addition to the satellite imagery there is Shuttle Radar Topography Mission (SRTM) data available from the USGS at 30 m spacing. This data is extremely useful in planning drilling campaigns.

Figure 2-7 Satellite imagery of the Tisma tenement

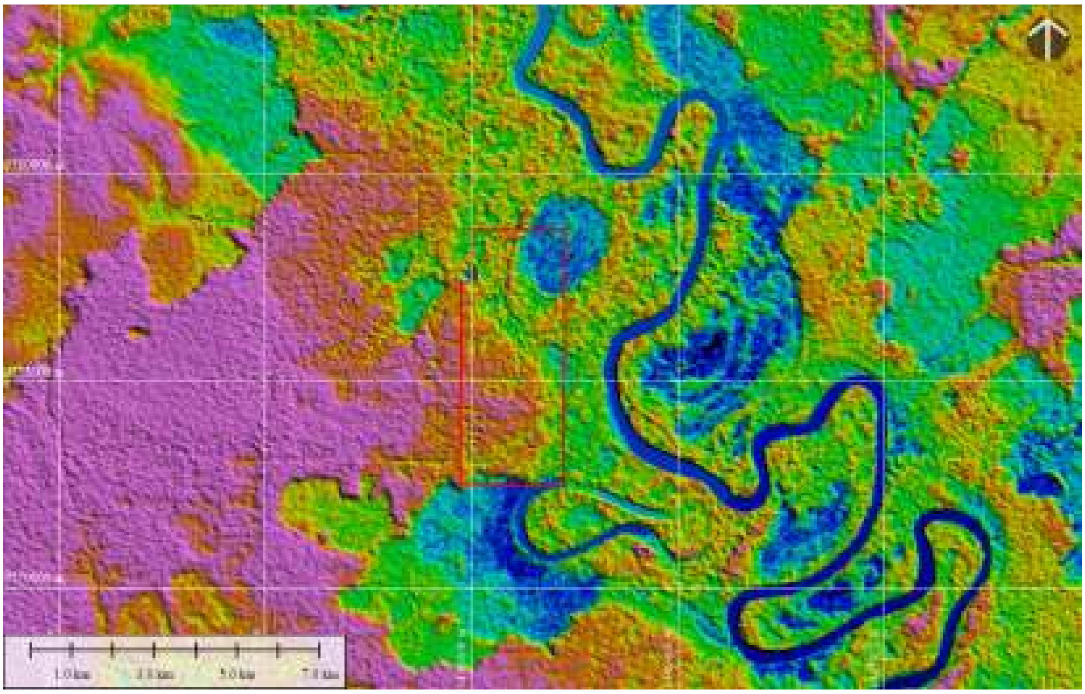


Figure 2-8 SRTM 30 m topographic data plan

2.10 Regional Mineralisation

Historically, the sedimentary basins of Central and Western Kalimantan have been mined for alluvial gold and in some areas also for diamonds. More recently, it has been recognised that the alluvium hosting the gold is also prospective for HMS.

In 2017 Indonesia was ranked 4th in world zircon production with production of 120,000 metric tonnes.

2.11 Regional Geology

The Tisma tenement is situated on the anticlinorium complex within Barito Basin with a pull apart sedimentary basin, occurring in Paleogene age, in Central Kalimantan. The syncline startigraphy consists of Tertiary sedimentary rocks sequences, Middle Miocene to Holocene age.

Figure 2-9 Simplified geological plan of Kalimantan Island

3 TISMA HMS PROJECT

3.1 Exploration History

There is no record of any systematic exploration having been conducted over the Tisma tenement area. There are some small artisanal workings located close to the south-eastern corner of the tenements where mining for gold was being conducted by dredging during the site visit in March 2020.

To the west of the tenement there is an extensive area of previous workings but there is no documentation available regarding the commodity mined or production records.(Figure 3-1).

Figure 3-1 Geological plan superimposed over the satellite image showing the extensive workings located to the west

3.2 Geology

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

The following description of the alluvium and Werukin Formation is reproduced from Nila, Rustandi and Heryanto (1995)[2]

<u>Alluvium,</u> Holocene age, pale black to dark brown peat (paludal deposit); loose sands, yellowish color, fine to coarse grained, unbedded (ancient Kahayan alluvium deposit); clay grey to brownish color, very

[2] E S Nila, E Rustandi, R Heryanto - Pusat Penelitian dan Pengembangan Geologi, 1995

soft, locally containing plant remains (tidal area); kaolinite clay. The thickness of this unit ranges from 50 to 100 m.

<u>Werukin Formation (Tmw),</u> middle Miocene to Pliestocene, this formation comprises brownish black conglomerate, compact, clast consists of quartzite and basalt fragments, diametere 1 – 3 cm, open fabric with matrix of sand. Alternating with yellowish sandstone, medium to coarse grained, locally exhibit crossbedding. Intercallated grey mudstone, rather soft, carbonaceous, contain sub-bituminus coal seam partly, appear as interbedded within sandstone bed with the thickness of 20 – 60 cm. The Werukin Formation has 300 m in thickness. Werukin Formation is deposited in a paralic environment. Werukin Formation is one of the main coal bearing formations in the Barito Basin.

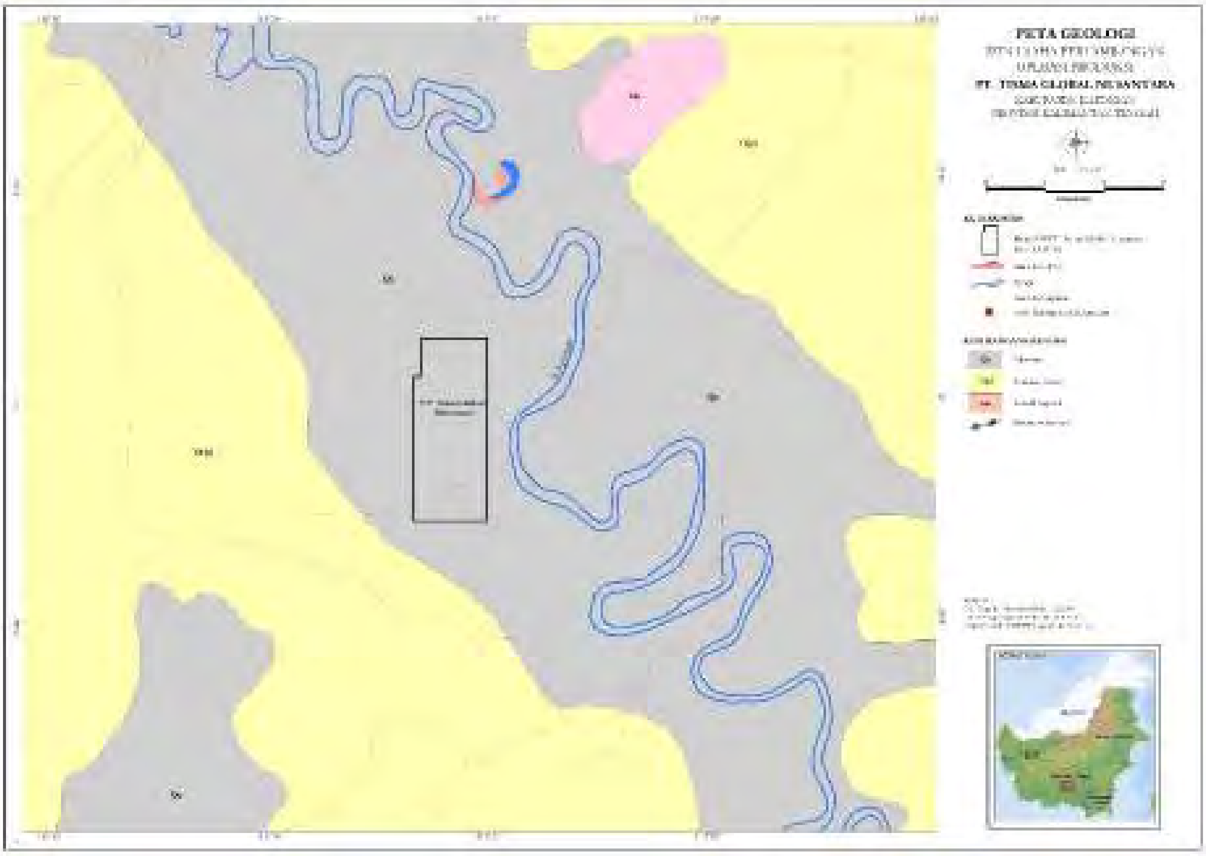


Figure 3-2 Geological plan of the Tisma Project area

3.3 Database

There is no previous technical data available for the project. All of the technical information used in this report is the result of work completed by TDL during 2020. Thirty-six drill holes, geological logging, laboratory XRF analyses, portable XRF analyses, HM content, slimes content and oversize content determinations.

3.4 Mineralisation

Geologically the HMS deposit at Tisma is a placer deposit formed in a flood plain environment by concentration of heavy minerals, mostly zircon ($ZrSiO_4$) with very minor rutile (TiO_2), and ilmenite ($FeTiO_3$). Zircon is the most valuable component followed by rutile and ilmenite in terms of value given to the mineralisation. Gold has also been identified in the samples with visual observation in nine of the panned concentrates plus a small number of analyses (8) by XRF. The heavy minerals within the source sediments attain an economic concentration by accumulation within low-energy environments within streams and most usually on beaches. In alluvial placer deposits the medium to high energy zones on the stream are the meandering, bars and channel zone. In these zones, the HM grains accumulate because they are denser than the quartz grains they occur with and become stranded. The deposits are found in unconsolidated sand strata.

3.5 Geometry of the Mineralisation

The mineralisation occurs as a tabular body within alluvium as a layer of between 3.5 to 8.3 m thick. The overburden varies from 6 to 10 m in thickness.

During the logging of the samples visual estimates were made of the HM, zircon, rutile and ilmenite contents. The ratio of rutile to ilmenite is estimated to be 30:70.

3.6 Drilling Methods

Drilling was carried out by PT Tisma Global Nusantara (PT. TGN) personnel, using a single drilling rig during July to October 2020. The work commenced by using a 3" core barrel (76 mm diameter) but the recovery was very low and the system was modified to drill in short lengths of 50 – 100 cm, after which the rods were withdrawn and the core recovered directly from the drill pipe. This method of sample recovery is very slow and inefficient and would have been significantly better if the drilling company representatives had been able to travel to site to provide instruction to the local driller. Unfortunately, covid-19 related travel restrictions between China and Indonesia precluded this happening.

The drill rig used was a DP-180YY manufactured by the Shanghai Hardrock drill Co. Ltd (Figure 3-3). To date, a total of 36 vertical holes (Table 3-1).

Figure 3-3 DP-180YY Drilling rig used for the resource drilling

Table 3-1 Tisma drilling summary

Hole-ID	Short name	Easting	Northing	RL	Depth (m)
TGN400-008	TGN-008	764968	9780284	31	14
TGN400-010	TGN-010	765767	9780286	20	12
TGN400-012	TGN-012	766565	9780288	18	13
TGN400-016	TGN-016	765768	9779885	31	12.2
TGN400-020	TGN-020	764968	9779483	27	11.7
TGN400-022	TGN-022	765766	9779485	30	12.5
TGN400-024	TGN-024	766566	9779487	18	13.3
TGN400-028	TGN-028	765767	9779086	32	12.8
TGN400-031	TGN-031	764568	9778690	31	13.6
TGN400-032	TGN-032	764966	9778685	30	11.8
TGN400-034	TGN-034	765768	9778686	33	13.2
TGN400-036	TGN-036	766572	9778680	30	13.1
TGN400-040	TGN-040	765769	9778248	33	12
TGN400-043	TGN-043	764568	9777888	32	14.5
TGN400-045	TGN-045	765368	9777886	33	14
TGN400-046	TGN-046	765769	9777883	30	12.3
TGN400-048	TGN-048	766567	9777883	23	11.5
TGN400-052	TGN-052	765769	9777484	33	15
TGN400-055	TGN-055	764570	9777083	35	15
TGN400-056	TGN-056	764965	9777086	33	13.5
TGN400-057	TGN-057	765368	9777086	33	12
TGN400-058	TGN-058	765768	9777083	34	13
TGN400-060	TGN-060	766562	9777090	27	11.3
TGN400-064	TGN-064	765766	9776685	35	16.5
TGN400-066	TGN-066	766564	9776686	29	11.4
TGN400-070	TGN-070	765768	9776288	30	12
TGN400-076	TGN-076	765767	9775882	31	13.7
TGN400-087	TGN-087	765370	9775080	30	12.8
TGN400-088	TGN-088	765770	9775083	34	14.8
TGN400-089	TGN-089	766165	9775075	31	13.1
TGN400-062	TGN-062	764966	9776686	39	14.9
TGN400-071	TGN-071	766165	9776284	30	14.2
TGN400-074	TGN-074	764966	9775886	35	14.4
TGN400-081	TGN-081	765366	9775487	31	13.6
TGN400-085	TGN-085	764567	9775087	25	13.3
TGN400-078	TGN-078	766570	9775886	29	14.8

(coordinates in UTM WGS84 Zone 49 south)

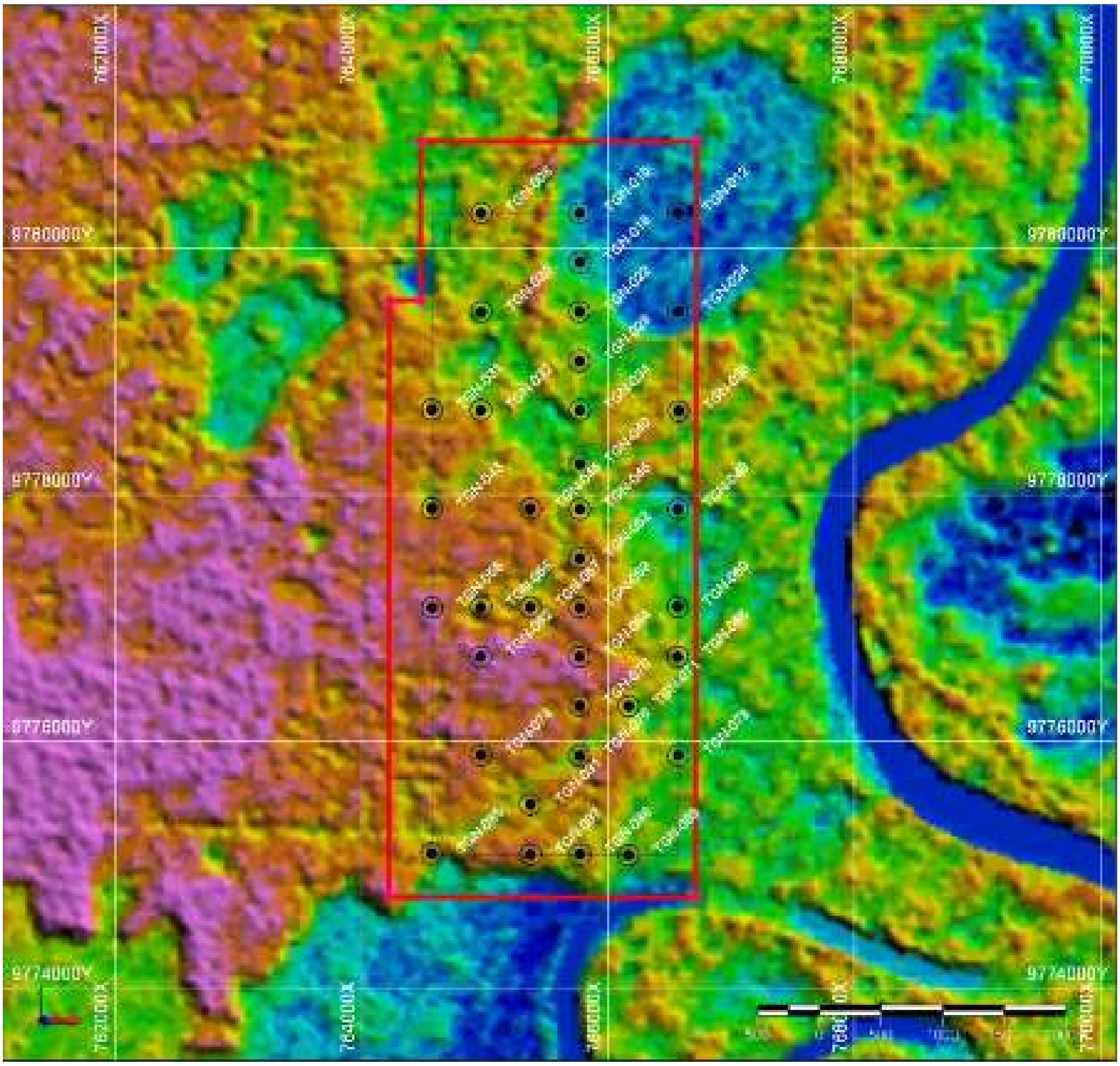


Figure 3-4 Tisma Project drill hole location plan on SRTM image

Thirty-six holes were completed ranging in depth from 11.3 to 16.5 m with an average depth of 13.0 m. The holes were drilled until either compacted lithology was intersected, or the hole collapsed masking further advance very difficult.

Hole positions were prepared by PT. TGN geologists by locating the planned collar coordinates with a GPS unit or occassionally by tape measure from a nearby drillhole or targeted hole.

Figure 3-5 Typical set-up for the drilling

3.6.1 Geological Logging and Core Recovery

The individual HMS core run was placed in open PVC trays and sampled by 1 m sample spacing and photographed. Each core tray contained 5 x 1 m intervals of core. The drill hole number, box number and depth interval were marked with a marker on a board, then photographed as part of the drill core documentation protocol.

PT. TGN geologists record drill core in detail using standard handheld computer logging sheets for: lithology, intensity and structural information as a database.

Figure 3-6 Photographic records of the recovered core

3.6.2 Panning Samples

Simultaneously with the sampling and core logging, a panning test was carried out to determine the minerals and approximate percentage present in the HMS concentrate.

A 250 g drilling sample was panned to determine the minerals present. Gold flakes were recorded in ten holes (Figure 3-7 Small gold grain noted during the logging).

Figure 3-7 Small gold grain noted during the logging

Figure 3-8 Samples prepared in the field

3.6.3 Sampling

Samples were collected by PT. TGN staff, placed into pre-numbered plastic bags along with a waterproof sample number label indicating the sample depth interval and sample number corresponding to the label. The plastic sample bag and label were then covered with a tamper-resistant plastic strap embossed with the sample number.

Some of the sample bags were then placed into a larger poly-woven plastic bag, marked with a drill hole number, then transported and placed in a dry and safe place in PT TGN's warehouse approximately 12 km from the drilling location.

Sampling Methodology

1. Clean the core from the other materials,
2. Record the range depth of the sample accurately,
3. Visually estimate the type of slimes and percentage,
4. Determine the type of Tertiary sediment and its boundary
5. Ensure the Heavy Mineral Sand is free from contamination material (organic or inorganic),
6. Heavy Mineral Sand more than 1 m in thickness sampled based on 1 m sample interval.
7. Individual sample is dried under the sun, and mixing it is homogeneous.
8. The dried sample has manual homogenization and quartering process, until it is estimated that a sample weight of 2 kg is obtained.
9. Final quartering, Pack sample weight 2 kg in the 2 plastic bag (1 kg per sample), used 2 kg
10. plastic bags and complete it with a unique sample number and sent to Palangkaraya office

3.6.4 Sample Preparation

The sub-sampling method for obtaining representative samples for laboratory analysis and duplicates was by cone and quartering.

After quartering the sample to obtain a sample weight of 2 kg, mixing was carried out again until it became homogeneous and the last quartering was completed yielding two samples each of 1 kg which were place in plastic bags labelled with a unique sample number. One sample was sent to the independent UPTD laboratory and the other sample was stored in a secure storage area.

Figure 3-9 Drying and pulverising the samples

Figure 3-10 Example of cone and quartering

Figure 3-11 Prepared duplicate samples

3.6.5 Portable XRF Analyses

Inhouse analysis using an Olympus X-ray (PXRF) was completed on the samples to provide analytical data while waiting for the UPTD laboratory analyses. The samples were analysed for Zr, Ti, Th & Fe.

The samples were crushed and homogenised before analysis. Each sample was analysed three times with the same procedure and the average was taken. After every three samples were analysed the PXRF was checked against a set of certified reference samples (CRMs).

A set of six standards were purchased to test the accuracy of the PXRF unit. The results of the calibration tests are summarised in tables Table 3-5 & Table 3-6.

3.6.6 Sample Security

The samples were under the direct control of company personnel at all stages of the sample collection, preparation and despatch to the UPTD laboratory.

Samples from the field were transported to a warehouse near the Tisma concession where sample preparation (sun drying, crushing, quartering) wass carried out after which 2 kg samples were transported by personnel to the Palangkaraya office.

One sample was despatched to the UPTD laboratory with the duplicate stored in a locked storage facility in the company office in Palangkaraya.

Figure 3-12 Sample storage at the Palangkaraya office

3.7 Survey Control

All drill hole locations were recorded using a Garmin 60cs handheld GPS unit. The estimated error is in the order of ±15 m. RLs were not recorded as the tenement area is relatively flat.

3.8 Density

A density factor was estimated for each mineralised intersection based on the SG calculated for each ore block on the basis of its interpolated HM content according to the accepted industry standard formula SG = 1.686 + (0.0108 x HM%); The average density for the deposit is 1.75.

3.9 Analyses – UPTD laboratory

Samples were sent to the UPTD Laboratory of Energy and Mineral Resources (UPTD) which is part of the Department of Energy and Mineral Resources of the Provincial Government of South Kalimantan for standard heavy liquid separation tests providing HM, Slime and Oversize contents. XRF analysis was performed for the major oxide components plus loss on ignition (LOI) and in some cases hafnium and gold.

Table 3-2 Basic statistics for the HM, slime, oversize and mineralised intervals

Item	Minimum	Maximum	Mean
HM (%)	2.67	5.33	4.11
Calculated zircon content	1.51	4.61	3.41
Slimes (%)	6.22	21.06	14.53
Oversize (%)	15.80	34.71	25.14
Interval (m)	3.5	8.7	5.58
Overburden (m)	6	10	7.6

Table 3-3 Basic statistics for mineralised intervals for the UPTD laboratory analyses

Item	Minimum	Maximum	Mean
ZrO_2 (%)	1.02	3.10	2.29
TiO_2 (%)	0.17	0.42	0.24
Fe_2O_3 (%)	0.53	1.23	0.79
Zircon (%) - calculated	1.51	4.61	3.41
Rutile (%) - calculated	0.05	0.13	0.07
Ilmenite (%) - calculated	0.23	0.56	0.31
HM (%) - calculated	2.44	5.04	4.10

Note: zircon, ilmenite and rutile content was calculated from elemental Zr,& Ti. The ratio of rutile to ilmenite was based on visual estimates during the geological logging.

The distribution of the analyses for HM, slimes, estimated zircon content and oversize in percent and mineralised interval in metres are shown in the figures below.

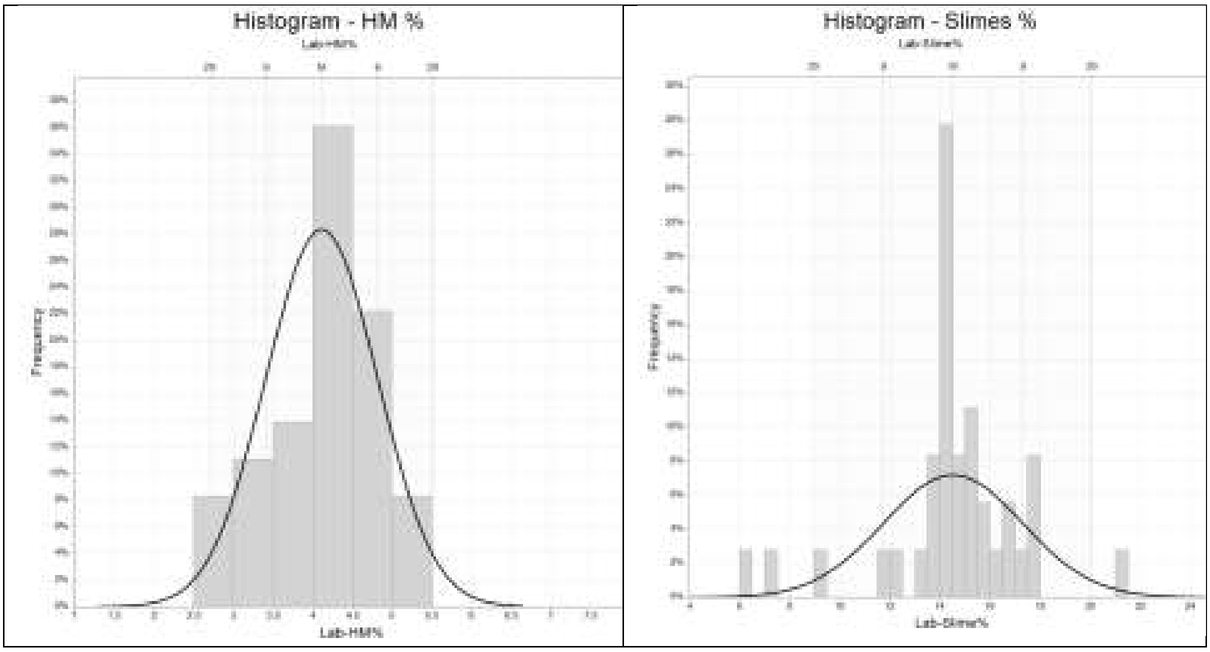


Figure 3-13 Histograms of the distribution of HM%, Slimes%

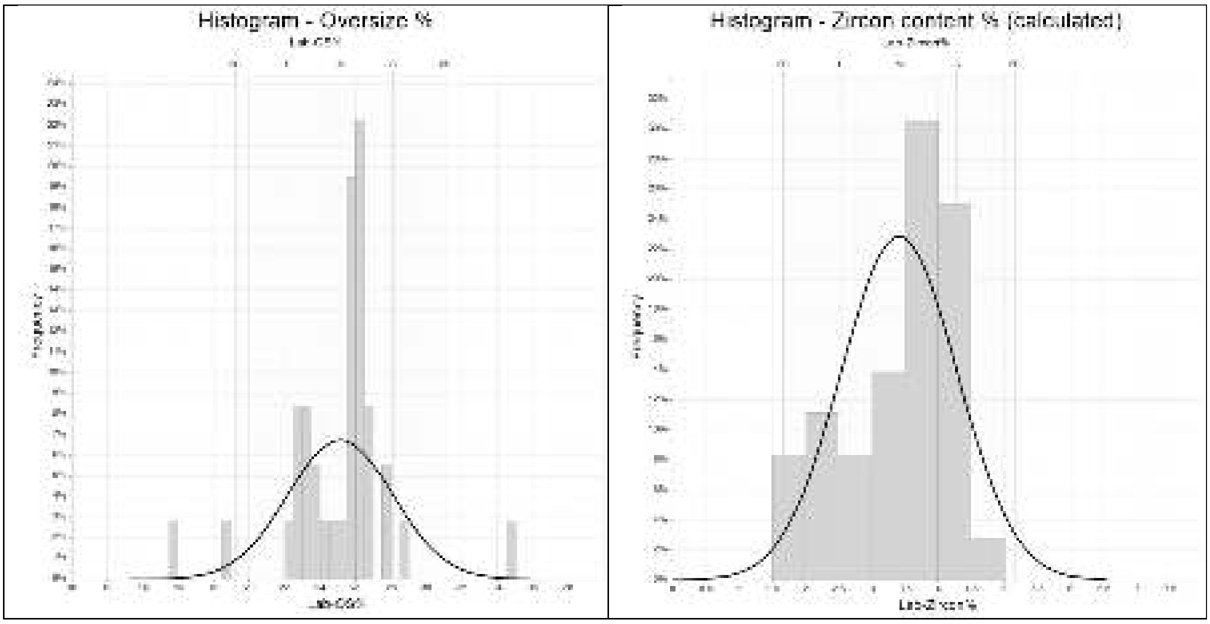


Figure 3-14 Histograms of the distribution of Oversize% & Calculated zircon%

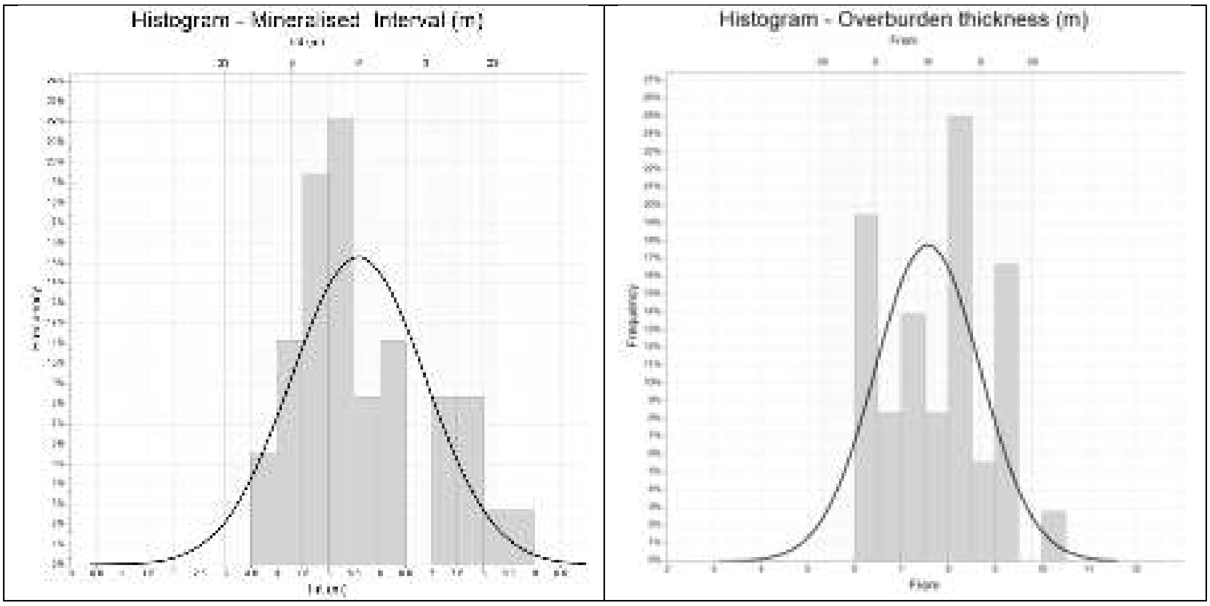


Figure 3-15 Histograms of mineralised interval (m) and overburden thickness (m)

Visual examination of the panned concentrates during the logging identified zircon with minor rutile, ilmenite and gold. This simple HM assemblage is supported by the analytical data and the close correlation between the laboratory HM content and the HM content calculated as the sum of the theoretical contents of ilmenite, rutile and zircon (Figure 3-16).

The predominant valuable mineral in the assemblage is zircon and its content can be quite accurately calculated from the zirconium analyses using zircon's formulae of ZrSiO4. The UBPT laboratory analyses were used to calculate the zircon content in the resource estimate. The correlation betwwen the UPTD Laboratory zirconium assays and the corresponding PXRF zirconium results are considered to be sufficiently robust (Figure 3-17) for the PXRF results to be used in the resource estimation considering that it is at the Inferred level.

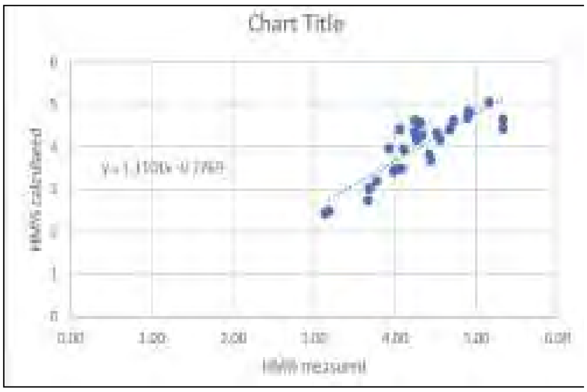


Figure 3-16 Plot of measured HM% Vs calculated from elemental analysis

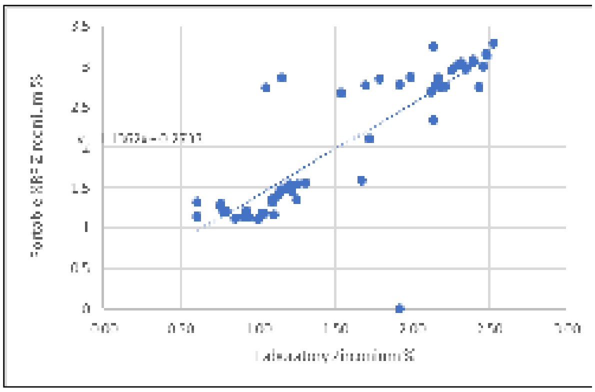


Figure 3-17 Plot of UPTD Zr Vs PXRF Zr

3.10 QA/QC

Some basic QA/QC work was carried out to confirm the accuracy and precision of the sampling work. This included analysis of Certified Reference Material and duplicate sample analyses.

3.10.1 Duplicates

Nine duplicate samples were submitted to the UPTD laboratory for duplicate analysis. The results are presented in table and figures.

Table 3-4 Results of duplicate sampling

Sample	HM%		Slimes%		Oversize%		Zr2O3		TiO2	
	1st	Dup	1st	Dup	1st	Dup	1st	Dup	1st	Dup
TGN400-031 A	2.81	2.82	14.32	14.30	26.13	26.17	0.82	0.97	0.25	0.24
TGN400-012 A	2.97	2.96	19.21	19.45	20.36	20.12	1.05	1.08	0.27	0.25
TGN400-040 A	3.26	3.07	14.21	14.72	26.44	26.33	1.23	1.13	0.22	0.20
TGN400-028 A	3.29	3.08	14.11	14.35	25.26	25.05	1.27	1.07	0.24	0.22
TGN400-008 B	3.98	3.62	18.11	17.94	26.41	26.03	2.08	1.78	0.24	0.23
TGN400-045 B	4.22	4.04	14.15	14.06	27.77	27.45	2.42	2.22	0.27	0.27
TGN400-057 B	5.55	4.35	15.31	15.50	27.24	27.15	2.33	2.12	0.35	0.37
TGN400-088 C	5.02	4.47	4.77	4.87	25.39	25.19	3.32	3.12	0.26	0.26
TGN400-070 B	7.18	5.91	8.79	8.81	40.15	39.17	3.23	3.03	0.55	0.53

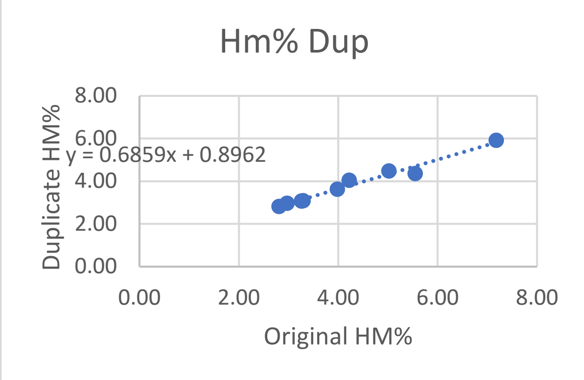


Figure 3-18 Plot of HM% original Vs duplicate

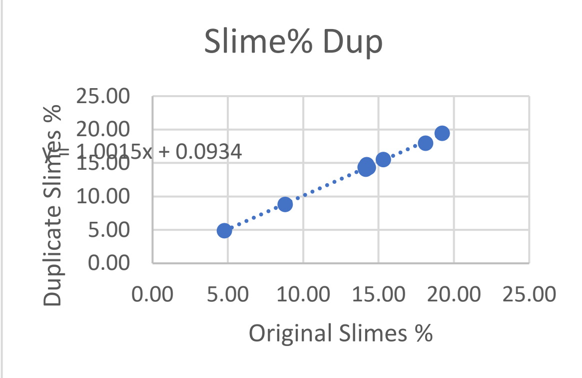


Figure 3-19 Plot of Slimes% original Vs duplicate

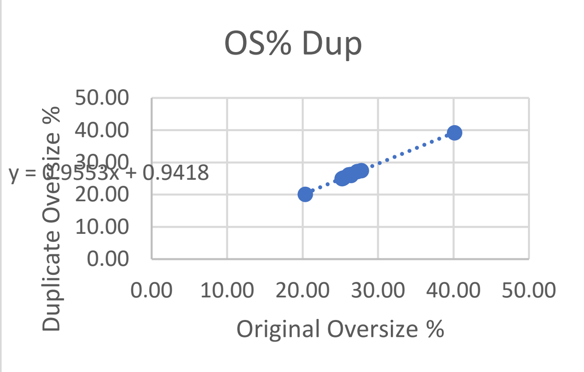


Figure 3-20 Plot of OS% original Vs duplicate

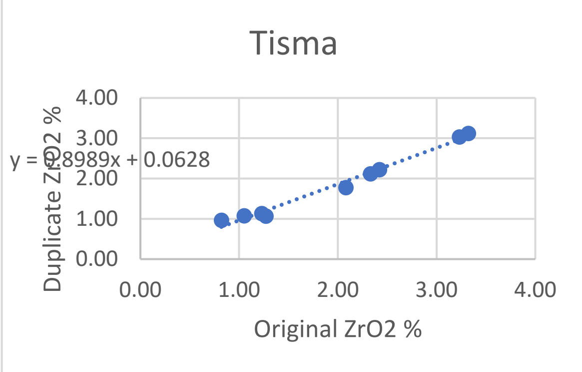


Figure 3-21 Plot of ZrO_2% original Vs duplicate

3.10.2 Standards

Table 3-5 PXRF calibration test results for Zirconium

Standard	Certified Value	Average	Analysis 1	Analysis 2	Analysis 3	Analysis 4	Analysis 5
		Zr	Zr	Zr	Zr	Zr	Zr
OREAS 461	603	642	658	674	655	631	632
OREAS 465	1,879	1,708	1,644	1,695	1,717	1,648	1,663

AMIS 0304	1,002	1,135	1,121	1,152	1,142	1,127	1,133
OREAS 98	212	192	192	198	189	194	187
OREAS 045e	242	355	338	351	341	363	382

Table 3-6 PXRF calibration test results for Titanium

Standard	Certified Value	Average	Analysis 1	Analysis 2	Analysis 3	Analysis 4	Analysis 5
		Ti	Ti	Ti	Ti	Ti	Ti
OREAS 461	2.75%	3.72%	2.69%	2.80%	5.63%	5.81%	2.64%
OREAS 465	9.74%	>9.80%	9.78%	>10 %	>10 %	9.96%	9.67%
AMIS 0304	1.39%	1.37%	1.37%	1.38%	1.34%	1.33%	1.42%
OREAS 98	2,863	2,602	2749	2,708	2,497	2,569	2,488
OREAS 045e	8,645	8,691	8,677	8,683	8,582	8,821	8,691

4 MINERAL RESOURCE ESTIMATION METHODOLOGY

4.1 Estimate Procedure

CRM carried out this resource estimate for Tisma Heavy Mineral Deposit. The estimate was made by Dr John Chisholm, Principal Geologist. It is reported in accordance with the 2012 Edition of the JORC Code. The estimate employed Inverse Distance modelling method to produce an ore block model (OBM) of the mineralisation within the deposit. Micromine Version 18.0.846.3 software was used for the production of the OBM.

4.2 Upper Cuts

Based on the distribution of the analytical results no upper cuts were applied.

4.3 Lower Cut-off

A lower cut-off of 2% was used as this is the most commonly used value in the HM sand industry. It is noted that there are no resources within the 2-3% HM grade range. When further drilling is completed it will be necessary to evaluate the matter of the mining method that will ultimately be used to exploit the deposit as it may be necessary to increase the lower cut-off grade to meet the cost of removal of the overburden.

4.4 Previous Mineral Resource Estimates

CRM is not aware of any previous mineral resource estimates for the Tisma Project.

4.5 Ore Reserves

There are no Ore Reserves current for the Tisma Project.

4.6 Mineral Resource Estimation Parameters

4.6.1 Input Data

Each hole was logged, and the interval of alluvium recorded (Int). A composite sample was prepared for the interval and analysed by the UPTD laboratory. HM, slimes and oversize and a suite of up to 12 elements were analysed plus loss on ignition (LOI). The elements analysed included ZrO_2, TiO_2 & Fe_3O_4. Based on mineral formulae and the ratio of rutile to ilmenite present in the mineral assemblage, zircon, rutile and ilmenite contents were estimated.

Where analyses for multiple adjacent intervals were available the weighted average for each variable was calculated for use in the block modelling.

4.6.2 Search Dimensions

The search criteria were optimised for the primary target, the heavy minerals. CRM is, however, of the opinion that the criteria would also adequate for the estimation of the slimes and oversize content of the blocks once that information is received.

A spherical search distance of 550 m was used with an inverse distance squared interpolation for the grade, density and mineralised interval.

4.6.3 Block Dimensions

OBM block dimensions for the Tisma deposit were 200 m EW, 200 m NS, and the mineralised composite interval for the vertical dimension. Discretisation was not employed

Table 4-1 OBM block definitions

Area	Dimension	Min Centre	Block Size	Max Centre	Blocks
Tisma	East	764400	200 m	766600	12
	North	9774800	200 m	9781000	32
	Z	0	100 m	100	1

Note: for the resource reporting the 1 m Z value was replaced with the interpolated interval thickness for each block.

Table 4-2 Input data - Composited Heavy Liquid separation results for each drill hole

Hole-ID	From	To	Int (m)	HM%	Slime%	OS%
TGN400-008	9.00	14.00	5.00	3.77	17.91	26.01
TGN400-010	8.00	12.00	4.00	4.09	14.14	26.15
TGN400-012	7.00	13.00	6.00	4.02	15.22	26.08
TGN400-016	8.50	12.00	3.50	4.06	14.24	26.17
TGN400-020	7.50	11.70	4.20	3.92	14.23	26.08
TGN400-022	8.00	12.40	4.40	4.68	14.30	24.99
TGN400-024	7.00	13.00	6.00	4.91	14.56	25.81
TGN400-028	6.50	12.80	6.30	5.16	14.06	25.86
TGN400-031	8.00	13.40	5.40	3.18	13.55	27.92
TGN400-032	8.00	11.80	3.80	3.14	14.32	26.54
TGN400-034	8.00	13.00	5.00	4.67	14.23	26.24
TGN400-036	6.00	13.00	7.00	4.52	15.45	25.54
TGN400-040	7.00	12.00	5.00	4.56	14.13	25.72
TGN400-043	9.00	14.30	5.30	4.18	13.64	27.71
TGN400-045	9.00	13.80	4.80	3.67	15.46	25.83
TGN400-046	7.50	12.30	4.80	4.34	13.42	28.65
TGN400-048	6.00	11.50	5.50	4.10	16.78	23.23
TGN400-052	8.00	15.00	7.00	4.00	15.46	26.01
TGN400-055	10.00	15.00	5.00	4.89	15.96	26.72
TGN400-056	9.00	13.50	4.50	4.92	14.26	26.04
TGN400-057	7.60	12.00	4.40	5.33	14.52	26.94
TGN400-058	8.00	13.00	5.00	4.72	14.61	25.64
TGN400-060	6.50	11.30	4.80	3.82	15.86	22.31
TGN400-062	9.00	14.70	5.70	2.67	17.25	23.05
TGN400-064	9.00	16.30	7.30	4.24	7.38	15.80
TGN400-066	6.00	11.40	5.40	4.42	14.49	24.28
TGN400-070	6.00	11.90	5.90	5.33	9.43	34.71
TGN400-071	6.50	14.00	7.50	2.92	16.82	22.91
TGN400-074	6.00	14.30	8.30	2.78	16.49	22.94
TGN400-076	6.00	13.70	7.70	4.24	11.58	25.83
TGN400-078	6.00	14.70	8.70	3.23	21.06	18.62
TGN400-081	8.50	13.30	4.80	3.73	17.94	23.55
TGN400-085	8.20	13.00	4.80	3.01	17.94	22.54
TGN400-087	8.00	12.50	4.50	4.27	13.70	25.47
TGN400-088	7.00	14.60	7.60	4.32	6.22	23.65
TGN400-089	7.00	13.00	6.00	4.28	12.30	23.44

Table 4-3 Input data - Composite UPTD analyses and calculated mineral content for drill holes

Hole-ID	Lab-HM%	Lab-ZrO2%	Lab-Zircon%	Lab-TiO2%	Lab-Rutile%	Lab-Ilmenite%

TGN400-008	3.77	1.88	2.80	0.24	0.07	0.32
TGN400-010	4.09	2.07	3.08	0.25	0.07	0.33
TGN400-012	4.02	2.06	3.06	0.25	0.07	0.33
TGN400-016	4.06	2.69	4.00	0.24	0.07	0.32
TGN400-020	3.92	2.40	3.57	0.24	0.07	0.33
TGN400-022	4.68	2.68	3.99	0.26	0.08	0.35
TGN400-024	4.91	2.97	4.41	0.25	0.08	0.33
TGN400-028	5.16	3.10	4.61	0.26	0.08	0.35
TGN400-031	3.18	1.42	2.12	0.23	0.07	0.30
TGN400-032	3.14	1.36	2.02	0.26	0.08	0.35
TGN400-034	4.67	2.67	3.97	0.27	0.08	0.36
TGN400-036	4.52	2.59	3.85	0.29	0.09	0.39
TGN400-040	4.56	2.57	3.83	0.20	0.06	0.27
TGN400-043	4.18	2.38	3.54	0.22	0.07	0.29
TGN400-045	3.67	1.84	2.74		0.00	0.00
TGN400-046	4.34	2.57	3.83	0.27	0.08	0.36
TGN400-048	4.10	2.27	3.38	0.34	0.10	0.45
TGN400-052	4.00	2.64	3.93	0.24	0.07	0.31
TGN400-055	4.89	2.83	4.21	0.29	0.09	0.38
TGN400-056	4.92	2.95	4.38	0.27	0.08	0.35
TGN400-057	5.33	2.73	4.06	0.35	0.11	0.47
TGN400-058	4.72	2.89	4.30	0.20	0.06	0.27
TGN400-060	3.82	2.02	3.00	0.19	0.06	0.25
TGN400-062	2.67	1.05	1.56	0.20	0.06	0.27
TGN400-064	4.24	2.91	4.33	0.17	0.05	0.23
TGN400-066	4.42	2.24	3.33	0.20	0.06	0.26
TGN400-070	5.33	2.52	3.74	0.42	0.13	0.56
TGN400-071	2.92	1.67	2.48	0.17	0.05	0.23
TGN400-074	2.78	1.02	1.51	0.21	0.06	0.28
TGN400-076	4.24	2.67	3.97	0.22	0.07	0.30
TGN400-078	3.23	1.47	2.18	0.20	0.06	0.27
TGN400-081	3.73	2.01	2.99	0.21	0.06	0.28
TGN400-085	3.01	1.25	1.86	0.20	0.06	0.26
TGN400-087	4.27	2.54	3.78	0.24	0.07	0.32
TGN400-088	4.32	2.87	4.27	0.18	0.05	0.24
TGN400-089	4.28	2.80	4.17	0.23	0.07	0.30

4.6.4 Ore Block Models

A simple OBM was produced as a single layer. The use of the composited single interval for the mineralisation meant that a wireframe was unnecessary in order to constrain the volume and grade of the deposit.

The area within which the mineral resource was estimated represents most of the area of the tenement and was limited to the area of currently available drilling. It is likely that HMS is present outside of the current resource area, but it cannot be quantified. Mineralisation outside of the OBM area has been included within the Exploration Target.

The distribution of HM, slimes and oversize content shows very little variation which is probably a function of the depositional environment wherein the deposit was formed. HMS deposits formed in an alluvial plain environment would show considerably less variability in grade than one formed as strandlines in a marine environment.

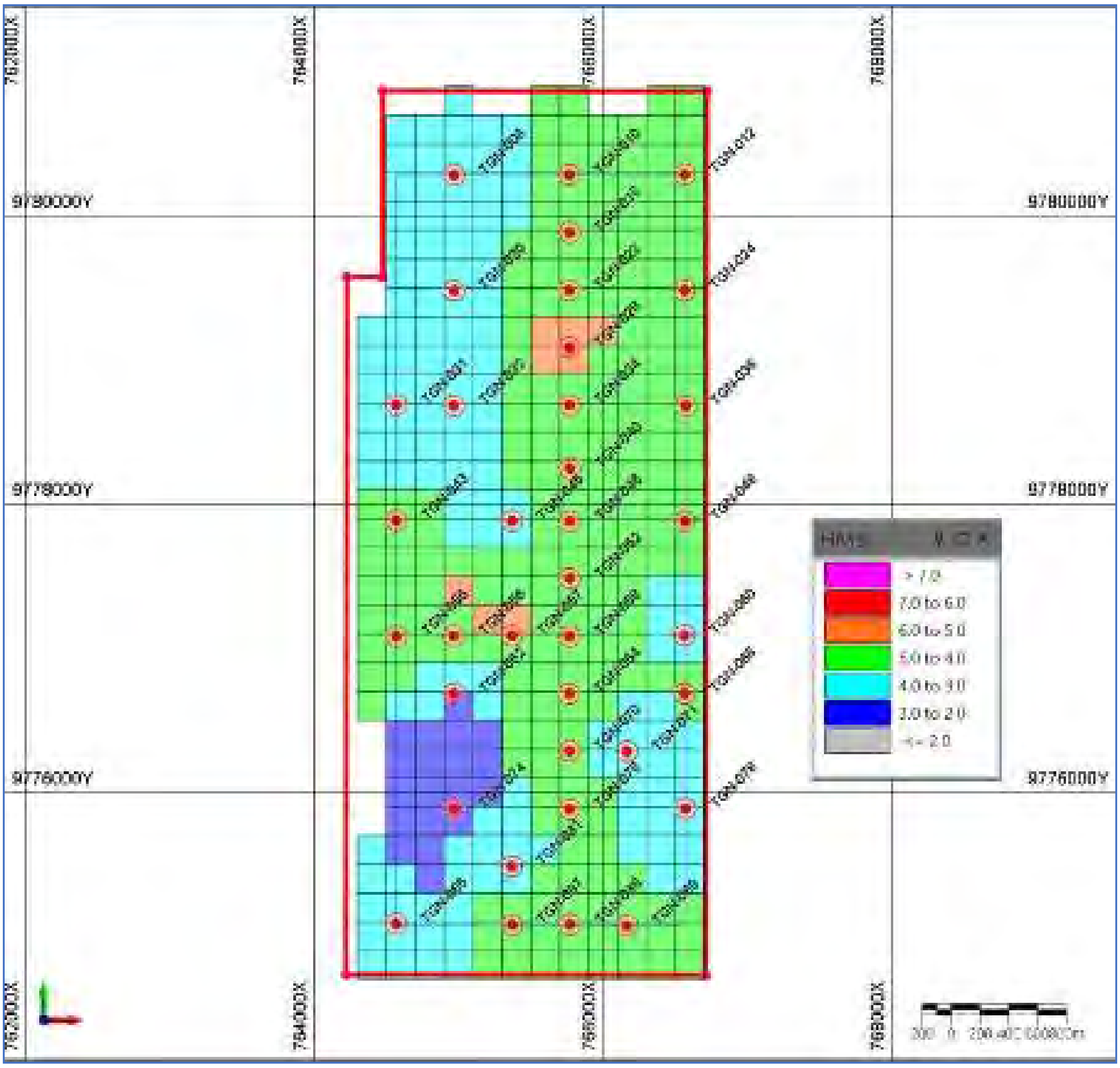


Figure 4-1 Tisma deposit – Locations of HM grade % relative to drill holes

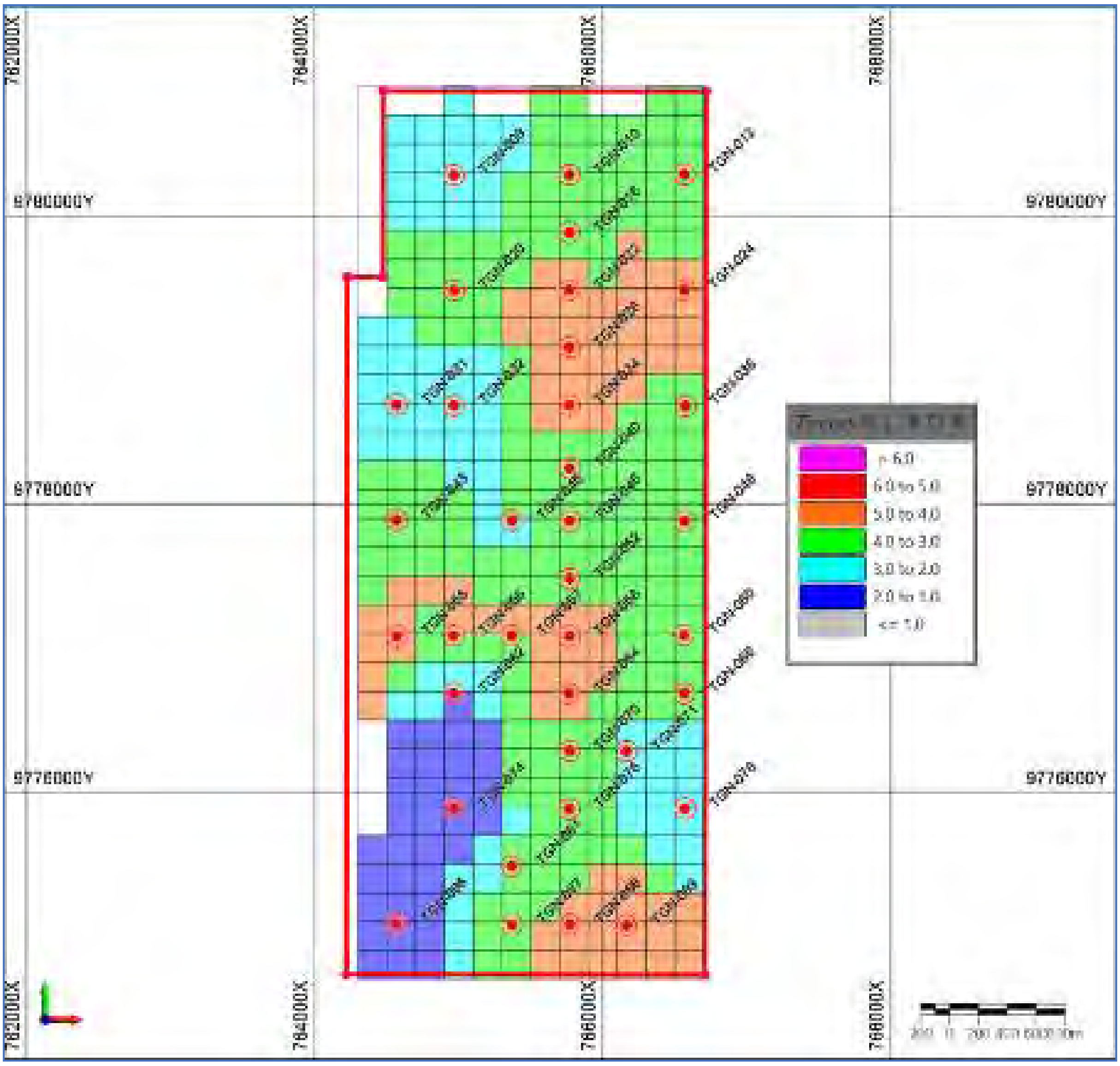


Figure 4-2 Tisma deposit – Locations of Zircon grade % relative to drill holes

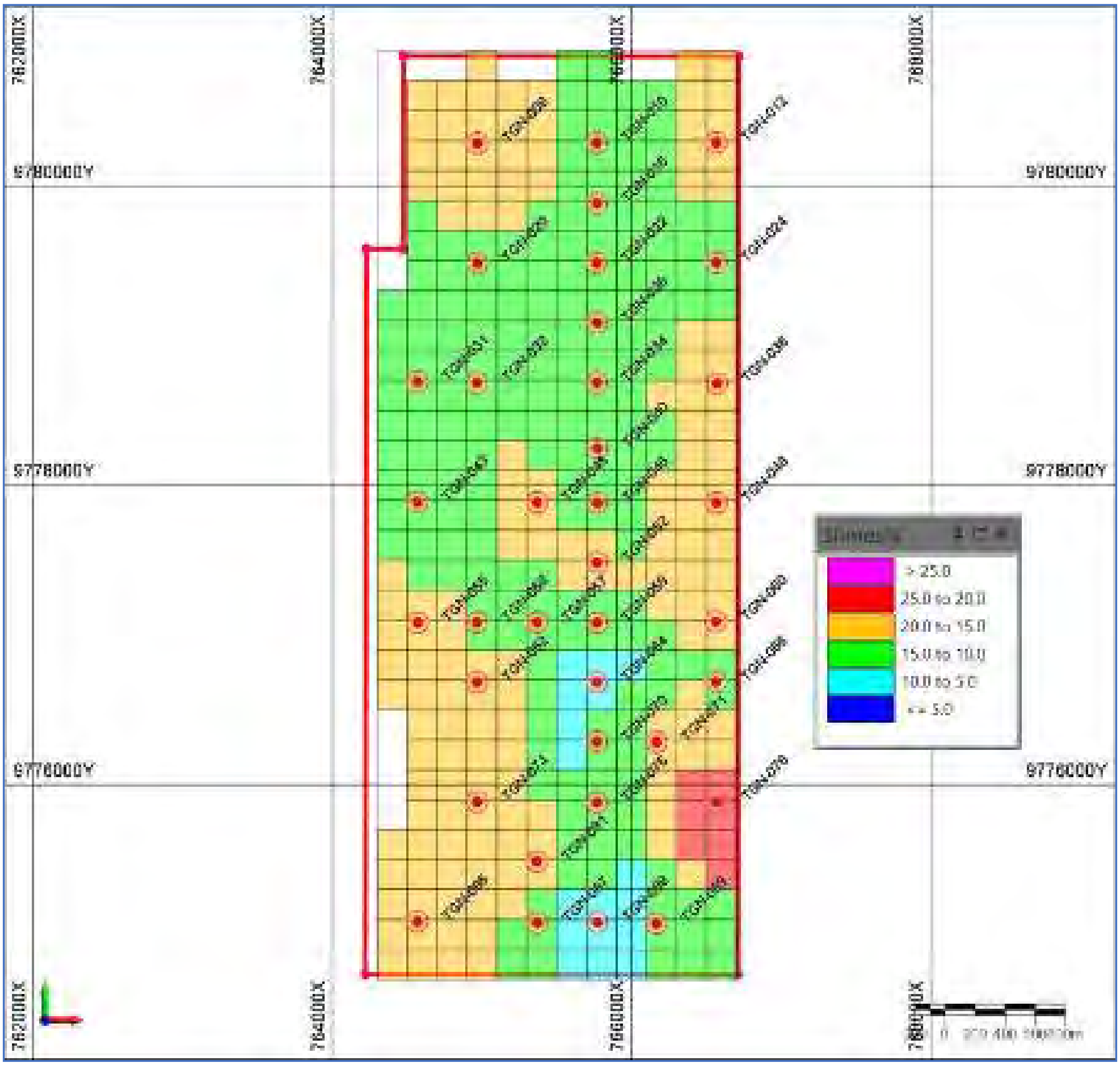


Figure 4-3 Tisma deposit – Slimes % relative to drill holes

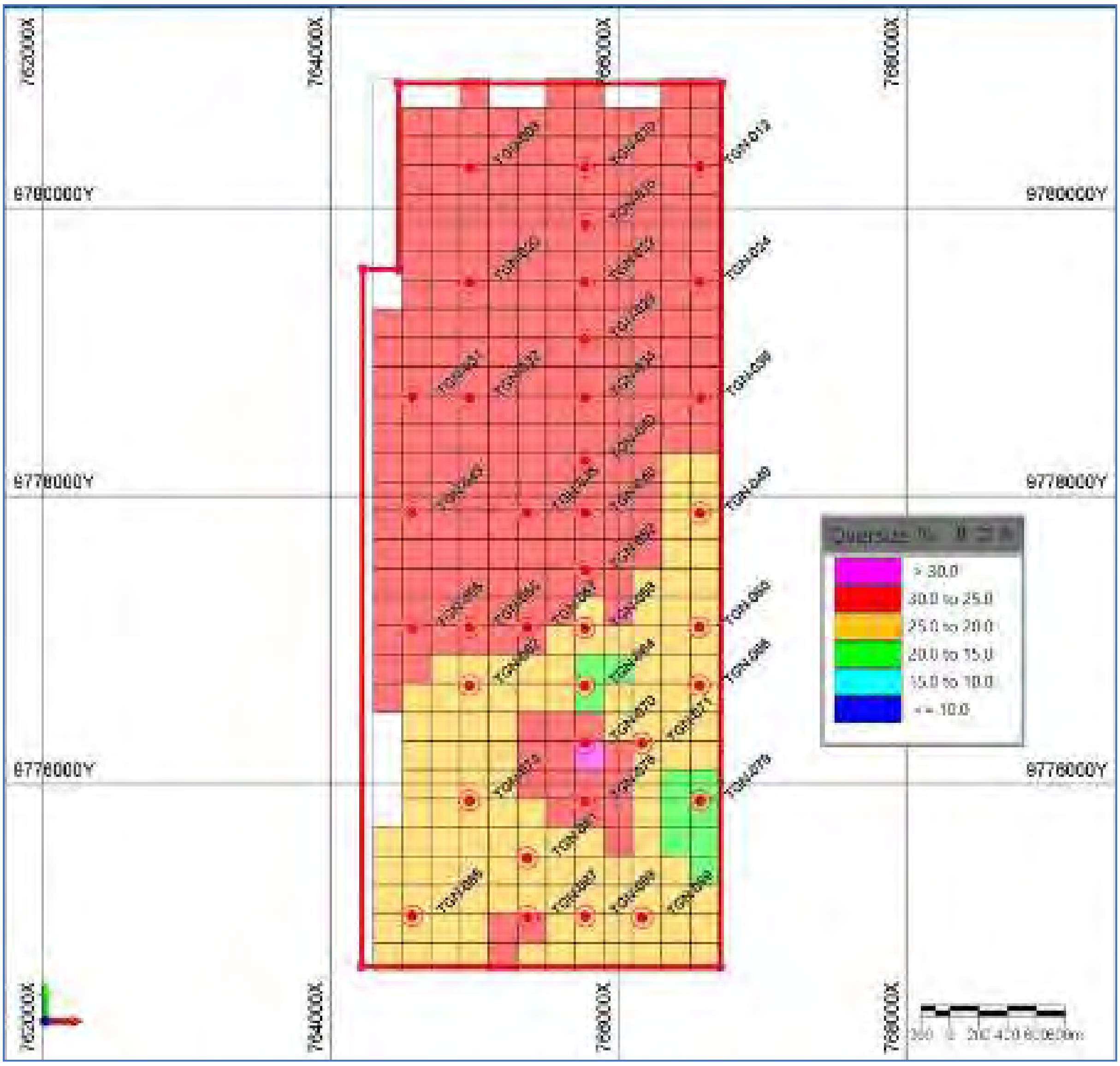


Figure 4-4 Tisma deposit – Oversize % relative to drill holes

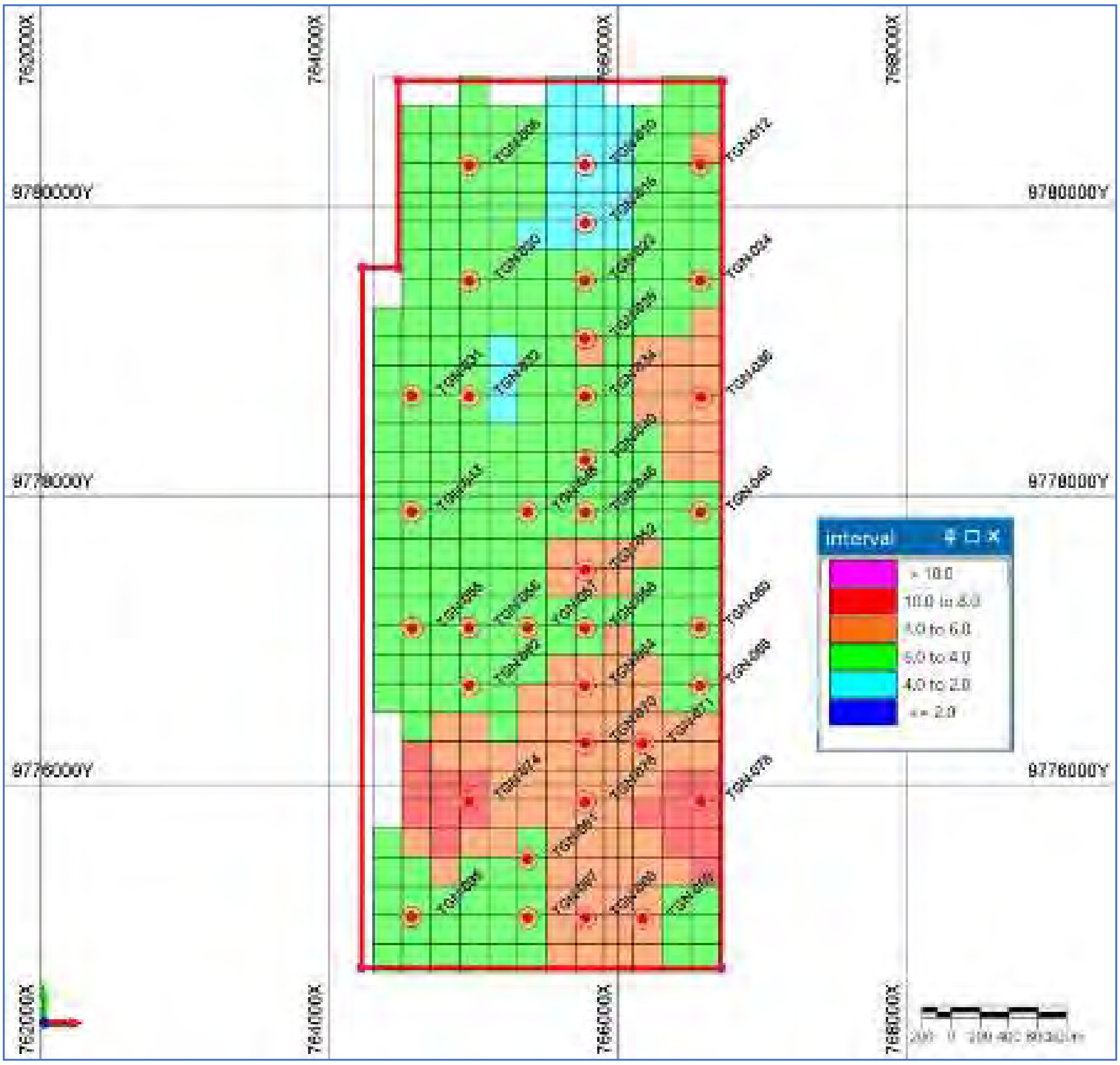


Figure 4-5 Tisma deposit – Alluvium thickness (m) relative to drill holes

5 MINERAL RESOURCE STATEMENT

Resources are reported only for those portions of the OBMs that are within the Tisma tenement. Resources were estimated and reported for HM and zircon. The reliability of the available data was insufficient to report resource for rutile, ilmenite or gold.

5.1 Resource Classification

As both the geological host units and the mineralisation are continuous throughout the modelled area it is the Competent Person's opinion that these resources meet the criteria for classification as Inferred Mineral Resources. (*An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.*).

5.2 Resource Tables

The total Mineral Resources (unrounded) for the Tisma Heavy Mineral Deposit within tenement N0. 545/244/KPTS/VIII/2012 are set out in Table 5-1. The resources are reported at a lower block cut-off grade of 2% HM. The predominant valuable is zircon as the rutile and ilmenite content is very low.

The HM assemblage appears to be simple with the predominant mineral being zircon. Based on chemical analyses the calculated content of rutile and ilmenite are low with mean values of 0.08% & 0.34% respectively. Assay values for Fe, Cr & Th are also low indicating that the chromite, monazite and iron rich minerals will be in trace quantities.

The rutile and ilmenite contents have not been reported as part of the estimation as the confidence level is not considered to be sufficiently high. As both minerals contain titanium the relative proportions of each mineral in the concentrate needs to be known before the quantity of each can be estimated based on the chemical formulae of both minerals. The field estimate of 30:70 ratio of rutile to ilmenite is not considered to be precise enough to report the contained tonnages of these minerals.

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

The unrounded total Mineral Resources are given in Table 5-1 and includes the estimated zircon% content. The zircon content was estimated based on the zirconium analyses by the UPTD Laboratory of Energy and Mineral Resources (UPTD).

Table 5-1 Mineral Resources above 2% HM lower block cut-off grade (unrounded)

Grade interval %		Tonnes	Cuml. Tonnes	HM%	Zircon%	Slime%	OS%
From	To						
5	6	2,989,618	2,989,618	5.05	4.36	14.27	26.00
4	5	77,311,687	80,301,305	4.41	3.84	13.63	25.42
3	4	47,193,449	127,494,754	4.09	3.40	14.60	25.05
2	3	9,753,685	137,248,439	3.99	3.27	14.75	24.90
Total			137,248,439	3.99	3.27	14.75	24.90

Gold flakes were identified during the core logging in nine holes and the UPTD laboratory analyses reported gold in ten of the holes. The gold resources were not estimated as the tenement is for zircon only and there is insufficient data for any meaningful estimate to be made.

5.3 Resource Validation

Comparisons between mean input analyses and estimated OBM grades are given in Table 5-2 for the global resource.

Table 5-2 Comparison of Input and Output Grades

Model	Assay Input HM %	OBM Estimate HM %
Tisma	4.11	4 (rounded)

There is good agreement between input and output grades.

5.4 Previous Estimate Comparison

There are no known previous mineral resource estimates.

5.5 Exploration Potential

The drilling to date has covered most of the tenement leaving little possibility of additional mineralisation outside of the drilled area.

5.5.1 Heavy Mineral Sand Potential

The main area for potential mineralisation is below the water table where the drilling was terminated due to core loss. It is most likely that in the 12 holes affected by the early termination due to core loss that the HMS sand would have continued.

An Exploration Target which is an estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade, relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource. While there may well be mineralised material below the current drilling depth this has not been shown to date and therefore it is not prudent to assign an Exploration Target for additional HM mineralisation. Some deeper holes should be drilled at the start of the next round of drilling to test for deeper mineralisation.

5.5.2 Gold and Precious Metal Potential

Visible gold flakes were identified in ten of the holes during the core logging and the UPTD laboratory analyses reported gold (4.25 to 9.76 g/t) in in the HM concentrate in ten of the holes (Figure 5-1). The gold resources were not estimated as there are insufficient gold analyses available. Only four of the holes where visible gold was reported during logging recorded gold values in the samples sent for laboratory analysis. This is not surprising as the distribution of gold in the HM concentrate is very irregular and the lower limit of detection of gold by XRF is around 5 g/t whereas gold values of 1-2 g/t can often be seen in pan concentrates. The gold represents a potentially significant valuable component to the valuable heavy mineral (VHM) assemblage.

The Exploration Target for gold is best determined by estimating the gold grade in the HM content of the Tisma deposit rather than the grade of the HM bearing sand. Assuming that the visible gold with no complementary assay result has a grade in the order of 1-2 g/t and the average grade of the holes for which assay data is available is 7 g/t then the grade of the HM content of the deposit would be in the order of 1-7 g/t. The quantity of HM is that of the Inferred Mineral Resource which is 4% of 137 Mt (5.5 Mt of HM).

In the case of the Tisma tenement the Exploration Target for gold within the Tisma tenement is in the order of 5-6 Mt of HM concentrate containing 1-7 g/t gold. Mineralisation expressed as Exploration Targets are in addition to Mineral Resources.

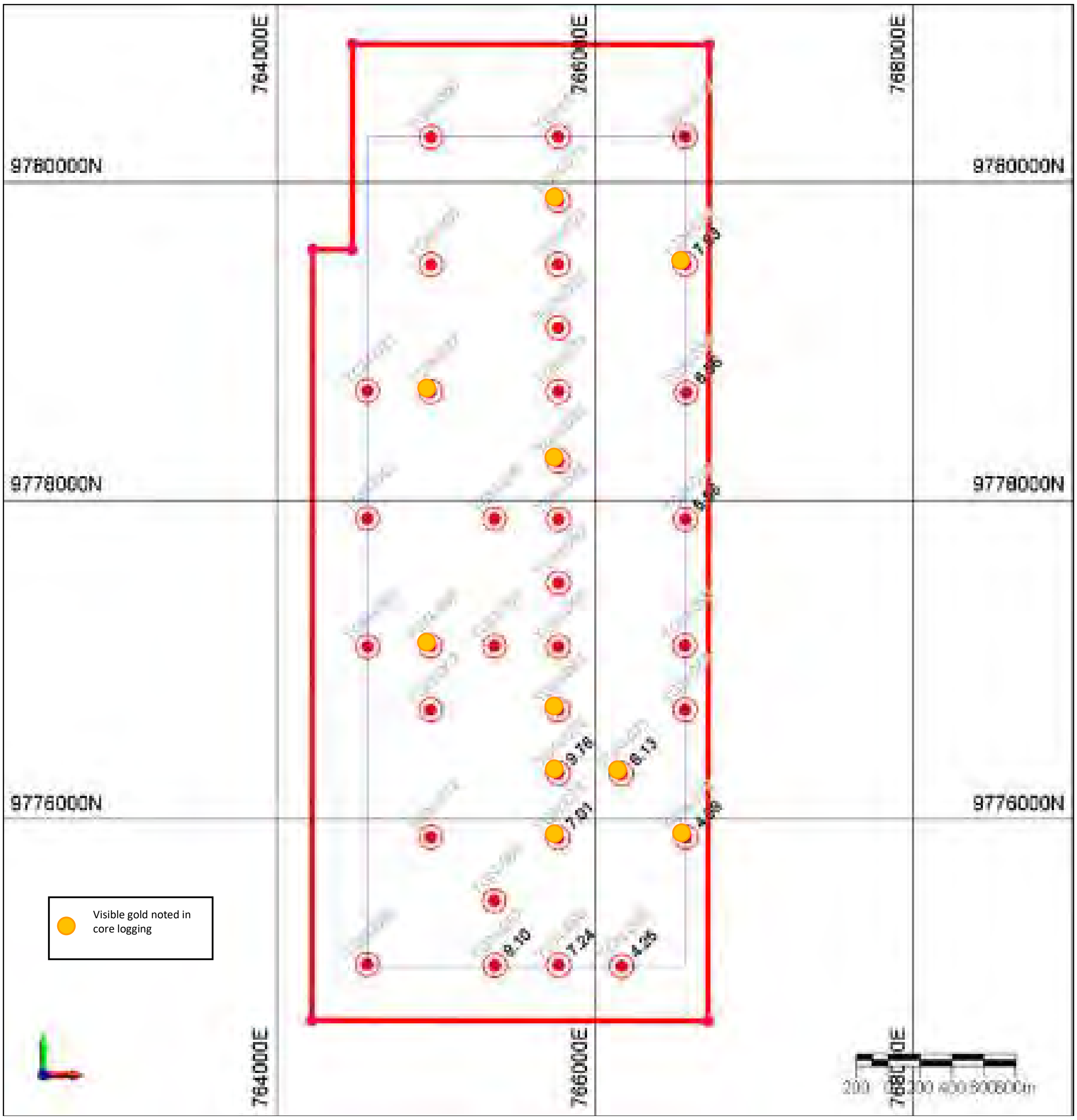


Figure 5-1 Plan of the Tisma drilling showing holes containing gold (g/t)

5.6 Recommendations for future exploration

The original proposal was to drill holes at 400 m spacing along east-west lines 800 m apart to determine the lateral extent of the HM mineralisation. It is recommended that this programme be completed as originally proposed.

The first few holes should be drilled at least 5 m below the last visual observation of HM in case there is another layer below. Holes should never be stopped in mineralisation at less than 30 m depth.

Subsequent drilling will be at a closer spacing based on the results of the first phase of drilling but probably in the order of 400 m x 200 m.

A small number of composite samples of the sediments above the HMS layers should be submitted for heavy liquid analysis to check to see if they contain low quantities of HM as very low levels of HM can be recovered during dredging operations which can offset the cost of removing overburden.

In the case of gold, the distribution is not clear apart from being concentrated in the lower levels of the mineralised horizon. A number of holes shown to contain gold from the recent drilling should be tested with two lines of closely spaced (50 m) holes to test the continuity of the gold mineralisation between adjacent holes. The two lines of holes can be in the form of a cross and rotated accordingly (+ or x) based on the interpreted trend of the gold mineralisation. The distribution of gold is often extremely erratic, and it will probably be confined to channels within the fluvial system. Careful logging of the drill chips will be useful for this work as it should be possible to identify channel material relative to bank and terrace material.

6 COMPLIANCE AND INDEPENDENCE STATEMENTS

6.1 Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

This ITAR has been prepared in accordance with the 2012 JORC Code and the 2015 VALMIN Code. Both industry codes are binding for all members of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. These codes are also requirements under Australian Securities and Investment Commission (ASIC) rules and guidelines and the listing rules of the Australian Securities Exchange (ASX).

6.2 Statement of Independence

No member or employee of CRM is, or is intended to be, a director, officer or other direct employee of the Company. No member or employee of CRM has, or has had, any share-holding, or the right (whether enforceable or not) to subscribe for securities, or the right (whether legally enforceable or not) to nominate persons to subscribe for securities in the Company. There is no agreement or understanding between CRM and the Company as to CRM performing further work for the Company. Fees for the preparation of this report are being charged at a commercial rate, the payment of which are not contingent upon the conclusions of the report. They total about $11,000.

6.3 Competent Persons Declaration and Qualifications

The information in relation to geology, exploration results and mineral resources is based on, and fairly represents, information and supporting documentation that has been compiled and reported by Dr John Chisholm, BSc Hons, PhD (Geol.), a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Chisholm is a Principal Geologist of Continental Resource Management Pty Ltd, a geological consultancy, which was engaged by TDL to an exploration programme to explore the Tisma tenement for HMS and subsequently to estimate the Mineral Resources of HMS within the Tisma Project. Dr Chisholm has sufficient experience, which is relevant to the style of mineralisation, geology and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the 2012 JORC Code. Dr Chisholm consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The field work was carried out under the supervision of PT. TGN senior geologist Djatmiko Prihartomo whose assistance is greatly appreciated.

7 GLOSSARY OF TECHNICAL TERMS AND ABBREVIATIONS

Air-core drilling	A rotary drilling technique that uses compressed air to cut a core sample and return fragments to the surface inside drill rods.
Auger	A method of drilling by which a sample of unconsolidated material is brought to the surface up the inclined flights of an auger.
Basement	The oldest layer of igneous and metamorphic rocks in the earth's crust, covered by layers of more recent, usually unconformably overlain sedimentary rocks.
Clastic	A sedimentary rock composed of grains or fragments derived at a different locality.
Clay	A rock or mineral fragment or a detrital particle of any composition with a diameter <4 microns.
Composite	A number of discrete samples collected from a body of material into a single homogenized sample for the purpose of analysis.
Concentrate	Heavy mineral concentrates are usually prepared by tabling or wet sieving a very large sample of till or stream sediments (up to 20 kg may be routine). The heavy mineral concentrate collected at this stage is then further processed with heavy liquids using methylene iodide (SG = 3.3). The resultant concentrate then is separated into magnetic and non-magnetic fractions and it is the non-magnetic fraction which is usually analyzed.
Cut-off grade	The lowest grade of mineralised material that qualifies as ore or resource in a given deposit.
De-slimed	Clay-sized particles have been removed from crushed rock.
Digital terrain model (DTM)	A digital terrain model (DTM) provides a bare earth representation of terrain or surface topography and can be described as a three – dimensional representation of a terrain surface consisting of X, Y, Z coordinates stored in digital form. It includes not only heights and elevations but other geographical elements and natural features such as rivers, ridge lines, etc.
Exploration Target	An Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource (JORC Code clause 17).

GIS	Geographic information system. It is a system designed to capture, store, manipulate, analyse, manage, and present spatial or geographic data.
Grade	Expression of relative quality of mineralisation (e.g. high-grade) or of numerical quality (e.g. 1.2% Ni).
Granitic	Descriptive term used for igneous rocks with a holocrystalline texture and anhedral constituents of a similar grainsize, composed chiefly of orthoclase and albite feldspars and of quartz, usually with lesser amounts of one or more other minerals, as mica, hornblende, or augite.
Heavy mineral (HM)	An accessory detrital mineral of a sedimentary rock, of high specific gravity (> 2.9 t/m^3), e.g., magnetite, ilmenite, zircon, rutile.
Heavy mineral assemblage	The suite of heavy minerals contained in a deposit.
Ilmenite	A titanium-iron oxide mineral ($FeTiO_3$).
Indicated Mineral Resource	That part of a Mineral Resource for quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.
Inferred Mineral Resource	That part of a Mineral Resource for which tonnage, grade, and mineral content can be estimated with a low level of confidence.
JORC Code	The Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition). Prepared by The Joint Ore Reserves Committee. A compliance standard for professional and public reporting of Ore Reserves and Mineral Resources.
Kg	Kilogram
Leucoxene	A titanium oxide-rich heavy mineral formed by the alteration of ilmenite.
Logging	The practice of making a detailed record (a log) of the geological formations penetrated by a borehole.

Measured Mineral Resource	That part of a Mineral Resource for quantity, grade (or quality), densities, shape and physical characteristics are estimated with with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.
Metamorphic	Descriptive of rock that has been altered by physical and chemical processes involving heat, pressure and/or fluids.
Mineral assemblage	Group of minerals commonly associated with another.
Mineral Asset	All property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.
Mineral Resource	In-situ mineral occurrence for which there are reasonable prospects for eventual economic extraction. The location, quality, quantity, grade, geological characteristics, and continuity are known, estimated, or interpreted from specific geological evidence and knowledge. A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction.
Mineralisation	The concentration of metals and their minerals within a body of rock.
Mineralogical	Connected with the scientific study of minerals.
Miocene	The epoch of geological time within the Cenozoic Era between about 5 and 23 million years ago.
Monazite	A rare phosphate mineral with a chemical composition of (Ce,La,Nd,Th)(PO4,SiO4). It usually occurs in small isolated grains, as an accessory mineral in igneous and metamorphic rocks such as granite, pegmatite, schist, and gneiss.
(Ore) block model	An (ore) block model is created using geostatistics and the geological data gathered through drilling of the prospective ore zone. The block model is essentially a set of specifically sized "blocks" in the shape of the mineralized orebody. Although the blocks all have the same size, the characteristics of each block differ. Once the block model has been developed and analyzed,

	it is used to determine the ore resources and reserves (with project economics considerations) of the mineralised orebody.
Ore Reserve	The economically minable part of a Measured and/or Indicated Mineral Resource.
Oversize	Sand material greater than 1 mm in diameter.
Paludal	Sediments that accumulated in a marsh environment.
Paralic	Sediments laid down on the landward side of a coast, in shallow fresh water subject to marine invasions.
Pegmatite	Very coarse-grained igneous intrusive body, usually granitic and in dyke or sill form; may contain economically important minerals.
Precambrian	That portion of geological time older than about 545 million years ago.
Pre-feasibility stage	A project at a stage where a pre-feasibility study has been undertaken or is about to be commenced. A pre-feasibility study of a project is a precursor to a feasibility study. Its purpose is to examine the size, cost and value of the main components of the project in sufficient detail to ensure there is a solid basis for proceeding to the more costly and rigorous feasibility study.
Probable Reserve	A measured and/or indicated mineral resource which is not yet proven, but where technical economic studies show that extraction is justifiable at the time of the determination and under specific economic conditions.
Proven Reserve	A measured mineral resource, where technical economic studies show that extraction is justifiable at the time of the determination and under specific economic conditions.
QA/QC	QA/QC is the combination of quality assurance, the process or set of processes used to measure and assure the quality of a product, and quality control, the process of ensuring products and services meet consumer expectations.
Quaternary	The period of geological time from about 2.6 million years ago to the present.
Quartzite	A granular metamorphic rock composed predominantly of quartz; derived from quartz sandstone.
Resource category	Category of a mineral resource, such as Inferred, Indicated, Measured, Proven or Probable.

Resource modelling	Creating a model of a mineral resource through assessment of the quantity and quality of the data available including database management and verification, the creation of 2D and/or 3D geological and mineralisation models for the deposit, statistical and geostatistical analyses of the data and the determination of the most appropriate grade and density interpolation methods.
Rutile	A mineral containing titanium dioxide (TiO_2).
Sandstone	A sedimentary rock composed primarily of sand sized grains.
Slimes	Clay material less than 45 microns (,45µ).
Specific gravity	The term specific gravity refers to the ratio of the density of a solid or liquid to the density of water at 4 degrees Celsius.
Tetrabromoethane (TBE)	A halogenated hydrocarbon, chemical formula $C_2H_2Br_4$.
THM	Total heavy minerals (concentrate). Components are typically rutile ilmenite, zircon and leucoxene.
Thorium	A chemical element with symbol Th. Thorium metal is silvery and tarnishes black when exposed to air, forming a dioxide.
Twin (Twinned holes)	A pair of parallel holes drilled close together.
Unconformably	The attribute of a series of younger strata that do not succeed the underlying older rocks in age or in parallel position, as a result of a long period of erosion or non-deposition.
Uranium	A chemical element with symbol U. It is a silvery-white metal in the actinide series of the periodic table.
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition). Prepared by The VALMIN Committee. A compliance standard for professional and public reporting of Mineral Asset valuations.
Valuable heavy minerals (VHM)	Heavy minerals with economic value. The principal valuable heavy minerals are ilmenite, leucoxene, rutile, and zircon.
µ or µm	Micron; a millionth of a metre.

XRF	An X-ray fluorescence (XRF) spectrometer is an x-ray instrument used for routine, relatively non-destructive chemical analyses of rocks, minerals, sediments and fluids. It works on wavelength-dispersive spectroscopic principles that are similar to an electron microprobe. It is typically used for bulk analyses of larger fractions of geological materials. The relative ease and low cost of sample preparation, and the stability and ease of use of x-ray spectrometers make this one of the most widely used methods for analysis of major and trace elements in rocks, minerals, and sediment.
Zircon	A mineral belonging to the group of nesosilicates. Its chemical name is zirconium silicate and its corresponding chemical formula is $ZrSiO_4$.

8 JORC TABLE 1 – FOR RESOURCE ESTIMATION

8.1 Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Core samples were collected over 1m intervals and cone and quartered, bagged and dispatched to the laboratory • Continuous core was collected • Samples were panned onsite to identify the presence of HMS, zircon, rutile, ilmenite & gold • Standard core sampling was used
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Core drilling was undertaken using 55 mm blade barrel
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The HMS core samples were recovered and placed in open PVC trays and sampled by 1 m sample spacing • The work proceeded slowly in order to maximise recovery. • No relationship was noted.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative*	• All core samples were geologically logged in sufficient detail, recording all significant properties. • All core logged and photographed.

Criteria	JORC Code explanation	Commentary
	in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged.	• All of the core was logged in entirety. .
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Core samples were placed in sample bags in 1 m intervals then later cone and quartered. • The sample process was most appropriate for the sample type. • No Duplicate holes were drilled
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Analyses were recorded on each sample interval using a Olympus portable XRF unit. The cone and quarter samples were submitted to a laboratory for analysis. • Laboratory determination of HM%, slimes% and oversize%. • Certified reference material was used as were duplicate samples .
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• None • None • All core logged and entered into a database. • Assays were not adjusted.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Collars located by handheld GPS • UTM WGS84 Zone49M • Adequate for Inferred Resources.

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Average drill hole spacing is highly variable, ranging from 800m x 800m to 800m x 400m. • Drill spacing is appropriate for Inferred Resources for HM deposit • All samples composited for alluvial sand interval.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Not appropriate for HMS deposit
Sample security	• *The measures taken to ensure sample security.*	• All samples were in the care of company personnel at all times.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Internal company audit and review only.

Section 2 Reporting of Exploration Results

(Criteria listed in section 1 also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The tenement is currently held under tenement (N0. 545/244/KPTS/VIII/2012) held by PT Tisma Global Nusantara • The Tisma tenement is in good standing and no known impediments exist.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• There is no previous exploration data available
Geology	• *Deposit type, geological setting and style of mineralisation.*	• HMS deposit formed in a continental environment.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  o *easting and northing of the drill hole collar*
	  o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  o *dip and azimuth of the hole*
	  o *down hole length and interception depth*
	  o *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• The drilling data includes 36 core holes. All holes were drilled vertically to a maximum of 11.5 m. The average hole depth was 5.48 m.
		• Collar coordinates and depth were recorded. RL was not recorded as the project area is flat.
		• All holes vertical
		• As stated, the project area is flat and the mineralization occurs as a flat lying body with the land surface forming the top boundary of the mineralization.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly*	• Composite samples were prepared and analysed by the laboratory. Field XRF results were made on individual samples and a weighted average calculated. • Not applicable. • Not applicable.

Criteria	JORC Code explanation	Commentary
	stated.	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Core holes were vertical and the target HMD was horizontal. • Flat lying horizontal alluvial body with the land surface as the top boundary. • Geometry is well known.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Appropriate maps and sections are available in the body of this report
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Reporting of results in this report is considered balanced.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not applicable
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions, depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further work will include air-core drilling to sample below the water table and holes will be at a closer spacing. • Not included

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*	• Standard validation techniques have been applied to the data. • The current database was complied and validated in Micromine 2018.

Criteria	JORC Code explanation	Commentary
	• *Data validation procedures used.*	
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• A single site visit was conducted by Dr Chisholm on 16 March 2020.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Interpretation of the lithological boundaries and the proposal of a conceptual model for the mineralisation are supported by a sufficient amount of drilling. • Geological continuity is based upon a coherent and predictable model relevant to HMS deposits. • Further drilling and/or mapping is expected to refine the geological model in the future. .
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The Tisma HMS deposit occurs over an area of 1,500 ha. • Dips are flat • The width of mineralised zones varies from 3.5 m to 7.7 m with an average of 5.37 m.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation*	• The resource estimations were generated using inverse distance cubed, using Micromine 2018.1 software. • No upper cut was applied. • Parent cell block sizes were 100 m x 100 m x intersection width. • Block model validation has been carried out by the Competent Person using input and output correlation. • All validation methods have produced acceptable results. • Current processing indicates that all VHM recovered. • No deleterious element or minerals present. • Block size is appropriate for HMS deposits. • None • None • The body is known to be flat lying and continuous. No structural dislocations are known. • No grade cutting used as distribution of mineralisation grade is relatively uniform.

Criteria	JORC Code explanation	Commentary
	data if available.	
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• Tonnages are estimated on a dry basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• All Mineral Resources have been reported at series of lower cut-offs. .
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• It has been assumed that the Tisma deposit will be mined by dredging. • No dilution has been built into the resource model.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• Based on chemical analyses it is assumed that all Zr is in the form of Zircon. All Ti is in the form of rutile and ilmenite in the proportion of 30% and 70%.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• There are considered to be no significant environmental issues.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately*	• A density factor was estimated for each mineralised intersection based on the SG calculated for each ore block on the basis of its interpolated HN content according to the standard formula SG = 1.686 + (0.0108 x HM%); The average density for the deposit is 1.73 which was used as a global

Criteria	JORC Code explanation	Commentary
	account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	density factor.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The Mineral Resource has been classified in the Inferred categories, in accordance with the 2012 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code). A range of criteria has been considered in determining this classification including: o Geological and grade continuity o Data quality. o Drill hole spacing. • The Competent Person is in agreement with this classification of the resource.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• The resource estimate has not been externally been audited.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• The relative accuracy of the various resource estimates is reflected in the JORC resource categories. • Inferred Resources are considered global in nature. • The resource estimation results cannot be related to production records as there has been no significant previous mining

Schedule 2 – Audit Reports on Target

REPORTS AND FINANCIAL STATEMENTS

Tisma Development (HK) Limited

and its Subsidiaries

Financial Report

For the Year Ended 30 June 2020

盧子葵會計師事務所
T. K. LO & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

Tisma Development (HK) Limited
and its Subsidiaries

Financial Report
For the Year Ended 30 June 2020

Tisma Development (HK) Limited
and its Subsidiaries

DIRECTOR'S REPORT

The director has pleasure in presenting this report together with audited consolidated financial statements for the year ended 30 June 2020.

Directors

During the year and up to the date of this report, the directors of the Company were:

Mr. Chan Kwan	(Appointed on 27 September 2018 and resigned on 18 December 2020)
Mrs. Cuevas Salgado Iris Del Carmen	(Appointed on 18 December 2020)

Other directors of the subsidiaries were:

Mr. Victor Rommel Latuheru	
Mrs. Stephanie Dalla	(Appointed on 23 August 2019)
Mr. Danny Paulus	(Resigned on 23 August 2019)
Mr. Yuliansyah	(Appointed and resigned on 23 August 2019)

Principal Activity

The principal activity of the Group during the financial year was the holder of a mining concession related to a mineral sands deposit located in the Central Kalimantan Province of Indonesia, with an area of 1,500 hectares. The results and state of affairs for the year are set out in consolidated statements of comprehensive income and financial position respectively.

Dividends

There were no dividends paid, recommended or declared during the current year or previous financial period.

Review of Operations

The loss for the Group for the financial year ended 30 June 2020 after providing for income tax amounted to US$ 28,044. During the prior period, the loss for the Group was US$ 12,295.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Permitted Indemnity Provision

No permitted indemnity provisions were in force for the benefit of any director of the Group or of its associated party at any time during the year and up to the date of this report.

Share, Debenture & Equity-linked Agreement

No shares or debentures are issued by the Company during the year and no equity-linked agreements are entered into during the year or in force at the end of the year.

Management Contracts

Except for note 9 of the notes to the financial statements, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in force during the period.

DIRECTOR'S REPORT (CONTINUED)

Auditor

The financial statements have been audited by T. K. Lo & Company who will offer themselves for the re-appointment at the forthcoming annual general meeting of the Company.

Iris Cuevas

Mrs. Cuevas Salgado Iris Del Carmen

Director

Hong Kong

Date: 26/12/2020

盧子榮會計師事務所
T. K. LO & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TISMA DEVELOPMENT (HK) LIMITED

(incorporated in Hong Kong with limited liability)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tisma Development (HK) Limited and its subsidiaries (collectively as (Group)) set out on pages 5 to 30 which comprise consolidated statement of financial position as at 30 June 2020 consolidated statements of comprehensive income, cash flow and changes in equity for the year then ended summary of significant accounting policies and notes to the financial statements.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and have been properly prepared in compliance with the Hong Kong Companies Ordinance (HKCO).

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (HKSA) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). Our responsibilities under those standards are further described in the Responsibilities of Auditor section of our report. We are independent of the Group and have fulfilled our ethical responsibilities in accordance with the HKICPA's Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Director's Report

The director is responsible for preparation and approval of the director's report. Our opinion on the financial statements does not cover this report and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read this report and consider whether there is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we conclude that there is a material misstatement of this report based on the work we have performed, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Director and Those Charged with Governance

The director is responsible for preparation of the financial statements that give a true and fair view in accordance with IFRS issued by the IASB and in compliance with the HKCO, and for maintaining internal control necessary to enable the financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Group's ability to continue as a going concern, disclosing any matters related to going concern and using the going concern basis of accounting unless the director has intention to cease the Group's operations or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF TISMA DEVELOPMENT (HK) LIMITED

(Incorporated in Hong Kong with limited liability)

Responsibilities of Auditor

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue solely to you as a body an auditor's report of our opinion and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA will always detect a material misstatement or misconduct when it exists. Misstatements or misconducts can arise from fraud or error and are considered material if they individually or in the aggregate could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used, the reasonableness of accounting estimates and the related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, disclosures, structure and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the director and those charged with governance regarding the planned scope and timing of the audit, findings and deficiencies in internal control that we identify during our audit.

T. K. LO & COMPANY

Certified Public Accountants

Hong Kong

2 4 DEC 2020

Tisma Development (HK) Limited
and its Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	From 1/7/2019 to 30/6/2020 US$	From 27/9/2018 to 30/6/2019 US$
Revenue		-	-
Cost of sales		(6,992)	(3,295)
Gross Loss		(6,992)	(3,295)
Other income		712	-
Consulting and professional expenses		(11,716)	
Other expenses		(10,048)	(9,000)
Loss before tax	16	(28,044)	(12,295)
Income tax expense	17	-	-
Loss for the year / period		(28,044)	(12,295)
Other comprehensive income			
Items be recycled subsequently to profit or loss			
Exchange differences on translating foreign operations		495	9,617
Total other comprehensive income for the year / period		495	9,617
Total comprehensive income for the year / period		(27,549)	(2,678)
Net (loss) after tax attributable to:			
Owners of the parent entity		(27,385)	(12,099)
Non-controlling interest		(659)	(196)
		(28,044)	(12,295)
Total comprehensive income attributable to:			
Owners of the parent entity		(26,919)	(3,054)
Non-controlling interest		(630)	376
		(27,549)	(2,678)

Tisma Development (HK) Limited
and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 US$	2019 US$
ASSETS			
CURRENT ASSETS			
Other receivables		49,494	1,730
Related party receivables	14	1	1
Cash and cash equivalents	4	9,499	-
TOTAL CURRENT ASSETS		58,994	1,731
TOTAL ASSETS		58,994	1,731
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	18,000	9,000
Related party payables	14	68,966	-
Provisions	6	59,944	53,098
TOTAL CURRENT LIABILITIES		146,910	62,098
TOTAL LIABILITIES		146,910	62,098
NET ASSETS / (LIABILITIES)		(87,916)	(60,367)
EQUITY			
Issued capital	7	1	1
Foreign exchange reserve	8	9,511	9,045
Accumulated losses		(39,484)	(12,099)
Equity attributable to owners of the parent entity		(29,972)	(3,053)
Non-controlling interest		(57,944)	(57,314)
TOTAL EQUITY		(87,916)	(60,367)

Approved by the Director on 24 DEC 2020

Mrs. Cuevas Salgado Iris Del Carmen

Tisma Development (HK) Limited
and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Attributable to Owners of the Parent Entity					
	Issued Capital (Ordinary Shares)	Foreign Exchange Reserve	Accumulated Losses	Total	Non-Controlling Interest	Total Equity
	US$	US$	US$	US$	US$	US$
Issue of ordinary shares	1	-	-	1	-	1
Non-controlling interest at acquisition	-	-	-	-	(57,690)	(57,690)
Total comprehensive income	-	9,045	(12,099)	(3,054)	376	(2,678)
Balance at 30 June 2019	1	9,045	(12,099)	(3,053)	(57,314)	(60,367)
Balance at 1 July 2019	1	9,045	(12,099)	(3,053)	(57,314)	(60,367)
Total comprehensive income	-	466	(27,385)	(26,919)	(630)	(27,549)
Balance at 30 June 2020	1	9,511	(39,484)	(29,972)	(57,944)	(87,916)

Tisma Development (HK) Limited
and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	From 1/7/2019 to 30/6/2020 US$	From 27/9/2018 to 30/6/2019 US$
Operating activities			
Advance to shareholders		-	(1)
Received from customers		712	-
Payments to suppliers		(4,788)	-
Net cash (used in) operating activities		(4,076)	(1)
Financing activities			
Short-term borrowings from related party		13,226	-
Proceeds from issue of shares		-	1
Net cash from financing activities	10	13,226	1
Net increase in cash and cash equivalents		9,150	-
Cash and cash equivalents at beginning		-	-
Effect of change in foreign exchange rate		349	-
Cash and cash equivalents at end		9,499	-

NOTE 1: BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The consolidated financial statements and notes represent those of Tisma Development (HK) Limited and its subsidiaries (the "Consolidated Group" or "Group"). Tisma Development (HK) Limited (the Company) is a company limited by shares, incorporated and domiciled in Hong Kong. In director's opinion, its ultimate holding company at the beginning of the financial year was Skyland Petroleum Group Limited, incorporated in the Cayman Islands. During the year, its ultimate holding company changed to Phoenician Group Limited, incorporated in Hong Kong. By the date in which this report is issued, its ultimate holding company changed to Tisma (HK) Limited, incorporated in Hong Kong.

The Company's registered office is located at 5/F, 8 Queen's Road Central, Hong Kong.

The financial statements have been prepared on a going concern basis under the historical cost convention except as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss and are in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and IFRIC Interpretations issued by the IFRS Interpretations Committee.

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

In preparing the director's report, the Company is not required to present business review and certain disclosures as it falls within the reporting exemption and is a wholly owned subsidiary.

The financial statements are presented in United States Dollars the functional currency of the primary economic environment in which the Group operates.

The financial statements were authorised for issue on 24 December 2020 by the director of the Company.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (Tisma Development (HK) 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 9.

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.

a. Principles of Consolidation (continued)

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 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.

b. Income Tax

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

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or are recognised directly in equity or in other comprehensive income. Current tax liabilities (assets) are therefore 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 income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

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 land and buildings 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.

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.

b. Income Tax (continued)

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. Fair Value of Assets

The Group measures some of its assets at fair value. Fair value is the price the Group would receive to sell an asset in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (ie the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's abillity to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

d. 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 a first-in, first-out basis.

e. **Property, Plant and Equipment**

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

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event that the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. An assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by director 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.

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, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

f. **Leases**

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 (ie a lease with a 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.

f. Leases (continued)

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.

g. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or the 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 paragraph 63 of IFRS 15: Revenue from Contracts with Customers.

g. Financial Instruments (continued)

Classification and subsequent measurement

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 to 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.

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; and
- the business model for managing the financial asset 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.

Derecognition

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

Derecognition of financial liabilities

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

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

g. Financial Instruments (continued)

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

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

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.

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 IFRS 9: Financial Instruments:

- the general approach; and
- 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; and
- if there has been 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.

g. **Financial Instruments (continued)**

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 that are within the scope of IFRS 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 is used, taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its 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. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

h. **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 considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in IAS 16: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

h. Impairment of Assets (continued)

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.

i. Employee Benefits

Short-term employee benefits

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

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

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. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

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.

j. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

l. Revenue Recognition

Revenue from sale of goods was recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of goods and the cessation of all involvement in those goods.

m. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

n. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

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. **Foreign Currency Transactions and Balances**

Transactions and balances

Foreign currency transactions are translated into 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 where deferred in equity as a qualifying cash flow or net investment hedge.

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 directly recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

q. **Business Combinations and Goodwill**

A subsidiary is an enterprise that is controlled by the Group. Control is achieved when the Group (i) has power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and (iii) has the ability to use its power to affect its returns. When assessing whether the Group has power, only substantive rights are considered. The results of subsidiaries acquired or disposed of during the period is included in the consolidated comprehensive income statement from the effective date of acquisition or up to the effective date of disposal. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein, and are initially measured on each combination either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Total comprehensive income is attributed to non-controlling interests even if this results in having a deficit balance.

The acquisition of businesses is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and any resulting gain or loss, including amounts have previously been recognised in other comprehensive income, is recognised in profit or loss. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date except for some deferred tax, employee benefits, indemnification assets, reacquired rights, share-based payments awards and those held for sale. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

q. **Business Combinations and Goodwill (continued)**

Goodwill is the excess of the cost of a business combination or an investment in an associate or a joint venture over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities recognised. Goodwill arising on acquisition of a subsidiary is recognised as an asset and initially measured at cost. Any impairment is tested annually and recognised in profit or loss and is not reversed in subsequent periods. Subsequent changes in fair values of contingent consideration within one year are adjusted against the costs of acquisition. In respect of associates or joint venture, the goodwill included within the carrying amount of the investment. Any attributable amount of acquired goodwill is included in the calculation of the profit or loss on disposal. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

r. **Related Parties**

Two parties are considered to be related if one party has the ability, directly or indirectly through one or more intermediaries, to control the other party or exercise significant influence over the other party in making financial and operating decisions or has joint control over the other party. Parties are also considered to be related if they are business partners, in cohabitation relationship, close family members, including spouse, children and dependants, or subject to common control. Director of the Group is considered to be key management personnel and related parties.

s. **IFRS Not Yet Effective**

Effective for Periods Beginning on or after 1 January 2020

- Conceptual Framework for Financial Reporting 2018
- IAS 1 & 8 (Amendments): Definition of material
- IFRS 3 (Amendments): Definition of a business
- IFRS 9, IAS 39 & IFRS 7 (Amendments): Interest rate benchmark reform

Effective for Periods Beginning on or after 1 June 2020

- IFRS 16 (Amendments): Covid-19-related rent concessions

Effective for Periods Beginning on or after 1 January 2021

- IFRS 9, IAS 39, IFRS 7, IFRS 4 & 16 (Amendments): Interest rate benchmark reform

Effective for Periods Beginning on or after 1 January 2022

- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Conceptual Framework (Amendments to IFRS 3)
- IAS 16 (Amendments): Proceeds before intended use
- IAS 37 (Amendments): Onerous contracts

Effective for Periods Beginning on or after 1 January 2023

- IAS 1 (Amendments): Classification of liabilities as current or non-current
- IFRS 17: Insurance contracts

NOTE 3: DIVIDENDS

No dividends have been paid during the financial year.

NOTE 4: CASH AND CASH EQUIVALENTS

	2020	2019
	US$	US$
CURRENT		
Bank Deposits	9,499	-

NOTE 5: TRADE AND OTHER PAYABLES

	2020	2019
	US$	US$
CURRENT		
Audit fee payables	18,000	9,000

NOTE 6: PROVISIONS

	2020	2019
	US$	US$
CURRENT		
Provision for mining concession fees	59,944	53,096

NOTE 7: ISSUED SHARE CAPITAL

	2020	2019
	US$	US$
10 ordinary shares	1	1

Ordinary shareholders participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

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

After the end of the reporting period, the parent company of Company was resolved to split the current issued shares of the Company from 10 ordinary shares into 1,000,000 ordinary shares for the purpose of increasing the Company's share liquidity. The share capital of HKD10 remains unchanged after the share split.

NOTE 8: FOREIGN EXCHANGE RESERVE

The foreign currency reserve records exchange differences arising on translation of the financial results and position of the foreign operations according to the accounting policies of the Group.

NOTE 9: INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the significant accounting policies described in Note 2.

Name of Entity	Country of Incorporation	Class of Shares	Proportioning Interests held by the Company	Proportioning Interests held by the Subsidiaries	Attributable to the Group
PT Tisma Investasi Abadi	Indonesia	Ordinary	99%	-	99%
PT Tisma Global Nusantara[1]	Indonesia	Operating Agreement	-	95%	94%

[1] Notwithstanding the Group did not hold any ordinary shares in PT Tisma Global Nusantara, the Group is deemed to have control over the entity pursuant to the Exclusive Operation and Management Agreement and Share Pledge Agreements entered on 15 January 2019, which also entitles PT Tisma Investasi Abadi to an operating fee equal to 95% of the pre tax profit of PT Tisma Global Nusantara. After the end of the reporting period, the Share Pledged Agreements have been revised but the control of the Group in PT Tisma Global Nusantara is not affected.

NOTE 10: FINANCING ACTIVITIES DISCLOSURES

2020	At 30/6/2020 US$	Cash flows US$	At 1/7/2019 US$
Issued share capital	1	-	1
Short-term borrowings from a related party	13,226	13,226	-

2019	At 30/6/2019 US$	Cash flows US$	At 27/9/2018 US$
Issued share capital	1	1	-

NOTE 11: CONTINGENT LIABILITIES

There are no contingent liabilities during the reporting period.

NOTE 12: FINANCIAL RISK MANAGEMENT

Capital management

	Group	
	2020	2019
	US$	US$
Financial assets		
Financial assets at amortised cost		
– Other receivables	49,494	1,730
– Related party receivables	1	1
– Cash and cash equivalents	9,499	-
Total financial assets	58,994	1,731
Financial liabilities		
Financial liabilities at amortised cost:		
– Trade and other payables	18,000	9,000
– Related party payables	68,966	-
Total financial liabilities	86,966	9,000

Financial Risk Management Policies

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

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are 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 director'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.

NOTE 12: FINANCIAL RISK MANAGEMENT (CONTINUED)

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	
	2020	2019	2020	2019	2020	2019
Group	US$	US$	US$	US$	US$	US$
Financial liabilities due for payment						
Trade and other payables	18,000	9,000	-	-	18,000	9,000
Related party payables	68,966	-	-	-	68,966	-
Total expected outflows	86,966	9,000	-	-	86,966	9,000
Financial assets – cash flows realisable						
Other receivables	49,494	1,730	-	-	49,494	1,730
Related party receivables	1	1	-	-	1	1
Total anticipated inflows	49,495	1,731	-	-	49,495	1,731
Net (outflow)/ inflow on financial instruments	(37,471)	(7,269)	-	-	(37,471)	(7,269)

NOTE 12: FINANCIAL RISK MANAGEMENT (CONTINUED)

c. **Market risk**

(i) *Other price risk*

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

No contract for physical delivery of zircon has been entered during the financial period.

(ii) Foreign currency risk

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

With instruments being held by overseas operations, fluctuations in the Indonesian Rupiah (IDR), Australian Dollar (AUD) and Hong Kong Dollar (HKD) may impact on the Group's financial results unless those exposures are appropriately hedged.

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

2020	Net Financial Assets/(Liabilities) in USD			
Group	AUD	IDR	Other	Total USD
Functional currency of the Group:				
US dollar	(13,613)	3,640		(9,973)
Statement of financial position exposure	(13,613)	3,640	-	(9,973)

2019	Net Financial Assets/(Liabilities) in USD			
Group	AUD	IDR	Other	Total USD
Functional currency of the Group:				
US dollar	-	1,730		1,730
Statement of financial position exposure		1,730	-	1,730

NOTE 12: FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

Group	2020 Carrying Amount US$	2020 Fair Value US$	2019 Carrying Amount US$	2019 Fair Value US$
Financial assets				
Financial assets at amortised cost:				
Other receivables(i)	49,494	49,494	1,730	1,730
Related party receivables(i)	1	1	1	1
Cash and cash equivalents(i)	9,499	9,499	-	-
Total financial assets	58,994	58,994	1,731	1,731
Financial liabilities at amortised cost				
Trade and other payables(i)	18,000	18,000	9,000	9,000
Related party payables(i)	68,966	68,966	-	-
Total financial liabilities	86,966	86,966	9,000	9,000

(i) The carrying amounts are equivalent to their fair values.

NOTE 13: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The director evaluates 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 – general*

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.

NOTE 14: RELATED PARTY DISCLOSURES

	Receivables		Payables	
	2020	2019	2020	2019
	US$	US$	US$	US$
Shareholder	1	1	68,966	

The above amounts are unsecured, non-interest bearing, without fixed repayment terms and will be settled by cash. No guarantees have been received or given by the Group in respect of the repayment of these outstanding amounts.

NOTE 15: EMPLOYEE BENEFIT EXPENSES

None of the Group directors received or will receive any fees or emoluments in respect of their services to the Group during the year (2019: Nil)

NOTE 16: OPERATING ACTIVITIES DISCLOSURE

	From 1/7/2019 to 30/6/2020	From 27/9/2018 to 30/6/2019
	US$	US$
Operating activities included below charging (crediting):		
Auditor's remuneration	9,000	9,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 17: INCOME TAX

The Group did not have any assessable profits chargeable to Hong Kong or other tax jurisdictions Profits Tax during the year.

Income tax reconciliation:	From 1/7/2019 to 30/6/2020 US$	From 27/9/2018 to 30/6/2019 US$
Loss before tax	(28,044)	(12,295)
Notional tax	(5,568)	(2,309)
Non-deductible expenses	5,746	2,309
Non-taxable income	(178)	
Actual tax expenses	-	-
Tax deductible amount at end:		
Unused tax losses	-	-
Temporary difference	-	-
	-	-
Recognised as tax asset	-	-
Tax effects on other comprehensive income:		
Translation differences of foreign operations	-	-
	-	-

NOTE 18: GOING CONCERN BASIS

The financial statements have been prepared on a going concern basis notwithstanding the capital deficiency amounting to US$ 87,916 (2019: US$ 60,367) sustained by the Group at the end of the reporting period because the parent company has agreed to provide adequate funds for the Group to meet its liabilities as they fall due.

NOTE 19: PRESENTATION OF FINANCIAL STATEMENTS

The financial statements for current year cover the 12 month period ended 30 June 2020. The comparative figures shown for consolidated statements of comprehensive income, changes in equity, cash flows and related notes cover the 9 month period from 27 September 2018 to 30 June 2019, and therefore may not be comparable with amounts shown for current year.

NOTE 20: COMPANY LEVEL - CHANGES IN RESERVES

	Accumulated Losses US$
Total comprehensive income	(9,000)
Balance at 30 June 2019	(9,000)
Balance at 1 July 2019	(9,000)
Total comprehensive income	(16,976)
Balance at 30 June 2020	(25,976)

NOTE 21 : COMPANY LEVEL - STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	2020 US$	2019 US$
ASSETS		
CURRENT ASSETS		
Other receivables	47,764	-
Related party receivables	13,227	1
TOTAL CURRENT ASSETS	60,991	1
NON-CURRENT ASSETS		
Investment in subsidiaries	171,257	171,257
TOTAL ASSETS	232,248	171,258
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	18,000	9,000
Related party payables	240,223	171,257
TOTAL CURRENT LIABILITIES	258,223	180,257
TOTAL LIABILITIES	258,223	180,257
NET ASSETS / (LIABILITIES)	(25,975)	(8,999)
EQUITY		
Issued capital	1	1
Accumulated losses	(25,976)	(9,000)
TOTAL EQUITY	(25,975)	(8,999)

Approved by the Director on 2 4 DEC 2020

Mrs. Cuevas Salgado Iris Del Carmen

REPORTS AND FINANCIAL STATEMENTS

Tisma Development (HK) Limited
and its Subsidiaries

Financial Report
For the Period from 27 September 2018
(Date of Incorporation) to 30 June 2019

盧子葵會計師事務所
T. K. LO & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

Tisma Development (HK) Limited

and its Subsidiaries

Financial Report

For the Period from 27 September 2018

(Date of Incorporation) to 30 June 2019

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Tisma Development (HK) Limited
and its Subsidiaries

DIRECTOR'S REPORT

The director has pleasure in presenting this report together with audited consolidated financial statements for the period from 27 September 2018 (Date of Incorporation) 30 June 2019.

Directors

During the period and up to the date of this report, the directors of the Company were:

Mr. Chan Kwan (Appointed on 27 September 2018 and resigned on 18 December 2020)
Mrs. Cuevas Salgado Iris Del Carmen (Appointed on 18 December 2020)

Other directors of the subsidiaries were:

Mr. Victor Rommel Latuheru
Mrs. Stephanie Dalla (Appointed on 23 August 2019)
Mr. Danny Paulus (Resigned on 23 August 2019)
Mr. Yuliansyah (Appointed and resigned on 23 August 2019)

Principal Activity

The principal activity of the Group during the financial period was the holder of a mining concession related to a mineral sands deposit located in the Central Kalimantan Province of Indonesia, with an area of 1,500 hectares. The results and state of affairs for the period are set out in consolidated statements of comprehensive income and financial position respectively.

Dividends

There were no dividends paid, recommended or declared during the current period.

Review of Operations

The loss for the Group for the financial period ended 30 June 2019 after providing for income tax amounted to US$ 12,295.

The Company was incorporated on 27 September 2018. On 15 October 2018, the Company incorporated PT Tisma Investasi Abadi, a subsidiary of the Company and 99% of the subsidiary's share capital was issued to the Company. On 15 January 2019, the Group obtained control over PT Tisma Global Nusantara by execution of an exclusive operation and management agreement, which resulted in business combinations during the period ended 30 June 2019.

Permitted Indemnity Provision

No permitted indemnity provisions were in force for the benefit of any director of the Group or of its associated party at any time during the period and up to the date of this report.

Share, Debenture & Equity-linked Agreement

At the date of incorporation, 10 shares were issued at a price of US$0.128 each as the Company's capital base. No debentures were issued by the Company during the period and no equity-linked agreements are entered into during the period or in force at the end of the period.

Management Contracts

Except for note 8 of the notes to the financial statements, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in force during the period.

Auditor

The financial statements have been audited by T. K. Lo & Company who will offer themselves for the re-appointment at the forthcoming annual general meeting of the Company.

Mrs. Cuevas Salgado Iris Del Carmen
Director
Hong Kong
Date: 24/12/2020

盧子葵會計師事務所
T. K. LO & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TISMA DEVELOPMENT (HK) LIMITED

(incorporated in Hong Kong with limited liability)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tisma Development (HK) Limited and its subsidiaries (collectively as (Group)) set out on pages 5 to 28 which comprise consolidated statement of financial position as at 30 June 2019, consolidated statement of comprehensive income, cash flows and changes in equity for the period from 27 September 2018 (Date of Incorporation) to 30 June 2019, summary of significant accounting policies and notes to the financial statements.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2019, and of its financial performance and its cash flows for the period from 27 September 2018 (Date of Incorporation) to 30 June 2019 in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and have been properly prepared in compliance with the Hong Kong Companies Ordinance (HKCO).

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (HKSA) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). Our responsibilities under those standards are further described in the Responsibilities of Auditor section of our report. We are independent of the Group and have fulfilled our ethical responsibilities in accordance with the HKICPA's Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Director's Report

The director is responsible for preparation and approval of the director's report. Our opinion on the financial statements does not cover this report and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read this report and consider whether there is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we conclude that there is a material misstatement of this report based on the work we have performed, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Director and Those Charged with Governance

The director is responsible for preparation of the financial statements that give a true and fair view in accordance with IFRS issued by the IASB and in compliance with the HKCO, and for maintaining internal control necessary to enable the financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Group's ability to continue as a going concern, disclosing any matters related to going concern and using the going concern basis of accounting unless the director has intention to cease the Group's operations or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF TISMA DEVELOPMENT (HK) LIMITED

(incorporated in Hong Kong with limited liability)

Responsibilities of Auditor

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue solely to you as a body an auditor's report of our opinion and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA will always detect a material misstatement or misconduct when it exists. Misstatements or misconducts can arise from fraud or error and are considered material if they individually or in the aggregate could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used, the reasonableness of accounting estimates and the related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, disclosures, structure and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the director and those charged with governance regarding the planned scope and timing of the audit, findings and deficiencies in internal control that we identify during our audit.

T. K. LO & COMPANY

Certified Public Accountants

Hong Kong

2 4 DEC 2020

Tisma Development (HK) Limited
and its Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 27 SEPTEMBER 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

	Note	US$
Revenue		-
Cost of sales		(3,295)
Gross Loss		(3,295)
Other expenses		(9,000)
Loss before tax	16	(12,295)
Income tax expense	17	-
Loss for the period		(12,295)
Other comprehensive income		
<u>Items be recycled subsequently to profit or loss</u>		
Exchange differences on translating foreign operations		9,617
Total other comprehensive income for the period		9,617
Total comprehensive income for the period		(2,678)
Net profit/(loss) after tax attributable to:		
Owners of the parent entity		(12,099)
Non-controlling interest		(196)
		(12,295)
Total comprehensive income attributable to:		
Owners of the parent entity		(3,054)
Non-controlling interest		376
		(2,678)

Tisma Development (HK) Limited
and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	US$
ASSETS		
CURRENT ASSETS		
Other receivables		1,730
Related party receivables	14	1
TOTAL CURRENT ASSETS		1,731
TOTAL ASSETS		1,731
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	4	9,000
Provisions	5	53,098
TOTAL CURRENT LIABILITIES		62,098
TOTAL LIABILITIES		62,098
NET ASSETS / (LIABILITIES)		(60,367)
EQUITY		
Issued capital	6	1
Foreign exchange reserve	7	9,045
Accumulated losses		(12,099)
Equity attributable to owners of the parent entity		(3,053)
Non-controlling interest		(57,314)
TOTAL EQUITY		(60,367)

Approved by the Director on 24 DEC 2020

Iris Cuevas

Mrs. Cuevas Salgado Iris Del Carmen

Tisma Development (HK) Limited
and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 27 SEPTEMBER 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

	Attributable to Owners of the Parent Entity					
	Issued Capital (Ordinary Shares)	Foreign Exchange Reserve	Accumulated Losses	Total	Non-Controlling Interest	Total Equity
	US$	US$	US$	US$	US$	US$
Issue of ordinary shares	1	-	-	1	-	1
Non-controlling interest at acquisition	-	-	-	-	(57,690)	(57,690)
Total comprehensive income	-	9,045	(12,099)	(3,054)	376	(2,678)
Balance at 30 June 2019	1	9,045	(12,099)	(3,053)	(57,314)	(60,367)

Tisma Development (HK) Limited
and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 27 SEPTEMBER 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

	Note	US$
Operating activities		
Advance to shareholders		(1)
Net cash (used in) operating activities		(1)
Financing activities		
Proceeds from issue of shares		1
Net cash from financing activities	10	1
Net increase in cash and cash equivalents		-
Cash and cash equivalents at beginning		-
Cash and cash equivalents at end		-

NOTE 1: BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The consolidated financial statements and notes represent those of Tisma Development (HK) Limited and its subsidiaries (the 'Consolidated Group' or 'Group'). Tisma Development (HK) Limited (the Company) is a company limited by shares, incorporated and domiciled in Hong Kong. In director's opinion, its ultimate holding company at the end of the financial period was Skyland Petroleum Group Limited, incorporated in the Cayman Islands. After the end of the reporting period, its ultimate holding company changed to Phoenician Group Limited, incorporated in Hong Kong. By the date in which this report is issued, its ultimate holding company changed to Tisma (HK) Limited, incorporated in Hong Kong.

The Company's registered office is located at 6/F, 8 Queen's Road Central, Hong Kong.

The financial statements have been prepared on a going concern basis under the historical cost convention except as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss and are in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and IFRIC Interpretations issued by the IFRS Interpretations Committee.

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

In preparing the director's report, the Company is not required to present business review and certain disclosures as it falls within the reporting exemption and is a wholly owned subsidiary.

The financial statements are presented in United States Dollars the functional currency of the primary economic environment in which the Group operates.

The financial statements were authorised for issue on 24 December 2020 by the director of the Company.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (Tisma Development (HK) 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 8.

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.

a. Principles of Consolidation (continued)

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 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.

b. Income Tax

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

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or are recognised directly in equity or in other comprehensive income. Current tax liabilities (assets) are therefore 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 income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

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 land and buildings 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.

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.

b. **Income Tax (continued)**

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. **Fair Value of Assets**

The Group measures some of its assets at fair value. Fair value is the price the Group would receive to sell an asset in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (ie the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

d. **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 a first-in, first-out basis.

e. Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event that the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. An assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by director 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.

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, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

f. Leases

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 (ie a lease with a 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.

f. Leases (continued)

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.

g. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or the 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 paragraph 63 of IFRS 15: Revenue from Contracts with Customers.

g. **Financial Instruments (continued)**

Classification and subsequent measurement

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 to 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.

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; and
- the business model for managing the financial asset 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.

Derecognition

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

Derecognition of financial liabilities

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

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

g. Financial Instruments (continued)

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 the following criteria need to be satisfied for the derecognition of a financial asset:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie it has no practical ability to make unilateral decisions 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.

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.

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 IFRS 9 Financial Instruments:
- the general approach; and
- 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; and
- if there has been 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.

g. Financial Instruments (continued)

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 that are within the scope of IFRS 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 is used, taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its 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. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

h. **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 considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in IAS 16: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

h. Impairment of Assets (continued)

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.

i. Employee Benefits

Short-term employee benefits

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

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

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. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

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.

j. **Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

k. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

l. **Revenue Recognition**

Revenue from sale of goods was recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of goods and the cessation of all involvement in those goods.

m. **Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

n. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

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. **Foreign Currency Transactions and Balances**

Transactions and balances

Foreign currency transactions are translated into 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 where deferred in equity as a qualifying cash flow or net investment hedge.

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 directly recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

q. **Business Combinations and Goodwill**

A subsidiary is an enterprise that is controlled by the Group. Control is achieved when the Group (i) has power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and (iii) has the ability to use its power to affect its returns. When assessing whether the Group has power, only substantive rights are considered. The results of subsidiaries acquired or disposed of during the period is included in the consolidated comprehensive income statement from the effective date of acquisition or up to the effective date of disposal. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein, and are initially measured on each combination either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Total comprehensive income is attributed to non-controlling interests even if this results in having a deficit balance.

The acquisition of businesses is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and any resulting gain or loss, including amounts have previously been recognised in other comprehensive income, is recognised in profit or loss. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date except for some deferred tax, employee benefits, indemnification assets, reacquired rights, share-based payments awards and those held for sale. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

q. **Business Combinations and Goodwill (continued)**

Goodwill is the excess of the cost of a business combination or an investment in an associate or a joint venture over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities recognised. Goodwill arising on acquisition of a subsidiary is recognised as an asset and initially measured at cost. Any impairment is tested annually and recognised in profit or loss and is not reversed in subsequent periods. Subsequent changes in fair values of contingent consideration within one year are adjusted against the costs of acquisition. In respect of associates or joint venture, the goodwill included within the carrying amount of the investment. Any attributable amount of acquired goodwill is included in the calculation of the profit or loss on disposal. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

r. **Related Parties**

Two parties are considered to be related if one party has the ability, directly or indirectly through one or more intermediaries, to control the other party or exercise significant influence over the other party in making financial and operating decisions or has joint control over the other party. Parties are also considered to be related if they are business partners, in cohabitation relationship, close family members, including spouse, children and dependants, or subject to common control. Director of the Group is considered to be key management personnel and related parties.

s. **New and Amended Accounting Policies Adopted by the Group**

Initial application of IFRS 16

The Group has early adopted IFRS 16 which is originally effective for period beginning on or after 1 January 2019.

t. **IFRS Not Yet Effective**

Effective for Periods Beginning on or after 1 January 2019
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- IAS 19 (Amendments): Plan amendments
- IAS 28 (Amendments): Long-term interests
- IFRIC 23: Uncertainty over income tax treatments
- IFRS 9 (Amendments): Prepayment features

Effective for Periods Beginning on or after 1 January 2020
- Conceptual Framework for Financial Reporting 2018
- IAS 1 & 8 (Amendments): Definition of material
- IFRS 3 (Amendments): Definition of a business
- IFRS 9, IAS 39 & IFRS 7 (Amendments): Interest rate benchmark reform

Effective for Periods Beginning on or after 1 June 2020
- IFRS 16 (Amendments): Covid-19-related rent concessions

Effective for Periods Beginning on or after 1 January 2021
- IFRS 9, IAS 39, IFRS 7, IFRS 4 & 16 (Amendments): Interest rate benchmark reform

Effective for Periods Beginning on or after 1 January 2022
- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Conceptual Framework (Amendments to IFRS 3)
- IAS 16 (Amendments): Proceeds before intended use
- IAS 37 (Amendments): Onerous contracts

Effective for Periods Beginning on or after 1 January 2023
- IAS 1 (Amendments): Classification of liabilities as current or non-current
- IFRS 17: Insurance contracts

NOTE 3: DIVIDENDS

No dividends have been paid during the financial period.

NOTE 4: TRADE AND OTHER PAYABLES

	US$
CURRENT	
Audit fee payables	9,000

NOTE 5: PROVISIONS

	US$
CURRENT	
Provision for mining concession fees	53,098

NOTE 6: ISSUED SHARE CAPITAL

	US$
10 ordinary shares issued	1

Ordinary shareholders participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

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

After the end of the reporting period, the parent company of Company was resolved to split the current issued shares of the Company from 10 ordinary shares into 1,000,000 ordinary shares for the purpose of increasing the Company's share liquidity. The share capital of HKD10 remains unchanged after the share split.

NOTE 7: FOREIGN EXCHANGE RESERVE

The foreign currency reserve records exchange differences arising on translation of the financial results and position of the foreign operations according to the accounting policies of the Group.

NOTE 8: INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2

NOTE 8: INTERESTS IN SUBSIDIARIES (CONTINUED)

Name of Entity	Country of Incorporation	Class of Shares	Proportioning Interests held by the Company	Proportioning Interests held by the Subsidiaries	Attributable to the Group
PT Tisma Investasi Abadi[1]	Indonesia	Ordinary	99%	-	99%
PT Tisma Global Nusantara[2]	Indonesia	Operating Agreement	-	95%	94%

[1] On 15 October 2018, the Company incorporated PT Tisma Investasi Abadi and 99% of the share capital of the subsidiary was issued to the Company. PT Tisma Investasi Abadi is a company to be engaged as the exclusive operations manager of PT Tisma Global Nusantara (a company involved in the production and distribution of premium zircon).

[2] Notwithstanding the Group did not hold any ordinary shares in PT Tisma Global Nusantara, the Group is deemed to have control over the entity pursuant to the Exclusive Operation and Management Agreement and Share Pledge Agreements entered on 15 January 2019, which also entitles PT Tisma Investasi Abadi to an operating fee equal to 95% of the pre tax profit of PT Tisma Global Nusantara. After the end of the reporting period, the Share Pledged Agreements have been revised but the control of the Group in PT Tisma Global Nusantara is not affected.

NOTE 9: BUSINESS COMBINATIONS

Acquisition of PT Tisma Global Nusantara

On 15 January 2019, the Group obtained control of PT Tisma Global Nusantara, a company that is the holder of a mining concession related to a mineral sands deposit located in the Central Kalimantan Province of Indonesia, with an area of 1,500 hectares. Control was obtained through the execution of an exclusive operation and management agreement between PT Tisma Investasi Abadi and PT Tisma Global Nusantara with nil purchase consideration, but PT Tisma Investasi Abadi commits to invest to PT Tisma Global Nusantara up to US$ 15,000,000 over a period of 10 years in terms of the non monetary items.

	Fair Value US $
Purchase consideration:	
Consideration transferred	-
Non-controlling Interest proportionate share of fair value in net assets	59,420
	59,420
Less:	
Provisions	(59,420)
Goodwill	-

NOTE 10: FINANCING ACTIVITIES DISCLOSURES

	At 30/6/2019 US$	Cash flows US$	At 27/9/2018 US$
Issued Share Capital	1	1	-

NOTE 11: CONTINGENT LIABILITIES

There are no contingent liabilities during the reporting period.

NOTE 12: FINANCIAL RISK MANAGEMENT

Capital management

	Group
	US$
Financial assets	
Financial assets at amortised cost	
– Other receivables	1,730
– Related party receivables	1
Total financial assets	1,731
Financial liabilities	
Financial liabilities at amortised cost	
– Trade and other payables	9,000
Total financial liabilities	9,000

Financial Risk Management Policies

The director is tasked with managing financial risk exposures of the Group. The director monitors the Group's financial risk management policies and exposures and approves financial transactions. 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 director overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk).

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.

b. **Liquidity risk**

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

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

NOTE 12: FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

Financial liability and financial asset maturity analysis

	Within 1 Year	1 to 5 Years	Total
Group	**US$**	**US$**	**US$**
Financial liabilities due for payment			
Trade and other payables	9,000	-	9,000
Total expected outflows	9,000	-	9,000
Financial assets – cash flows realisable			
Other receivables	1,730	-	1,730
Related party receivables	1	-	1
Total anticipated inflows	1,731	-	1,731
Net (outflow)/ inflow on financial instruments	(7,269)	-	(7,269)

c. **Market risk**

(i) *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices for zircon largely due to demand and supply factors (other than those arising from interest rate risk or foreign currency risk) for sand minerals. No contract for physical delivery of zircon has been entered during the financial period.

(ii) Foreign currency risk

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

With instruments being held by overseas operations, fluctuations in the Indonesian Rupiah (IDR), Australian Dollar (AUD) and Hong Kong Dollar (HKD) may impact on the Group's financial results unless those exposures are appropriately hedged.

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

NOTE 12: FINANCIAL RISK MANAGEMENT (CONTINUED)

	Net Financial Assets/(Liabilities) in USD			
Group	AUD	IDR	Other	Total USD
Functional currency of the Group:				
US dollar	-	1,730	-	1,730
Statement of financial position exposure	-	1,730	-	1,730

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.

Group	Carrying Amount US$	Fair Value US$
Financial assets		
Other receivables(i)	1,730	1,730
Related party receivables(i)	1	1
Total financial assets	1,731	1,731
Financial liabilities at amortised cost		
Trade and other payables(i)	9,000	9,000
Total financial liabilities	9,000	9,000

(i) The carrying amounts are equivalent to their fair values.

NOTE 13: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The director evaluates 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 – general*

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.

NOTE 14: RELATED PARTY DISCLOSURES

	Receivables
	US$
Shareholder	1

The above amounts are unsecured, non-interest bearing, without fixed repayment terms and will be settled by cash. No guarantees have been received by the Group in respect of the repayment of these outstanding amounts.

NOTE 15: EMPLOYEE BENEFIT EXPENSES

None of the Group directors received or will receive any fees or emoluments in respect of their services to the Group during the period.

NOTE 16: OPERATING ACTIVITIES DISCLOSURE

Operating activities included below charging (crediting):	US$
Auditor's remuneration	9,000

NOTE 17: INCOME TAX

The Group did not have any assessable profits chargeable to Hong Kong or other tax jurisdictions Profits Tax during the period.

Income tax reconciliation:	US$
Loss before tax	(12,295)
Notional tax	(2,309)
Non-deductible expenses	2,309
Actual tax expenses	-
Tax deductible amount at end:	
Unused tax losses	-
Temporary difference	-
	-
Recognised as tax asset	-
Tax effects on other comprehensive income:	
Translation differences of foreign operations	-

NOTE 18: GOING CONCERN BASIS

The financial statements have been prepared on a going concern basis notwithstanding the capital deficiency amounting to US$ 50,367 sustained by the Group at the end of the reporting period because the parent company has agreed to provide adequate funds for the Group to meet its liabilities as they fall due.

NOTE 19: COMPANY LEVEL - CHANGES IN RESERVES

	Accumulated Losses US$
Total comprehensive income	(9,000)
Balance at 30 June 2019	(9,000)

NOTE 20: COMPANY LEVEL - STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	US$
ASSETS	
CURRENT ASSETS	
Related party receivables	1
TOTAL CURRENT ASSETS	1
NON-CURRENT ASSETS	
Investment in subsidiaries	171,257
TOTAL ASSETS	171,258
LIABILITIES	
CURRENT LIABILITIES	
Trade and other payables	9,000
Related party payables	171,257
TOTAL CURRENT LIABILITIES	180,257
TOTAL LIABILITIES	180,257
NET ASSETS / (LIABILITIES)	(8,999)
EQUITY	
Issued capital	1
Accumulated losses	(9,000)
TOTAL EQUITY	(8,999)

Approved by the Director on 2 4 DEC 2020

Mrs. Cuevas Salgado Iris Del Carmen

Schedule 3 – Indonesian Legal Opinion and Licence Documents

Law Firm

S.A.&A

SHOLEH, ADNAN & ASSOCIATES
Advocates and Counselors at Law

No. 159/AWA-SAA/XII/2020

TO:

PYX Resources Limited
Level 5, 56 Pitt Street
Sydney

December 17, 2020

SUBJECT : **LEGALOPINION DULY GIVEN FOR A REPORT ON MINEARAL CONCESSION (IUP OP 545/244/KPTS/VIII/2012) AND ENFORCEABILITY OF RELATED EXCLUSIVE OPERATION AND MANAGEMENT AGREEMENT FOR PYX RESOURCES LIMITED**

Dear Sir,

We have been asked and therefore provide to you with our legal opinion duly given on the Mining Business Operating Production License (IUP-OP 545/244/KPTS/VIII/2012)issued by Katingan Regent of the Republic of Indonesia and related Operation and on the Exclusive Operation and Management Agreement executed between IUP-OP holder PT Tisma Global Nusantara and PT Tisma Investasi Abadi.

1. INTRODUCTION

On 1 August 2012, the Mining Business Operating Production License (IUP-OP 545/244/KPTS/VIII/2012) wasissued by Katingan Regent of the Republic of Indonesia to PT Tisma Global Nusantara (company registration number: 02.459.434.3-712.000).

On 15 January 2019, an Exclusive Operation and Management Agreement was signed between PT Tisma Investasi Abadi (company registration number: 2018092813493382l428), a 99% owned subsidiary of the Company and PT Tisma Global Nusantara. Under this agreement:

- PT Tisma Investasi Abadi has committed to invest up to US$ 15 million in the business of the PT Tisma Global Nusantara over a period of 10 years;
- PT Tisma Investasi Abadi has the right to nominate the majority of PT Tisma Global Nusantara board members;

- PT Tisma Investasi Abadi is 99% owned by Tisma Development (HK) Limited; and
- The Exclusive Operation and Management Agreement can be terminated only with the agreement of both parties.

2. LICENSE

We have reviewed the documentation relevant to the IUP-OPs and set out a summary below:

2.1 LICENSE NUMBER

IUP-OP 545/244/KPTS/VIII/2012

A mining company in Indonesia obtains Mining Business License (the IUP) in two phases of mining activities. The exploration phase within the mining area to which the regency government will issue the Mining Business License (Izin Usaha Pertambangan) in the Mining Area or known as the IUP. The second phase is the Operation Production, which is granted by the regional government in Indonesia for performing construction, mining, processing, refining, and selling within the Commercial Mining business area, this license is known to be referred to as IUP-OP.

2.2 REGISTERED OWNER

The registered owner of IUP-OP 545/244/KPTS/VIII/2012 is PT Tisma Global Nusantara (company registration number: 02.459.434.3-712.000).

2.3 ISSUED

by Bupati (Regent) of a Regency Government namely Katingan, in Kalimantan Tengah (central Kalimantan), Indonesia.

2.4 STATE

Republic of Indonesia

2.5 GRANTED/EXPIRY

IUP-OP 545/244/KPTS/VIII/2012: granted on 2012 for an initial period of 10 years and expiring on or before July 31st, 2022;

2.6 MINERAL

For the right of mining, production and export of Zircon from Indonesia.

3. QUALIFICATIONS AND ABILITY TO GIVE STATEMENT

I am a solicitor licensed to practice law throughout Indonesia under license number 99.10639-PERADI(The Indonesian Bar Association). I am, Wirawan Adnan, the Founding Partner of the Indonesian law firm, SHOLEH, ADNAN & ASSOCIATES (SAA) acting on behalf of SAA. We have been practicing Law and providing professional legal services to Indonesia clients as well as foreign clients in Indonesia since 1999 until now.

4. ASSUMPTIONS AND QUALIFICATIONS

Outside of the statements we make in our opinion here, we have assumed that the documents we have reviewed have not been fraudulently created and we make the statement that our opinion is only extended to matters which relate to the laws of the Republic of Indonesia.

5. OTHER

Our opinions are limited to the documents which are presented to us and to the laws of the Republic of Indonesia.

6. REPORTING OBLIGATIONS

No reporting obligations exists toRegency Government of Katingan prior to the date of renewal.

7. OUR DUE AND HEREBY GIVEN OPINION

Based on the forgoing, we are of the opinion set out below:

a) Indonesia is divided into provinces. Provinces are made up of regencies. A regency is headed by a regent (Bupati), and a city is headed by a mayor (Wali kota). Katingan is a regency in the province of Central Kalimantan, Indonesia.

   Under the Indonesian Mining Law when the license was granted, the Central Government of the Republic of Indonesia determines the allowable mining areas to which the regencies are then delegated with authority from the central government to grant mining business licenses within these pre-determined areas.

b) We are of the view that the Mining Business License IUP-OP 545/244/KPTS/VIII/2012 has been duly and validly granted to PT Tisma Global Nusantara by the Regent of Katingan, the competent authority of Republic of Indonesia. The Mining Business License IUP-OP545/244/KPTS/VIII/2012 has obtained the Clean and Clear (CnC) Certificate and continues in force and effect. PT Tisma Global Nusantara is the legal and beneficial owner of this license which is free from any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention on it.

c) We are of view that the Exclusive Operation and Management Agreement entered into by and among PT Tisma Investasi Abadi, PT Tisma Global Nusantara and existing shareholders of PT Tisma Investasi Abadi on 15January 2019 (the "Exclusive Operation & Management Agreement") is legitimate under the law of contract in Indonesia.

d) PT Tisma Global Nusantara has been duly incorporated and is validly existing as a company with limited liability under the corporation laws of Indonesia and has obtained all relevant and necessary governmental authorizations in connection with the establishment and maintenance of the legal person status as required by the laws of Indonesia. Such governmental authorizations remain in full force and effect on the date hereof. We are not aware of any reason or matter that would cause any of such governmental authorizations to be revoked, suspended, cancelled or withdrawn or (where relevant) not to be renewed upon its expiration date.

e) PT Tisma Global Nusantara has the right to explore for, extract, produce and remove zircon from the area covered by the IUP-OP.

f) We confirm that there is no adverse effect on any of the above which would result from a change of control of PT Tisma Global Nusantara.

g) We have conducted litigation searches on PT Tisma Global Nusantara and have found that there are no records of any litigation or other proceedings in relation to PT Tisma Global Nusantara or in relation to the Operation and Management Agreement.

Summary of License Terms

Licence ID	IUP-OP 545/244/KPTS/VIII/2012		
Granted by	Regency Government of Katingan		
Mineral	Zircon		
Permit Holder	PT Tisma Global Nusantara		
Area	1,500 ha		
Grant Date	1-Aug-2012		
Renewal Date	31-Jul-2022		
Rents, Rates and/or Taxes	2019: IDR 100 million	2020: IDR 100 million	2021:IDR 100 million
Minimum Expenditure	2019: Nil	2020: Nil	2021: Nil
Security Deposit	2019: Nil	2020: Nil	2021: Nil

Authorized Signature

Law Firm S.A.&A. Sholeh, Adnan & Associates

Wirawan Adnan

I, the undersigned, Drs. Andrew Budiyanto, a translator of the English and Indonesian languages, duly sworn (Governor Decree no. 675 date 6 June 1989) and practicing in the Special Capital Territory of Jakarta, and registered at the British, Australian, Canadian, New Zealand, Singaporean, the Philippines Embassies and the Ministry of Law and Human Rights of the Republic of Indonesia, do hereby certify that the below stated Indonesian document(s) into English translation are true and correct English version, to the best of my knowledge and belief, with due observance to my Oath of Office, and S.E.&O

Date : 16 DECEMBER 2020

Subject(s) : DECREE OF THE DISTRICT HEAD OF KATINGAN
NUMBER: 545/244/KPTS/VIII/2012
ON
THE GRANTING MINING BUSINESS LICENSE FOR PRODUCTION OPERATIONS TO PT. TISMA GLOBAL NUSANTARA

Belonging to : **PT. TISMA GLOBAL NUSANTARA**

Total page(s) : 18

Drs. Andrew Budiyanto
Sworn & Authorized Translator

TRANSLATION

KATINGAN DISTRICT GOVERNMENT

DECREE OF THE DISTRICT HEAD OF KATINGAN

NUMBER: 545/244/KPTS/VIII/2012

ON

THE GRANTING MINING BUSINESS LICENSE FOR PRODUCTION OPERATIONS TO PT. TISMA GLOBAL NUSANTARA

THE DISTRICT HEAD OF KATINGAN

Considering : a. that based on the letter of the Director of PT. TISMA GLOBAL NUSANTARA Number: 16/TGN-KSN/IV/2012 dated April 19, 2012 concerning Application for the Upgrade of Mining Business License (IUP) for Production Operations;

b. that based on the letter of the Governor of Central Kalimantan Province Number: 540/1420/Ek dated December 10, 2009 concerning the Dispensation of the Use of Regional Zoning Plan (RTRWP) Map of 2003 in the Granting of Mined Material Transportation and Sales (IP2BG) and IPO of Non-Metallic Minerals and Rocks, and letter from the Head of

Land Office of Katingan District Number: 173/400.9.62.06/IV/2012 dated 9 May 2012 concerning Land Information in the name of PT. TISMA GLOBAL NUSANTARA; which could further be fulfilled for the granting of Mining Operations License for production operations;

c. that to fulfill the purpose of letter a and letter b above, it was necessary to stipulate the Decree of District Head of Katingan;

In view of : 1. Law Number 5 of 2002 concerning the Formation of Katingan District, Seruyan District, Sukamara District, Lamandau District, Gunung Mas District, Pulang Pisau District, Murung Raya District and East Barito District in Central Kalimantan Province (State Gazette of the Republic of Indonesia of 2002 Number 18, Supplement to State Gazette Number 4180);

2. Law Number 32 of 2004 on Local Governments (State Gazette of the Republic of Indonesia of 2004 Number 125, Supplement to State Gazette of Republic of Indonesia Number 4437) as

Drs. Andrew Budiyanto

amended by Law Number 8 of 2005 concerning Government Regulation In Lieu of Law Number 3 of 2005 concerning Amendment to Law Number 32 of 2004 concerning Local Governments into Law (State Gazette of the Republic of Indonesia of 2005 Number 108, Supplement to State Gazette of the Republic of Indonesia No. 4548), as amended by Law Number 12 of 2008 concerning The Second Amendment to Law Number 32 of 2004 of Local Governments (State Gazette of the Republic of Indonesia 2008 Number 8, Supplement to State Gazette of the Republic of Indonesia Number 4844);

3. Law Number 25 of 2007 on Investment (State Gazette of 2007 of the Republic of Indonesia Number 67, Supplement to State Gazette of the Republic of Indonesia Number 4724);
4. Law Number 26 of 2007 on Spatial Planning (State Gazette of the Republic of Indonesia of 2007 Number 68, Supplement to State Gazette of the Republic of Indonesia Number 4725);
5. Law Number 4 of 2009 on Mineral and

Coal Mining (State Gazette of the Republic of Indonesia of 2009 Number 4, Supplement to State Gazette of the Republic of Indonesia Number 4959):

6. Law Number 28 of 2009 on Local Taxes and Regional Levies (State Gazette of the Republic of Indonesia of 2009 Number 130, Supplement to State Gazette of the Republic of Indonesia of Number 5049);
7. Law Number 32 of 2009 on Environmental Protection and Management (State Gazette of the Republic of Indonesia of 2009 Number 140, Supplement to State Gazette of the Republic of Indonesia Number 5059);
8. Law Number 12 of 2011 on the Drafting of Laws and Regulations (State Gazette of the Republic of Indonesia of 2011 Number 82, Supplement to State Gazette of the Republic of Indonesia Number 5234);
9. Government Regulation Number 27 of 1999 concerning Environmental Impact Analysis (State Gazette of the Republic of Indonesia of 2009 Number 59, Supplement to State Gazette of

the Republic of Indonesia Number 3838);

10. Government Regulation Number 38 of 2007 concerning Division of Government Affairs among the Central Government, Provincial Governments and District/Municipal Governments (State Gazette of the Republic of Indonesia of 2007 Number 82, Supplement to State Gazette of the Republic of Indonesia Number 4737);
11. Government Regulation Number 26 of 2008 concerning National Spatial Plan (State Gazette of the Republic of Indonesia of 2007 Number 82, Supplement to State Gazette of the Republic of Indonesia Number 4833);
12. Government Regulation of the Republic of Indonesia Number 23 of 2010 concerning the Implementation of Mineral and Coal Mining Business Activities (State Gazette of the Republic of Indonesia of 2010 Number 29, Supplement to State Gazette of the Republic of Indonesia Number 5111);
13. Regional Regulation of Central Kalimantan Province Number 8 Year

2003 concerning the Spatial Plan of Central Kalimantan Province (Regional Gazette of Central Kalimantan Province of 2003 Number 28 Series E);

14. Regional Regulation of Katingan District Number 10 of 2006 concerning General Mining Business Undertaking (Regional Gazette of Katingan District Number 10 of 2006):

15. Regional Regulation of Katingan District Number 3 of 2008 concerning Division of Government Affairs that Become the Authority of Katingan District Government (Regional Gazette of Katingan District Number 3 of 2008)

DECIDED:

To Stipulate : DECREE OF THE DISTRICT HEAD OF KATINGAN CONCERNING THE GRANTING OF MINING BUSINESS LICENSE FOR PRODUCTION OPERATIONS TO PT. TISMA GLOBAL NUSANTARA.

FIRSTLY : To grant Mining Business License (IUP) for Production Operations to:

Company Name : PT. TISMA GLOBAL NUSANTARA

Drs. Andrew Budiyanto

TRANSLATION

Address	:	Jl. Revolusi No. 167 Kasongan Lama Kecamatan Katingan Hilir
Name of President Director	:	ETERLY DAYUN

Company Shareholder:

Value/percentage of shares	:	Rp 20,0000,000/10%
Name of shareholder	:	ETERLY DAYUN
Position	:	President Director
Shareholder occupation	:	Private individual
Address	:	Jl. Kasongan Seberang RT. XIII RW.III Kelurahan Kasongan Lama, Kecamatan Katingan Hilir
Nationality	:	Indonesian

Shareholder

Value/percentage of shares	:	Rp 10,000,000/ 5%
Name of shareholder	:	DOYEANTO

TRANSLATION

Position	:	Director of Operations and Planning
Shareholder occupation	:	Private individual
Address	:	Jl. Putri Junjung Buih Gg. Nusantara No.4 RT.03 RW.XII, Kelurahan Langkai, kecamatan Pahandut, Palangka Raya City.
Nationality	:	Indonesian
Shareholder Value/percentage of shares	:	Rp 100,000,000/50%
Name of shareholders	:	SARNADIE, ST
Position	:	President Commissioner
Shareholder occupation	:	Private individual
Address	:	Jl. Katunen No.17 RT.06 RW 010 Kelurahan Kasongan baru, Kecamatan katingan Hilir.
Nationality	:	Indonesian

TRANSLATION

Shareholder Value/percentage of shares	:	Rp 30,000,000/15 %
Name of shareholders	:	ERWINA
Position	:	
Shareholder occupation	:	Private individual
Address	:	Jl. Katunen No.17 RT.06 RW 010 Kelurahan Kasongan baru, Kecamatan Katingan Hilir.
Nationality	:	Indonesian

Shareholders Value/percentage of shares	:	Rp 10,000,000/5 %
Name of shareholders	:	YOAB KORSEN, SE
Position	:	Commissioner
Shareholder occupation	:	Private individual
Address	:	Jl. Pasar Lama No.37 RT.01, Kelurahan Kasongan Baru, Kecamatan Katingan

Drs. Andrew Rudiyanto

TRANSLATION

		Hilir.
Nationality	:	Indonesian
Shareholders		
Value/percentage of shares	:	Rp 30,000,000/15 %
Name of shareholders	:	RUSLISE KAMIAR
Position	:	Commissioner
Shareholder occupation	:	Private individual
Address	:	Jl. Kasongan seberang (BTN Housing Complex) No.58 RT. XIII RW. III, Kelurahan Kasongan Lama, Kecamatan Katingan Hilir.
Nationality	:	Indonesian
Shareholder		
Commodities	:	Non-Metallic Minerals "Zircons"
Mining Location	:	-
Village		-
Subdistrict	:	Katingan Hilir and Tasik Payawan
District/City	:	Katingan

Drs. Andrew Budiranto

TRANSLATION

Province	:	Central Kalimantan
Region Code	:	62.06.02; 62.06.11
Area	:	1,500 Hectares

With the Map and List of Coordinates of Mining Business License Areas (WIUP) issued by the District Head of Katingan as stated in Appendix I and Appendix II of this Decree.

Processing and Purification Site	:	Katingan Hilir Subdistrict
Transportation and Sales	:	From Kereng Pangi, Katingan Hilir Subdistrict
Validity Period Mining Business License (IUP):	:	10 (ten) Years

SECONDLY : The Holder of Mining Business License (IUP) for Production Operations reserves the right to conduct construction, production, transportation and sales and processing and purification activities in Mining Business License Area (WIUP) for a period of 10 years and can be extended twice, each for 5 years as from the enactment date of this Decree.

TRANSLATION

THIRDLY : This Mining Business License (IUP) for Production Operations may not be transferred to the other parties without the approval of the Katingan District Head.

FOURTHLY : PT. TISMA GLOBAL NUSANTARA as the holder of Mining Business License (IUP) for Production Operations in carrying out its activities has the rights and obligations as stated in Appendix III of this Decree.

FIFTHLY : The Sites of Mining Business License (IUP) for Production Operations of PT. TISMA GLOBAL NUSANTARA shall be based on the Spatial Plan Map of Central Kalimantan Province (RTRWP) of Central Kalimantan (Regional Regulation of Central Kalimantan Number 8 of 2003) are entirely located in Residential Areas and Other Uses (KPPL).

SIXTHLY : If there are rights to land owned by the community in the form of plantation, crops, houses and others, these must be resolved by deliberation and consensus in accordance with applicable regulations.

SEVENTHLY : No later than 60 (sixty) working days after the issuance of this Decree, the holder of Mining Business License (IUP) for production operations must submit the Working Plan and Budget (RKAB) to the District Head of Katingan for approval.

EIGHTHLY : Within 90 (ninety) working days since the approval of Working Plan and Budget (RKAB) as referred to in the seventh dictum, the holder of the Mining Business License for Production Operations has to commence its activities in the field.

NINTHLY : Without prejudice to the provisions of the laws and regulations, this Mining Business License for Production Operations may be suspended, revoked, or canceled, in case the holder of holder of this Mining Business License for Production Operations fails to meet the obligations and prohibitions as referred to in the THIRD, FOURTH, SIXTH, SEVENTH and EIGHTH dictums of this Decree.

TENTHLY : When this decree comes into force, Decree of the District Head of Katingan Number 540/142/KPTSIIV/2010 dated April 28, 2010 concerning Approval of Adjustment of Exploration Mining Business License to PT. TISMA GLOBAL

Drs. Andrew Budiyanto

		NUSANTARA shall be revoked and declared null and valid.
ELEVENTHLY	:	This Decree shall come into force from the date of its stipulation on the condition that in case it contains any error in stipulation, it shall be revised and corrected as accordingly.

Stipulated in	Kasongan
on	August 1, 2012

DISTRICT HEAD OF KATINGAN

[signed and sealed]

DUWEL RAWING

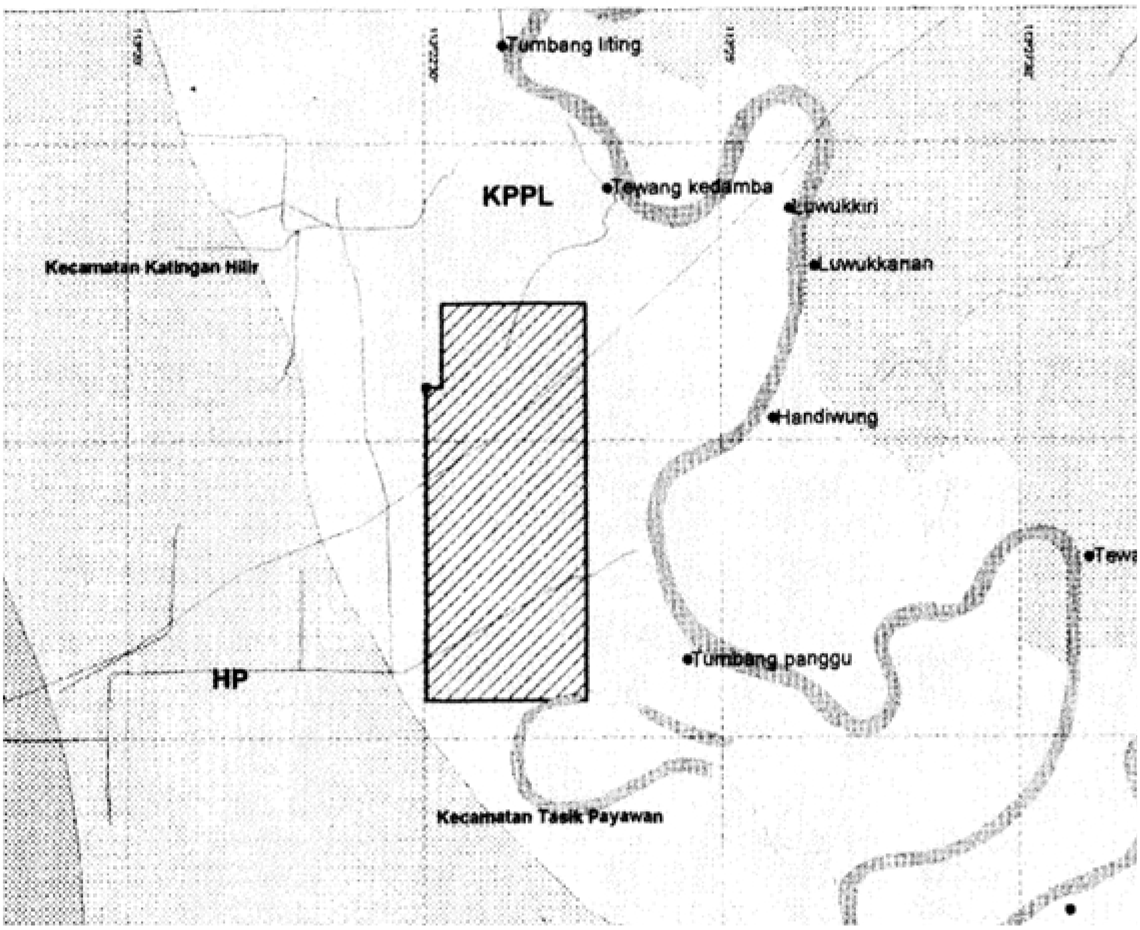
TRANSLATION

Copies have been forwarded to:

1. Ministry of Energy and Mineral Resources in Jakarta.
2. Ministry of Finance in Jakarta.
3. Secretary General of the Ministry of Energy and Mineral Resources in Jakarta.
4. Inspector General of the Ministry of Energy and Mineral Resources in Jakarta.
5. Director General of Tax of the Ministry of Finance in Jakarta.
6. Director of Treasury Department of the Ministry of Finance in Jakarta.
7. Director General of Regional Revenue of the Ministry of Home Affairs in Jakarta.
8. Governor of Central Kalimantan in Palangka Raya.
9. Head of Legal and Public Relations Bureau/Head of Financial Bureau/Head of Planning and Cooperation Bureau, Secretary General of the Ministry of Energy and Mineral Resources in Jakarta.
10. Secretary of the Directorate General of Minerals and Coal in Jakarta.
11. Director of Mineral and Coal Engineering and Environment in Jakarta.
12. Director of Mineral and Coal Program Development in Jakarta.
13. Director of Mineral and Coal Development in Jakarta.
14. Director of Property Tax of the Ministry of Finance in Jakarta.
15. Head of Mining and Energy Office, Central Kalimantan Province in Palangka Raya.
16. Regional Secretary of Katingan District in Kasongan
    Attn.
    a. Head of Natural Resources Administration
    b. Head of Legal Section
17. Head of Mining and Energy Office of Katingan District in Kasongan.
18. Head of Forest Service in Kasongan District.
19. Head of Environment Agency of Katingan District in Kasongan.
20. Head of Land Office Katingan District in Kasongan

TRANSLATION

APPENDIX I
District Head of Katingan
No.   : 545/244/KPTS/VIII/2012
Date   : 1 August 2012



Map Printing
Requested by : **PT. Tisma Global Nusantara**
Dated : Thursday, 31 May 2012
Hour : 10.00 Western Indonesia Time
By : Karyadi, ST
For : Upgrade of Exploration Mining Business License to Mining Business License for Production Operation using Spatial Plan Map of Central Kalimantan of 2003.

TRANSLATION

COORDINATES OF MINING BUSINESS LICENSE AREA
PT. TISMA GLOBAL NUSANTARA
IN KATINGAN HILIR AND TASIK PAYAWAN SUBDISTRICTS
KATINGAN DISTRICT
CENTRAL KALIMANTAN PROVINCE

U

SCALE 1: 100,000

LOCATION NUMBER	Description
62.06.002; 62.05.11	Amount of Reserve: ...... Tons

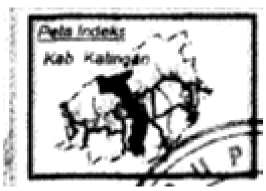
Note : based on Location Plotting Using Spatial Plan (RTRW) Map of Central Kalimantan Province of 2003 the Mining Exploration Business License (IUP) of PT. Tisma Global Nusantara is as follows:

1. Located in residential areas and other uses (KPPL)
2. Based on the land information from the Land Office Agency (BPN) of Kalingan District Number: 173/400.9.62.06/V/2012 dated May 9, 2012, the locations are not overlapped with the other agreements.

LEGEND AND OTHER INFORMATION

Village
River
Administrative borders
Street

Location of Mining Business License for Production Operationsof PT Tisma Global Nusantara Covers An Area of 1,500 hectares
Residential areas and other uses (KPPL)
Production Forest (HP)
Limited Production Forest (HPT)



MAP SOURCES

1. Spatial Plan of (RTRWP) Map of Central Kalimantan of 2003
2. Katingan District administration map – Regional Development Planning Agency (Bappeda) of Katingan District
3. Map attachment of Decree Number 540/142/KPTS/IV/2010

ISSUED IN KASONGAN
On August 1, 2012

District Head of Katingan

[signed and sealed]
Duwel Rawing

Trs. Andrew Budiyanto

TRANSLATION

APPENDIX II : Decree of the District Head of Katingan
No. : 545/244/KPTS/VIII/2012
Date : August 1, 2012
On : GRANTING MINING BUSINESS LICENSE FOR PRODUCTION OPERATIONS TO PT. TISMA GLOBAL NUSANTARA

MAP AND COORDINATES OF MINING LICENSE AREAS OF
PT TISMA GLOBAL NUSANTARA

Location
- PROVINCE : CENTRAL KALIMANTAN
- DISTRICT : KATINGAN
- COMMODITIES : Non-Metallic Minerals "Zircons"
- Area : 1,500 hectares

No.	**EAST LONGITUDE**				**SOUTH LATITUDE**			
	°	'	"	EL	°	'	"	SL
1.	113	22	31	EL	1	59	33	SL
2.	113	22	39	EL	1	59	33	SL
3.	113	22	39	EL	1	58	51	SL
4.	113	23	51,5	EL	1	58	51	SL
5.	113	23	51,5	EL	2	2	10,6	SL
6.	113	22	31	EL	2	2	10,6	SL

District Head of Katingan,

[signed and sealed]
DUWEL RAWING

PEMERINTAH KABUPATEN KATINGAN

KEPUTUSAN BUPATI KATINGAN
NOMOR : 545 / 244 / KPTS / VIII / 2012

TENTANG

PEMBERIAN IZIN USAHA PERTAMBANGAN
OPERASI PRODUKSI KEPADA PT. TISMA GLOBAL NUSANTARA

BUPATI KATINGAN

Menimbang :

a. bahwa berdasarkan surat Direktur PT. TISMA GLOBAL NUSANTARA Nomor : 16/TGN-KSN/IV/2012 tanggal 19 April 2012 perihal Permohonan Peningkatan Izin Usaha Pertambangan (IUP) Operasi Produksi;

b. bahwa berdasarkan surat Gubernur Kalimantan Tengah Nomor : 540/1420/Ek tanggal 10 Desember 2009 perihal Dispensasi Penggunaan Peta RTRWP 2003 dalam Pemberian IP2BG dan Pemberian IPD Mineral Non Logam dan Batuan, serta surat Kepala Kantor Pertanahan Kabupaten Katingan Nomor : 173/400.9.62.06/IV/2012 tangal 9 Mei 2012 perihal Informasi Lahan An. PT. TISMA GLOBAL NUSANTARA; yang selanjutnya dapat dipenuhi untuk pemberian Izin Usaha Pertambangan Operasi Produksi;

c. *bahwa untuk memenuhi maksud pada huruf a dan huruf b di atas,* perlu ditetapkan dengan Keputusan Bupati Katingan;

Mengingat :

1. Undang-Undang Nomor 5 Tahun 2002 Tentang Pembentukan Kabupaten Katingan, Kabupaten Seruyan, Kabupaten Sukamara, Kabupaten Lamandau, Kabupaten Gunung Mas, Kabupaten Pulang Pisau, Kabupaten Murung Raya dan Kabupaten Barito Timur di Provinsi Kalimantan Tengah (Lembaran Negara Republik Indonesia Tahun 2002 Nomor 18, Tambahan Lembaran Negara Nomor 4180);

2. Undang-Undang Nomor 32 Tahun 2004 tentang Pemerintahan Daerah (Lembaran Negara Republik Indonesia Tahun 2004 Nomor 125, Tambahan Lembaran Negara Republik Indonesia Nomor 4437) sebagaimana telah diubah dengan Undang-Undang Nomor 8 Tahun 2005 tentang Peraturan Pemerintah Pengganti Undang-Undang Nomor 3 Tahun 2005 tentang Perubahan Atas Undang-Undang Nomor 32 Tahun 2004 tentang Pemerintahan Daerah menjadi Undang-Undang (Lembaran Negara Republik Indonesia Tahun 2005 Nomor 108, Tambahan Lembaran Negara Republik Indonesia Nomor 4548), sebagaimana telah diubah dengan Undang-Undang Nomor 12 Tahun 2008 tentang Perubahan Kedua Atas Undang-Undang Nomor 32 Tahun 2004 tentang Pemerintahan Daerah (Lembaran Negara Republik Indonesia Tahun 2008 Nomor 8, Tambahan Lembaran Negara Republik Indonesia Nomor 4844);

3. Undang-Undang Nomor 25 Tahun 2007 tentang Penanaman Modal (Lembaran Negara Republik Indonesia Tahun 2007 Nomor 67, Tambahan Lembaran Negara Republik Indonesia Nomor 4724);
4. Undang-Undang Nomor 26 Tahun 2007 tentang Penataan Ruang (Lembaran Negara Republik Indonesia Tahun 2007 Nomor 68, Tambahan Lembaran Negara Republik Indonesia Nomor 4725);
5. Undang-Undang Nomor 4 Tahun 2009 tentang Pertambangan Mineral dan Batubara (Lembaran Negara Republik Indonesia Tahun 2009 Nomor 4, Tambahan Lembaran Negara Republik Indonesia Nomor 4959);
6. Undang-Undang Nomor 28 Tahun 2009 tentang Pajak Daerah dan Retribusi Daerah (Lembaran Negara Republik Indonesia Tahun 2009 Nomor 130, Tambahan Lembaran Negara Republik Indonesia Nomor 5049);
7. Undang-Undang Nomor 32 Tahun 2009 tentang Perlindungan dan *Pengelolaan Lingkungan Hidup* (*Lembaran Negara* Republik Indonesia Tahun 2009 Nomor 140, Tambahan Lembaran Negara Republik Indonesia Nomor 5059);
8. Undang-undang Nomor 12 Tahun 2011 tentang Pembentukan Peraturan Perundang-undangan (Lembaran Negara Republik Indonesia Tahun 2011 Nomor 82, Tambahan Lembaran Negara Republik Indonesia Nomor 5234);
9. Peraturan Pemerintah Nomor 27 Tahun 1999 tentang Analisis Mengenai Dampak Lingkungan Hidup (Lembaran Negara Republik Indonesia Tahun 2009 Nomor 59, Tambahan Lembaran Negara Republik Indonesia Nomor 3838);
10. Peraturan Pemerintah Nomor 38 Tahun 2007 tentang Pembagian Urusan Pemerintahan antara Pemerintah, Pemerintahan Daerah Provinsi dan Pemerintahan Daerah Kabupaten/Kota (Lembaran Negara Republik Indonesia Tahun 2007 Nomor 82, Tambahan Lembaran Negara Republik Indonesia Nomor 4737);
11. Peraturan Pemerintah Nomor 26 Tahun 2008 tentang Rencana Tata Ruang Wilayah Nasional (Lembaran Negara Republik Indonesia Tahun 2008 Nomor 48, Tambahan Lembaran Negara Republik Indonesia Nomor 4833);
12. Peraturan Pemerintah Republik Indonesia Nomor 23 Tahun 2010 Tentang *Pelaksanaan Kegiatan Usaha Pertambangan Mineral dan* Batubara (Lembaran Negara Republik Indonesia Tahun 2010 Nomor 29, Tambahan Lembaran Negara Republik Indonesia 5111);
13. Peraturan Daerah Propinsi Kalimantan Tengah Nomor 8 Tahun 2003 tentang Rencana Tata Ruang Wilayah Propinsi Kalimantan Tengah (Lembaran Daerah Propinsi Kalimantan Tengah Tahun 2003 Nomor 28 Seri E);
14. Peraturan Daerah Kabupaten Katingan Nomor 10 Tahun 2006 tentang Usaha Pertambangan Umum (Lembaran Daerah Kabupaten Katingan Tahun 2006 Nomor 10);
15. Peraturan Daerah Kabupaten Katingan Nomor 3 Tahun 2008 tentang Pembagian Urusan Pemerintahan yang Menjadi Kewenangan Pemerintah Kabupaten Katingan (Lembaran Daerah Kabupaten Katingan Tahun 2008 Nomor 3);

MEMUTUSKAN :

Menetapkan : KEPUTUSAN BUPATI KATINGAN TENTANG PEMBERIAN IZIN USAHA PERTAMBANGAN OPERASI PRODUKSI KEPADA PT. TISMA GLOBAL NUSANTARA

KESATU : Memberikan Izin Usaha Pertambangan (IUP) Operasi Produksi Kepada :

Nama Perusahaan	:	PT. TISMA GLOBAL NUSANTARA
Alamat	:	Jl. Revolusi No. 167 Kasongan Lama Kecamatan Katingan Hilir
Nama Direktur Utama	:	ETERLY DAYUN
Pemegang Saham perusahaan	:	
Nilai/persentasi saham	:	Rp. 20.000.000,- / 10 %
Nama pemegang saham	:	ETERLY DAYUN
Jabatan	:	Direktur Utama
Pekerjaan pemegang saham	:	Swasta
Alamat	:	Jl. Kasongan Seberang RT. XIII RW. III, Kelurahan Kasongan Lama, Kecamatan Katingan Hilir
Kewarganegaraan Pemegang saham	:	Indonesia
Nilai/persentasi saham	:	Rp. 10.000.000,- / 5 %
Nama pemegang saham	:	DOYEANTO
Jabatan	:	Direktur Operasional dan Perencanaan
Pekerjaan pemegang saham	:	Swasta
Alamat	:	Jl. Putri Junjung Buih Gg. Nusantara No.4 RT. 03 RW. XII, Kelurahan Langkai, Kecamatan Pahandut, Kota Palangka Raya
Kewarganegaraan Pemegang saham	:	Indonesia
Nilai/persentasi saham	:	Rp. 100.000.000,- / 50 %
Nama pemegang saham	:	SARNADIE,ST
Jabatan	:	Komisaris Utama
Pekerjaan pemegang saham	:	Swasta
Alamat	:	Jl. Katunen No.17 RT.06 RW. 010, Kelurahan Kasongan Baru, Kecamatan Katingan Hilir.
Kewarganegaraan Pemegang Saham	:	Indonesia
Nilai/persentasi saham	:	Rp. 30.000.000,- / 15 %
Nama pemegang saham	:	ERWINA
Jabatan	:	
Pekerjaan pemegang saham	:	Swasta
Alamat	:	Jl. Katunen No.17 RT.06 RW. 010, Kelurahan Kasongan Baru Kecamatan Katingan Hilir.
Kewarganegaraan Pemegang saham	:	Indonesia

Nilai/persentasi saham	:	Rp. 10.000.000,- / 5 %
Nama pemegang saham	:	YOAB KORSEN, SE
Jabatan	:	Komisaris
Pekerjaan pemegang saham	:	Swasta
Alamat	:	Jl. Pasar Lama No.37 RT.01, Kelurahan Kasongan Baru, Kecamatan Katingan Hilir
Kewarganegaraan Pemegang saham	:	Indonesia
Nilai/persentasi saham	:	Rp. 30.000.000,- / 15 %
Nama pemegang saham	:	RUSLISE KAMIAR
Jabatan	:	Komisaris
Pekerjaan pemegang saham	:	Swasta
Alamat	:	Jl. Kasongan Seberang (Komplek Perumahan BTN) No.58 RT.XIII RW.III, Kelurahan Kasongan Lama, Kecamatan Katingan Hilir
Kewarganegaraan Pemegang Saham	:	Indonesia
Komoditas	:	Mineral bukan logam " Zirkon ".
Lokasi Penambangan	:	-
Desa	:	-
Kecamatan	:	Katingan Hilir dan Tasik Payawan
Kabupaten/Kota	:	Katingan
Provinsi	:	Kalimantan Tengah
Kode Wilayah	:	62.06.02 ; 62.06.11
Luas	:	1.500 Ha

Dengan Peta dan Daftar Koordinat Wilayah Izin Usaha Pertambangan (WIUP) yang diterbitkan oleh Bupati Katingan sebagaimana tercantum dalam Lampiran I dan Lampiran II Keputusan ini.

Lokasi Pengolahan dan Pemurnian	:	Kecamatan Katingan Hilir
Pengangkutan dan Penjualan	:	Dari Kereng Pangi Kecamatan Katingan Hilir.
Jangka waktu Berlaku IUP	:	10 (sepuluh) Tahun.

KEDUA : Pemegang Izin Usaha Pertambangan (IUP) Operasi Produksi mempunyai hak untuk melakukan kegiatan konstruksi, produksi, pengangkutan dan penjualan serta pengolahan dan pemurnian dalam Wilayah Izin Usaha Pertambangan (WIUP) untuk jangka waktu 10 tahun dan dapat diperpanjang 2 (dua) kali masing-masing 5 tahun. Terhitung mulai tanggal ditetapkannya keputusan ini.

KETIGA : Izin Usaha Pertambangan (IUP) Operasi Produksi ini dilarang dipindahtangankan kepada pihak lain tanpa persetujuan Bupati Katingan.

KEEMPAT : PT. TISMA GLOBAL NUSANTARA sebagai pemegang Izin Usaha Pertambangan (IUP) Operasi Produksi dalam melaksanakan kegiatannya mempunyai hak dan kewajiban sebagaimana tercantum dalam Lampiran III Keputusan ini.

BUPATI ... KATINGAN

KELIMA : Lokasi Izin Usaha Pertambangan (IUP) Operasi Produksi PT. TISMA GLOBAL NUSANTARA berdasarkan Peta Rencana Tata Ruang Wilayah Provinsi Kalimantan Tengah (RTRWP) Kalimantan Tengah (Peraturan Daerah Provinsi Kalimantan Tengah Nomor 8 Tahun 2003) seluruhnya berada pada Kawasan Pemukiman dan Penggunaan Lainnya (KPPL).

KEENAM : Apabila ada hak atas tanah milik masyarakat baik berupa tanam tumbuh, rumah dan lainnya agar diselesaikan secara musyawarah dan mufakat sesuai dengan ketentuan yang berlaku.

KETUJUH : Selambat-lambatnya 60 (enam puluh) hari kerja setelah diterbitkannya Keputusan ini pemegang Izin Usaha Pertambangan (IUP) Operasi Produksi sudah harus menyampaikan RKAB kepada Bupati Katingan untuk mendapatkan persetujuan.

KEDELAPAN : Terhitung sejak 90 (Sembilan puluh) hari kerja sejak persetujuan RKAB sebagaimana dimaksud dalam diktum KETUJUH Pemegang IUP Operasi Produksi sudah harus memulai aktifitas di lapangan.

KESEMBILAN : Tanpa mengurangi ketentuan peraturan perundang-undangan maka Izin Usaha Pertambangan (IUP) Operasi Produksi ini dapat diberhentikan sementara, dicabut, atau dibatalkan, apabila pemegang IUP Operasi Produksi tidak memenuhi kewajiban dan larangan sebagaimana dimaksud dalam diktum KETIGA, KEEMPAT, KEENAM, KETUJUH dan KEDELAPAN dalam keputusan ini.

KESEPULUH : Pada saat Keputusan ini mulai berlaku, maka Keputusan Bupati Katingan Nomor 540/142/KPTS/IV/2010 Tanggal 28 April 2010 tentang Persetujuan Penyesuaian Kuasa Pertambangan Eksplorasi Menjadi Izin Usaha Pertambangan Eksplorasi Kepada PT.TISMA GLOBAL NUSANTARA dicabut dan dinyatakan tidak berlaku lagi.

KESEBELAS : Keputusan ini mulai berlaku sejak tanggal ditetapkan dengan ketentuan apabila dikemudian hari terdapat kekeliruan dalam penetapannya akan diubah dan diperbaiki sebagaimana mestinya.

Ditetapkan di Kasongan
pada tanggal 1 Agustus 2012

BUPATI KATINGAN

BUPATI KATINGAN

DUWEL RAWING

Tembusan disampaikan kepada Yth. :

1. Kementerian Energi dan Sumber Daya Mineral di Jakarta.
2. Kementerian Keuangan di Jakarta.
3. Sekretaris Jenderal Kementerian Energi dan Sumber Daya Mineral di Jakarta.
4. Inspektur Jenderal Kementerian Energi dan Sumber Daya Mineral di Jakarta.
5. Direktur Jenderal Pajak Kementerian Keuangan di Jakarta.
6. Direktur Jenderal Perbendaharaan Kementerian Keuangan di Jakarta.
7. Direktur Jenderal Pendapatan Daerah Kementerian Dalam Negeri di Jakarta.
8. Gubernur Kalimantan Tengah di Palangka Raya.
9. Kepala Biro Hukum dan Humas / Kepala Biro Keuangan / Kepala Biro Perencanaan dan Kerjasama Luar Negeri, Setjen Kementerian Energi dan Sumber Daya Mineral di Jakarta.
10. Sekretaris Direktorat Jenderal Mineral dan Batubara di Jakarta.
11. Direktur Teknik dan Lingkungan Mineral dan Batubara di Jakarta.
12. Direktur Pembinaan Program Mineral dan Batubara di Jakarta.
13. Direktur Pembinaan Pengusahaan Mineral dan Batubara di Jakarta.
14. Direktur Pajak Bumi dan Bangunan Kementerian Keuangan di Jakarta.
15. Kepala Dinas Pertambangan dan Energi, Provinsi Kalimantan Tengah di Palangka Raya.
16. Sekretaris Daerah Kabupaten Katingan di Kasongan
    Up. a. Kepala Bagian Administrasi Sumber Daya Alam
    b. Kepala Bagian Hukum
17. Kepala Dinas Pertambangan dan Energi, Kabupaten Katingan di Kasongan.
18. Kepala Dinas Kehutanan Kabupaten Katingan di Kasongan.
19. Kepala Badan Lingkungan Hidup Kabupaten Katingan di Kasongan.
20. Kepala Kantor Pertanahan Kabupaten Katingan di Kasongan

an I
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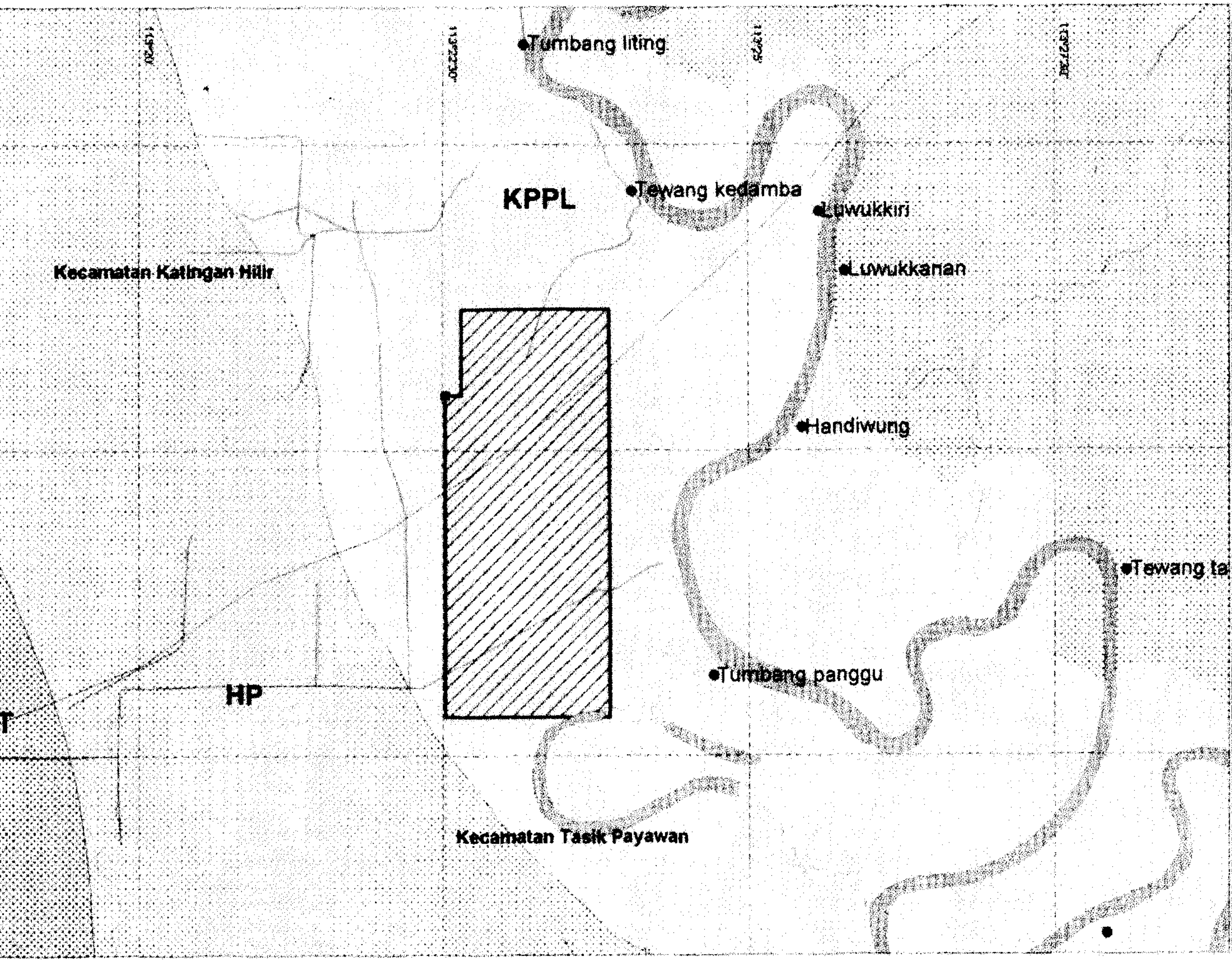
: 545/244/KPTS/VIII/2012
l : 1 Agustus 2012



KOORDINAT WILAYAH IZIN USAHA PERTAMBANGAN
PT. TISMA GLOBAL NUSANTARA
DI DAERAH KECAMATAN KATINGAN HILIR DAN KECAMATAN TASIK PAYAWAN
KABUPATEN KATINGAN
PROVINSI KALIMANTAN TENGAH

U

SKALA 1 : 100.000

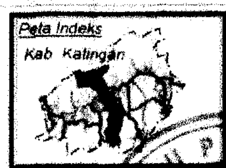
NOMOR LOKASI	KETERANGAN
62.06.002; 62.06.11	Jumlah Cadangan .... Ton

Catatan : Berdasarkan Ploting Lokasi Menggunakan Peta RTRW Propinsi Kalimantan Tengah Tahun 2003 Lokasi IUP Eksplorasi PT.Tisma Global Nusantara dijelaskan Sebagai Berikut :

1. Berada pada kawasan Pemukiman dan Penggunaan lainnya (KPPL)
2. Berdasarkan Informasi lahan dari BPN Kab. Katingan Nomor : 173/400.9.62.06/V/2012 tanggal 9 Mei 2012 pada lokasi tersebut tidak ada Tumpang tindih dengan perijinan lainnya.

LEGENDA DAN KETERANGAN PETA :

- Desa
- Sungai
- Batas Administrasi
- Jalan
- Lokasi IUP Operasi Produksi PT. Tisma Global Nusantara seluas 1.500 Ha
- Kawasan Pemukiman dan Penggunaan Lainnya (KPPL)
- Hutan Produksi (HP)
- Hutan Produksi Terbatas (HPT)



SUMBER PETA :

1. Peta RTRWP Kalimantan Tengah Tahun 2003
2. Peta Administrasi Kabupaten Katingan - Bappeda Katingan
3. Peta lampiran SK No :540/142/KPTS/IV/2010

an Pencetakan Peta

hon	**PT. Tisma Global Nusantara**
an tanggal proses	Kamis, 31 Mei 2012
Proses	10.00 WIB
tor	Karyadi, ST
an	Peningkatan IUP Eksplorasi menjadi IUP Operasi Produksi Menggunakan Peta RTRWP Kalimantan Tengah Tahun 2003

Dikeluarkan di Kasongan
Pada Tanggal 1 Agustus 2012
BUPATI KATINGAN

DUWEL RAWING

LAMPIRAN II : KEPUTUSAN BUPATI KATINGAN

Nomor : 545/244/KPTS/VIII/2012

Tanggal : 1 Agustus 2012

Tentang : **PEMBERIAN IZIN USAHA PERTAMBANGAN OPERASI PRODUKSI KEPADA PT. TISMA GLOBAL NUSANTARA**

PETA DAN KOORDINAT WILAYAH IZIN USAHA PERTAMBANGAN
PT. TISMA GLOBAL NUSANTARA

LOKASI

- **PROVINSI** : KALIMANTAN TENGAH
- **KABUPATEN** : KATINGAN
- **KOMODITAS** : Mineral bukan logam " Zirkon ".
- **LUAS WILAYAH** : 1.500 Ha

No	BUJUR TIMUR				LINTANG SELATAN			
	°	'	"	BT	°	'	"	LS
1.	113	22	31	BT	1	59	33	LS
2.	113	22	39	BT	1	59	33	LS
3.	113	22	39	BT	1	58	51	LS
4.	113	23	51,5	BT	1	58	51	LS
5.	113	23	51,5	BT	2	2	10,6	LS
6.	113	22	31	BT	2	2	10,6	LS

BUPATI KATINGAN

BUPATI KATINGAN

DUWEL RAWING

PYX RESOURCES

LODGE YOUR PROXY APPOINTMENT ONLINE

ONLINE PROXY APPOINTMENT
www.advancedshare.com.au/investor-login

MOBILE DEVICE PROXY APPOINTMENT
Lodge your proxy by scanning the QR code below, and enter your registered postcode.
It is a fast, convenient and a secure way to lodge your vote.

Sub-Register	
HIN / SRN	
Meeting ID	
Shareholder ID	

IMPORTANT NOTE:
Having regard to the social distancing requirements in New South Wales, the Board has decided that the Meeting will be held as a virtual meeting. Shareholders will not be able to attend the 2021 EGM physically but will instead be able to view and participate in the virtual meeting online.
The virtual meeting and electronic voting can be accessed via www.advancedshare.com.au/virtual-meeting. Please refer to the Meeting ID and Shareholder ID to login.

2021 EXTRAORDINARY GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Pyx Resources Limited and entitled to attend and vote hereby:

STEP 1

APPOINT A PROXY

☐ The Chair of the Meeting **OR** ____________

PLEASE NOTE: If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) are named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Extraordinary General Meeting of the Company to be held **virtually on 15 February 2021 at 4:00pm (Sydney time)** and at any adjournment or postponement of that Meeting.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES:

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs a NSX announcement will be made immediately disclosing the reasons for the change.

STEP 2

VOTING DIRECTIONS

Resolutions	For	Against	Abstain*
1 Approval of Change to Nature and Scale of Activities	☐	☐	☐
2 Approval of Issue of Shares	☐	☐	☐

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address ____________

☐ Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

COVID-19: PYX RESOURCES LIMITED EXTRAORDINARY GENERAL MEETING

A live webcast and electronic voting via www.advancedshare.com.au/virtual-meeting will be offered to allow Shareholders to view the Meeting and vote online.

Please refer to the Meeting ID and Shareholder ID on your personalised proxy form to login to the website.

Shareholders may submit questions ahead of the Meeting via the portal.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

PLEASE NOTE: If you appoint the Chair as your proxy (or if he is appointed by default) but do not direct him how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as he sees fit on that resolution.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

COMPLIANCE

If you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. You must receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in compliance.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:
Where the holding is in one name, the security holder must sign.

Joint Holding:
Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:
If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:
Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 4:00pm (Sydney time) on 13 February 2021, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.

ONLINE PROXY APPOINTMENT
www.advancedshare.com.au/investor-login

BY MAIL
Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909

BY FAX
+61 8 6370 4203

BY EMAIL
admin@advancedshare.com.au

IN PERSON
Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009

ALL ENQUIRIES TO
Telephone: +61 8 9389 8033