THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document or the action you should take, you are recommended to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 ("FSMA").

This document is a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("Prospectus Regulation") relating to PYX Resources Limited (the "Company" or "PYX Resources") prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority (the "FCA") made under section 73A of FSMA and approved by the FCA under section 87A of FSMA. This document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

Application has been made to the FCA for all of the ordinary shares of no par value in the Company (the "**Ordinary Shares**") to be admitted to the standard listing segment of the Official List of the FCA (the "**Official List**") by way of a Standard Listing under Chapter 14 of the listing rules published by the FCA under section 73A of FSMA as amended from time to time (the "**Listing Rules**") and to London Stock Exchange plc (the "**London Stock Exchange**") for such Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities (together, "**Admission**"). Admission to trading on the London Stock Exchange's Main Market for listed securities constitutes admission to trading on a regulated market. The Ordinary Shares are currently listed on the National Stock Exchange of Australia, where they will continue to be listed. The Company is seeking secondary listing for the Ordinary Shares on the standard segment of the Official List and to trading on the London Stock Exchange. No application has been made, or at this time is intended to be made, for the Ordinary Shares to be admitted for listing or dealt with on any other stock exchange. It is expected that Admission will become effective, and that unconditional dealings in the Ordinary Shares will commence, at 8.00am on 15 November 2021.

The Company has established arrangements to enable investors to settle interests in the Ordinary Shares through the CREST system. Securities issued by non-UK companies, such as the Company, cannot be held or transferred electronically in the CREST system. However, Depositary Interests allow such securities to be dematerialised and settled electronically through CREST. The Depositary Interests will be independent securities constituted under English law which may be held and transferred through the CREST system. Investors should note that it is the Depositary Interests which will be settled through CREST and not Ordinary Shares.

The Directors, whose names appear on page 62 of this Document, and the Company accept responsibility for the information contained in this Document. The Company and the Directors declare, that to the best of their knowledge, the information contained in the Document is in accordance with the facts and that the Document makes no omission likely to affect its import.

Prospective investors should read this Document in its entirety. In particular, your attention is drawn to Part 1 "Risk Factors" of this Document for a discussion of the risks that might affect the value of your shareholding in the Company. Prospective investors should be aware that an investment in the Company involves a degree of risk and that, if certain of the risks described in this Document occur, investors may find their investment materially adversely affected. Accordingly, an investment in the Ordinary Shares is only suitable for investors who are particularly knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.

PYX Resources Limited

(Incorporated and registered in Australia under the Corporations Act 2001 (Commonwealth) with registered number ACN 073 099 171)

PYX RESOURCES

Admission to the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's Main Market for listed securities of 429,520,222 Ordinary Shares of no par value

VSA capital

VSA Capital Limited

Financial Adviser & Broker

VSA Capital Limited ("**VSA**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and for no one else in relation to Admission and the arrangements referred to in this Document. VSA will not regard any other person (whether or not a recipient of this Document) as its client in relation to Admission and will not be responsible to anyone other than the Company for providing the protections afforded to clients of VSA or for providing any advice in relation to Admission, the contents of this Document or any transaction or arrangement referred to herein. No liability whatsoever is accepted by VSA for the accuracy of any information or opinions contained in this Document or for the omission of any material information, for which it is not responsible.

This Prospectus is issued solely in connection with Admission. This Document does not constitute or form part of an offer or invitation to sell or issue, or any solicitation of an offer to purchase or subscribe for any securities by any person. No offer of Ordinary Shares is being made in any jurisdiction.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been taken or will be taken to permit the possession or distribution of this Prospectus in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. In the United States, you may not distribute this Prospectus or make copies of it without the Company's prior written consent other than to people you have retained to advise you in connection with this Prospectus. Accordingly, neither this Prospectus nor any advertisement nor any offering material may be distributed or published in any jurisdiction, other than in the United Kingdom, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) (the "Securities Act"), or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States or of any province or territory of Australia, Canada, Japan or the Republic of South Africa

This prospectus has been approved by the FCA, as competent authority under the Prospectus Regulation.

The FCA only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation; such approval should not be considered as an endorsement of the Company and the quality of the Ordinary Shares that are the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

Application will be made for the Ordinary Shares to be admitted to the standard segment of the Official List. A Standard Listing affords investors in the Company a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to the premium segment of the Official List, which are subject to additional obligations under the Listing Rules. It should be noted that the FCA will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules or those aspects of the Disclosure Guidance and Transparency Rules which the Company is either obliged to comply with or has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply. However, the FCA would be able to impose sanctions for non-compliance where the statements regarding compliance in this Document are themselves misleading, false or deceptive.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of the FSMA or Rule 3.4 of the Prospectus Regulation Rules, the publication of this Document does not create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this Document. Notwithstanding any reference herein to the Company's website www.pyxresources.com, the information on the Company's website does not form part of this Document.

Dated 8 November 2021

THIS PAGE IS INTENTIONALLY LEFT BLANK

CONTENTS

SUMMARY INFORMATION

Section 5 – Introduction and warnings		
	Introduction	The issuer is PYX Resources Ltd. (the "**Company**" or "**PYX Resources**"), ISIN AU0000078487. The Company's registered office is at Level 5, 56 Pitt Street, Sydney NSW 2000, Australia and its telephone number is +61 (02) 8823 3132. The Company's Legal Entity Identifier ("**LEI**") is 529900A5IPGY4VFL4E45. The securities being admitted to trading on the Main Market of the London Stock Exchange are the Ordinary Shares with no par value. This prospectus has been approved by the Financial Conduct Authority in the United Kingdom. The address of the Financial Conduct Authority is 12 Endeavour Square, London E20 1JN, +44 (0)20 7066 1000. Contact information relating to the Financial Conduct Authority ("**FCA**") can be found at http://fca.org.uk/contact. The date of approval was 8 November 2021.
	Warning to potential investors:	This summary should be read as an introduction to this prospectus. Any decision to invest in the Ordinary Shares should be based on consideration of the prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.

Section 6 – Key Information on the Issuer		
6 (a)	**Who is the issuer of the securities?**	PYX Resources, currently listed on the National Stock Exchange of Australia (the "**NSX**") (NSX: PYX), was incorporated and registered under the name Kimberley Resources NL on 19 March 1996 (ACN 073 099 171) in the state of Western Australia under the Corporations Act 2001 (Commonwealth) (the "**Australian Corporations Act**"). From 1996 to 2000 the Company's operations focused on gold mining exploration and production, while for the next two years (2000-2002) the Company was operating as an investment group. From 3 August 2012 to 31 January 2020 the Company focused on oil & gas exploration in Papua New Guinea. The Company is pursuing a strategy to become a major and sustainable global producer of premium zircon by focusing on identifying, developing and acquiring undervalued, world-class mineral assets strategically located, that possess significant resources, long mine life and the high zircon assemblage. Through the acquisitions of the Takmur Group and the Tisma Group (the "**Subsidiaries**") the Company has contractual rights in, and currently operates two key tenements located in the alluvium-rich region of Central Kalimantan, Indonesia, the Mandiri mining project (the "**Mandiri Project**") a large-scale near surface open pit operation in production since 2015 and the Tisma mining project (the "**Tisma Project**"), a mineral sands exploration and development project (together the "**Projects**"). According to publicly available information, during the financial year ended 31 December 2020, the Company and its Subsidiaries (the "**Group**") was the 2nd largest publicly producing mineral sands company by zircon resources with a JORC compliant mineral resource of 263.5 Mt. On 3 February 2020 the Company changed its name from South Pacific Resources Limited ("**SPB**") to PYX Resources Limited to reflect its strategy as a zircon production and development company.

The statutory auditors to the Company are Hall Chadwick, Level 40, 2 Park Street, Sydney NSW 2000, Australia. The statutory auditors to the Company (then known as South Pacific Resources Limited) for the years 2018 and 2019 were Pitcher Partners BA&A Pty Ltd.

The Directors of the Group are:

Name	Position	Appointment
Oliver B Hasler	Chairman & CEO	31 January 2020
Gary J Artmont	Non-Executive Director	31 January 2020
Bakhos Georges	Non-Executive Director	31 January 2020
Alvin Tan	Non-Executive Director	25 May 2000

The Company completed a fundraise of AU$11.2m (£6.1m) on the NSX (the "**June Fundraise**") on 23 June 2021 (gross of expenses). The expenses were borne by the Company in full and no expenses were charged to the investors. The expenses included commission and professional advisory fees and reached a total of AU$673,496 (£364,900).

The net proceeds of the June Fundraise were AU$10.6m (£5.7m) (the "**Net June Fundraise Proceeds**"). Upon completion of the June Fundraise, the Company issued 10,897,988 new shares at AU$1.03 (£0.56).

Note: AUD/GBP average exchange rate used as of 23 June 2021.

As at the Last Practicable Date, the Company is aware of the following persons that, directly or indirectly, hold interests in 5 per cent. or more of the Company's issued share capital:

	As at the Last Practicable Date	
Name	**Number of Ordinary Shares held**	**% of the Ordinary Shares**
Phoenix Fund Solutions Ltd	92,520,635	21.54
Takmur SPC Limited*	84,109,669	19.58
Tisma (HK) Limited	51,638,685	12.02
TGN Holdings (HK) Limited	51,638,685	12.02

* Takmur SPC Limited shares are held through Cedrus Investments Ltd

6 (b) What is the key financial information regarding the issuer?

PYX Resources is considered to be the legal parent company of the Group, while Takmur is considered to be the parent company for accounting purposes.

Group

The selection of key historical financial information of the Group as at 30 June 2021, 31 December 2020, 30 June 2020, 31 January 2019, 30 June 2019 and 30 June 2018 set out below has been extracted without material amendment from the audited financial information of the Group for those years.

Statement of financial position	Reviewed Half Year ended 30 Jun 2021 US$	Audited as at 31 Dec 2020 US$	Audited as at 30 Jun 2020 US$	Audited 1 Jul 2019– 31 Jan 2020 A$	Audited as at 30 Jun 2019 A$	Audited as at 30 Jun 2018 A$
Total assets	86,971,936	6,166,204	6,814,532	54,063	69,642	79,714
Total equity	84,709,757	4,520,849	6,408,329	(653,097)	(3,191,528)	(2,381,889)
Statement of comprehensive income						
Total revenue	4,660,223	8,956,694	7,816,397	–	–	–
Net operating loss	(1,194,190)	(13,820,603)	(10,885,894)	(1,357,468)	(797,866)	(1,205,666)
Basic loss per share (cents)	(0.20)	(6.0)	(10.0)	(0.07)	(0.48)	(0.73)
Diluted loss per share (cents)	(0.19)	(5.5)	(2.4)	(0.07)	(0.48)	(0.73)
Statement of cash flows						
Cash flows from operating activities	(739,440)	(2,086,711)	(1,872,348)	(10,345)	(51,867)	(609,208)
Cash flows from investing activities	(593,189)	(837,596)	(671,563)	–	–	(80,855)
Cash flows from financing activities	7,539,387	6,278,117	6,773,342	7,162	52,937	647,298
Net cash flow for the period	6,206,758	3,353,810	4,229,431	(3,183)	1,070	(42,765)

TAKMUR GROUP

The selection of key historical financial information of the Takmur Group as at 31 December 2019 and 31 December 2018 set out below has been extracted without material amendment from the audited financial information of the Takmur Group for those years.

Statement of financial position	Audited as at 31 Dec 2019 US$	Audited as at 31 Dec 2018 US$
Total assets	1,714,622	–
Total equity	704,983	(4,375)
Statement of comprehensive income		
Total revenue	6,858,289	–
Net loss for the period	(58,386)	(5,109)
Statement of cash flows		
Cash flows from operating activities	(110,205)	–
Cash flows from investing activities	(129,278)	–
Cash flows from financing activities	332,554	–
Net cash flow for the period	93,071	–

PT ANDARY USAHA MAKMUR (PT AUM)

The selection of key historical financial information of PT AUM as at 31 December 2018 set out below has been extracted without material amendment from the audited financial information of PT AUM for the year.

Statement of financial position	Audited 1–9 Jan 2019 US$	Audited as at 31 Dec 2018 US$
Total assets	–	–
Total equity	(4,375)	(4,375)
Statement of comprehensive income		
Total revenue	–	–
Net loss for the period	–	(352,080)
Statement of cash flows		
Cash flows from operating/investing/ financing activities	–	–
Net cash flow for the period	–	–

PT INVESTASI MANDIRI (PT IM)

The selection of key historical financial information of PT IM as at 31 December 2018 set out below has been extracted without material amendment from the audited financial information of PT IM for the year.

Statement of financial position	Audited 1–23 Jan 2019 US$	Audited as at 31 Dec 2018 US$
Total assets	1,413,278	1,150,656
Total equity	755,829	780,943
Statement of comprehensive income		
Total revenue	–	4,760,828
Net profit for the year	(36,899)	302,766
Statement of cash flows		
Cash flows from operating activities	(319,569)	35,724
Cash flows from investing activities	(9,239)	1,314
Cash flows from financing activities	322,558	(21,638)
Net cash flow for the period	(6,250)	15,399

TISMA GROUP

The selection of key historical financial information of Tisma Group as at 15 February 2021, 30 June 2020 and 30 June 2019 set out below has been extracted without material amendment from the audited financial information of the Tisma Group for those years and periods.

Statement of financial position	Audited 1 Jul 2020– 15 Feb 2021 US$	Audited as at 30 Jun 2020 US$	Audited as at 30 Jun 2019 A$
Total assets	3,407	58,994	1,731
Total equity	(181,005)	(87,916)	(60,367)
Statement of comprehensive income			
Total revenue	–	–	–
Net loss for the period	(93,797)	(28,044)	(12,295)
Statement of cash flows			
Cash flows from operating activities	(9,173)	(4,076)	(1)
Cash flows from financing activities	–	13,226	1
Net cash flow for the period	(9,173)	9,150	–

PT TISMA GLOBAL NUSANTARA (PT TGN)

The selection of key historical financial information of PT TGN for the period 1 Jan 2018 to 15 Jan 2019 set out below has been extracted without material amendment from the audited financial information of PT TGN for the period.

Statement of financial position	Audited from 1 Jan 2018 to 15 Jan 2019 US$
Total assets	–
Total equity	(59,420)
Statement of comprehensive income	
Total revenue	-
Net profit for the year	(16,774)
Statement of cash flows	
Cash flows from operating/investing/financing activities	–
Net cash flow for the period	–

Unaudited pro forma financial information

The unaudited consolidated pro forma financial information (the "**Pro Forma Financial Information**") has been prepared on the basis described, for illustrative purposes only, to provide financial information about how the acquisition of the Tisma Group, the June Fundraise and the Admission costs might have affected the income and expenses of the Group for the year ended 30 June 2020, presented on the basis of accounting policies adopted by the Company in preparing the unaudited, consolidated interim financial information for the six-month period ended 30 June 2021, as if these events had occurred on 1 July 2019.

The Pro Forma Financial Information has been prepared on the basis set out therein and in accordance with the requirement of item 18.4 of Annex 1 and in accordance with Annex 20 of the Prospectus Regulation Rules to illustrate the impact of the acquisition of the Tisma Group, the June Fundraise and the Admission costs as if they had taken place on 1 July 2019 and is given for the purpose of complying with that requirement and for no other purposes.

UNAUDITED PROFORMA STATEMENT OF COMPREHENSIVE INCOME

	Group Year ended 30 June 2020 (Note 1) US$	*Adjustment* Company 7 months Ended 30 June 2020 (Note 2) US$	*Adjustment* Tisma Group Year ended 30 June 2020 (Note 3) US$	*Adjustment* Acquisition of the Tisma Group (Note 4) US$	*Adjustment* June Fundraise (Note 5) US$	*Adjustment* Settlement of Admission costs (Note 6) US$	Pro Forma results for the year ended 30 June 2020 US$
Revenue	7,816,397	–	–	–	–	–	7,816,397
Gross profit	1,304,233	–	(6,992)	–	–	–	1,297,241
Loss after taxation	(10,885,894)	(1,357,468)	(28,044)	(1,200,000)	(516,026)	(953,319)	(14,897,203)
Total comprehensive loss	(10,846,309)	(1,445,705)	(27,549)	(1,200,000)	(516,026)	(953,319)	(14,945,360)

		Notes: 1. Represents the audited results of the Company for the period from 1 February 2020 to 30 June 2020 and of the Takmur Group for the year ended 30 June 2020. 2. Represents the audited results of results of the Company for the period from 1 July 2019 to 31 January 2020. 3. Represents the audited results of the Tisma Group for the year ended 30 June 2020. 4. Represents the cost of the acquisition and consolidation of the Tisma Group. 5. Represents the effects of the June Fundraise, completed on the 23 June 2021. 6. Represents the effects of Admission costs.
6 (c)	**What are the key risks that are specific to the issuer?**	This summary section only includes the five most material and high-risk factors. **HIGHEST RISKS RELATING TO THE GROUP AND ITS OPERATIONS** • The Company holds contractual interests in the Mandiri and Tisma Projects via two Exclusive Operation and Management Agreements between: i. Takmur's subsidiary PT Andary Usaha Makmur (PT AUM) and PT Investasi Mandiri (PT IM); and ii. Tisma's subsidiary PT Tisma Investasi Abadi (PT TIA) and PT Tisma Global Nusantara (PT TGN). Since there is no direct ownership interest in the two tenements, the Company's interest may be adversely affected in case of breaching, termination, or non-renewal of the operational agreements or otherwise becomes unenforceable. Under the two Agreements PT AUM and PT TIA have the right to appoint the majority of PT IM and PT TGN's directors and will have to give their consents for the Agreements to terminate. Thus, the Directors are confident the Company will be able to maintain its contractual interest. • The Tisma Project is at an early stage of exploration and development and the Group's additional financial growth above and beyond the development of the Mandiri Projects depends on the success of the Tisma Project, which will not commence production until 2022. Failure to do so within the reasonable time will have a material adverse effect on the Group's business, results of operations and financial condition, since production will be limited to only the Mandiri Project's capacity. • The Group is reliant on mining and land licenses to operate adequately. Should the companies holding the licenses fail to meet government, social or other commitments the licenses may be at risk. • A material decline in zircon prices globally may adversely affect the Group's operations, prospects and financial condition. The price for commodities is subject to fluctuation and volatility, making it hard for the Group to accurately predict future commodity price movements, thus provide assurance that existing prices and revenues will be maintained in the future. **HIGHEST RISKS RELATING TO INDONESIAN MARKET** • The Republic of Indonesia, in which the Group conducts operations in, is regarded as an emerging market and could possibly be subject to political, economic or any other instability. Potential market risks include imposition of trade barriers or taxes, changes in the regulatory environment and mineral sands exportation and transportation regulations, difficulties with managing any foreign operations, potential issues or restrictions on the free transfer of funds or technology import or export, delays in dealing across borders and local currency devaluations.

Section 7 – Key Information on the Securities		
7 (a)	**What are the main features of the securities?**	The securities are Ordinary Shares in the capital of the Company with no par value. Application will be made for the Ordinary Shares to be admitted to the Official List with a Standard Listing and to trading on the Main Market of London Stock Exchange. When admitted to trading the Ordinary Shares will have an ISIN of AU0000078487 and a SEDOL of BMHT0V4. The Ordinary Shares are denominated in GBP. Holders of Ordinary Shares can hold and transfer interests in the Ordinary Shares within CREST pursuant to a depositary interest arrangement established by the Company. The Ordinary Shares will not themselves be admitted to CREST, rather, the Depositary will issue the Depositary interest in respect of underlying Ordinary Shares. The Depositary Interests are independent securities constituted under English law which are held and transferred directly through the CREST system. Depositary Interests have the same ISIN as the underlying Ordinary Shares and do not require a separate admission to trading on the London Stock Exchange. The Depositary Interests were created and issued pursuant to a deed poll issued and executed by the Depositary. On Admission, there will be 429,520,222 Ordinary Shares with no par value which have been issued at the date of this Document (the "**Ordinary Shares**"), all of which have been fully paid up. The term of the securities is perpetual. The rights attaching to the Ordinary Shares arise from a combination of the constitution of the Company (the "**Constitution**"), statute and general law. The Constitution contains the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and Directors, including provisions to the following effect (when read in conjunction with the Australian Corporations Act and the listing rules of the NSX (the "**NSX Listing Rules**"). The Company's current intention is to retain earnings, if any, for use in its business operations. In view of this, it is unlikely that the Board will recommend a dividend in the early years following Admission. The Company does not have any other securities in issue or liens overs its assets. All the Ordinary Shares are freely transferable and there are no restrictions on transfer.
7 (b)	**Where will the securities be traded?**	Application has been made to the FCA and the London Stock Exchange for all of the Ordinary Shares to be admitted to the standard segment of the Official List and to trading on the Main Market respectively. The Ordinary Shares are currently listed on the National Stock Exchange of Australia. The Company does not intend to seek admission to trading of the Ordinary Shares on any market other than the Main Market of the London Stock Exchange and the National Stock Exchange of Australia. It is expected that Admission will become effective and that unconditional dealings will commence at 8.00 a.m. on 15 November 2021.
7 (d)	**What are the key risks that are specific to the securities?**	The Ordinary Shares will be listed on both the National Stock Exchange of Australia and the standard segment of the Main Market of the London Stock Exchange. The NSX, and the London Stock Exchange and the FCA and ASIC therefore have the right to suspend trading in certain circumstances. If trading is suspended, Shareholders may not be able to dispose of their Ordinary Shares on the LSE or NSX as the case may be. Dual listing of the Ordinary Shares will result in differences in liquidity, settlement and clearing systems, trading currencies, prices and transaction costs between the exchanges where the Ordinary Shares will be listed. The aforementioned factors may impede the transferability of the Ordinary Shares between the two exchanges. The Company can give no assurance that an active trading market for the Ordinary Shares will develop on the Stock Exchange or elsewhere or, if such an active trading market is developed, can be sustained. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected. The Company may issue Ordinary Shares from time to time as consideration for future acquisitions and investments.

Section 8 – Key information on the offer of securities to the public and/or the admission to trading on a regulated market		
8 (a)	**Under which conditions and timetable can I invest in this security?**	It is expected that Admission will become effective, and that dealings in the Shares will commence on the London Stock Exchange, at 8.00 a.m. (London time) on 15 November 2021. The expenses of Admission will be borne by the Company in full and no expenses will be charged to the investors. These expenses will include registration, listing and admission fees, printing, advertising and distribution costs and professional advisory fees, including legal fees, and any other applicable expenses. The expenses are not expected to exceed.
8 (c)	**Why is this prospectus being produced?**	This document does not constitute an offer or invitation to any person to subscribe for or purchase any shares in the Company. The Company is seeking Admission of the Ordinary Shares to the standard segment of the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the Main Market of the London Stock Exchange. In accordance with Listing Rule 14.3, at Admission at least 25 per cent. of the Ordinary Shares will be in public hands (as defined in the Listing Rules). No person or entity is offering to sell the Ordinary Shares and no person or entity is entering into a lock-in agreement. There are no potential or actual conflicts of interest between any duties owed by the Directors or the Senior Managers to the Company and their private interests and/or other duties, save for their interest as holders of securities of the Company.

Part 1
Risk Factors

Investment in the Company and the Ordinary Shares carries a significant degree of risk, including risks in relation to the Company's business, strategy, operations in the mining sector, potential conflicts of interest, risks relating to taxation and risks relating to the Ordinary Shares.

*Prospective investors should note that the risks relating to the Company, its industry and the Ordinary Shares (summarised in the section of this Document headed "**Summary**") are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company face relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Document headed "**Summary**" but also, among other things, the risks and uncertainties described below.*

The risks referred to below are those risks the Company and the Directors consider to be the material risks relating to the Company. However, there may be additional risks that the Company and the Directors do not currently consider to be material or of which the Company and the Directors are not currently aware that may adversely affect the Company's business, financial condition, results of operations or prospects. Investors should review this Document carefully and in its entirety.

If any of the risks referred to in this Document were to occur, the results of operations, financial condition or prospects of the Company could be materially and adversely affected. If that were to be the case, the trading price of the Ordinary Shares and/or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly. Further, Investors could lose all or part of their investment.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt should consult with an independent financial adviser authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction which specialises in advising on the acquisition of shares and other securities.

RISKS RELATING TO THE GROUP AND ITS ACTIVITIES

The Group's Indirect Ownership in the Mandiri Project and Tisma Project

The Group's interest in both the Mandiri Project and Tisma Project are contractual in nature and based on two Exclusive Operation and Management Agreements between Takmur and PT IM in respect of the Mandiri Project and Tisma and PT TGN in respect of the Tisma Project. The Company does not have any property or mineral rights in respect of either Project or any direct ownership interest. Prospective investors should carefully consider the details of the Exclusive Operation and Management Agreements, summarised in Part 13, Paragraphs 18.5 & 18.7 of this Document.

Indirect ownership includes the risk that in the event the Exclusive Operation and Management Agreements are terminated or otherwise become unenforceable the interests of the Company in both Projects will be adversely affected and the Company may lose all of its rights to exploit zircon from the Mandiri Project and/or the Tisma Project. However, the Directors have no reason to believe this will occur.

The Directors are confident that the Company will be able to determine the financial and operational policy of PT IM and PT TGN for the foreseeable future through the Exclusive Operation and Management Agreements, based on the following factors:

- The Exclusive Operation and Management Agreements require the Company's subsidiaries (PT AUM and PT TIA) to give their consent for the two Agreements to terminate;
- The Company's subsidiaries (PT AUM and PT TIA) have the right to appoint the majority of PT IM and PT TGN's directors; and

- The shareholders of PT IM and PT TGN have pledged their shares in favour of the Company's subsidiaries (PT AUM and PT IA respectively) as a collateral to further safeguard the Company's rights and economic benefits under the Exclusive Operation and Management Agreements.

- Even in the case of a bankruptcy, the bankruptcy officer cannot terminate either agreement, unless PT AUM or PT TIA (as applicable) consents to the termination, even though the bankruptcy officer can sell the assets of PT IM and PT TGN to satisfy the creditors, after a declaration of insolvency. The Exclusive Operation and Management Agreements are legally separate from the assets of PT IM and PT TGN and, therefore, the disposal of the assets by the bankruptcy officer in the case of bankruptcy will not compromise the enforceability of either agreement.

The Group is Largely Reliant on Mining and Land Usage Licenses to Operate Adequately

Exploration and mining operations are dependent upon the grant, renewal or continuance or maintenance of appropriate permits, licenses, concessions, leases and regulatory consents which may be valid only for a defined time period, may be subject to limitations and may provide for withdrawal in certain circumstances. The Group holds contractual interests rather than holding the licenses in the exploration licenses and permits in respect of the Mandiri Project and the Tisma Project. The Mandiri Project's license includes a range of provisions on government-mandated capital, social, environmental, and other such commitments that need to be met by the Group.

The Directors are confident that PT Tisma Global Nusantara and PT Investasi Mandiri will continue to fulfil the necessary conditions to maintain the good standing of the exploration licenses and permits, in order to continue to be able to execute the business strategy of the Group. Should PT Tisma Global Nusantara or PT Investasi Mandiri fail to fulfil the terms of any of the licenses currently holding or operates in a manner that violates applicable law, government regulators will impose fines to the PT IM and PT TGN and suspend or terminate the licenses. Such an event may have a material adverse effect on the Group's results, cash flows and financial condition.

The Concession Holders' ability to resolve compensation issues and compensation costs that might arise will have an impact on the future success and financial performance of PT IM and PT TGN's mineral sands operations. If the Concession Holders are unable to resolve such compensation claims on economic terms, this may have a materially adverse effect on the business, results or operations and financial condition of the Group.

The Tisma Project is not Expected to Start Production until 2022

The Tisma Project is at an early stage of exploration and development and the Group's additional financial growth above and beyond the development of the Mandiri Projects depends on the success of the Tisma Group and the Tisma Project.

Failure to commence production within the reasonable time and planned budget, or failure to conclude in an agreement with the required workforce will have a material adverse effect on the Group's business, results of operations and financial condition.

The Projects

There can be no assurance that the Company will be able to manage effectively the expansion of its operations into the production phase, or that the Company's personnel, systems, procedures and controls will be adequate to support such operations. Any failure of the Board to manage effectively the Company's growth and development could have a material adverse effect on its business, financial condition and results of operations. There is no certainty that all or, indeed, any of the elements of the Board's strategy will develop as anticipated. The Company's profitability will depend, in part, on the actual economic returns and the actual costs of developing its assets, which may differ significantly from the Company's current estimates.

The Group may Face Risks from Previous Non-compliance on the Mandiri Project

The Mandiri Project undertook technical and geological analysis from September 2010 up to December 2016, in order to determine the tenement areas suitable for Heavy Mineral Concentrate ("**HMC**") extraction, while landscape improvement operations were also completed at the same period.

The Technical Expert hired by the Company, Continental Resource Management Pty Ltd, identified that there has been a history of artisanal mining prior to January 2019 relating to gold extraction and selling HMC as a by-product of it.

Where historical artisanal mining has occurred, there is a risk that a lack of control and oversight existed over operations and as a result, a risk that all license conditions have not been complied with. Prospective investors should be aware of it and should consider that a historic breach of conditions may result in fines, penalties or forfeiture.

The Group is Reliant on Adequate Infrastructure to Operate Successfully

The continued commercialisation of the Mandiri Project and the commercialisation of the Tisma Project will depend to a significant degree on adequate infrastructure.

Both Projects are easily accessible for the time being, but should the Board decide to perform any operational changes and/or future development plans and other process upgrades, significant additional funding would be required to develop any associated infrastructure. Such infrastructure may include additional plant and machinery, minehead equipment and apparatus and extensions to existing site roads and mine site buildings, including workshops, accommodational units and medical facilities.

Unusual or infrequent weather events, sabotage, government, regulatory bodies or other interference in the maintenance or provision of such infrastructure or any failure or unavailability of such infrastructure would materially adversely affect the Group's operations, financial condition and results of operations, in the absence of raising further funding.

The Group's Capital and Operating Costs and Exploration and Operating Risks

The Group's profitability will depend, in part, on the actual economic returns and the actual costs of operating and developing the Tisma Project and the Mandiri Project, which may differ significantly from the Group's current estimates.

Moreover, operations may be affected by a range of factors, such as failure to locate or identify mineral sands deposits, failure to achieve predicted grade in exploration, failure to commission production facilities, technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, metallurgical problems which affect extraction rates and costs, plant breakdown, unanticipated production issues, failure to produce goods and services on commercial terms, failure to market production, failure to attract or retain staff, adverse weather condition due to Indonesia typhoon season (September to December), industrial and environmental accidents, industrial disputes, strikes, unexpected shortages or increases in the cost of consumables, spare parts and capital equipment, adverse charges to legislation with respect to the operating environment and other operating factors.

Unforeseen geological, geotechnical or operational difficulties could also cause a loss of revenue due to lower production than expected, higher operating and maintenance costs and/or ongoing unplanned capital expenditure to meet production targets. Any such geological conditions may adversely affect the Group's financial performance.

If any of the aforementioned factors was to be negatively impacted, that, in turn, would negatively affect the Group's profitability.

Reliance on Strategic Relationships

In conducting its business, the Group will rely on continuing existing strategic relationships and forming new ones with other entities in the mining industry and also certain regulatory and governmental departments. While the Group has no reason to believe otherwise, there can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed.

The Group Relies on Third Party Contractors

When the world mining industry is buoyant there is increased competition for the services of suitably qualified and/or experienced sub-contractors, such as mining and drilling contractors, assay laboratories, metallurgical test work facilities and other providers of engineering, project management and mineral processing services.

As a result, the Group may experience difficulties in sourcing and retaining the services of suitably qualified and/or experienced sub-contractors. The loss or diminution in the services of suitably qualified and/or experienced sub-contractors or an inability to source or retain necessary sub-contractors or their failure to properly perform their services could have a material and adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group is unable to predict the risk of insolvency or other managerial failure by any of the contractors or other service providers currently or in the future used by the Group in its activities. Any of the foregoing may have a material adverse effect on the results of operations or the financial condition of the Group. In addition, the termination of these arrangements, if not replaced on similar terms, could have a material adverse effect on the results of operations or the financial condition of the Group.

The Group's Future Working Capital Requirements

The Group's ability to implement its business strategy depends not only on its ability to generate income from its operations, but also in raising additional funds. In the future, additional funding will be required if the Group is to be successful pursuing its ultimate strategy. The Group can seek additional funding, through equity, debt, or joint venture financing. The need and amount of any additional funds required depends on numerous factors, related to the Group's current and future activities, so it is currently unknown.

Any additional equity financing may be dilutive to Shareholders and could contain rights and preferences superior to those of the then-existing ordinary shares, while debt financing may involve restrictions on the Group's financing and operating activities or may not be available at reasonable cost.

No assurances can be given that the Company will be able to raise the additional finance that it may require for its anticipated future operations and there is no assurance that additional funding will be available on terms acceptable to the Company or at all. If the Group is unable to raise additional capital when needed or on suitable terms, the Group could be forced to delay, reduce or eliminate its exploration, development and production efforts. For the avoidance of doubt the Directors do not believe there is any requirement over the next 12 months to raise any further external finance for the Group in order to meet the objectives and strategy set out in this Document.

The Group is Exposed to Development and Operating Risks

The Group's profitability will depend, in part, on the actual economic returns and the actual costs of operating and developing the Mandiri Project and the Tisma Project, which may differ significantly from the Group's current estimates.

The development of the Projects may be subject to unexpected problems and delays. The Group's decision to develop a mineral project is typically based on the results of a feasibility study. Feasibility studies derive estimates of expected or anticipated project economic returns. These estimates are based on assumptions about future commodity prices, anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed, anticipated recovery rates of the mineral from the ore, anticipated capital expenditure and cash operating costs and the anticipated return on investment. Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such studies and estimates.

In the development of a new mine or the commercialisation of a project a number of uncertainties can affect progress. These uncertainties include the timing and cost, which can be considerable, of the construction of mining and processing facilities; the availability and cost of skilled labour, power, water, consumables and transportation facilities, the availability and cost of appropriate smelting and refining arrangements, the need to obtain necessary environmental and other governmental permits and the timing of those permits, and the availability of funds to finance construction and development activities.

Environmental, Health and Safety and Other Regulatory Standards Regulation

The Group's operating activities are subject to extensive laws and regulations governing waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production and other matters in Indonesia including the Law on Mineral and Coal Mining No. 4 of 2009, dated 12 January 2009 (the "**Mining Law**") and its implementing regulations. This legislation may change in a manner that may require stricter or additional standards, than those now in effect.

The Group is also required to comply with applicable health and safety and other regulatory standards. Environmental legislation in particular can, in certain jurisdictions, comprise numerous regulations which might conflict with one another and which cannot be consistently interpreted. Such regulations typically cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Group may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. The Group however has a policy to endeavour to operate in accordance with the highest standards of environmental practice and comply in all material respects with applicable environmental laws and regulations.

Any failure to comply with relevant environmental, health and safety and other regulatory standards may subject the Group to liability and fines and/or penalties and have an adverse effect on the business, results of operations, or prospects of the Group. In particular, a violation of health and safety laws relating to a mine, or other plant or a failure to comply with the instructions of the relevant health and safety authorities could lead to, among other things, a temporary shutdown of all or a portion of the mine, or other plant, a loss of the right to mine or to use other plant, or the imposition of costly compliance procedures. If health and safety authorities require the Group to shut down all or a portion of a mine, or other plant or to implement costly compliance measures, whether pursuant to existing or new health and safety laws and regulations, such measures could have a material adverse effect on the Group's results of operations or financial condition. Furthermore, the future introduction or enactment of new laws, guidelines and regulations could serve to limit or curtail the growth and development of the Group's business or have an otherwise negative impact on its operations. Any changes to, or increases in the current level of regulation or legal requirements may have a material adverse effect upon the Group in terms of additional compliance costs.

Any environmental damage, loss of life, injury or damage to property caused by the Group's operations could damage the Group's reputation in the areas in which the Group operates. Negative sentiment towards the Group could result in a lack of willingness of authorities to grant the necessary licences or permits for the Group to operate its business and in residents in the areas where the Group is doing business opposing further operations in the area by the Group. If the Group develops a reputation of having an unsafe work site it may impact the ability of the Group to attract and retain the necessary skilled employees and consultants to operate its business. Further, the Group's reputation could be affected by actions and activities of other corporations operating in the mining industry, over which the Group has no control. In addition, environmental damage, loss of life, injury or damage to property caused by the Group's operations could result in negative investor sentiment towards the Group, which may result in limiting the Group's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Ordinary Shares.

Mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations involving the protection and remediation of the environment and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive.

Although the Board believes that the Group will be in compliance in all material respects with applicable environmental laws and regulations and will hold all necessary approvals and permits under those laws and regulations by the time operations commence, there are certain risks inherent in the Group's activities and those which it anticipates undertaking in the future, such as, but not limited to, risks of accidental spills, leakages or other unforeseen circumstances, that could subject the Group to potential liability. The Company therefore cannot give any assurance that, notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition and its results from operations.

If and where required, obtaining necessary permits and licences can be complex and time consuming and the Group cannot assure that any necessary permits will be obtainable on acceptable terms, in a timely manner or at all, if necessary. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Group from proceeding with any future exploration or development of the Mandiri Project and the Tisma Project.

Uninsured Hazards

The Group may be subject to substantial liability claims due to the inherently hazardous nature of its activities or for acts and omissions of contractors, sub-contractors or operators. Any indemnities the Group may receive from such parties may be limited or may be difficult to enforce if such contractors or sub-contractors or operators lack adequate resources.

The Group can give no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. Accordingly, the Group may suffer material losses from uninsurable or uninsured risks of insufficient insurance coverage. The Group is also subject to the risk of unavailability, increased premiums or deductibles, reduced cover and additional or expanded exclusions in connection with its insurance policies and those of operators of assets it does not itself operate.

The Resources and Reserves Data Cited in this Document are Estimates Based on a Number of Assumptions that may Prove Inaccurate

The Resources and Reserves estimates cited in this Document in respect of the Mandiri Project and the Tisma Project are based on a number of assumptions that have been made by the Competent Person in accordance with the JORC (2012) guidelines.

Estimates of the resources and reserves may change significantly in the future if new information becomes available or new factors arise, and interpretations and deductions on which these resources and reserves estimates are based may prove to be inaccurate. Should the Group encounter mineralisation different from that predicted by past drilling, sampling and similar examination, resources and reserves estimates may have to be adjusted downward.

Until a deposit is actually mined and processed, the quantity of mineral resources and reserves, and grades, must be considered as estimates only. In addition, the value of mineral resources and any mineral reserve will depend upon, amongst other things, mineral metal prices and currency exchange rates. Any material change in quantity of mineral resources, or any mineral reserve, or grade, may affect the economic viability of any future mines. Any material reductions in the estimates or mineral resources, or mineral reserves, or the Company's ability to extract any zircon, could have a material adverse effect on the Company's future results of operation and financial condition. Resource estimates are estimates of judgment based on knowledge, experience and industry practice. Often these estimates were appropriate when made but may change significantly when new information becomes available. Resource estimates are necessarily imprecise and depend to some extent upon interpretations, which may ultimately prove to be inaccurate and require adjustment.

There can be no assurance that the Group's resources and reserves will be recovered in the quantities or yields presented. The inclusion of resources and reserves estimates should not be regarded as a representation that all these amounts can be economically exploited, and nothing contained herein (including, without limitation, estimates of mine life) should be interpreted as assurance of the economic life of its resources and reserves or the profitability of its future operations. If the Group's actual resources and reserves are less than current estimates, the Group's business, development plans, financial position and results of operations could be materially and adversely affected.

Coronavirus

There exists a risk that the significant outbreak of Coronavirus across the world may detrimentally impact the Company's operations in Indonesia. The Company may be affected by disruptions to its operations in one or more locations, particularly for the foreseeable future in light of the government responses to the spread of Coronavirus or other potential pandemics.

As a result of the Coronavirus outbreak, there are currently travel restrictions in place in many countries with many land borders closed and suspension of flights. These restrictions may have an immediate impact on the operations of the Company in terms of access to resources and supplies from neighbouring countries, access to its projects by key management personnel, disruption to operations and delays or increased costs in accessing resources and supplies. The outbreak of Coronavirus has demonstrated the need to have contingency plans in place in relation to the outbreak of pandemics, and has also resulted with a number of companies across the globe being essentially shut down for an extended period of time. The impact of this is that the Company will have to ensure that its future plans include an appropriate amount of contingency planning for the current Coronavirus and future pandemics, but are also likely to result in some prices from suppliers being higher than previously thought, as they too include contingencies into their pricing models and work to ensure they remain profitable despite the period of lock down. As such, costs could escalate from the level originally anticipated.

While the Company will seek to manage the effect of Coronavirus on its personnel and operations, there can be no assurance that Coronavirus will not have an adverse effect on the future operations of the Company's projects or an investment in the Company.

RISK FACTORS RELATING TO THE COMPANY'S KEY MANAGEMENT

The Group is Reliant on a Number of Key Personnel and Director Conflicts

The loss of one or more of its key personnel could have an adverse impact on the business of the Group. Furthermore, it may be particularly difficult for the Group to attract and retain suitably qualified and experienced people, given the competition from other industry participants and that the number of persons skilled in the acquisition, exploration and development of mining properties in each of the Group's jurisdictions is limited and competition for such persons is intense.

The loss of, or diminution in, the services of qualified mining specialists or of members of the Group's senior management team or an inability to attract and retain additional senior management and/or mining personnel could have a material adverse effect on the Group's business, financial condition and results of operations.

Although the Company believes that it will be successful in attracting and retaining qualified personnel, there is no assurance that the Group will successfully continue to retain existing specialised personnel and senior management or attract additional experienced and qualified senior management and/or mining personnel required to successfully execute and implement the Group's business plan. The loss of such personnel and the failure to successfully recruit replacements in a timely manner, or at all, would have a material adverse effect on its business, prospects, financial condition and results of operations.

Cash Transfer Restrictions

The Company currently conducts the majority of its operations through its foreign subsidiaries. Therefore, the Company could be dependent on the cash flows of these subsidiaries to meet its obligations. The ability of its subsidiaries to make payments to the Company may be constrained by, among other things: the level of taxation, particularly corporate profits and withholding taxes, in the jurisdictions in which it operates; the introduction of exchange controls or repatriation restrictions or the availability of hard currency to be repatriated; and contractual restrictions with third parties. For example, certain governments have imposed a number of monetary and currency exchange control measures that include restrictions on the free disposition of funds deposited with banks and tight restrictions on transferring funds abroad, with certain exceptions for transfers related to foreign trade and other authorised transactions approved by a country's central bank. These central banks may require prior authorisation and may or may not grant such authorisation for the Group's foreign subsidiaries to transfer funds to it and there may be a tax imposed with respect to the expatriation of the proceeds from the Group's foreign subsidiaries.

RISK FACTORS SPECIFIC TO THE GROUP'S INDUSTRY

The Group's Profitability is Reliant on the Market price for Zircon

The Group derives its revenue from the sales of zircon and its by-products. The Group's revenues, profitability and future rate of growth are heavily reliant on the prevailing price of zircon, which can be volatile and subject to fluctuation and thus directly affect the Group's income.

The price for commodities is, including minor base and precious metals, subject to fluctuation and volatility in response to a variety of factors beyond the Group's control, such as:

i. Changes in the global and regional supply and demand and expectations regarding future supply and demand for zircon;

ii. changes in global and regional economic conditions and exchange rate fluctuations;

iii. political, economic and military developments in zircon producing regions;

iv. the extent of government regulation and actions, in particular export restrictions, alternatives to zircon, taxes and the growing environmental obligations;

v. the ability of suppliers, transporters and purchasers to perform on a timely basis, or at all, under their agreements (including risks associated with physical delivery); and

vi. potential influence on commodity prices due to the large volume of derivative transactions on commodity exchanges and over-the-counter markets.

Any of these factors could potentially create fluctuations in mineral sands prices, and, in particular, a material decline in zircon price, which may affect the viability of exploration activities within the Group's focus areas and in turn may have material adverse effect on the Group's future financial condition, business, prospects and results of operations.

The Group's Profitability is Reliant on Zircon Substitutes' Demand

The Group is aware of the existence and development of alternative products that can be used as substitutions for zircon. Any potential decrease on the substitutes' commercial price could possibly have a significant adverse effect on zircon's demand as well as its price, subsequently affecting the Group's profitability and financial performance.

The Group may be Subject to Foreign Exchange and Investment Risks

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The Group may deal in other currencies from time to time, as appropriate. As the Group's financial reports will be presented in US dollars, the Group will be exposed to the volatility and fluctuations of the exchange rate between local currencies, USD and AUD.

Global currencies are affected by a number of factors that are beyond the control of the Group. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Group's exploration, project development and production plans and activities together with the ability to fund those plans and activities.

The Board may consider whether to manage currency fluctuation risk by hedging however, there can be no assurance that the Group will hedge its exchange rate exposure, nor that it will be able to hedge such exposure on acceptable terms in the future or that any exchange rate hedging conducted by the Group will be effective or will not result in an adverse financial impact arising from the inability to benefit from a favourable movement in exchange rates.

Volatility or Falls in the Share Price may Affect Group's Operations

The Company has been listed on the NSX since 25 February 2020. Since it is admitted to a public securities exchange, the price at which the Company's shares are trading may be subject to volatility or even a material decrease in value, as a result of the Group's performance, rumour or speculation in the market or due to general or specific factors affecting the performance of capital markets or the Australian or global economy.

Volatility or a material decrease in the price or trading volume of the Company's shares may make it more difficult for the Company to attract future capital or result in partners or customers losing confidence in the operations or the future of the Group. If this were to continue for a long period of time, operations and financial condition of the Group could be materially and adversely affected.

Activities in the Mining Sector can be Dangerous and may be Subject to Interruption

The Group's operations are subject to the significant hazards and risks inherent in the mining sector and countries in which it operates. These hazards and risks include:

- explosions and fires;
- disruption to production operations;
- natural disasters;
- adverse weather conditions;
- equipment break-downs and other mechanical or system failures;
- improper installation or operation of equipment;

- transportation accidents or disruption of deliveries of fuel, equipment and other supplies;
- accident occurring on site, resulting in death or serious injury to personnel;
- acts of political unrest, civil unrest, war or terrorism;
- labour disputes; and
- wilful damage and sabotage;
- community opposition activities, including the heightened focus on environmental concerns.

If any of these events were to occur, they could result in environmental damage, injury to persons and loss of life and a failure to produce commodities in commercial quantities. They could also result in significant delays to mining programs, a partial or total shutdown of operations, significant damage to the Group's equipment and equipment owned by third parties and personal injury or wrongful death claims being brought against the Group. These events could also put at risk the Group's licenses in respect of the Mandiri Project and the Tisma Project and could result in the Group incurring significant civil liability claims, significant fines or penalties, as well as criminal and potentially being enforced against the Group and/or its officers and Directors.

Workforce and Labour Risks

The Group's operations may be affected by labour-related problems in the future, such as union demands and litigation for pay rises and increased benefits. There can be no assurance that work stoppages or other labour-related developments will not adversely affect the results of operations or the financial condition of the Group.

Competition

The mining industry can be competitive. The Group faces potential competition from other mining companies in connection with the acquisition of mineral properties, as well as for the recruitment and retention of qualified employees. Larger companies, in particular, may have access to greater financial resources, operational experience and technical capabilities than the Group which may give them a competitive advantage.

In addition, actual or potential competitors may be strengthened through the acquisition of additional assets which could adversely affect the Group's ability to acquire suitable additional properties in the future. There can be no assurance that the Group will continue to be able to compete successfully with its rivals.

Mineral Exploration and Development can be Highly Speculative in Nature and Involve a High Degree of Risk

Mineral exploration and development can be highly speculative in nature and involves a high degree of risk. The economics of developing mineral properties are affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of the minerals being mined, fluctuations in exchange rates, costs of development, infrastructure and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralisation ultimately mined may differ from that indicated by drilling results and such differences could be material.

As a result, there can be no guarantee that mineral exploration and development of any of the Group's projects will result in profitable commercial operations. The tenements covered by the Mandiri Project and the Tisma Project are at a different stage of exploration. Potential investors should understand that mineral exploration is a high-risk undertaking.

There can be no assurance that exploration of any other permits that the Group may acquire an interest in, will result in the discovery of an economic mineral reserve. Even if an apparently viable reserve is identified, there is no guarantee that it can be commercially exploited. Even if the Company recovers potentially commercial minerals, there is no guarantee that the Company will be able to successfully transport the minerals to commercially viable markets or sell the minerals to customers to achieve a commercial return.

Natural Resource Project Appraisal and Exploration Activities are Capital Intensive and Inherently Uncertain in their Outcome

Natural resource project appraisal and exploration activities are capital intensive and inherently uncertain in their outcome. The Group's future natural resource appraisals and exploration projects may involve unprofitable efforts, either from areas of exploration which ultimately prove not to contain natural resources, or from areas in which a natural resource discovery is made but is not economically recoverable at current or near future market prices, when including the costs of development, operation and other costs.

RISKS RELATING TO INDONESIA

The Group is Subject to Risks Associated in Operating in Indonesia

The Republic of Indonesia is a developing country and may be subject to instability, either political, economic or otherwise. Consequently, the Group's assets and income will be subject to certain political, economic and other uncertainties. Possible risks that the Group may face include, among others:

- economic instability;
- trade barriers or the imposition of taxes;
- changes in the regulatory environment;
- changes in mineral sands exportation and transportation regulations;
- imposition of additional obligations/restriction on foreign investors;
- difficulties with staffing and/or managing any foreign operations;
- issues or restriction on the free transfer of funds;
- technology export or import;
- delays in dealing across borders caused by customers or governmental agencies;
- local currency devaluations; and
- nationalisation or expropriation of the Company's assets.

The Group is Operating in an Emerging Market Economy

The Indonesian economy is vulnerable to market downturns and economic slowdowns that might arise around the world. Investing in emerging markets such as Indonesia involves greater risk than investing in more developed markets, including in some cases significant legal, economic and political risks. Investors should note that emerging markets are subject to rapid change. Global financial or economic crises in any large emerging market country tend to adversely affect prices in equity markets of most or all emerging market countries as investors move their money to more stable, developed markets.

Moreover, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Indonesia, adversely affect the economy and generate severe liquidity constraints for the Group as foreign funding sources are withdrawn.

The Group is Exposed to Government Regulation and Political Risks

The Group's operating activities will predominantly be in the Republic of Indonesia, whose economy is subject to many global and internal forces beyond the control of the Group.

Future political actions cannot be predicted and may adversely affect the Group. Changes, if any, in mining or investment policies or shifts in political attitude in the countries in which the Company holds property interests in the future may adversely affect the Group's business, results of operations and financial condition. Future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Group's consolidated business, results of operations and financial condition.

Moreover, the mining industry in Indonesia is subject to policies which are implemented by the relevant government from time to time and may have material impact on the business of the Group.

The Group is Exposed to Legal, Regulatory and Taxation Risks

Indonesian tax laws, regulations and court practice are subject to frequent change, varying interpretations, inconsistent and selective enforcement. Tax audits or inspections may result in additional costs to the Group if the relevant tax authorities conclude that the Group did not satisfy its tax obligations in any given year.

Moreover, if tax authorities and/or courts adopt a different interpretation of various tax laws and regulations from the ones followed by the Group, the Group may have to pay taxes of a different type and quantum anticipated. This could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

Indonesia also imposes restrictions in export of raw minerals, with a minimum 65.5% grade of zircon required in order to meet export requirements. Given that the legal and regulatory framework for mineral industry in the country has been subject to major changes in the past, there are risks that a potential future change in regulation could bring material challenges to the Group, either by being in conflict with local laws and regulations or in the form of additional taxes.

Expropriation and Nationalism Risk

In order to develop a value-added downstream mining sector, Indonesian government has put in place laws and regulations for domestic processing and refining, bans on the export of unprocessed ores, use of local content, domestic market obligations and staged divestment to local parties.

The enforcement of these laws and regulations may result in sub-optimal outcomes for the Group, while there is a possibility for the Indonesian legislation to become more nationalistic to the detriment of the Group.

Even though Indonesian legislation warrants the payment of compensatory amounts in the event of an expropriation or nationalisation of assets, there is no assurance that a compensation would be paid or the compensation amount would be the same as the price for which the expropriated asset could be sold in a free-market sale or the value of the asset as part of an ongoing business.

Commercial Disputes Risk

Foreign owned Indonesian companies may face local commercial pressures and legal challenges to asset ownership and the value of their assets which are time consuming, costly and disrupt harmonious business relationships.

Even though Indonesian legislation for the protection of commercial rights exists, there is not certain that the respective protections could be enforced, while commercial settlements may end being lower than the price for which disputed assets could be sold in a free-market sale or the value of the asset as part of an ongoing business.

RISKS RELATING TO THE ORDINARY SHARES

An Active Trading Market May Not Develop or be Sustained in the Future

Although the Company has applied to the FCA for admission of its Ordinary Shares to the Standard Segment of the Official List and has applied to the London Stock Exchange for admission to trading on the Main Market, and although the Ordinary Shares are already listed on the NSX, the Company can give no assurance that an active trading market for the Ordinary Shares will develop in the United Kingdom or, if developed can be sustained. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected.

Substantial Future Sales of Ordinary Shares, or the Perception that Such Sales Might Occur, or Additional Offerings of Ordinary Shares, Could Depress the Market Price of Ordinary Shares

The Company cannot predict what effect, if any, future sales of Ordinary Shares, or the availability of Ordinary Shares for future sale, or the offer of additional Ordinary Shares in the future, will have on the market price of Ordinary Shares. Sales or an additional offering of substantial numbers of Ordinary Shares in the public market, or the perception or any announcement that such sales or an additional offering could occur, could adversely affect the market price of Ordinary Shares and may make it more difficult for Shareholders to sell their Ordinary Shares at a time and price which they deem appropriate and could also impede the Company's ability to raise capital through the issue of equity securities.

Shareholders may not be Able to Realise Returns on Their Investment in Ordinary Shares within a Period that They Would Consider to be Reasonable

An investment in Ordinary Shares may be relatively illiquid. There may be a limited number of Shareholders and this factor may contribute to infrequent trading in the Ordinary Shares on the London Stock Exchange and volatile Ordinary Share price movements. Shareholders should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be an active trading market for the Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall.

Fluctuation in Volatility in the Value and the Market Price for Ordinary Shares

The market price for the Ordinary Shares may be volatile and subject to fluctuations in response to numerous factors, many of which are beyond the Company's control, including but are not limited to:

- variations in operating results;
- macro-economic conditions;
- rumour or speculation in the market;
- foreign currency exchange fluctuations relating to the denominations in which the Company conducts business and holds cash reserves;
- market conditions in the industry, the industries of customers and the economy as a whole;
- actual or expected changes in the Group's growth rates or competitors' growth rates;
- changes in the market valuation of similar companies;
- trading volume of the Shares;
- sales of the Shares by the Directors or Shareholders; and
- adoption or modification of regulations, policies, procedures or programmes applicable to the Group's business.

Financial markets have experienced significant price and volume fluctuations during the years and have particularly affected market prices of equity securities, in contrast with the operating performance, prospects or underlying asset values of these companies.

Also, certain institutional investors may base their investment decisions on consideration of the Group's environmental, governance and social practices. If the performance of the Group fails to meet those institutions' respective investment guidelines and criteria, this may result in a limited or no investment in the Ordinary Shares by those institutions, which could adversely affect the trading price of the Ordinary Shares.

There is no assurance that continuing fluctuations in the price and volume of publicly traded equity securities will not occur. If increased levels of volatility and market turmoil appear, the Group's operations could be adversely impacted, and the trading price of the Ordinary Shares may be adversely affected.

Dividend Payments on the Ordinary Shares are not Guaranteed and the Company's Ability to Pay Dividends in the Future may be Limited

The Company has never declared or paid any dividends on the Ordinary Shares. At present, the Directors' intention is that all profits generated by the operations of the Group will be reinvested for future growth and development. Therefore, at present, there is no intention to pay dividends and a dividend may never be paid.

Any decision to declare and pay dividends will be made at the discretion of the Board and will depend on, among other things, the Group's results of operations, financial condition and solvency and distributable reserves tests imposed by corporate law and such other factors that the Board may consider relevant.

Future Issues of Ordinary Shares Could be Dilutive

There is a medium risk that it may be necessary, at some future time, for the Company to issue additional Ordinary Shares to fund the growth plans of the Group.

Moreover, the Company has issued the Chairman and Chief Executive Officer performance rights under the Company's Stock Incentive Plan, which will convert to shares subject to the achievement of milestones, with the latest performance rights expiring 30 June 2024.

The Company has adopted a Stock Incentive Plan, in order to align employees' interests with the ones of the Group. The plan is available to directors, full or part time employees of any Group Company, casual employees or contractors of a Group Company to the extent permitted by ASIC Class Order 14/1000 (as amended or replaced) and prospective participants, being persons to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant.

Any such issue would dilute the interests of Shareholders and could impact upon the price of the Ordinary Shares.

The Rights Afforded to the Shareholders are governed by Australian Law and Non-Australian Shareholders may have Difficulties Exercising Rights which are Governed by Australian Law

As the Company is an Australian registered company, the rights of Shareholders will be governed by Australian law and the Constitution. The rights of Shareholders under Australian law may differ from the rights of shareholders of companies incorporated in other jurisdictions. Not all rights available to shareholders under English law will be available to the Shareholders.

The Company is organised and exists under Australian law. Accordingly, the rights and obligations of the Company's shareholders are regulated by Australian corporate law and the Shareholders must follow Australian legal requirements in order to exercise their rights, in particular the resolutions of the shareholders in general meeting may be passed with majorities different from the majorities required for the adoption of equivalent resolutions under English law or other laws.

LSE Shareholders will be issued with Depositary Interests in respect of Ordinary Shares within CREST

On Admission, holders of Ordinary Shares will be able to hold and transfer interests in the Ordinary Shares within CREST pursuant to a depositary interest arrangement established by the Company. The Ordinary Shares will not themselves be admitted to CREST; rather, the Depositary will issue the Depositary Interests in respect of underlying Ordinary Shares. Holders of Depositary Interests may experience delays in receiving any dividends paid by the Company, may receive proxy forms later than other Shareholders and may have to act earlier than other Shareholders when casting votes at general meetings of the Company, by virtue of the administrative process involved in connection with holding Depositary Interests.

The Company is Applying for a Standard Listing and, Accordingly, the Company will not be Required to Comply with Those Protections Applicable to a Premium Listing

The Company is seeking a Standard Listing and, as a consequence, additional on-going requirements and protections applicable to a Premium Listing will not apply to the Company. In particular, the provisions of Chapters 6 to 13 of the Listing Rules (other than Rule 7.2.1), being additional requirements for a Premium Listing of equity securities (Premium Listing principles, sponsors, continuing obligations, significant transactions, related party transactions, dealing in own securities and treasury shares and contents of circulars), will not apply. In addition, a Standard Listing will not permit the Company to gain UK FTSE indexation.

The proposed Standard Listing of the Ordinary Shares will Afford Investors a Lower Level of Regulatory Protection than a Premium Listing

Application will be made for the Ordinary Shares to be admitted to a Standard Listing on the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules.

Dual Listing on the NSX and LSE May Lead to an Inefficient Market in the Company's Ordinary Shares

Dual listing of the Ordinary Shares will result in differences in liquidity, settlement and clearing systems, trading currencies, prices and transaction costs between the NSX and the LSE, where the Ordinary Shares will be quoted. These and other factors can hinder the transferability of the Ordinary Shares between the two exchanges.

The Ordinary Shares are quoted and traded in AUD on NSX. The Ordinary Shares will be quoted and traded in GBP on the LSE. The market price of the Ordinary Shares on those exchanges may also differ due to exchange rate fluctuations.

Consequently, the trading in and liquidity of the Ordinary Shares is split between these two exchanges. The price of the Ordinary Shares may fluctuate and may at any time be different on the NSX and LSE. This could adversely affect the trading of the Ordinary Shares on these exchanges and increase their price volatility and/ or adversely affect the price and liquidity of the Ordinary Shares on these exchanges.

Trading in the Ordinary Shares may be Suspended

The Ordinary Shares are currently traded on the NSX. In certain circumstances, the NSX have, and the London Stock Exchange will have following Admission, the right to suspend trading in the Ordinary Shares. If the Ordinary Shares are suspended from trading, the holders of Ordinary Shares may not be able to dispose of their Ordinary Shares on the LSE or NSX (as the case may be).

NSX – Suspension of Listing

The NSX may at any time suspend trading in any securities of the Company in circumstances and subject to conditions as it thinks fit where:

(a) the Company fails to comply with the NSX Listing Rules;

(b) there are insufficient securities of the Company in the hands of the public;

(c) the Company does not have a sufficient level of operations or sufficient assets to warrant the continued listing of its securities on the NSX; or

(d) the Company or its business is no longer suitable for listing.

If the Company is suspended for two years, it may be removed from the NSX official list.

The Company may request a short suspension of trading on the occurrence of a material event which requires immediate disclosure under the NSX Listing Rules, provided that an announcement of the material information is made. The NSX may accept or reject the request for suspension.

Where trading has been suspended, the procedure for lifting the suspension will depend on the circumstances and the NSX reserves the right to impose such conditions as it considers appropriate. If the Company is suspended for two years, it may be removed from the NSX official list.

LSE – Suspension of Listing

The FCA may suspend the Ordinary Shares from trading on the London Stock Exchange if it determines that the smooth operation of the market is or may be temporarily jeopardised or it is necessary to protect investors.

The Company believes that as at the date of this Document there are no circumstances which could provide grounds for the halting or suspending of the Ordinary Shares from the London Stock Exchange or NSX for the foreseeable future. However, there can be no assurance that any such circumstances will not arise in relation to the Ordinary Shares in the future.

Cancellation of Listing

In certain circumstances, the Ordinary Shares may be delisted from the London Stock Exchange or NSX. Delisting could have a material and adverse effect on the liquidity of the Ordinary Shares and on investors' ability to sell the Ordinary Shares at a satisfactory price.

The Company believes that as at the date of this Document there are no circumstances which could provide grounds for the delisting of the Ordinary Shares from the London Stock Exchange or NSX in the foreseeable future. There can however be no assurance that any such circumstances will not arise in relation to the Ordinary Shares in the future.

NSX – Cancellation of Listing

The NSX may at any time cancel the listing of any securities of the Company in such circumstances and subject to such conditions as it thinks fit where:

(a) the Company fails to comply with the Listing Rules or its Company's undertaking (including a failure to pay on time any fees or levies due to the NSX);

(b) there are insufficient securities of the Company in the hands of the public;

(c) that the Company does not have a sufficient level of operations or sufficient assets to warrant the continued listing of its securities on the NSX; or

(d) that the Company or its business is no longer suitable for listing.

There may be cases where a listing is cancelled without a suspension intervening. Where the NSX considers that the Company or its business is no longer suitable for a listing, the NSX will disseminate an announcement naming the Company and specifying the period within which the Company must have remedied those matters which have rendered it unsuitable for a listing. Where appropriate the NSX will suspend trading in the securities of the Company. If the Company fails to remedy those matters within the period set out in the announcement, the NSX will cancel the listing.

Alternatively, if the Company's primary listing is on the NSX, it may voluntarily withdraw its listing if it gives the NSX at least 90 days' notice and it has obtained the approval of the holders of each class of its listed securities by way of a three quarters majority vote at duly convened meetings of those holders.

The Company believes that as at the date of this Document there are no circumstances which could provide grounds for the removal of the Company from the official list of the NSX in the foreseeable future. However, there can be no assurances that any such circumstances will not arise in relation to the Ordinary Shares in the future.

LSE – Cancellation of Listing

The FCA may cancel the listing of the Ordinary Shares on the Official List if satisfied that there are special circumstances precluding the normal and regular dealings in the Ordinary Shares.

The listing of the Ordinary Shares on the Official List may also be cancelled at the request of the Company, subject to the Company giving at least 20 Business Days' notice of the proposed cancellation of the listing. Because the Company is listed on the Standard Listing segment of the Official List, it would not be required to seek shareholder approval before seeking the cancellation of the listing of the Ordinary Shares on the Official List.

Additional Sanctions for the NSX

If the NSX considers that the Company has contravened the NSX Listing Rules and/or the Corporations Act it may, in addition to or instead of a suspension in trading or cancellation of a listing:

(a) censure the Company; and

(b) publish the fact that the Company has been censured; and

(c) publish the reason for the censure, if in the NSX's opinion it is appropriate; and

(d) impose fines on the Company, with the maximum fine not to exceed AUD$25,000 per offence (excluding costs and taxes).[1]

Shareholders may be Subject to Risks Arising from Adverse movements in the Value of Their Local Currency against the Australian Dollar

The Ordinary Shares have no nominal value and will be quoted and traded in pounds sterling on the LSE and in Australian dollars on NSX.

In addition, any potential dividends the Company may pay in the future will be declared and paid in AUD. Shareholders buying Ordinary Shares on the LSE should take into account a potential risk arising from adverse movements in the value of their local currency against AUD.

The Ability of a Shareholder to Bring or Enforce an Action against the Company may be limited under Law

The Company is incorporated under the laws of Australia. The majority of the Directors and officers reside outside the UK and all of the Company's assets and the assets of the majority of the Directors and officers are located outside the UK. As a result, it may not be possible for investors to effect service of process within the UK upon the Company or the majority of the Directors and officers or to enforce against them in Australia any judgments of the courts of England and Wales including judgments predicated upon the civil liability provisions of the UK or European securities laws. The ability of a Shareholder to bring an action against the Company may be limited under law. The rights of Shareholders are governed by the laws of Australia and the Constitution. These rights may differ from the rights of shareholders in a typical company incorporated in England and Wales.

RISKS RELATING TO TAXATION

Tax Treatment of Non-Australian investors in an Australian Company may Vary

The Company is organised and exists under the laws of Australia and, as such, the Australian tax regime applies to the distribution of profit and other payments from the Company to its Shareholders. The taxation of income from such distributions and payments, as well as other income, for instance, from the sale of the Ordinary Shares, may vary depending on the tax residence of the Shareholder, as well as the existence and provisions of any double tax treaty between a Shareholder's jurisdiction of residence and Australia. Tax provisions applying to particular Shareholders may be unfavourable and/or may change in the future, in a way which has an adverse effect on the tax treatment of a Shareholder's holding of the Ordinary Shares.

Tax Status

Any change in the Group's tax status (including the tax residence of any member of the Group) or in the tax legislation and practice of any jurisdiction in which the Group operates could affect the Group's profitability and ability to make returns to Shareholders.

[1] NSX Listing Rule 2.23

Part 2
Consequences of a Standard Listing

After careful consideration, the Directors have concluded that in order to promote liquidity in the Ordinary Shares through a public listing on the London Stock Exchange whilst allowing a sufficient degree of flexibility for a company of its size and type, it is appropriate for the Company's Ordinary Shares to be admitted to a Standard Listing of the Official List, in addition to being listed on the NSX. In particular, the following are key considerations for the Company's proposed Standard Listing:

- a Standard Listing, as compared to a Premium Listing, will generally facilitate more cost-efficient administration. In this regard, the Company wishes to align its regulatory responsibilities and the associated cost consequences with the Company's size;

- the proposed Standard Listing of the Company will mean that the Company will not be required to comply with the super-equivalent provisions of the Listing Rules that apply to companies with a Premium Listing, which will have a direct cost saving for the Company; and

- the Listing Rules for securities with a Standard Listing are far less demanding and stringent than those applicable to securities with a Premium Listing.

A Standard Listing affords Shareholders and investors in the Company a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to the premium segment of the Official List, which are subject to additional obligations under the Listing Rules.

Application has been made for the Ordinary Shares to be admitted to listing on the standard segment of the Official List (pursuant to Chapter 14 of the Listing Rules) and to trading on the Main Market of the London Stock Exchange. The Company intends to comply with the Listing Principles set out in Chapter 7 of the Listing Rules at Listing Rule 7.2.1 which apply to all companies with their securities admitted to the Official List. In addition, the Company also intends to comply with the Listing Principles at Listing Rule 7.2.1 notwithstanding that they only apply to companies which obtain a Premium Listing. With regard to the Listing Principles at 7.2.1A R, the Company is not, however, formally subject to such Listing Principles and will not be required to comply with them by the FCA.

LISTING RULES WHICH ARE NOT APPLICABLE TO A STANDARD LISTING

The following Listing Rules are not applicable to a Standard Listing:

- Chapter 8 of the Listing Rules regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. In particular, the Company is not required to appoint a sponsor in relation to the Admission;

- Chapter 9 of the Listing Rules regarding continuous obligations for a company with a Premium Listing;

- Chapter 10 of the Listing Rules relating to significant transactions which requires Shareholder consent for certain acquisitions;

- Chapter 11 of the Listing Rules regarding related party transactions. Nevertheless, the Company will not enter into any transaction which would constitute a "related party transaction" as defined in Chapter 11 of the Listing Rules without the specific prior approval of the Directors;

- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares; In particular, the Company has not adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2. However, the Company's ability to buy back and cancel Ordinary Shares will remain subject to the Act, the Australian Corporations Act and the Constitution; and

- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

LISTING RULES WITH WHICH THE COMPANY MUST COMPLY UNDER A STANDARD LISTING

There are, however, a number of continuing obligations set out in Chapter 14 of the Listing Rules that will be applicable to the Company. These include requirements as to:

Chapter 7 – Listing Principles

- the taking of reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with these obligations (Listing Rule 7.2.1);
- the dealing with the FCA in an open and co-operative manner (Listing Rule 7.2.1);

Chapter 14 – Continuing Obligations

- the forwarding of circulars and other documentation to the FCA for publication through the document viewing facility and related notification to a regulatory information service;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure Guidance and the Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- the making of regulatory information service notifications in relation to a range of debt and equity capital issues; and
- at least 25 per cent. of the Ordinary Shares being held by the public.

In addition, as a company whose securities are admitted to trading on a regulated market, the Company will be required to comply with the Disclosure Guidance and Transparency Rules.

It should be noted that the FCA will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules or those aspects of the Disclosure Guidance and Transparency Rules (including the Market Abuse Regulation) which the Company is either obliged to comply with or has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply. However, the FCA would be able to impose sanctions for non-compliance where the statements regarding compliance in this Document are themselves misleading, false, or deceptive.

NSX Listing Rules

As the Company has been admitted to the official list of the NSX, the Company is bound to comply with the NSX Listing Rules and NSX Business Rules ("**NSX Rules**"), as amended from time to time. The NSX Rules address such matters as admission to listing on the NSX, quotation of securities, continuous disclosure, periodic disclosure, certain requirements for terms of securities, issues of new capital, transfers of securities, disclosure of corporate governance practices, mining and exploration reporting requirements, escrow (lock-in) arrangements, transactions with related/controlling parties, significant transactions, shareholder meetings, trading halts and suspensions and fees payable. The NSX also publishes guidance notes regarding the interpretation of the NSX Rules.

Part 3
Presentation of Financial and Other Information

1 GENERAL

This Document comprises a prospectus for the purposes of Article 6 of the Prospectus Regulation and is issued in compliance with the Listing Rules and has been approved by the FCA as a prospectus which may be used to offer securities to the public for the purposes of section 87A of FSMA and the Prospectus Regulation.

No person has been authorised to give any information or to make any representations in connection with the Admission other than the information and representations contained in this Document and, if any other information is given or representations are made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company or the Directors.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Admission or the Group. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication other than this Document.

Without prejudice to any obligation of the Company under the FSMA, the Prospectus Regulation Rules, the Listing Rules or the Disclosure Guidance and the Transparency Rules, the delivery of this Document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to its date. As required by the Prospectus Regulation Rules, the Company will update the information provided in this Document by means of supplement to it if a significant new factor that may affect the evaluation by prospective investors of the Group occurs or if this Document contains any material mistake or inaccuracy. Any supplement to this Document will be subject to approval by the FCA and will be made public in accordance with the Prospectus Regulation Rules.

The contents of this Document or any subsequent communications from the Company or any of its respective affiliates, officers, advisers, Directors, employees or agents are not to be construed as advice on legal, business, taxation, accounting, regulatory, investment or any other matters. This Document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company or the Directors or any of its representatives that any recipient of the Document should subscribe for or purchase any securities that may be issued by the Company. Each investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice, as appropriate.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Group's objectives, potential future acquisitions, financing and business strategies will be achieved.

It should be remembered that the price of the Ordinary Shares and any income from such Ordinary Shares can go down as well as up.

This Document should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of the provisions of the Company's Constitution, which prospective investors should review.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been taken or will be taken to permit the possession or distribution of this Prospectus in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. In the United States, you may not distribute this Prospectus or make copies of it without the Company's prior written consent other than to people you have retained to advise you in connection with this Prospectus. Accordingly, neither this Prospectus nor any advertisement nor any offering material may be distributed or published in any jurisdiction, other than in the United Kingdom, except under circumstances that will result in compliance with any applicable laws and regulations.

Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Ordinary Shares have not been and will not be registered under the United States Securities Act, or under any relevant securities laws of any state or other jurisdiction in the United States, or under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa.

Australia

This Document does not constitute a prospectus or other disclosure document under the Australian Corporations Act and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This Document has not been, and will not be, lodged with the Australian Securities and Investments Commission ("**ASIC**") (whether as a disclosure document under the Australian Corporations Act or otherwise). No offer of securities is being made pursuant to this document.

Investors should read this Document in its entirety.

2 PRESENTATION OF FINANCIAL INFORMATION

The Historical Financial Information of the Group presented in Part 9 of this Document, includes audited financial statements and accompanying notes for:

(a) the Group as at and for and for the half year ended 30 June 2021;

(b) the Group as at and for the years ended 31 December 2020 and 30 June 2020;

(c) the Company (known at the time as SPB) as at and for the period 1 July–31 January 2020, and for the years ended 30 June 2019 and 30 June 2018;

(d) Takmur Group as at and for the years ended 30 June 2019 and 30 June 2018;

(e) PT AUM as at and for the period 1-9 January 2019 and the year ended 31 December 2018;

(f) PT IM as at and for the period 1-23 January 2019 and the year ended 31 December 2018;

(g) Tisma Group as at and for the period 1 July 2020 to 15 February 201;

(h) Tisma Group as at and for the years ended 30 June 2020 and 30 June 2019; and

(i) PT TGN as at and for the period 1 January 2018 to 15 January 2019.

The audited annual financial statements of the Company, the Takmur Group, PT AUM and PT IM have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standard Board ("**IASB**").

The audited annual financial statements of the Tisma Group and the audited financial statements for the period 1 January 2018 to 15 January 2019 for PT TGN have been prepared in accordance with IFRS issued by the IASB and IFRIC interpretations issued by the IFRS Interpretations Committee.

Within the Document, the pro forma consolidated financial statements for the Group are presented in accordance with IFRS as issued by the IASB.

3 NON-FINANCIAL INFORMATION OPERATING DATA

The non-financial operating data included in this Document has been extracted without material adjustment from the management records of the Company and is unaudited.

4 CURRENCIES

In this Document, references to "Pounds Sterling", "GBP", "£", "pence" or "p" are to the lawful currency of the UK, references to "AUD", "AU$", "A$" or "Australian Dollar" are to the lawful currency of Australia, references to "USD" or "US$" are the lawful currency of the United States.

5 PRESENTATION OF RESERVES AND RESOURCES

Unless otherwise stated, statements in this Document relating to the Group's mineral resources have been estimated in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012) (the "**JORC Code**"). Mineral Resources are not Ore Reserves and do not have demonstrated economic liability. All references to "reserves" are according to the Proved and the Probable Ore Reserve classification. The accuracy of reserves estimates and associated economic analysis is, in part, a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. This Document should be accepted with the understanding that reserves, resources and financial performance subsequent to the date of the estimates may necessitate revision. These revisions may be material. Unless otherwise stated, all information about Mineral Reserves and resources, forward-looking production estimates and other geological information has been extracted without material adjustment from the Competent Person's Report in Part 16 "Competent Person's Report" of this Document.

In addition, the Group is subject to the JORC Code, a set of minimum standards, recommendations and guidelines defined by the Australasian Joint Ore Reserves Committee, which is sponsored by the Australian mining industry and its professional organisations. The JORC Code covers public reporting in Australasia of exploration results, mineral resources and Ore Reserves. Disclosure under the JORC Code is governed by the principles of transparency, materiality and competence.

The materiality principle requires disclosure of all the relevant information that investors and their professional advisers would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement.

The competence principle requires disclosure on exploration targets, exploration results, mineral resources and Ore Reserves to be based on, and fairly reflect, the information and supporting documentation prepared by a "competent person". A competent person must have a minimum of 5 years relevant experience and be a member of an appropriate professional organisation. The JORC Code does not specify an amount, type or quality of exploration or other work required to be done before a competent person assesses and estimates a Mineral Resource or Ore Reserve.

6 ROUNDING

Percentages and certain amounts in this Document, including financial, statistical and operating information, have been rounded to the nearest whole number or single decimal place for ease of presentation. As a result, the figures shown as totals may not be the precise sum of the figures that precede them. In addition, certain percentages and amounts contained in this Document reflect calculations based on the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages or amounts that would be derived if the relevant calculations were based upon the rounded numbers.

7 THIRD PARTY INFORMATION

The Company confirms that all third-party information contained in this Document has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third party information has been used in this Document, the source of such information has also been identified.

8 NO INCORPORATION OF WEBSITE

The contents of the Company's website, any website mentioned in this Document or any website directly or indirectly linked to these websites have not been verified and do not form part of this Document and investors should not rely on such information.

9 DEFINITIONS

A list of defined terms and technical terms used in this Document is set out in "Definitions" of this Document.

10 FORWARD-LOOKING STATEMENTS

This Document includes statements that are, or may be deemed to be, "forward-looking statements". These statements relate to future events or the future performance of the Group, but do not seek in any way to qualify the working capital available to the Group during the Working Capital Period, or the working capital statement given by the Company at paragraph 14 of Part 13 "**Additional Information**" of this Document.

These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “seek”, “believe”, “estimate”, “anticipate”, “forecast”, “expect”, “intend”, “may”, “will”, “might”, “project”, “predict”, “potential”, “target”, “plan”, “continue”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Document and include statements regarding the intentions, beliefs or current expectations of the Company concerning, amongst other things, the investment objectives and policies, financing strategies, performance, results of operations, financial condition, prospects, and dividend policy of the Company and the markets in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements do not guarantee future performance. The Company’s actual performance, results of operations, financial condition, dividend policy and the development of its financing and operational strategies may differ materially from the impression created by the forward-looking statements contained in this Document. In addition, even if the performance, results of operations, financial condition and dividend policy of the Company, and the development of its financing and operating strategies, are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments.

Important factors that could cause these differences include but are not limited to the risk factors (which are not exhaustive) set forth above in Part 1 “*Risk Factors*” of this Document.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. In addition, even if the Company’s results of operations and financial condition, and the development of the industry in which the Company operates, are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments in subsequent periods.

Investors are cautioned that forward-looking statements are not guarantees of future performance. The Company makes no representation, warranty or prediction that the results predicted by such forward-looking statements will be achieved and these forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Document speak only as at the date of this Document, reflect the Company’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s operations, results of operations, growth strategy, liquidity and the availability of new credit. Investors should specifically consider the factors identified in this Document that could cause actual results to differ. All of the forward-looking statements made in this Document are qualified by these cautionary statements.

Subject to the requirements of the Prospectus Regulation Rules, the Disclosure Guidance and the Transparency Rules, the Market Abuse Regulation and the Listing Rules, or applicable law, the Company explicitly disclaims any intention or obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this Document that may occur due to any change in the Company’s expectations or to reflect events or circumstances after the date of it.

Part 4
Directors, Secretary, Registered Office and Advisers

Directors	Oliver B. Hasler (Chairman of the Board & CEO) Gary J Artmont (Non-Executive Director) Bakhos Georges (Non-Executive Director) Alvin Tan (Non-Executive Director)
Company Secretary	Louisa Martino, FINSIA, Governance Institute Australia
Registered Office of the Company	Level 5, 56 Pitt Street Sydney NSW 2000 Australia
Financial Adviser and Broker to the Company	VSA Capital Limited New Liverpool House 15-17 Eldon Street London EC2M 7LD United Kingdom
UK Legal Advisers to the Company	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU United Kingdom
Australia Legal Advisers to the Company	HopgoodGanim Lawyers Level 27, Allendale Square, 77 St Georges Terrace Perth WA 6000 Australia
Indonesia Legal Advisers to the Company	Sholeh, Adnan & Associates Bina Sentra Lantai 1 R.114, Komplek Bidakara Jl. Jend Gatot Subroto Kav 71-73, Pancoran, Jakarta 12870 Indonesia
Hong Kong Legal Advisers to the Company	Wong Heung Sum & Lawyers Rooms 911-912, Wing On Centre, 111 Connaught Road Central, Hong Kong
Singapore Legal Advisers to the Company	Bayfront Law LLC 79 Robinson Road, #14-01 Singapore 068897
Joint Reporting Accountant	Hall Chadwick Corporate (NSW) Limited Level 40, 2 Park Street Sydney NSW 2000 Australia

Joint Reporting Accountant	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW United Kingdom
Registrar	Advanced Share Registry Services Pty Ltd 110 Stirling Highway Nedlands Western Australia 6909 Australia
Depositary	Computershare Investor Services plc The Pavilions Bridgewater Road Bristol, BS 13 8AE United Kingdom
Competent Person	Continental Resource Management Pty Ltd 10 Hehir St Belmont WA 6104 Australia
Legal Advisers to the Financial Adviser and Broker	Watson Farley & Williams LLP 15 Appold Street London EC2A 2HB United Kingdom
Company website	www.pyxresources.com

Part 5
Expected Timetable of Principal Events etc.

Publication of this Document	8 November 2021
Admission and commencement of dealings in Ordinary Shares	8.00 a.m. on 15 November 2021

All references to time in this Document are to London time, unless otherwise stated. Any changes to the expected timetable will be notified by the Company through a Regulatory Information Service.

Admission Statistics

Number of Ordinary Shares in issue on Admission	429,520,222
Number of Options and Performance Rights in issue on Admission	15,308,811
Number of Ordinary Shares on a fully diluted basis on Admission	449,407,025
Percentage of issued share capital represented by Options and Performance Rights outstanding on Admission	3.56%
Expected market capitalisation on Admission[2]	£358.4m

Dealing Codes

ISIN	AU0000078487
SEDOL	BMHT0V4
LEI	529900A5IPGY4VFL4E45
TIDM	PYX

[2] Based on number of Ordinary Shares in issue at Admission at a share price of AU$1.52 and an exchange rate of 1 GBP: 1.82164 AUD, as at the Last Practicable Date.

Part 6
The Business

Investors should read this Part 6 "The Business" in conjunction with the more detailed information contained in this Document, including the financial and other information appearing in Part 9 "Historical Financial Information" in this Document.

BACKGROUND

The Company is a producer of premium zircon listed on the National Stock Exchange of Australia ("**NSX**") (ticker: NSX: PYX). The Company operates the Mandiri Project, a 2,032 hectares licensed concession near Kuala Kurun City in the Gunung Mas Regency of Central Kalimantan, Indonesia devoted to the exploration of mineral sands products and the production and export of premium zircon and the Tisma Project, a fully licensed mineral sands asset consisting of a concession area of 1,500 hectares located in Central Kalimantan Province, Indonesia.

HISTORY

The Company was incorporated and registered under the name Kimberley Resources NL on 19 March 1996 subject to provisions of the Australian Corporations Act. In June 1996 the Company changed its name to Adelong Gold NL and again in October 1996 to Adelong Consolidated Gold Mines NL.

Since inception, the Company developed and operated the Adelong Gold Mines in NSW Australia. In 1997 the Company was admitted to listing on the ASX under the ticker AEG:AU, under the leadership of the Company Managing Director and largest shareholder Mr. Jon Starink, who held a 16.31% stake as of 30 June 1998. In 1998, the Company also acquired an additional 50% interest in the Woolgni gold mine in the Northern Territory and became the sole owner of the Woolgni gold mine, while it also acquired the plant and equipment at the Comstock-Walkers mine near St Amoud, Victoria as well as the plant and equip at the Woodland Mine near Tarago, NSW. The equipment was then relocated to operate the Adelong gold mines.

In July 1999, the Company was delisted from the ASX and divested its gold mining activities, due to limited prospectivity of the gold deposits. Six months later, in January 2000, the Company changed its name to Adelong Capital Limited and re-focused its business on investment in the technology sector, due to the perceived potential for investment returns in the wake of the sector outperformance during the 90s, under the leadership of Mr. Clive McKee, who succeeded Mr. Jon Starink as Chairman of the Board. In August 2000 it got re-admitted on the official list of the ASX.

No technology related investment was made following re-admission, therefore in 2000 the Company changed its name to Orchid Capital Limited, and traded on the ASX under the ticker ORC:AU, executing on a strategy to build a venture capital portfolio across various industries.

In the following year (2001), the Company acquired a 20.73% interest in Richmond Asset Management Ltd/ Hong Kong and a 16.70% interest in Asia Island Homes Inc, which were sold in 2003 to crystallise portfolio gains.

In 2002 the Company acquired a 23.2% interest in the Jiva Kata Resort, a hotel resort in Phuket, Thailand, which was later sold in 2006.

In 2005 the Company acquired an 80% interest in the Tibetan Copper Porphyry projects, a copper porphyry deposit in the Tibetan plateau, which were later abandoned in 2005 due to challenges in enforcing the Company's mining rights.

Between 2006 and 2012, the Company continued to focus its deal origination efforts around Asia, the region with the highest economic growth rate, with the objective to invest in businesses active in fast growing sectors, such as pharmaceuticals and renewable energy. These businesses would typically either be located in China, or benefit directly from the strong economy in China and other Asian countries.

However, the Company was not able to execute any substantial investment during this period as most of the deals originated were not priced competitively and did not obtain approval from the Company's board.

In 2012, the Company refocused its operations in oil and gas exploration, due to the perceived investment potential of oil and gas deposits in South East Asia. Under the leadership of the new Chairman of the Board Mr. Chris Haiveta, the Company changed its name to Coral Sea Petroleum Ltd and traded on the ASX official list under the ticker CSP:AU.

The same year the Company acquired five Petroleum Prospecting Licenses in Papua New Guinea, covering an area of 11,972 square kilometres. Four of the licenses were in the Papuan Basin close to existing oil and gas fields and the associated production infrastructure while the fifth license covered an underexplored offshore frontier basin where oil and gas indications had been reported.

In 2015, the Company changed its name to South Pacific Resources Limited, while maintaining its business focus on oil and gas exploration, under the leadership of the new Chairman of the Board Mr. Domenic Martino. The company maintained its listing on the ASX with the new ticker SPB:AU.

In 2019, the Company approved a share issue to trade creditors and convertible noteholders, and as a result of this transaction former convertible noteholder Tamarind Resources Private Limited and former trade creditor CA Resources Pty Ltd became the largest shareholders, holding 16.14% and 12.88% of the Company's shares respectively as of 6th September 2019.

In terms of shareholders, except from 1998 when Chairman Mr. Starink was listed as the largest shareholder with 16.31% of the shares, and the debt conversion mentioned above, the Company's shareholders since 1999 were always listed as bank nominees (i.e., ANZ nominees, JP Morgan nominees, HSBC Custody etc) with no disclosure of any single shareholder holding more than 10%.

In January 2020 Oliver B. Hasler became CEO of the Company and decided to divest the oil and gas exploration activities, due to limited prospectivity. At the same time, he identified an opportunity to create a leading mineral sands company focused on the Central Kalimantan area in Indonesia. Under Oliver's leadership the Company is pursuing a strategy to become a major and sustainable global producer of premium zircon by focusing on identifying, developing and acquiring undervalued, world-class mineral assets strategically located that possess significant resources, long mine life and the highest zircon assemblage in the world.

The Company later obtained shareholder approval to delist from the ASX and to seek admission to the NSX and appointed Mr. Oliver B Hasler as the new Chairman of the Board, with previous Takmur shareholders Phoenix Fund Solutions Limted and Takmur SPC being disclosed as the Company new substantial shareholders, holding 35.1% and 31.31% of the Company's shares respectively as of 31 January 2020.

Since 2020 the Company has acquired contractual rights to, and currently operates two key tenements located in the alluvium-rich region of Central Kalimantan, Indonesia, the Mandiri mining project (the "**Mandiri Project**") and the Tisma mining project (the "**Tisma Project**") (together the "**Projects**"). Tisma is not in production.

The Mandiri Project is a large-scale near surface open pit operation in production since 2015, in which the Company obtained contractual interest in January 2020 following the reverse takeover of the Singaporean based company Takmur Pte. Ltd ("**Takmur**") (CR No. 20181911Z) and its subsidiaries (the "**Takmur Group**"), PT Andary Usaha Makmur ("**PT AUM**") and PT Investasi Mandiri ("**PT IM**").

In February 2020, as part of the Company's strategy to develop a leading global zircon production company, the Company changed its name to PYX Resources Limited.

The Tisma Project is a mineral sands exploration and development project in which the Company obtained contractual interest in February 2021, following the acquisition of Tisma Development (HK) Limited ("**Tisma**") (CR No. 2748671) and its subsidiaries (the "**Tisma Group**"), PT Tisma Investasi Abadi ("**PT TIA**") and PT Tisma Global Nusantara ("**PT TGN**").

The acquisitions of the Takmur Group and the Tisma Group (the "**Subsidiaries**") positioned the Company and its Subsidiaries (the "**Group**") as the 2nd largest publicly traded producing mineral sands company by zircon resources with a JORC compliant mineral resource of 263.5 Mt (according to publicly available information during the financial year ended 31 December 2020).

The Takmur Group acquisition, due to PYX Resources shares being issued to Takmur Group's shareholders as consideration for the acquisition was deemed a reverse takeover under the Australian Accounting Standards, AASB 3 – Business Combinations and the ASX Listing Rule 19.2. If a company meets the ASX Listing rule reverse takeover definition, certain process requirements for re-admission to listing are required, such as shareholder approval. Therefore, the Company's shares had to be suspended from trading and the Company was requested to seek shareholder approval for re-admission to the ASX official list.

During the re-admission application, the Company was informed by the ASX that after the Takmur acquisition, as all the new shares issued to the Takmur vendors as consideration for the Takmur acquisition would be subject to certain lock up arrangements and therefore considered as "restricted securities" by the ASX, the Company would not meet the minimum free-float requirement.

According to Guidance note 1 of the ASX Listing Rules, an entity seeking admission in the ASX Listing category must have a free float at the time of admission to the official list not less than 20%, with free float defined as percentage of the class of securities which are not "restricted securities" and are held by non-affiliated securities holders.

As the Company was not meeting the ASX free float requirements for re-admission on the ASX official list upon completion of the planned acquisition of Takmur Group, the Company then decided to apply for listing on the National Stock Exchange of Australia (NSX).

Companies listed on the NSX, the second largest securities exchange in Australia, are regulated by ASIC, the same regulator supervising companies listed on the ASX. In addition, trades on the NSX are settled via CHESS, the same system used to settle trades executed on the ASX, while some of the largest Australian brokers are also participant brokers on the NSX.

According to the NSX Listing Rule 3.9, the minimum percentage of securities in public hands (i.e., people who are not a director or substantial shareholder of the issuer or a director of a substantial shareholder of the issuer or an associate of any of them) must be 25% at all times. In addition, NSX informed the Company that certain lock up arrangement would only to be applied to the founders of Takmur Group, and not to all shareholders, which resulted in the Company meeting the 25% "securities in public hands" threshold.

In consideration of the higher percentage of unrestricted shares being eligible for trading if a listing on the NSX was pursued, and the resulting positive impact on the share trading liquidity, the Company decided it was in the best interest of the shareholders not to proceed further with the ASX re-admission and seek shareholder approval to withdraw from the ASX official list, in order to submit a formal application for listing on the NSX.

The removal from ASX was approved by the Company shareholders on 24 January 2020 and occurred on 11 February 2020. Following its withdrawal from the ASX, on 25 February 2020 the Company listed on the NSX, completing a fundraise of AU$14m.

The Group is still listed on the NSX and intends to maintain its NSX listing in addition to its listing on the LSE Main Market.

The Company completed a fundraise of AU$11.2m (£6.1m) on the NSX (the "**June Fundraise**") on 23 June 2021 (gross of expenses).

The expenses were borne by the Company in full and no expenses were charged to the investors. The expenses included commission and professional advisory fees and reached a total of AU$673,496 (£364,900).

The net proceeds of the June Fundraise were AU$10.6 (£5.7m) (the "**Net June Fundraise Proceeds**").

Upon completion of the June Fundraise, the Company issued 10,897,988 new shares at AU$1.03 (£0.56).

The June raising proceeds will be used to fund a capital expenditure and working capital programme related to the Tisma Project. More specifically:

- US$2m for the installation of a Mining Field Unit (MFU);
- US$2.7m to install a Mineral Separation Plant (MSP);
- US$1m infrastructure investment for accessibility and logistics such as roads and vehicles. The necessary infrastructure is expected to be built within the 18-month timeline needed for the Mining Field Unit installation. The earth moving equipment will comprise of two excavators, one grader, one bulldozer and four 8t trucks. In addition, the Company intends to build the roads on the tenement.
- US$2.2m for other fixed assets such as trucks to transport the finished product from the MSP to the port.

The Company expects that the June Fundraising proceeds will enable them to increase production capacity at the Tisma Project to 12kt/year at 65.5 grade zircon.

GROUP STRUCTURE

The Company owns 100 per cent. of the share capital of Takmur and Tisma.

Takmur holds 99 per cent ownership of PT Andary Usaha Makmur ("**PT AUM**"). PT AUM holds the exclusive contractual rights to the operation and management of PT Investasi Mandiri ("**PT IM**"), under the Mandiri Exclusive Operation and Management Agreement (as set out in paragraph 18.7 of Part 13 "*Additional Information*" of this Document), with no direct ownership interest.

Tisma holds 99 per cent. of ownership of PT Tisma Investasi Abadi ("**PT TIA**"). PT TIA holds the exclusive contractual rights to the operation and management of PT Tisma Global Nusantara ("**PT TGN**"), under the Tisma Exclusive Operation and Management Agreement (as set out in paragraph 18.5 of Part 13 "*Additional Information*" of this Document), with no direct ownership interest.

Note: AUD/GBP average exchange rate used as of 23 June 2021.

The Board's decision to acquire the Takmur Group and the Tisma Group was based not only on the two tenements' large volume of zircon resources, but also on the fact that, in the opinion of the Board, the control of both mineral projects through the contractual arrangements executed by the Company's subsidiaries ensures sustainable enforceability of the mining rights for the Group and its shareholders.

Under each Exclusive Operation and Management Agreement, PT AUM and PT TIA respectively have committed to provide mining equipment, technical and management know-how to develop each project.

Under the terms of the Exclusive Operation and Management Agreements, PT IM and PT TGN (together the "**Concession Holders**") and their respective shareholders have delegated to PT AUM and PT TIA:

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

The two Exclusive Operation and Management Agreements, along with the legal group structure of the Takmur Group and the Tisma Group allow the Board to determine the financial and operational policies of PT IM and PT TGN.

Moreover, the shareholders of the Concession Holders still maintain economic exposure to the companies, aligning their interests with the interest of the Company, as they have pledged their shares in favour of the Company's subsidiaries (PT AUM and PT TIA respectively) as collateral to further safeguard the Company's rights and economic benefits under the Exclusive Operation and Management Agreements.

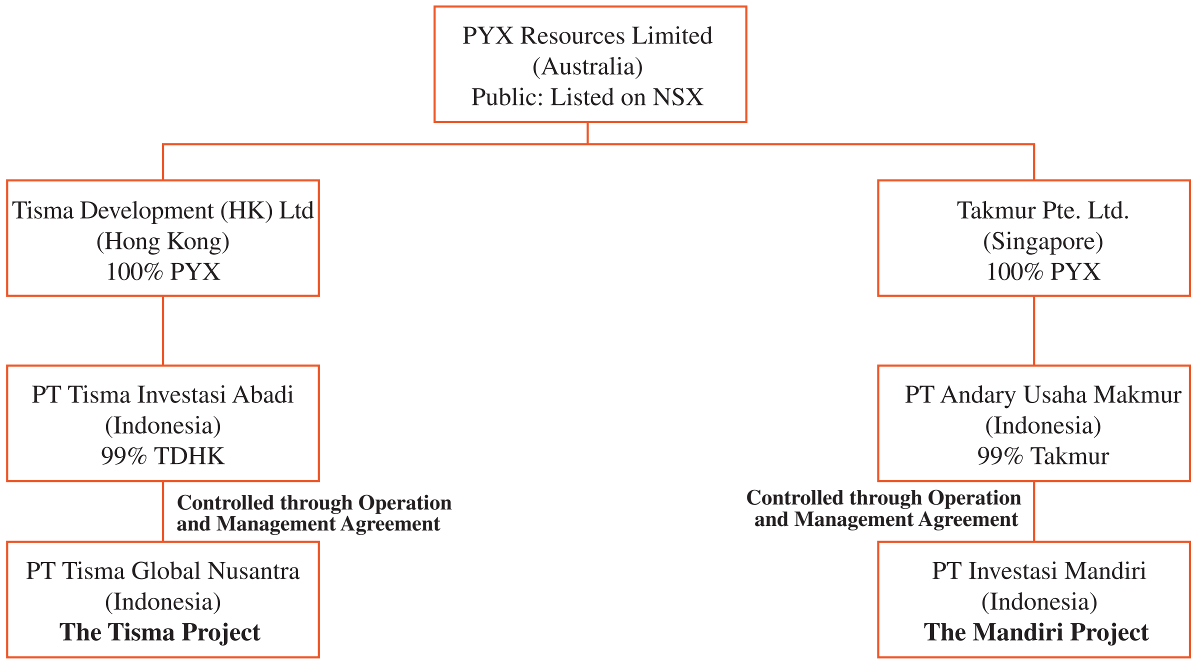


Figure 1 – Group structure

CURRENT OPERATIONS

The Mandiri Project and Tisma Project (together the "**Projects**") are amongst the largest volume zircon deposits globally and both tenements have a higher weighting to zircon within the assemblage than is typical globally, as well as a Heavy Minerals ("**HM**") grade comparable to the highest-grade deposits in the world.

	Mandiri Project	**Tisma Project**	**Combined**
Mineral Resources	126.3 Mt	137.2 Mt	263.5 Mt
HM Grade	7.43%	3.99%	5.65%
HM Tonnage	9.4 Mt	5.5 Mt	14.9 Mt
Contained Zircon	6.0 Mt	4.5 Mt	10.5 Mt
Assemblage	ZIR: 68% RUT: 8.5% ILM: 9.5%	ZIR: 82% RUT: 2% ILM: 8.5%	ZIR: 70% RUT: 6% ILM: 9.1%

Notes: ZIR: Zircon; RUT: Rutile; ILM: Ilmenite

As part of the Mandiri Operation and Management Agreement, PT AUM will invest up to US$15m for over ten years for mining equipment, other capital expenditures, exploration and geology studies, operational and administrative best practices, and management and other consulting services.

Under the terms of the Tisma Operation and Management Agreement, PT TIA has agreed to invest up to US$15m in PT TGN over a ten year period for mining equipment, other capital expenditures, exploration and geology studies, operational and administrative best practices, and management and other consulting services.

Even though the Group's Mineral Resources are classified as Inferred, there are no restrictions on the Group's ability to mine the Mandiri Project as there is a history of production of Heavy Mineral Sands ("**HMS**") from the project area. Both the Mineral Resources and Inferred classification is made in accordance with the JORC Code. The Inferred classification is principally due to the wide spacing of the drilling. For reference, there are a small number of mining projects for which the grade can be determined by surface sampling or as a by-product of panning for gold, or where visual examination of colour changes due to alteration intensity can be used to determine the mineralisation, frequently do not require the definition of JORC compliance ore Reserves.

The feed for the processing plant in Mandiri is purchased from contract miners who present concentrate to the processing plant and they are paid according to the zircon content. The concentrate supplied by the contract miners is "ore grade" material and has been mined from heavy mineral sands that have not been the subject of any form of mineral resource estimation.

The Company is seeking admission of its Ordinary Shares to the standard segment of the Official List (by a way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the Main Market of the London Stock Exchange.

The Directors expect that the dual listing would make it easier for the Company's existing shareholders to participate in the growth of the Company and its business, will enable the Company to enhance its share liquidity, reach additional institutional investors in the UK and Europe and further raise the profile of the Group's projects.

SUMMARY OF GROUP'S ASSETS AND OPERATIONS

Central Kalimantan has been established as a major producer of heavy mineral sands globally. Zircon has been the main mineral concentrate in the area, but ilmenite, rutile, leucoxe, gold, kaolin, clay and quartz can are also present in the area. Management recognised that despite Indonesian producers not having a history of producing higher quality mineral sands products, especially zircon, there was an opportunity to exploit zircon resources in Indonesia in a manner that would require minimal capex with low operating expenses.

The Board has carefully chosen the location of the two tenements due to the economies of scale and synergies that can be created between them. This, along with the high HM grade on the two tenements, gives the Group the advantage to produce a premium quality product (PT IM producing 65.5% zircon content) and strengthen its position through the future consolidation of zircon deposits in the area.

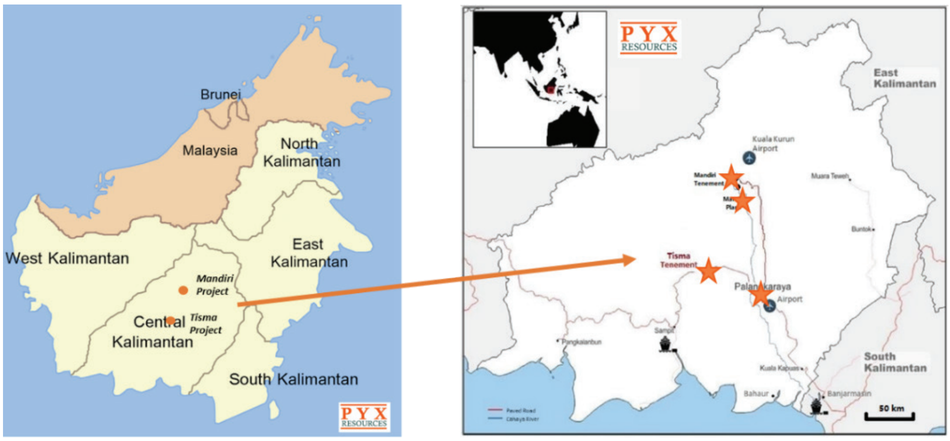


Figure 2 – Location of Company's Projects

The description of the Group's assets described below, as well as all scientific and technical information are sourced directly from the Competent Person's Report of Continental Resource Management ("**CRM**") Australia.

MANDIRI PROJECT, CENTRAL KALIMANTAN, REPUBLIC OF INDONESIA

The Mandiri Project is a mineral sands tenement, located in the alluvium-rich region of Central Kalimantan, 23 km away from the nearest township of Kuala Kurun and 100 km north of the provincial capital city, Palangkaraya. The Mandiri Tenement can be accessed by commercial flights from Jakarta to Palangkaraya in 1 hour and 20 minutes and the drive from the airport to the Mandiri Tenement takes about 4.5 hours.

The Mandiri Tenement consists of a licensed concession area of 2,032 hectares for mineral sands exploration and premium grade zircon production and export. The Inferred Mineral Resources for the Mandiri Project are defined as 126 Mt containing 7.4% HM including 9% slimes and 16% oversize a lower cut-off grade of 2%.

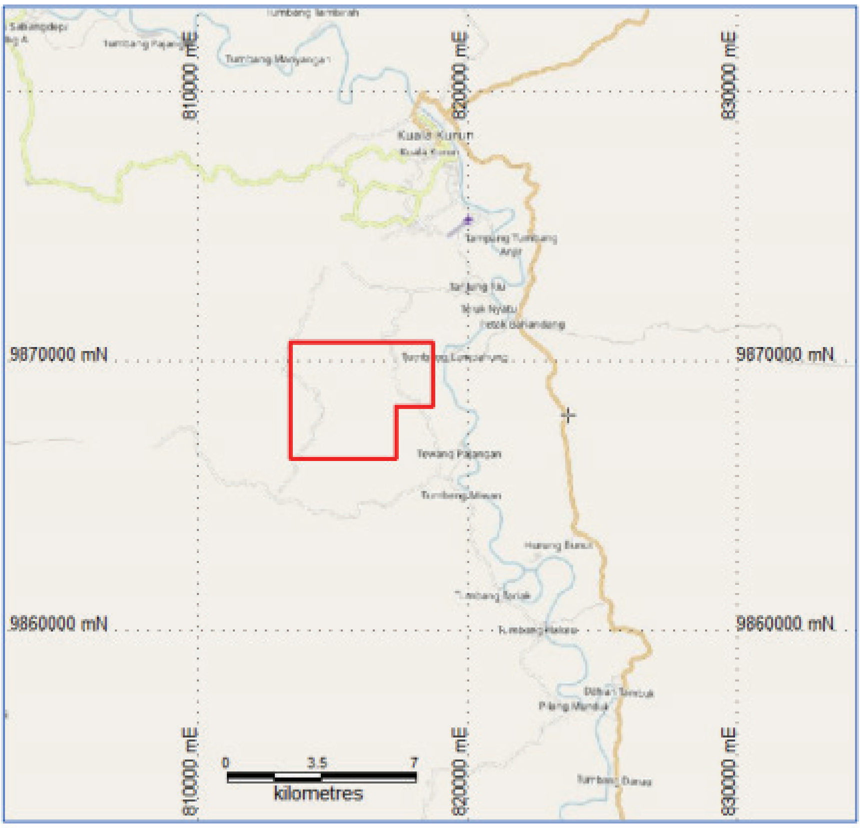


Figure 3 – Mandiri Project location plan (Source: Competent Persons Report on the Mandiri and Tisma Projects, Central Kalimantan, Republic of Indonesia, CRM Australia, June 2021)

Mineral Tenure

On 2 September 2010, PT IM was granted a mining permit zin Usaha Pertambangan-Operasi Produksi ("**IUP-OP**") for a total area of 2,032ha, by Bupati Gunung Mas, No. 16/DPE/IX/2010. The Production and Operation IUP license allows PT IM to carry out production operations, including construction, mining, zircon processing and refining, transportation and sales. The Mandiri Project has been in production since 2015.

According to the Indonesian minerals legislation, to obtain an export permit for minerals, a processing plant is required. PT IM has a processing plant located 23 km south of the Mandiri Tenement. Until 2019, a processing plant of 500tpm (6ktpa) was in operation, however, after the completion of Takmur's acquisition, this has now been expanded to 18ktpa and is due to be increased to 24ktpa this year.

Key provisions of the mineral permit for Mandiri Project include the following:

- Dead rent payable to Government of Indonesia at rate of US$4 per hectare per annum;
- Royalty on zircon exported is 1.5% on zircon sales;
- Corporate tax of 22%;
- Payable withholding tax on interest and dividends, set at 5%–20% for non-resident foundation shareholder;

- PT IM shall collect, remit and report VAT on the delivery of taxable goods and/or services at a rate of 10%;

- Land and building taxes payable to the local government at a maximum of 0.3%. The effective tax rate of PT IM is 0.2% (i.e. 0.5% of the sales value of 40% of the total land area for mining) with a deductible amount of Rp 12 million; and

- Environmental obligations, including reclamation bonding and plans that have been approved by local government as part of the mine approval process in the term of reclamation bank guarantee.

The Company received approval for the extension of the Production License for an additional five years to 1 September 2025.

Exploration history of the Mandiri Project

There is no record of any systematic exploration conducted over the Mandiri Project area, however artisanal miners have been active within the area for many years extracting gold and zircon. Even though around 60% of the area has been covered, exploration has rarely exceeded depths of 4 meters.

In November – December 2018, phase 1 of an auger drilling programme was conducted to explore the license area systematically and professionally. Phases 2 and 3 were completed in January and February 2019.

Geology and Mineralisation

The Mandiri Project is situated on the anticlinorium complex within Barito Basin with a pull apart sedimentary basin, occurring in Paleogene age, in Central Kalimantan. The Heavy Mineral Sands ("**HMS**") bearing strata of the Mandiri deposit is composed of ancient Kahayan alluvium, which was deposited during the Holocene age.

The deposit is in the form of a placer formed in a flood plain environment of the ancient Kahayan river by concentration of heavy minerals, mostly zircon, rutile, leucoxene. Gold, platinum and cassiterite have also been identified. Drilling has showed that mineralisation occurs as a tabular body within alluvium as a layer between 2m to around a maximum of 11.5m, mostly though to 6m.

Mineral Resource Estimate

A Mineral Resource Estimate was completed for the Mandiri heavy mineral deposit by CRM Australia for the Company in June 2021. It is reported in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "**JORC Code**").

Since artisanal miners do not record the volume of production, the mineral assemblage for the Mandiri Project (shown on the table below) was based on actual production data from January – December 2018 from PT IM processing plant and confirmed by certified laboratory analyses.

Component	**Zircon**	**Ilmenite**	**Rutile**	**Other**	**Waste + H_2O**	**Total**
Relative %	68%	9.5%	8.5%	1%	13%	100%
Contained mineral	6.00 Mt	0.84 Mt	0.75 Mt	0.09 Mt	1.15 Mt	8.82 Mt

Table 1 – Mineral assemblage and contained tonnes of the components for the Mandiri Project (Source: Competent Persons Report on the Mandiri and Tisma Projects, Central Kalimantan, Republic of Indonesia, CRM Australia, June 2021)

A composite sample was prepared and analysed by the Uptd Laboratorium Energi Dan Sumber Daya Mineral in Banjabaru to estimate the zircon, rutile and ilmenite contents.

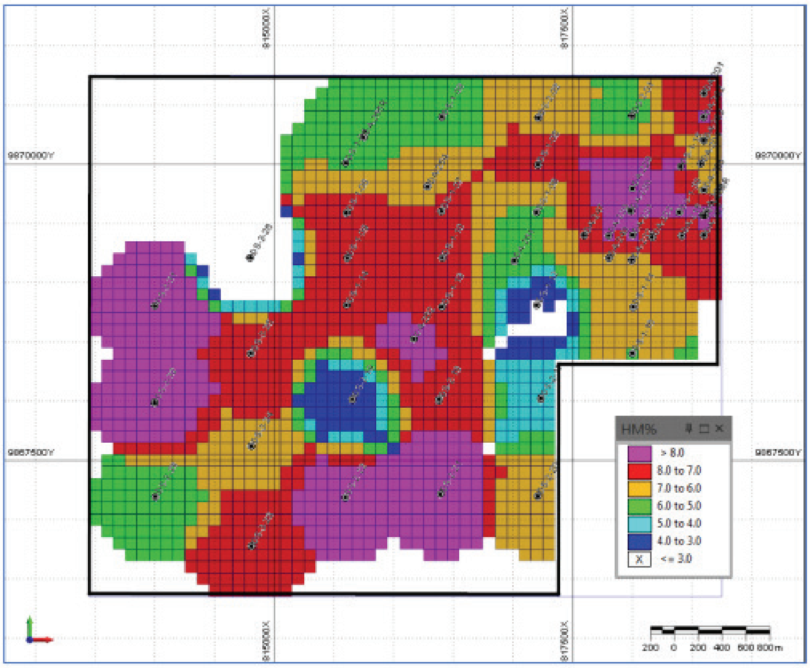


Figure 4 – Mandiri deposit ore block model output (Source: Competent Persons Report on the Mandiri and Tisma Projects, Central Kalimantan, Republic of Indonesia, CRM Australia, June 2021)

The ore block model demonstrates a high level of consistency of grade in excess of 6%.

The Inferred Mineral Resources for the Mandiri Project are defined as 126Mt containing 7% HM including 9% slimes and 16% oversize at a lower cut-off grade of 2%. The estimated contained zircon is 6Mt.

Area	**Category**	**Tonnage (Mt)**	**HM (%)**	**Slimes (%)**	**Oversize (%)**
Mandiri Project	Inferred	126.3	7.43	8.98	16.14

Table 2 – Mineral resources above 2% HM lower block cut-off grade (unrounded) (Source: Competent Persons Report on the Mandiri and Tisma Projects, Central Kalimantan, Republic of Indonesia, CRM Australia, June 2021)

TISMA PROJECT, CENTRAL KALIMANTAN, REPUBLIC OF INDONESIA

The Tisma Project is located 110 km from the Mandiri Project, 50 km northwest from Palangkaraya and approximately 75 km via bitumen road. The concession is located in the Kitingan district of Central Kalimantan Province and along the Katingan river, which flows into the Kahayan river. The Sampit and Banjarmasin ports are also suitably connected to the factory by paved national highway.

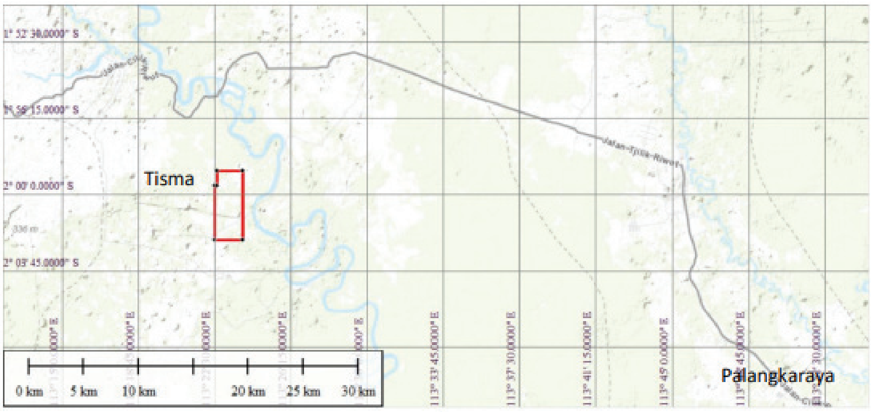


Figure 5 – Location of the Tisma Tenement (Source: Competent Persons Report on the Mandiri and Tisma Projects, Central Kalimantan, Republic of Indonesia, CRM Australia, June 2021)

Mineral Tenure

The Tisma Project is owned by PT TGN, under IUP-OP No. 545/244/KPTS/VIII/2012, issued on 1 August 2012. PT TGN has the exclusive rights of performing exploration and mining works for an area of 1,500 hectares.

Exploration history of the Tisma Project

There is no record of any systematic exploration conducted over the years. There is evidence of some small artisanal workings close to the south-eastern corner of the Tisma Tenement for gold mining. To the west of the Tisma Tenement an extensive area of previous workings can be found, but there is no documentation available on production records or the commodity mined.

Drilling was carried out between July and October 2020 by PT TGN employees using a single drilling rig, with the drilling method being essentially air-core.

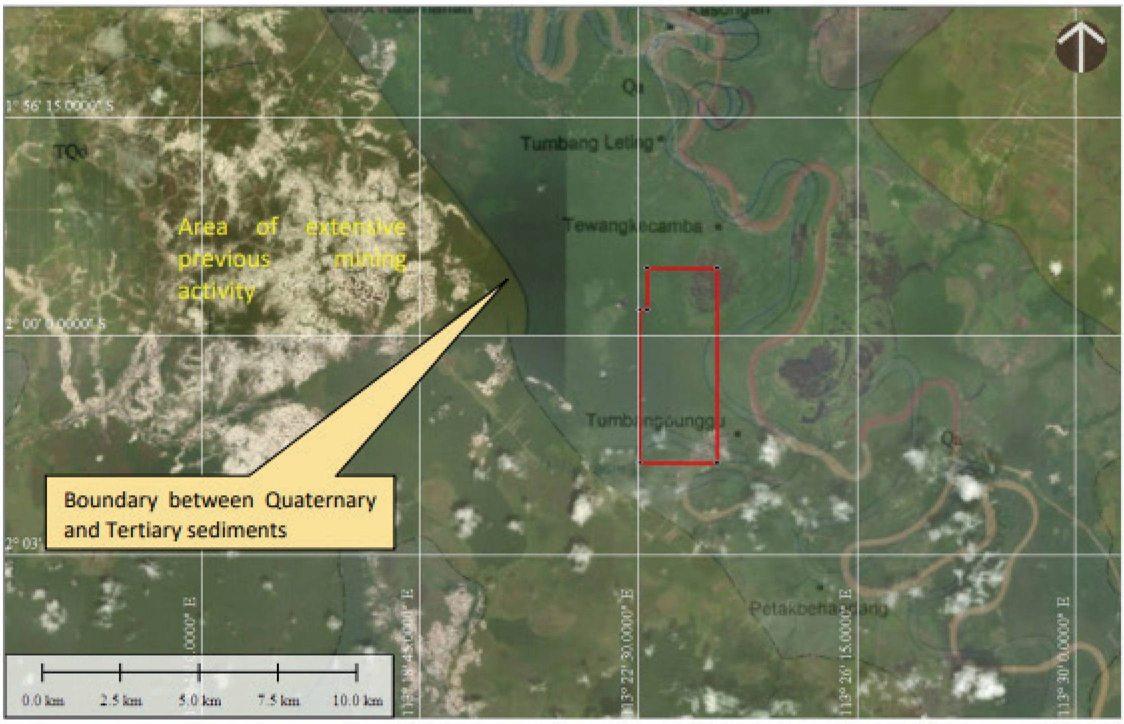


Figure 6 – Area of extensive workings located to the west (Source: Competent Persons Report on the Mandiri and Tisma Projects, Central Kalimantan, Republic of Indonesia, CRM Australia, June 2021)

Geology and Mineralisation

The Tisma Project is a placer deposit, created by a flood plain environment by concentration of heavy minerals, mostly zircon with very minor rutile and ilmenite. Gold has been also identified. The bearing stratum of the Tisma Project is ancient Kahayan alluvium, deposited during the Holocene age. The lithology consists of loose quartz, medium grained intercalated grey mudstone containing carbonaceous, shale and bed load stream product, coarse grain sand layer. The mineralisation occurs as a tabular body within alluvium as a layer of between 3.5 to 8.3 meters thick, while the overburden varies from 6 to 10 meters in thickness.

Mineral Resource Estimate

A Mineral Resource Estimate was completed for the Tisma Project heavy mineral deposit by CRM Australia for the Company in November 2020, in accordance with the 2012 Edition of the JORC Code. The ore black model of the mineralisation was produced through Inverse Distance modelling.

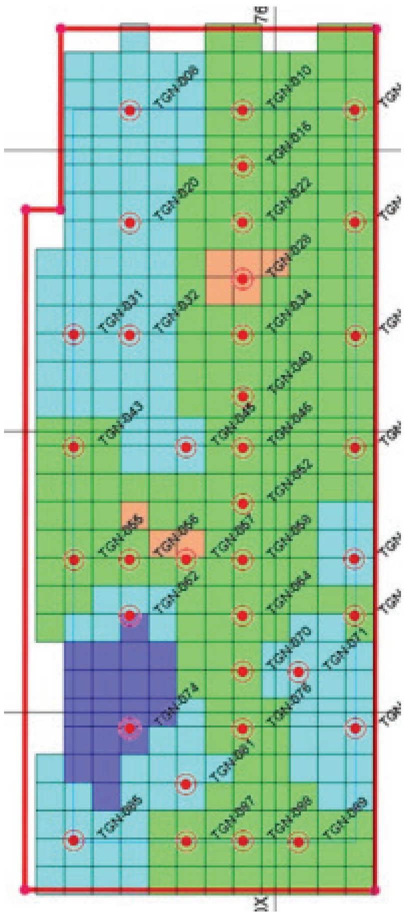


Figure 7 – Tisma deposit ore black model output (Source: Competent Persons Report on the Mandiri and Tisma Projects, Central Kalimantan, Republic of Indonesia, CRM Australia, June 2021)

The Tisma Project contains Inferred Mineral Resources of approximately 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.

Are	Category	Tonnage (Mt)	HM (%)	Zircon (%)	Slimes (%)	Oversize (%)
Tisma Project	Inferred	137.2	3.99	3.27	14.75	24.90

Table 3 – Mineral resources above 2% HM lower block cut-off grade (unrounded) (Source: Competent Persons Report on the Mandiri and Tisma Projects, Central Kalimantan, Republic of Indonesia, CRM Australia, June 2021)

Company strategy & objectives

The Company's core strategy is to create long term value for its Shareholders by increasing asset valuations, scaling production of premium grade zircon and drastically reducing the costs by in-house mining. Strategically, the Company aims to become the consolidator of the mineral sands mining industry in the Central Kalimantan region.

The recommendations in the Competent Person Report refer to future drilling activity, but the Company has decided to immediately start production at Tisma, the same way they did at Mandiri, since this activity generates high EBITDA margins. Once the Tisma Project is in production, the Group will decide upon further drilling, in case Management believes that this will add value to the Group's mining activity.

Therefore, the principal objectives of the Company are to:

i. start in-house mining at both Projects to achieve significant cost reduction: The Board hired Resindo Resources and Energy, a Jakarta-based engineering consulting company, to aid in the acquisition of the Mining Field Unit for the Mandiri Project, which was completed in March 2021. The cost for the Mining Field Unit acquisition was US$1.1m. The Mining Field Unit will be utilised as the first in-house mining unit, resulting in expanding the extraction capacity, decreasing mining costs and providing successful high-concentration extraction of heavy mineral sands. The Mining Field Unit is currently undergoing trials to determine its exact extraction and technical specifications;

ii. increase extraction and production volume: Upon completion of the Mining Field Unit trials, the Company is planning to upgrade its capacity to reach an HMC output of 40,000 tonnes per year. The Mineral Separation Plant at the Mandiri Project currently has a capacity of 18kt per year. The Group has acquired new equipment in order to increase production capacity up to 24kt per year, the installation of which is expected to complete in the fourth quarter of 2021;

iii. add to its sales mix rutile and ilmenite sales: The Company received approval for its 2021 working plan and budget on 1 December 2020. The working plan included the extraction, production and addition to Company's sale mix of rutile and ilmenite. The upgrade of the Company's sales mix is expected to start during the year, upon receiving an IUP extension for rutile and ilmenite from the Central Government of Indonesia;

iv. develop the Group into one of the most prominent mineral sands producers globally: The Mandiri Project (already in production) produced 7kt of zircon in 2020, while the Tisma Project is expected to produce an equal amount of zircon per annum upon start of production in 2022. The Company is planning to start working towards the Tisma investment plan upon completion of the LSE listing and expects all works to be completed in 18 months' time. During that period, the Company will also acquire all necessary logistical equipment for the mine, such as excavators, bulldozers and trucks and create the required infrastructure (roads) within the tenement to access the in-house Mining Field Unit;

v. strengthen its position as the industry consolidator of zircon rich deposits within Kalimantan;

vi. further explore and acquire mineral sand assets in Asia and beyond; and

vii. employ the most effective methods in its mining process by empowering local communities, safeguard the environment and support diversity.

The Company's short-term objectives focus on enhancing and maintaining its assets value, while generating significant synergies and economies of scale, focussing on comprehensive exploration of the Mandiri and Tisma deposits to mine, process and sell Valuable Heavy Mineral resources in a well-diversified customer mix.

The Tisma Project requires a low-cost investment to adapt to the demands of the Company's mining operations and at the same time help the Group to take advantage of the cost reduction opportunities arising from the Tisma Project's location. Therefore, the investment plan for Tisma includes a Mining Field Unit installation with an in-pit pre-concentrator wet plant including: grizzly, scrubber trommel, desliming cyclones, CD tank, rougher spiral units and scavenger spiral units. The installation of the MFU is expected to be completed within 18 months.

Besides the MFU, the Tisma Project's investment plan also includes a Mineral Separation Plant (MSP) installation. For the MSP installation, the Company will build a factory, which will include all required equipment for processing the concentrate extracted from the deposit, such as shaking tables, dryers, electrostatic rolls, high tension electrostatic curve plates, permanent magnets belt separators and permanent disc lift electromagnets. The expected timing for the MSP installation is 18 months.

The Company also intends to invest in building the necessary infrastructure on the Tisma tenement, such as roads. As a result, the Company will have to invest in excavators, 8t trucks, loaders and graders.

The June Proceeds enable the Company to reach a capacity of 12k tonnes of zircon per annum on the Tisma tenement.

Under its current mining license, the Company is currently only able to sell zircon, however it has submitted an application to enable the export and sale of ilmenite and rutile, with approval expected to be received in H2 2021. However, H1 2021 was marked with a 25% increase in zircon production, while sales volume grew 14%.

The Group used to sell zircon in an ad hoc basis to customers in Indonesia, Taiwan, China, India, France, UK, Germany, Spain and Mexico. Over the past year, the Company has made significant progress in negotiating longer term contracts with its clients and also diversifying its customer base, reducing the concentration of 83.6% of its top 3 customers in 2019 to 47.9% in 2020. All revenue is denominated in US$, resulting in limited currency risk. Moreover, the Group has announced four increases in zircon prices for the year, reaching US$2,305/tonne for September 2021, when the average price for December was US$1,318/tonne.

Even though the largest market for the Group's product is traditionally the ceramics market, zircon is becoming more popular in novel high-tech applications globally, such as 3D printing, semiconductors, solar cells, implants, fuel cells and batteries, share memory alloys and coating and catalysis.

Zircon's demand is growing faster in this market and the Group is well positioned to take advantage of the trend, since its product has high purity characteristics and superior opacifying properties (ZrO2 + HfO2 ≥66%, A12O3 ≤ 1.0%, TiO2 ≤ 0.1%, Fe2O2 ≤ 0.1% and U + Th ≤ 450ppm), qualities that are highly sought in this sector.

The higher quality, high whiteness, low radioactivity and low part of alumina of Group's zircon has resulted in increased sales over the past year of 36.5% and secured three offtake agreements:

- a two-year offtake agreement for 250t per month (a total of 6,000t over the two years) with Qingyuan Jinsheng ZR & TI Resources Co. Ltd (July 2020);
- a two-year offtake agreement for a total of 4,000t of 65.5% zircon product with Euronics, a leading distributor of zircon in Taiwan and China (November 2020); and
- a two-year offtake agreement for 1,550t per annum (a total of 3,600t over the two years) with Microtech Zircon, an India incorporated group, member of the Delta Tiles group of companies (February 2021).

(together the "**Offtake Agreements**")

Further details on the Offtake Agreements are set out in Paragraphs 18.9, 18.10 and 18.11 of Part 13 "*Additional Information*".

The Company's mid/long-term objective is the identification, acquisition and development of undervalued, word-class mineral assets, which are strategically located and possess significant resources, with long mine life and superior zircon assemblage.

DIVIDEND POLICY

The Group has yet to develop its dividend policy and given that the Group is a mineral sands exploration and production group, future income generated is likely to be re-invested in the Group to implement its strategy, develop Group's assets and acquire new assets. In view of this, it is unlikely that the Board will recommend a dividend in the early years following Admission. The Directors recognise the importance of dividends to investors and, as the Group's business matures, will keep under review the desirability of paying dividends.

EMPLOYEES

In the past three years, the only Group Company that had any employees, other than directors, was PT IM. The number of employees for PT IM during the past 3 years was as follows:

	PT IM		
	31 Dec 2020	**31 Dec 2019**	**31 Dec 2018**
Senior Executives	8	1	1
Other Employees	92	64	75

Very little activity occurred for the years 2018 and 2019, so the Company, at the time known as SPB, had no employees, other than the board of directors.

Takmur, Tisma, PT AUM and PT TIA are the holding companies for the Group's indirect interest in the two Projects and therefore have no employees.

PT TGN, which is pre-production, currently has no employees.

EMPLOYEE REMUNERATION

Equity-settled share-based compensation benefits may be provided to contractors or employees in exchange for the rendering of services. The cost of equity-settled transactions is measured at fair value on grant date. The grant date is the date that both contracting parties have a clear understanding of the terms and conditions attached to the share-based payment and all required approvals have been obtained.

STOCK INCENTIVE PLAN

At the Company's General Meeting on 13 December 2019, the Company adopted a new Stock Incentive Plan. The Stock Incentive Plan intends to align employees' interest with those of the Company's Shareholders by making offers of Awards to reward and retain certain employees, consultants and directors of the Company and to attract future talent.

There are no participation rights or entitlements inherent in the Awards.

Further details on the Stock Incentive Plan are set out in Paragraph 12.3 of Part 13 "*Additional Information*".

SUSTAINABILITY, ENVIRONMENTAL AND SOCIAL

The Group's operations are subject to various environmental laws and regulations under the relevant legislation of the jurisdiction in which operates. The Board considers full compliance with these laws and regulations as a minimum standard for all operations of the Group to achieve. There have been no significant known breaches by any of the members of the Group during the period covered by the Historical Financial Information.

Sustainability

The Group, inspired by the Sustainable Development Goals ("**SDGs**") set forth by the United Nations Development Programme, has introduced the "PYX Cares" sustainability programme, as the Group's blueprint for making a meaningful difference to the communities in which the Group operates and in achieving sustainable growth.

The "PYX Cares" programme contributes towards a number of the United Nations Development Goals. The Group aims to empower local communities, protect the environment and foster diversity in order to ensure that both the Group's employees and the people of Kalimantan fully participate and benefit from the Group's long-term success.

The Group understands that its responsibilities extend to the communities in which it operates and strives to strike a balance among the Group's commitment to sustainability, the needs of its employees and the entirety of its business obligations. The Group's community-based programmes are aimed at fostering improvements in the quality of life of all communities in which the Group operates. The Group is dedicated to working with local communities in Kalimantan, learning about their needs and making meaningful investment which will ensure that a lasting legacy to the region and its people is left behind.

Following a survey conducted by the Group inviting local villagers to voice their greatest concerns, the need to improve infrastructure and roads was clear. An important local bridge, between the Bukit Batu and Muroi Raya villages, had been in a state of disrepair for three years, despite being a key infrastructure link for the local villagers. The Group provided the expertise of its Mandiri workforce to plan the project, while it also supplied the use of heavy equipment and machinery to effectively repair the bridge.

Environmental

The Group strongly values the rich biodiversity of the areas in which it operates and strives to preserve and foster the planet's biodiversity by adhering to stringent environmental standards and practices, while striving to go beyond compliance to local and international regulations.

The Group has introduced an Environmental Management Plan to monitor how it manages and mitigates the Mandiri Project's environmental impact while also ensuring that all its employees receive formal training in environmental monitoring, reporting and compliance. Moreover, the Group has set high benchmarks regarding land restoration to the state it was prior to the Group's operations. The Group is committed to the re-filling of mining pits and planting of native vegetation to ensure that the environmental impact of its operations will be minimised.

The Group intends to adopt a similar Environmental Management Plan for the Tisma Project at the appropriate time.

Employees

The Group puts high importance on the recruitment of local people, in order to maximise the employment opportunities and project benefits for local communities. The Group strives to train its employees comprehensively and professionally, so they have the knowledge, skills and mentality to see beyond their daily tasks and help the Group improve its operations.

The Group recognises its employees as its most valuable asset, considering their health, safety and wellbeing of outmost importance. Following the Covid-19 crisis emergence, the Group adjusted its operating model to deal with the new circumstances, while taking great care of all its staff, contractors and the communities the Group works with. Following the World Health Organization guidelines, the Group provided infectious disease education, continuous communication alongside the implementation of preventive measures and protocols across the Group.

Moreover, the Group took extensive precautions to respond to the Covid-19 pandemic, by introducing international and domestic travel restrictions, work-from-home arrangements and supplemental health care. The Group focused its measures on its Kalimantan-based staff, introducing routine Covid-19 tests in the tenement, factory and offices, temperature control and continuous communication in order to detect any possible symptoms immediately.

Community

The Group recognises the importance of its social impact in enhancing the communities in which it operates, through employment and education, opportunity and community involvement.

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

The Group is always trying to provide learning and skills transfer opportunities for its communities, by providing livelihood programmes, putting strong emphasis on education, as well as providing various internships for university students and pathways into management for its workers.

INSURANCE

The Company has paid premiums to insure all of the Directors, current and former executive officers against any liability incurred as such by a director or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the notice of the liability and the amount of the premium.

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

CAPITALISATION AND INDEBTEDNESS

Group's Capitalisation

The following table shows the Group's capitalisation as of 30 June 2021.

	As at 30 Jun 2021 US$
Total current debt	**2,262,179**
Guaranteed	–
Secured	7,138
Unguaranteed/unsecured	2,255,041
Total non-current debt (excluding current portion of non-current debt)	–
Guaranteed	–
Secured	–
Unguaranteed/unsecured	–
Shareholders' equity	
Share Capital	96,651,080
Reserves	2,403,793
Accumulated Losses	(13,514,783)
Equity Attributable to owners of the Company	**85,540,090**
Non-controlling interest	(830,333)
Total capitalisation	**84,709,757**

The information above has been extracted without material adjustment from the reviewed financial results of the Group for the financial half year ended 30 June 2021. There has been no material change in the Group's capitalisation from 30 June 2021 to the date of this Document.

GROUP'S INDEBTEDNESS

The following table shows the Group's net liquidity/(indebtedness) as at 30 September 2021:

	As at 30 September 2021 US$
Cash and cash equivalent	7,919,352
Trading securities	**–**
Liquidity	**7,919,352**
Current financial receivables	–
Current portion of non-current debt	–
Current financial debt	(4,292)
Net current financial liquidity/(indebtedness)	**7,915,060**
Other non-current leases	–
Non-current financial liquidity/(indebtedness)	**–**
Net financial liquidity/(indebtedness)	**7,915,060**

Part 7
Industry Overview, Indonesia Overview and Regulatory Environment

INDUSTRY OVERVIEW

"Mineral sands" is the term given to a group of minerals commonly found and mined together from water or wind concentrated deposits, representing less than one per cent. of the value of the global resources sector. The principal valuable minerals include zircon ($ZrSiO4$), ilmenite ($Fe.TiO3$), leucoxene ($FeTiO3.TiO2$), rutile ($TiO2$) and monazite (Ce, La, Th, Nd, Y) PO4. Other heavy minerals that frequently occur together include pseudorutile, anatase, xenotime, garnet, kyanite, sillimanite and staurolite.

The term "mineral sands" normally refers to concentrations of heavy minerals (HM) in alluvial environments (old beach or river system). Their exploration, development, mining and process allows to visually estimate in practically all stages the grade and composition of the HM and valuable heavy mineral.

Zircon is an opaque, hard wearing, inert mineral and one of the two principal product streams mineral sands industry consists of, with titanium dioxide minerals being the second one. Its chemical name, zirconium silicate, has a general chemical composition of 67% zirconia, 32% silica and typically, about 1% of hafnium. Zircon exists in varying colours; colourless, yellow-golden, red, brown, blue and green, as well as in many different forms, such as sand and flour, allowing it to be used in a wide range of applications.

Besides being used as a gemstone for over 2,000 years, zircon also serves in ceramics, precision casting, refractories, catalysts, fuel cells, fibre optics, nuclear power generation, water treatment and medical prosthetics. Zircon's wide-range applications are highly present in home, construction and design, as well as home appliances. The medical sector is also using zircon in diagnosis and treatment, including oxygen sensors, dental parts, medical implants and biocompatible devices, drug delivery and bioimaging.

The largest end-use industry for zircon usage is ceramics, accounting for around 55% of all zircon used globally. Zircon sand's properties, such as the ability to bind with all organic and inorganic sand binders, low acidity, low thermal expansion coefficient and high spatial stability at increased temperatures, are highly valued in the ceramics industry. Within the industry, zircon is mainly used as a raw material in the production of ceramic bodies, glazes, enamels, frits and pigments, such as wall and floor ceramic tiles, porcelain tiles, sanitaryware, bathroom basins, dinnerware and industrial tiles. In advanced ceramic applications, such as electro-ceramics, structural ceramics, pump components and biocompatible devices, zircon is used as a raw material for the production of fused and chemically derived zirconia.

Due to zircon's temperature stability, zircon sand is also used widely in the foundry industry in the form of sand and flour (milled sand) for casting and refractory applications. Its properties make it ideal for sand and investment casting and as a mould coating in die casting processes. In refractory paints and washes, zircon is used to reduce the wettability of other foundry sands.

Besides its traditional uses, zircon is also becoming popular in novel high-tech applications, with demand for zircon growing faster than in the traditional zircon markets. In this sector, zircon is used in manufacturing of 3D printing, semiconductors, solar cells, implants, fuel cells and batteries, share memory alloys and coating and catalysis.

The global zircon market is a highly consolidated one, with the top five companies accounting for around 70% of the global production and the majority of the production being based in Asia-Pacific and Africa. However, there is currently a general lack of quality mineral sand projects, particularly in high zircon assemblage, and a depletion of existing operations.

The Group's deposits address this deficit of high-quality mineral sands projects. Zircon from the Mandiri Project ranked among the highest grade for current major mineral sands operations and projects globally. The Mandiri (highest assemblage amongst peer group) and Tisma Projects' combined assemblage of JORC compliant zircon resources with 70% zircon content are in terms of contained zircon amongst the largest mineral sand targets in the world, as per the Company's analysis, on competitors' published JORC reports. Therefore, according to publicly available information during the financial year ended 31 December 2020, the Group was positioned as the 2nd largest publicly traded producing mineral sands company based on zircon resources with a JORC compliant mineral resource of 263.5 Mt.

The global zirconium market was estimated at US$1,820m in 2020[3] and the expected Revenue CAGR for the period 2021-2026 is over 5%, with China expected to witness the fastest CAGR for the 5-year period[4].

The zircon market is segmented by:

- Occurrence type: zircon, zirconia, other occurrence types;
- Application/product type: zircon flour/sand, zircon opacifier, refractories, zircon chemicals and zircon metal; and
- Geography:
    i. Production: Australia, Brazil, China, Indonesia, South Africa, Ukraine, rest of the world; and
    ii. Consumption: China, United States, Japan, European Union, India, Russia, rest of the world.

The majority of zircon consumption occurs in the Asia-Pacific and European region. The Asia-Pacific accounts for the dominant share of zircon demand, with China dominating the demand in the region and globally.

China has been a major consumer and exporter of ceramics globally, as well as the largest consumer and producer of ceramic tiles, accounting for more than 50% of the global consumption. Moreover, growth in production of iron and steel in the country has been driving the growth of the refractories market, and consequently zircon's demand. The growth of these industries, the rise in investments in the construction industry and China's increasing focus on the development of nuclear power resources are expected to further increase the demand for zirconium in the following years.

Zircon demand weakened in late 2019 and the first half of 2020. US-China trade tension and Covid-19 pandemic created disruptions to operations and reduced buying interest, leading to a decrease in exports and consumption. However, with Chinese zircon consumers resuming operations from April 2020, zircon demand has started to rise again.

On the supply side, zircon's largest producers had to cut down on their production and output in order to react to the regional Covid-19 lockdowns around the world and also to try and balance supply. Moreover, existing reserves are being depleted and only a few large deposits have entered the market over the last two decades.

These factors have led to a strong price increase in zircon industry during Q1 2021, with the main zircon sand producers increasing their prices by US$70/mt, followed by a Q2 2021 increase of US$75/mt. The increase in zircon sand pricing has been supported by a strong zircon demand, which cannot be covered due to a substantial zircon supply gap globally. The zircon market is a highly consolidated one and the absence of quality mineral sand projects with high zircon assemblage are forecasted to lead to a zircon supply deficit for the following years. Therefore, further upward pressure to zircon prices is expected to continue, leading to a robust zircon price environment for the near future[5].

---

[3] "Zirconium Market – Growth, Trends, Covid-19 Impact, And Forecasts (2021–2026)", Mordor Intelligence

[4] "Global Zirconium Market (2020 to 2025) – Growth, Trends, and Forecast", Businesswire

[5] "Zirconium Market Update 2020" & "Global supply chain issues continue in Q2 2021", www.zircomet.com

INDONESIA

Indonesia is the largest economy in Southeast Asia, rich with natural resources, mainly mineral ore commodities. With the country being a key mineral supplier to the global market, the mining industry has attracted many investors from China, India, Russia and South Korea. The mining and mineral industries have been one of the most important sectors to drive Indonesia's economic growth, by promoting the Indonesian export sector and establishing economic development in remote regions.

Since 1998, the mining sector has undergone considerable changes in policies and regulatory framework, as a result of the Indonesian democratisation and the application of greater regional autonomy and government decentralisation. The more democratic environment of the country has provided room for the mining activities to increase, at the same time, however, regional communities started to demand greater benefits from the mining industry, in order to maximise revenue and economic development.

The country's legal system is a Civil Law system, mixed with customary law and the Roman Dutch law. Its procedures are entirely different to those of the Common Law system, found in England, Australia and other former British colonies.

MINERAL LEGISLATION AND REGULATORY ENVIRONMENT

Mining activities in Indonesia are governed under the Law on Mineral and Coal Mining No. 4 of 2009, dated 12 January 2009 (the "**Mining Law**") and its implementing regulations, which was further amended on 12 May 2020 ("**2020 Mining Law Amendment**").

Under the 2020 Mining Law Amendment, mineral and coal commodities are controlled only by the central government, whereas before the amendment, they were controlled by the central and/or regional governments.

Moreover, business mining licences are issued by the central government, however, the 2020 Mining Law Amendment allows the central government to delegate the issuance of the licenses to either the relevant regent/mayor or the regional governor (head of a province).

Mining licenses based on the 2020 Mining Law Amendment are divided into the following types:

i. Mining Business Permit (Izin Usaha Pertambangan or "**IUP**");

ii. Special Mining Business Permit (Izin Usaha Pertambangan Khusus or "**IUPK**");

iii. IUPK for the continuity of Contract of Work or Coal Contract of Work (IUPK for Continuity of Operations of Contract/Agreement);

iv. Community Mining Permit (Izin Pertambangan Rakyat or IPR);

v. Rock mining permission letter (Surat Izin Penambangan Batuan or SIPB);

vi. Assignment permit (Izin Penugasan);

vii. Transportation and Sale license (Izin Penangkutan dan Penjualan);

viii. Mining service business license (Izin Usaha Jasa Pertambangan or IUJP); and

ix. IUP for sales (Izin Usaha Pertambangan Untuk Penjualan).

There are two types of mining licences for the exploration and extraction of mineral resources under the Mining Law, the Exploration IUP (Wilayah Izin Usaha Pertambangan) ("**WIUP**") and the Production Operation IUP. An Exploration IUP must be obtained by a mining company before conducting exploration activities, general surveys and feasibility studies, while a Production Operation IUP must be obtained so that the mining company can proceed with the production operation stage after completing the exploration activities under the Exploration IUP. Both licenses were issued by the local/regional government, but under the 2020 Mining Law Amendment the issuer is Central Government.

The validity for the Exploration IUP for metal minerals can be up to eight years in total, for non-metallic minerals up to three years and for specific non-metallic minerals (such as limestone, diamonds and precious stones) up to seven years. The validity for the Production Operation IUP for metal minerals and specific non-metallic minerals is up to twenty years, with a possibility of being extended twice for a ten-year period and for the non-metal minerals up to ten years, with a possibility of an extension for two five-year periods.

The activity of processing or refining can only be done by mining companies that have Production Operation IUP or Production Operation IUP Specifically for Processing and/or Refining or Production Operation IUP. The Government of Indonesia does not impose specific restrictions on the processing of the extracted mineral resources; however they encourage mining companies to process, extract or refine the minerals domestically up to certain purity levels.

The 2009 Mining Law imposed the following restrictions on companies holding mining licences: (i) mining licences cannot be used to conduct mining activities that are beyond the activities stipulated in the licence; (ii) cannot be assigned to other parties; and (iii) the transfer of ownership and/or shares of mining companies on the Indonesian stock exchange can only be done after at least two prospect areas have been found during the exploration activities.

Previously the 2009 Mining Law, prohibited the transfer of a mining license to another party, however the holder of the license could transfer the license to its subsidiary, provided that the IUP holder holds at least 51% of the shares in that transfer.

The 2020 Mining Law Amendment allows transfer of IUP/IUPK subject to approval from the Ministry of Energy and Mineral Resources. The approval will be given if the IUP or IUPK holders satisfy the following requirements: (a) the holders have completed the exploration as evidenced by the availability of resources and reserve data and (b) the holders satisfy administrative, technical and financial requirements

The Mining Law capped the size of mining operations under a single permit in Indonesia to 15,000 hectares (37,000 acres). The 2020 reform of the law has removed this limit, allowing mining areas to expand. Another change introduced was the automatic renewal of mining contracts. A key provision under the previous las was that the government may not immediately extend expired mining contracts without offering the concessions to state-owned companies first. Under last year's reform, companies holding a mining licence is allowed to automatically renew it two more times for twenty years.

Another notable change is the divestment requirements. Under the 2009 Mining law, holders of IUP and IUPK licenses were required to divest their foreign ownership to the central or regional government after 5 years of production. The implementing regulation of the 2009 Mining Law required the divestment to so that in the 10th year, 51% of the shares would be held by an Indonesian shareholder.

Now, under the new law there is no mentioning of the 5–10-year gradual transfer, however the foreign investment company are still required to divest 51% of their shares gradually. Thus, unless regulated further by government regulation the term gradual remain uncertain and may star anytime at Company's discretion.

The 2020 Mining Law Amendment does not mention when the divesture requirements shall commence and when they shall be completed. The aforesaid issue would normally be further specified under new implementing regulations.

Liabilities

Under Article 128 of the 2020 Mining Law Amendment IUP licence holders are required to pay state and local revenues.

State revenues consist of tax revenues and non-tax state revenues.

- Tax revenue consists of:

  (a) taxes under the authority of the Central Government in accordance with the provisions of the legislation in the field of taxation; and

  (b) customs and excise in accordance with the provisions of legislation in the field of customs and excise.

- Non-tax state revenue consists of:

  (a) a fixed fee;

  (b) production fee;

  (c) information data compensation; and

  (d) other legal non-tax state revenue based on the provisions of laws and regulations.

  Local revenue consists of:

  (a) local tax;

  (b) regional retribution;

  (c) community mining fees; and

  (d) other legitimate regional income based on the provisions of the legislation.

Under the 2020 Mining Law Amendment there is no more production fees if during the exploration phase mineral were discovered and extracted.

Environmental Regulation

Environmental protection in Indonesia is governed under the Environmental Law (Law No. 32 of 2009 on Environmental Protection and Management). Under the Environmental Law, any company with substantial impact to the environment must have an Environmental Impact Analysis (locally known as the Analisis Mengenai Dampak Lingkungan) ("**AMDAL**"), which allows the relevant authority to issue a decree on the environmental feasibility.

Mining companies are required to have an AMDAL on their application in order to be eligible to be granted an IUP. Moreover, since the Government Regulation No. 101 of 2014 concerning Management of Hazardous and Toxic Material Waste classifies waste resulting from mining activities as hazardous and toxic material waste, mining companies are required to also obtain a licence from the relevant authority for waste management.

Under Article 99 of Law No 3/2020:

- the holder of Ming Business License is obliged to prepare and submit a Reclamation plan and/or Post-mining plan;

- the implementation of Reclamation and Post-mining is carried out in accordance with the allocated Post-mining land.

In the implementation of Reclamation, which has to be carried out throughout the stages of the Mining Business, the holder of Mining Business License is obliged to:

(a) establish balance between the land to be cleared and the reclaimed land; and

(b) manage the final ex-mining pit with the widest limit in accordance with the prevailing regulation.

Part 8
Directors and Corporate Governance

The Directors are responsible for the overall management of the Company and there are no other persons who manage the Company or its investments or will review the operations of the Group.

Name	Age	Position	Appointment
Oliver B. Hasler	57	Chairman & Chief Executive Officer	31 January 2020
Gary J. Artmont	72	Non-Executive Director	31 January 2020
Bakhos Georges	66	Non-Executive Director	31 January 2020
Alvin Tan	50	Non-Executive Director	25 May 2000

The management expertise and experience of each of the Directors is set out below:

OLIVER B. HASLER, CHAIRMAN & CHIEF EXECUTIVE OFFICER

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

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

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

Oliver's experience in the natural resources sector comes from his previous role as CEO of Europac, Spain (2015-2018) through the operation of a foresting business to supply the group's kraftliner paper production. Europac Group has 27 industrial plants in Portugal, France and Spain, which directly create 2,300 jobs with a turnover of 1.2 billion euros per annum. Europac is the only manufacturer of kraftliner paper and coated paper in southern Europe, and the leading supplier of packaging in Portugal and the fourth largest supplier in France and the Iberian Peninsula. The group is also the leading recovered paper manager in Portugal.

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

GARY J. ARTMONT, NON-EXECUTIVE DIRECTOR

Gary has 46 years of experience in the mining business operating in 21 countries and is familiar with all aspects of mineral exploration from grassroots to project pre-feasibility studies through to mining operations.

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

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

Gary received a bachelor's degree from Waterloo University, Ontario.

BAKHOS GEORGES, NON-EXECUTIVE DIRECTOR

Bakhos has more than 40 years of experience in management and operation in the wholesale, retail and pharmaceutical sectors with significant direct involvement in internationally focused import and export operations.

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

Bakhos received a B.Ph.Chem from University of Santa Maria in Caracas, Venezuela in 1982.

ALVIN TAN, NON-EXECUTIVE DIRECTOR

Alvin has over 25 years' corporate experience, including mergers, acquisitions, capital raisings and listings on the Australian Stock Exchange (ASX), the AIM market of the London Stock Exchange, Kuala Lumpur Stock Exchange (KLSE) and the German Stock Exchange.

Alvin studied at the University of Western Australia, gaining a Bachelor of Commerce with honours, and subsequently was employed by KPMG in Kuala Lumpur from 1993–1995 as a financial consultant. Returning to Australia, Alvin worked with the stockbroking firm of DJ Carmichael before pursuing other business interests. He was a founding director of various companies which are now listed on the ASX. Alvin served on the board of ASX listed Advanced Share Registries Ltd and previously listed BKM Management Ltd. He also has interests in companies in technology, mining, exploration, property development, plantation and corporate services both in Australia and overseas.

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

SENIOR MANAGERS

The Senior Management is responsible for the day-to-day management of the business, operations and implementation of the Group's strategy. The following table lists the names, positions and ages of the Senior Management and the date that they were each appointed:

Name	**Age**	**Position**	**Appointment**
Louisa Martino	51	Company secretary	8 August 2012
Choi Wan Tsang	57	Senior Financial Controller	20 November 2019

The management expertise and experience of each of the Senior Managers is set out below:

LOUISA MARTINO, COMPANY SECRETARY

Louisa has provided company secretarial and accounting services through Indian Ocean Capital Pty Ltd for over 9 years. Prior to this, she was the Chief Financial Officer of a private company during its stage of seeking investor financing.

Louisa has worked in corporate finance, assisting with company compliance (ASIC and ASX) and capital raising. She has also worked for a major accounting firm in its offices in Perth, London and Sydney offices, providing corporate advisory services on IPOs and M&A transactions and performing due diligence. Louisa's working experience includes working for the Business Development Division of a government organisation, where she reviewed business opportunities for companies seeking Government funding.

She has a Bachelor of Commerce from the University of Western Australia, is a member of Chartered Accountants Australia and New Zealand, a member of the Financial Services Institute of Australasia (FINSIA) and a Fellow of the Governance Institute Australia.

CHOI WAN (QUEENIE) TSANG, SENIOR FINANCIAL CONTROLLER

Queenie has over 30 years' of auditing and accounting experience. She started her career as an auditor with Deloitte and subsequently joined a few multinational corporations and listed companies including LSI Logic Corporation, Otis Elevator, and Sigma Elevator (formerly LG Elevator) with increasing responsibilities and regional exposure.

Prior to joining the Company, Queenie was the General Manager of Finance and Accounting of Asia Minerals Limited (AML), a Hong Kong based mining group of companies producing manganese and manganese alloys. As Head of Finance, she supervised the accounting and finance teams of the Group in Hong Kong, China, Japan, Malaysia, Ukraine and South Africa.

Queenie has a Masters degree in Business Administration from the University of Hong Kong, a Bachelor degree of Business Administration in Accounting from the Hong Kong Baptist University and is a member of the American Institute of Certified Public Accountant since 1999.

CORPORATE GOVERNANCE

The Board meets at least three times per annum and develops strategies for the Group, reviews strategic objectives and monitors performance against the corporate governance objectives, as mentioned below:

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

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

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

The Board is responsible for the corporate governance of the Group and has developed policies to ensure that an appropriate level of corporate governance is in place. The Group's corporate governance system is reviewed regularly by the Board to ensure that it fulfils the needs of the Shareholders.

The Group has adopted comprehensive systems of control and accountability as the basis for administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Group's needs.

The Board is committed to best practice corporate governance. To the extent applicable, the Group has adopted the ASX Corporate Governance Principles and Recommendations (4th Edition) ("**ASX Principles**") as published by ASX Corporate Governance Council. In light of the Group's size and nature, the Board considers the current board a cost effective and practical method of directing and managing the Group. As the Group's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed. The Group's corporate governance documents are available on its website.

In order to comply with the ASX Principles, the Company has put in place the following policies, some of which are summarised below and all of which may be found on the Company's website:

- Corporate governance statement;
- Board Charter;
- Code of conduct;
- Disclosure policy;
- Diversity policy;
- Board performance evaluation;
- Procedures for selection and appointment of directors;
- Risk management policy;
- Securities trading policy;
- Anti-bribery and corruption policy;
- Whistleblowing policy;
- Audit committee charter;
- Remuneration Nomination committee charter;
- Health, Safety and Environment policy; and
- Anti-Slavery and Human Trafficking policy.

BOARD CHARTER

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

The Company's departures from the Recommendations are set out below:

- **Best Practice Recommendation 1.5:** Set measurable objectives for achieving gender diversity in the composition of the entity's board, senior executives and workforce generally and disclose in relation to each reporting period the measurable objectives set for that period to achieve diversity and the entity's progress towards achieving those objectives.

  Nature and Explanation: The Company's general policy when choosing Employees and Board members is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background.

- **Best Practice Recommendation 2.5:** The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

  Nature and Explanation: Mr. Oliver B. Hasler is the chairman and chief executive officer of the Company. The Company is mindful of the need to have strong independent Board representation and anticipates that as the Company grows and its Projects expand it will be appropriate to appoint an independent nonexecutive as chairman, either from the existing Directors or via a new appointment.

NSX CORPORATE GOVERNANCE POLICIES & PROCEDURES

The NSX has developed suggested content for corporate governance policies and procedures which is set out on NSX's Practice Note 14.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board currently comprises three non-executive directors and one executive director.

Any director appointed to the Board by the Directors will only hold office until the next following annual general meeting of the Company, and shall then be eligible for re-election. Under the Constitution, all directors retire from office no later than the longer of the third annual general meeting, or three years, following that director's last election or appointment. Any Director who retires in accordance with the Constitution is eligible for re-election at a general meeting of members.

The composition of the Board will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience. The Constitution provides that the number of directors that may be appointed cannot be fewer than three or greater than nine. Two directors present and entitled to vote at a board meeting will constitute a quorum.

The Board is responsible for the corporate governance of the Company, and has developed policies to ensure that an appropriate level of corporate governance is in place. The Company's corporate governance system is reviewed regularly by the Board to ensure that it fulfils the needs of Shareholders.

However, subject thereto, the Company is committed to the following principles:

- the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and

- the principal criterion for the appointment of new directors is their ability to add value to the Company and its business.

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

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

Mr. Artmont, Georges and Tan are considered to be independent directors.

The Board meets formally at least three times per annum and whenever necessary to deal with other matters which may arise between scheduled meetings.

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

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

IDENTIFICATION AND MANAGEMENT RISK

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

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

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

ETHICAL STANDARDS

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

The Board has adopted a policy document which outlines employees' obligations of compliance with the Code of Conduct and explains how the Code interacts with the Group's other corporate governance policies. The responsibilities incorporated in the Code of Conduct include protection of the Group's business, using the Group's resources in an appropriate manner, protecting confidential information and avoiding conflicts of interest.

INDEPENDENT PROFESSIONAL ADVICE

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

SECURITIES TRADING POLICY

On Admission, the Company will adopt the Securities Trading Policy for Directors, senior managers and employees in relation to securities dealings which is appropriate for a company with securities traded on the Main Market and the NSX.

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

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

EXTERNAL AUDIT

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

COMMITTEES

Audit Committee

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

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

Remuneration Nomination Committee

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

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

The Company has established a remuneration nomination charter that states:

- non-executive Directors are to receive fees which are determined by the Board within the aggregate limit set by the shareholders at a general meeting; and

- executive Directors' remuneration is determined by the Board with reference to current market rates and remuneration paid to executives in comparable listed companies determined by the size and nature of operations.

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

In relation to Board nominations, the Committee reviews and makes recommendations to the Board in relation to:

(a) Board succession planning generally;

(b) induction and continuing professional development programs for directors;

(c) the development and implementation of a process for evaluating the performance of the Board, its committees and directors;

(d) the process for recruiting a new director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment;

(e) the appointment and re-election of directors; and

(f) ensuring there are plans in place to manage the succession of the Managing Director and other senior executives.

HSE POLICY

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

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

The Company is committed to, and the Board will monitor and review the Company's compliance with, the following principles and practices including but not limited to:

- Acknowledging that the management of health, safety, and environmental issues is an integral part of the Company's business, and should be incorporated into business planning and decision making processes.

- Implementing and maintaining a systematic approach to risk management in order to achieve the objectives outlined in the HSE Policy.

- The Company and its subsidiaries complying with all applicable laws and regulations as a minimum standard, and applying responsible standards consistent with the principles and policies outlined in this policy where laws do not exist.

- Working collaboratively and proactively with stakeholders to develop and advance effective approaches to HSE management, and communicating openly on HSE related issues.

- Continuously seeking ways to minimize the impact of the Group's exploration and production activities on the environment.

- Continuously identifying, reporting and evaluating risks, threats, hazards and impacts to company operations that have the potential to adversely affect the environment or the health, safety and security of employees, contractors or the community, and implementing appropriate control and contingency measures to minimise and manage them to a responsible level.

- Monitoring, reviewing and setting targets for ongoing improved HSE performance.

- Committing to employee participation in the Health and Safety process and welcoming the opportunities presented by Employee Forums to expedite the high standards the HSE Policy represents.

- Providing sufficient and competent human resources to manage the Company's HSE commitments.

- Selecting and engaging contractors and suppliers whose HSE management systems are acceptable to the Company and consistent with the principles and policies outlined in the policy.

- Including a HSE performance assessment and requiring a demonstration of continuous commitment to the principles and policies outlined in the policy in the appraisal of the Company's personnel and suppliers.

- Providing training, instruction and supervision to personnel to enable them to attain the knowledge and skill levels necessary to perform their work incident free.

- Committing to re-use waste as much as is economically feasible to minimise the amounts of waste.

RISK MANAGEMENT POLICY

The Company's Risk Management Policy provides a framework to identify, assess, monitor, and manage the risks associated with the Company's business.

In accordance with the Risk Management Policy, the Board assessed the need to form a risk committee in conjunction with the necessity to form an audit committee, established on 27 March 2020.

The Risk Management Policy identifies that the Company will regularly consider the following main areas of risk to the Company:

(a) exploration and development;

(b) fluctuating commodity prices and exchange rates;

(c) political and economic climate in its areas of operation; and

(d) continuous disclosure obligations.

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

ANTI-BRIBERY AND CORRUPTION POLICY

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

DIVERSITY POLICY

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

Part 9
Historical Financial Information

OVERVIEW OF THE PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

The Group has a complex financial history and this Document contains several financial sections, each including audited historical financial information of the constituent parts of the Group which, as at the date of this Document, comprise:

- the Company *(incorporated on 19 March 1996)*;

- the Takmur Group, being:
  - Takmur Pte Ltd *(incorporated on 28 June 2018)*;
  - PT AUM *(incorporated on 15 March 2018)*; and
  - PT IM *(incorporated on 27 February 2012)*.

- the Tisma Group, being:
  - Tisma Development HK Limited *(incorporated on 27 September 2018)*;
  - PT TIA *(incorporated on 13 October 2018)*; and
  - PT TGN *(incorporated on 25 July 2005)*.

Set out below is an overview of the history of the Group, setting out how and when the constituent parts of the Group have come together, together with how the following sections of Part 9 "*Historical Financial Information*" of this Document set out the historical performance of the constituent parts of the Group.

SUMMARY HISTORY OF THE GROUP

As at the date of this Document, the Group comprises the Company, the Takmur Group and the Tisma Group and, as such, this Document includes historical financial information for each of these entities and sub-groups. During the period covered by the historical financial information included in this Document:

Formation of the Takmur Group

The oldest constituent member of the Takmur Group is PT IM, incorporated on 27 February 2012. PT AUM was incorporated on 15 March 2018 and both PT IM and PT AUM traded as separate entities until 10 January 2019, when PT AUM acquired PT IM. Following its incorporation on 28 June 2018, Takmur Pte Ltd traded separately until it acquired PT AUM on 24 January 2019, thereby forming the Takmur Group.

Formation of the Tisma Group

The oldest constituent member of the Tisma Group is PT TGN, incorporated on 25 July 2005. Tisma Development HK Limited was incorporated on 27 September 2018 and incorporated PT TIA as a wholly-owned subsidiary on 13 October 2018. Both PT TGN and Tisma Development HK Limited (plus PT TIA) traded as separate entities until 15 January 2019, when Tisma Development HK Limited acquired PT TGN, thereby forming the Tisma Group.

Reverse Acquisition of the Company by Takmur Pte Ltd

Takmur Pte Ltd acquired the Company through a reverse acquisition business combination on 31 January 2020 which resulted in the Company becoming a legal parent to the new group and Takmur becoming the accounting acquirer.

Acquisition of the Tisma Group by the Company

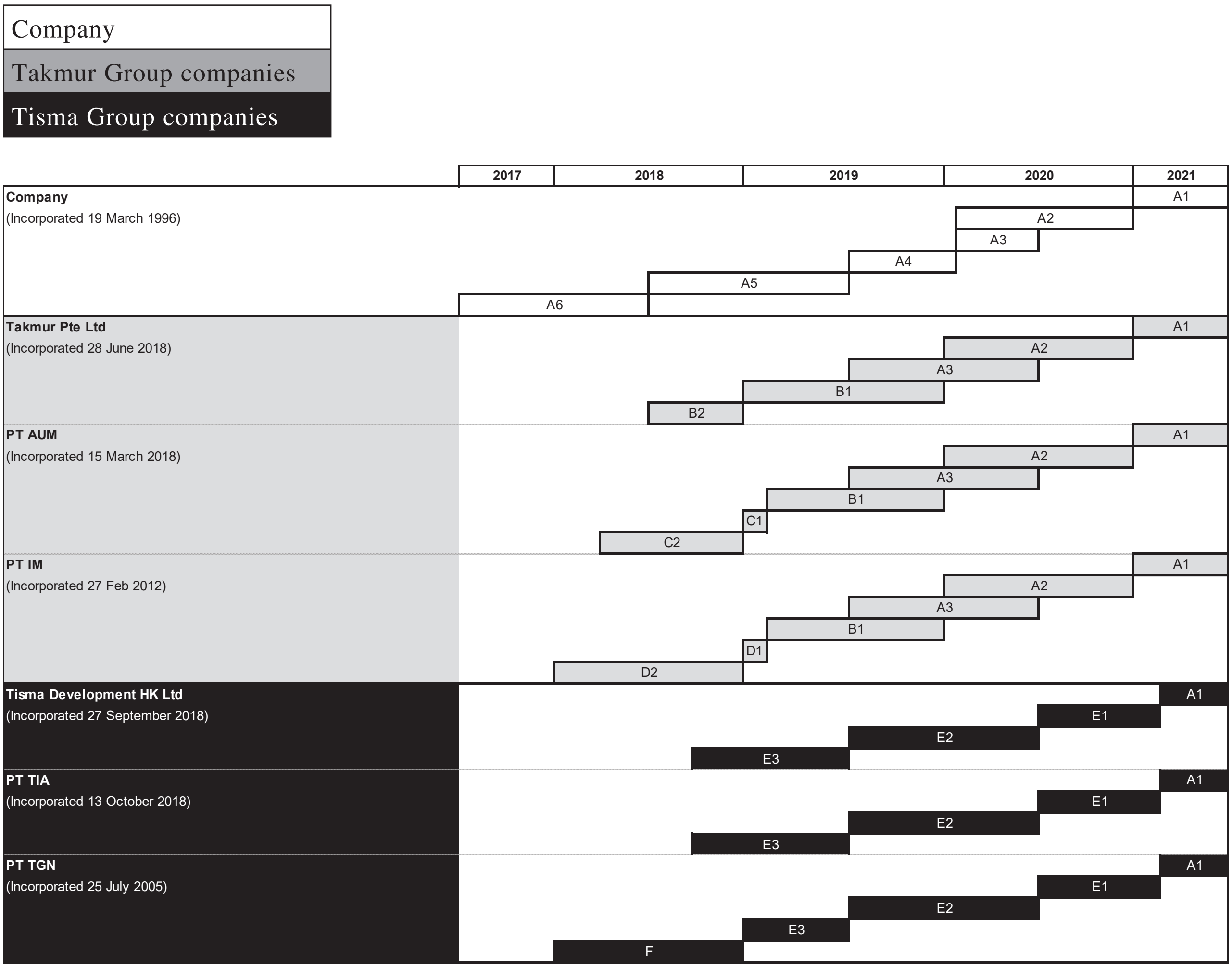
The Company, as enlarged by the acquisition of the Takmur Group, subsequently acquired Tisma Development HK Limited on 15 February 2021.

Following the above, the constituent parts formally comprised the Group with effect from 15 February 2021.

PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Given the complex financial history of the Group, the Prospectus Regulation requires that the last three years of audited financial information for each constituent part of the Group be included in this Document. To comply with the Prospectus Regulation, the following historical financial information has been presented:

Key:



Section	Entity	Period covered	Duration
A1	Company	1 January 2021 – 30 June 2021	6 months
A1	Takmur Group	1 January 2021 – 30 June 2021	6 months
A1	Tisma Group	15 February 2021 – 30 June 2021	134 days
A2	Company	1 February 2020 – 31 December 2020	11 months
A2	Takmur Pte Ltd	1 January 2020 – 31 December 2020	12 months
	PT AUM	1 January 2020 – 31 December 2020	12 months
	PT IM	1 January 2020 – 31 December 2020	12 months
A3	Company	1 February 2020 – 30 June 2020	5 months
A3	Takmur Pte Ltd	1 July 2019 – 30 June 2020	12 months
	PT AUM	1 July 2019 – 30 June 2020	12 months
	PT IM	1 July 2019 – 30 June 2020	12 months
A4	Company	1 July 2019 – 31 January 2020	7 months
A5	Company	1 July 2018 – 30 June 2019	12 months
A6	Company	1 July 2017 – 30 June 2018	12 months
B1	Takmur Pte Ltd	1 January 2019 – 31 December 2019	12 months
	PT AUM	10 January 2019 – 31 December 2019	356 days
	PT IM	24 January 2019 – 31 December 2019	342 days
B2	Takmur Pte Ltd	28 June 2018 – 31 December 2018	187 days
C1	PT AUM	1 January 2019 – 9 January 2019	9 days
C2	PT AUM	15 March 2018 – 31 December 2018	292 days
D1	PT IM	1 January 2019 – 23 January 2019	23 days
D2	PT IM	1 January 2018 – 31 December 2018	12 months
E1	Tisma Development HK Limited	1 July 2020 – 15 February 2021	230 days
	PT TIA	1 July 2020 – 15 February 2021	230 days
	PT TGN	1 July 2020 – 15 February 2021	230 days
E2	Tisma Development HK Limited	1 July 2019 – 30 June 2020	12 months
	PT TIA	1 July 2019 – 30 June 2020	12 months
	PT TGN	1 July 2019 – 30 June 2020	12 months
E3	Tisma Development HK Limited	27 September 2018 – 30 June 2019	277 days
	PT TIA	13 October 2018 – 30 June 2019	261 days
	PT TGN	15 January 2019 – 30 June 2019	167 days
F	PT TGN	1 January 2018 – 15 January 2019	380 days

ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP

HALL CHADWICK
CORPORATE (NSW) LIMITED

ACN 080 462 488

SYDNEY
Level 40,
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800
E: hcsydinfo@hallchadwick.com.au

www.hallchadwick.com.au

PrimeGlobal
An Association of Independent Accounting Firms

8 November 2021

The Directors
PYX Resources Limited
No. 8 Queen's Road Central, 6th Floor
Hong Kong

Dear Sirs,

Accountants Report on Historical Financial Information

We report on the historical financial information of PYX Resources Limited (the "Company") and its subsidiaries (together, the "Group") for the periods ended 31 December 2020, 31 December 2019, 31 December 2018 and 30 June 2021, 30 June 2020, 30 June 2019 and 30 June 2018 (together, the "Historical Financial Information") as set out in:

- Section A "*Financial Information of PYX Resources Ltd*";
- Section B "*Financial Information of Takmur Pte Ltd*";
- Section C "*Financial Information of PT Andary Usaha Makmur*";
- Section D "*Financial Information of PT Investasi Mandiri*"; and
- Section E "*Financial Information of Tisma Development HK*"
- Section F "*Financial Information of PT Tisma Global Nusantara*"

of Part 9 "*Historical Financial Information*" of the Company's prospectus dated 8 November 2021 (the "Prospectus").

Opinion on the Historical Financial Information

In our opinion, the Historical Financial Information gives, for the purpose of the Prospectus, a true and fair view of the state of affairs of the Group as at 31 December 2020, 31 December 2019, 31 December 2018 and 30 June 2021, 30 June 2020, 30 June 2019 and 30 June 2018 and of its losses, cash flows, statement of comprehensive income and changes in equity for the periods then ended in accordance with Australian Accounting Standards and International Financial Reporting Standards (together, "**IFRS**").

Responsibilities

The directors of the Company (the "**Directors**") are responsible for preparing the Historical Financial Information on the basis of preparation set out in the notes to the Historical Financial Information and in accordance with IFRS.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Basis of Preparation

The Historical Financial Information has been prepared for inclusion in Part 9 "*Historical Financial Information*" of the Prospectus, on the basis of the accounting policies set out in note 2 to each section comprising the Historical Financial Information. This report is given for the purpose of complying with item 18.3.1 of Annex 1 to the UK version of Regulation number 2019/980 of the European Commission, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (together, the "Prospectus Regulation"), and is given for the purpose of complying with that requirement and for no other purpose.

Basis of Opinion

We conducted our work in accordance with Australian Auditing Standards applicable to assurance engagements. Specifically, our review was carried out in accordance with Standards on Assurance Engagements ASAE 3420 and ASAE 3450. We are independent of the Company and the Group in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the Company and consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Declaration

For the purposes of Prospectus Regulation Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report, for which we are responsible, is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Document in compliance with item 1.2 of Annex 1 to the Prospectus Regulation.

Yours faithfully

David Kenney
HALL CHADWICK CORPORATE (NSW) LIMITED

SECTION A: FINANCIAL INFORMATION OF PYX RESOURCES LTD

SECTION A1: REVIEWED INTERIM FINANCIAL INFORMATION OF PYX RESOURCES LTD (30 JUNE 2021)

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

Your directors present the Interim Financial Report of the Group for the Half-year ended 30 June 2021.

DIRECTORS

The names of directors who held office during or since the end of the Half-year:

Oliver B. Hasler
Bakhos Georges
Gary J Artmont
Alvin Tan

REVIEW OF OPERATIONS

The loss after income tax and other comprehensive income of the Group for the Half-year ended 30 June 2021 was US$1,134,608 (30 June 2020 loss: US$10,554,521).

During the Half-year, PYX sold 3,250 tonnes and produced 3,501 tonnes of premium zircon, resulting in a year-on-year production increase of 25%. Sales volume has shown a strong year-on-year growth of 14%, while maintaining a tight finished goods inventory. Customer demand continues to increase, showing particular interest in PYX's zircon due to its superior quality, making it ideal for producing fused zirconia. Fused zirconia is used for different high-end zirconium metal products including electric vehicle batteries, technical ceramics, electronics and specific parts for nuclear reactors.

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

ACQUISITION OF TISMA DEVELOPMENT (HK) LTD.

In February 2021, the Company completed the acquisition of Tisma Development (HK) Ltd. (Tisma), a world-class mineral sands asset consisting of a concession area of 1,500 hectares located in Central Kalimantan Province, Indonesia (Tisma Project). The Company acquired the entire share capital of Tisma via the issue of 147,277,370 Shares in PYX.

The acquisition resulted in a change of scale in the Company's activities, an excellent strategic addition to the Company's resource base and a milestone in the consolidation of the Indonesian Mineral Sands mining business converting PYX into the 2nd largest zircon producing project in the world in terms of JORC compliant zircon resources. Tisma is fully licensed with an IUP-OP permit allowing the mining, production and export of zircon.

EXPLORING THE POSSIBILITY OF A DUAL LISTING ON THE MAIN MARKET OF THE LONDON STOCK EXCHANGE

On May 25th PYX Resources announced that it is exploring a possible dual listing of the Company's ordinary shares on the Standard Segment of the Official List of the Financial Conduct Authority ("**FCA**") and to trading on the Main Market of the London Stock Exchange ("**LSE**") (the "**LSE Listing**").

The exploration of available listing options is driven by PYX's increased interest and demand from family offices and institutional investors in Europe. A potential LSE Listing would make it easier for our existing shareholders to participate in the growth of the Company and its business, as well as enhancing the Company's share liquidity.

PYX appointed VSA Capital Limited ("**VSA**"), a natural resource focused investment banking and broking firm as Financial Adviser and Broker in connection with the potential LSE Listing.

PRIVATE PLACEMENT

During the Half-year the Company raised US$8,447,656 (before administrative, legal and placement fees) via a share placement to professional and sophisticated investors at US$0.77516 per share with approximately 10.9 million new fully-paid ordinary shares to be issued ("**Placement**"). The Placement was successfully closed on Wednesday 23rd June 2021 and the shares rank equally with the Company's existing shares on issue.

OFFTAKE AGREEMENTS

In March 2021, the Company announced that it had entered into a 3,600 tonnes two-year binding Offtake Agreement with India-incorporated Microtech Zircon, a member of Delta Tiles, a group of companies which fall under the brand name Geo Gres.

PRICE INCREASES

The Company also implemented three price increases for PYX's premium zircon during the Half-year, resulting in a US$355 per tonne increase during 2021 to date. The price increases reflect the general lack of premium zircon supply globally due to continued supply issues in South Africa and low inventory levels in China, while reduced Australian sales of Heavy Mineral Concentrate (HMC) to China have created a further void of premium zircon in the market, leading to higher customer demand and, consequently, higher market prices. Indonesian zircon prices have now reached their highest price point since 2013

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 78 for the Half-year ended 30 June 2021.

This directors' report is signed in accordance with a resolution of the Board of Directors.

....

Oliver Hasler
Chairman and Chief Executive Officer

Hong Kong
Dated: 1 September 2021

PYX RESOURCES LIMITED
ABN 30 073 099 171
AND CONTROLLED ENTITIES

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

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of PYX Resources Limited. As the lead audit partner for the review of the financial report of PYX Resources Limited for the half year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

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

DREW TOWNSEND
Partner
Dated: 1 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Note	Consolidated Group Half-year Ended 30 June 2021 US$	Half-year Ended 30 June 2020 US$
Revenue	*2*	4,660,223	3,861,269
Other income	*2*	–	22,995
Cost of sales	*3*	(4,059,354)	(3,125,159)
Selling and distribution expenses		(354,684)	(12,100)
Corporate and administrative expenses		(1,488,908)	(4,022,190)
Foreign exchange loss		(15,781)	(227,597)
Listing costs		(206)	(1,795,520)
Acquisition costs		–	(5,356,997)
Finance costs		(5,861)	(18,468)
Other expenses		(88,259)	–
Loss before income tax		(1,352,830)	(10,673,767)
Income tax benefit		158,640	85,099
Net loss for the period		(1,194,190)	(10,588,668)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences on translating foreign operations, net of tax		59,582	34,147
Total comprehensive income for the period		(1,134,608)	(10,554,521)
Net loss attributable to:			
– owners of the Parent Entity		(637,735)	(10,218,963)
– Non-controlling interest		(556,455)	(369,705)
		(1,194,190)	(10,588,668)
Total comprehensive income attributable to:			
– owners of the Parent Entity		13,791	(7,803)
– Non-controlling interest		45,791	41,950
		59,582	34,147
Loss per share			
Basic loss per share (US$ cents per share)		(0.20)	(9.18)
Diluted loss per share (US$ cents per share)		(0.19)	(8.05)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

		Consolidated Group	
		As at 30 June 2021	**As at 31 December 2020**
	Note	**US$**	**US$**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		9,717,641	3,509,395
Trade and other receivables		410,526	368,627
Advance to suppliers		429,558	352,062
Prepayments and deposits		31,082	41,100
Prepaid tax		100,324	36,216
Inventories		394,112	122,703
TOTAL CURRENT ASSETS		11,083,243	4,430,103
Non-CURRENT ASSETS			
Right of use assets		40,008	60,361
Property, plant and equipment	*9*	1,823,863	1,317,834
Deferred tax assets		415,514	265,597
Deferred expenses		265,844	–
Intangible assets	*10*	73,343,464	92,309
TOTAL NON-CURRENT ASSETS		75,888,693	1,736,101
TOTAL ASSETS		86,971,936	6,166,204
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		2,255,041	1,626,802
Lease liabilities		7,138	1,780
TOTAL CURRENT LIABILITIES		2,262,179	1,628,582
Non-CURRENT LIABILITIES			
Lease liabilities		–	16,773
TOTAL NON-CURRENT LIABILITIES		–	16,773
TOTAL LIABILITIES		2,262,179	1,645,355
NET ASSETS		84,709,757	4,520,849
EQUITY			
Issued capital	*6*	96,651,080	14,873,158
Reserves	*7*	2,403,793	2,782,451
Accumulated losses		(13,514,783)	(12,877,048)
Equity attributable to owners of the Parent Entity		85,540,090	4,778,561
Non-controlling interest		(830,333)	(257,712)
TOTAL EQUITY		84,709,757	4,520,849

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2021

Consolidated Group	Ordinary Share Capital US$	Share-based payment reserve US$	Accumulated losses US$	Foreign currency translation reserve US$	Subtotal US$	Non-controlling Interests US$	Total US$
Balance at 1 January 2020	1,178	–	(101,606)	–	(100,428)	805,412	704,984
Comprehensive income							
Loss for the period	–	–	(10,218,963)	–	(10,218,963)	(369,705)	(10,588,668)
Other comprehensive income for the period	–	–	–	(7,803)	(7,803)	41,950	34,147
Total comprehensive income for the period	–	–	(10,218,963)	(7,803)	(10,226,766)	(327,755)	(10,554,521)
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued during the period	14,871,980	–	–	–	14,871,980	–	14,871,980
Share based payments	–	1,385,887	–	–	1,385,887	–	1,385,887
Total transactions with owners and other transfers	14,871,980	1,385,887	–	–	16,257,867	–	16,257,867
Balance at 30 June 2020	14,873,158	1,385,887	(10,320,569)	(7,803)	5,930,673	477,657	6,408,330
Balance at 1 January 2021	14,873,158	2,804,535	(12,877,048)	(22,084)	4,778,561	(257,712)	4,520,849
Comprehensive income	–	–	–	–	–	–	–
Loss for the period	–	–	(637,735)	–	(637,735)	(556,455)	(1,194,190)
Other comprehensive income for the period	–	–	–	13,791	13,791	45,791	59,582
Total comprehensive income for the period	–	–	(637,735)	13,791	(623,944)	(510,664)	(1,134,608)
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued during the period	81,777,922	–	–	–	81,777,922	–	81,777,922
Non-controlling interests on acquisitions	–	(61,957)	(61,957)				
Share based payments	–	566,725	–	–	566,725	–	566,725
Issue of shares to employees	–	(959,174)	–	–	(959,174)	–	(959,174)
Total transactions with owners and other transfers	81,777,922	(392,449)	–	–	81,385,473	(61,957)	81,323,516
Balance at 30 June 2021	96,651,080	2,412,086	(13,514,783)	(8,293)	85,540,090	(830,333)	84,709,757

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Consolidated Group	
	Half-year Ended 30 June 2021 US$	**Half-year Ended 30 June 2020 US$**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	4,614,853	3,720,535
Payments to suppliers and employees	(5,205,032)	(5,160,884)
Other income	(88,259)	22,995
Interest received	96	135
Finance costs	(5,957)	(18,603)
Income tax paid	(55,141)	(60,067)
Net cash (used in)/generated by operating activities	(739,440)	(1,495,889)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(568,914)	(565,492)
Payments for acquisitions costs, net of cash acquired	(24,275)	311
Net cash (used in)/generated by investing activities	(593,189)	(565,181)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issues	8,327,092	9,378,600
Proceeds from borrowings	–	2,732
Repayment of borrowings	–	(431,899)
Advances of employee loans	(6,376)	(652)
Repayment of lease liabilities	(11,415)	(16,849)
Payment of capital raising costs	(769,914)	(2,524,348)
Net cash (used in)/generated by financing activities	7,539,387	6,407,584
Net increase/(decrease) in cash held	6,206,758	4,346,514
Cash and cash equivalents at beginning of period	3,509,395	93,071
Effect of foreign exchange rate changes	1,488	(230,411)
Cash and cash equivalents at end of period	9,717,641	4,209,174

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These general purpose interim financial statements for Half-year reporting period ended 30 June 2021 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Pyx resources Limited and its controlled entities (referred to as the "**Consolidated Group**" or "**Group**"). As such, it does not contain information that represents relatively insignificant changes occurring during the Half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2020, together with any public announcements made during the following Half-year.

These interim financial statements were authorised for issue on 1 September 2021.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

NOTE 2: REVENUE AND OTHER INCOME

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

		Consolidated Group	
	Note	Half-year Ended 30 June 2021 US$	Half-year Ended 30 June 2020 US$
Revenue from contracts with customers	*2a*	4,660,223	3,861,269
Other income	*2b*	–	22,995

a. Revenue from Contracts with Customers

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

	Consolidated Group	
	Half-year Ended 30 June 2021 US$	**Half-year Ended 30 June 2020 US$**
b. Other Income		
Other income	–	22,995

NOTE 3: LOSS FOR THE PERIOD

	Consolidated Group	
	Half-year Ended 30 June 2021 US$	**Half-year Ended 30 June 2020 US$**
Loss before income tax from continuing operations includes the following specific expenses:		
Expenses		
Cost of sales	4,059,354	3,125,159
Interest expense on financial liabilities not classified as at fair value through profit or loss:		
– unrelated parties	4,676	14,029
Finance charges	1,281	4,574
Less: Interest income	(96)	(135)
Net interest expense	5,861	18,468
Employee benefits expense:		
– Staff salaries and benefits	163,686	256,767
– Share based payments	566,725	2,519,930
Loss allowance on financial assets and other items:		
– loss allowance on trade receivables		
Rental expense on operating leases short-term lease expense	2,421	5,512
Depreciation	92,137	49,400

NOTE 4: BUSINESS ACQUISITION

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

This acquisition is an excellent strategic addition to PYX's resource base and a milestone in the consolidation of the Indonesian mineral sands mining business, converting PYX into the second largest producing mineral sands company globally in terms of JORC-compliant zircon resources.

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

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

	Fair Value US$
Purchase consideration:	
Equity issued	73,141,005
Less:	
Cash and cash equivalent	3,407
Intangible asset – exploration asset	73,260,053
Non-controlling interest	61,957
Payables	(184,412)
Identifiable assets acquired and liabilities assumed	73,141,005
Goodwill	–

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

NOTE 5: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last reporting period.

NOTE 6: ISSUED CAPITAL

	Consolidated Group	
	Half-year Ended 30 June 2021 US$	**Year Ended 31 December 2020 US$**
429,520,222 (2020: 267,777,037) fully paid ordinary shares	96,651,080	14,873,158
	96,651,080	14,873,158

	Consolidated Group			
	2021		2020	
	No. of shares	Contributed equity US$	No. of Shares	Contributed equity US$
a. Ordinary Shares				
At the beginning of the reporting period	267,777,037	14,873,158	2,500	1,178
Elimination of Takmur Pte Ltd.	–	–	(2,500)	–
Movement:				
Year 2020	–	–	267,777,037	14,871,980
15 February 2021	147,277,370	73,141,005	–	–
25 March 2021	1,627,477	437,531	–	–
9 April 2021	1,940,350	521,645	–	–
23 June 2021	10,897,988	8,447,656	–	–
Share issue costs	–	(769,915)	–	
At the end of the reporting period	429,520,222	96,651,080	267,777,037	14,873,158

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

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

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

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

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

b. Capital Management

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

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

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

	Consolidated Group	
	Half-year Ended 30 June 2021 US$	Year Ended 31 December 2020 US$
Total borrowings	7,138	18,553
Less cash and cash equivalents	9,717,641	3,509,395
Net cash/(debt)	9,710,503	3,490,842
Total equity	84,709,757	4,520,849
Total capital	84,709,757	4,520,849
Gearing ratio	0.0084%	0.4104%

NOTE 7: RESERVES

a. Share-based Payment Reserve

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

b. Foreign Currency Translation Reserve

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

c. Analysis of Reserves

	Consolidated Group	
	Half-year Ended 30 June 2021 US$	Year Ended 31 December 2020 US$
Share-Based Payment Reserve		
At the beginning of the reporting period	2,804,535	–
Share-based payments	566,725	3,938,578
Issue of shares to director	(959,174)	(1,134,043)
Closing balance in share-based payment reserve	2,412,086	2,804,535
Foreign Currency Translation Reserve		
At the beginning of the reporting period	(22,084)	–
Exchange differences on translation of foreign operations	13,791	(22,084)
Closing balance in foreign currency translation reserve	(8,293)	(22,084)
Total	2,403,793	2,782,451

NOTE 8: SHARE-BASED PAYMENT PLANS

Performance Rights

The following performance rights were granted to Director and staff during the period.

Number	Grand date	Expiry date	Share price at grant date
3,200,000	18/05/2021	30/06/2023	A$1.19
3,200,000	18/05/2021	30/06/2023	A$1.19
80,000	15/03/2021	30/09/2023	A$0.97

During the half year, 4,197,477 performance rights were exercised and converted into 3,567,827 shares.

NOTE 9: PROPERTY, PLANT, AND EQUIPMENT

	Consolidated Group	
	Half-year Ended 30 June 2021 US$	Year Ended 31 December 2020 US$
Land and Buildings		
Freehold land at cost	194,542	194,542
Total land	194,542	194,542
Buildings at cost	1,309,614	802,470
Accumulated depreciation	(156,058)	(139,161)
Total buildings	1,153,556	663,309
Total land and buildings	1,348,098	857,851
Plant and Equipment		
Plant and equipment at cost	557,945	520,385
Accumulated depreciation	(144,910)	(106,687)
Total plant and equipment	413,035	413,698
Motor Vehicles		
Motor vehicles at cost	47,105	22,894
Accumulated depreciation	(9,203)	(3,186)
Total motor vehicles	37,902	19,078
Furniture and Fittings		
Furniture and fittings at cost	30,668	30,668
Accumulated depreciation	(5,840)	(3,461)
Total furniture and fittings	24,828	27,207
Total property, plant and equipment	**1,823,863**	**1,317,834**

NOTE 10: INTANGIBLE ASSETS

	Consolidated Group Half-year Ended 30 June 2021 US$	Consolidated Group Year Ended 31 December 2020 US$
Goodwill:		
Cost	7,774	7,774
Accumulated impairment losses	–	–
Net carrying amount	7,774	7,774
Mining License Renewal:		
Cost	88,984	88,984
Accumulated amortization	(13,347)	(4,449)
Net carrying amount	75,637	84,535
Exploration asset		
Cost	73,260,053	–
Accumulated amortization	–	–
Net carrying amount	73,260,053	–
Total intangible assets	73,343,464	92,309

	Goodwill US$	Mining License US$	Exploration asset US$	Total US$
Consolidated Group:				
Half-year ended 30 June 2021				
Balance at the beginning of the year	7,774	84,535	–	92,309
Addition	–	–	73,260,053	73,260,053
Amortisation	–	(8,898)	–	(8,898)
Closing value at 30 June 2021	7,774	75,637	73,260,053	73,343,464

NOTE 11: INTERESTS IN SUBSIDIARIES

Name of Entity	Equity Interest		Proportion of Non-Controlling Interest		Contribution to Net Profit/(Loss) before taxation	
	2021	2020	2021	2020	2021	2020
	%	%	%	%	US$	US$
Takmur Pte Ltd.	100	100	–	–	(22,250)	(21,652)
PT Andary Usaha Makmur	99	99	1	1	(94,016)	(3,385)
PT Investasi Mandiri*	–	–	100	100	(692,421)	(454,651)
Tisma Development (HK) Ltd.	100	–	–	–	4,392	–
PT Tisma Investasi Abadi	99	–	1	–	(524)	–
PT Tisma Global Nusantara**	–	–	100	–	3,664	–

The Non-controlling interests in PT Andary Usaha Makmur and PT Tisma Global Nusantara are not material to the Group.

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

NOTE 12: EVENTS AFTER THE REPORTING PERIOD

Other than the following, the directors are not aware of any significant events since the end of the interim period.

1. The Group are working on a possible dual listing of the Company's ordinary shares on the Standard Segment of the Official List of the Financial Conduct Authority ("**FCA**") and to trade on the Main Market of the London Stock Exchange ("**LSE**") (the "**LSE Listing**").

2. The exploration of available listing options is driven by PYX's increased interest and demand from family offices and institutional investors in Europe. A potential LSE Listing would make it easier for existing shareholders to participate in the growth of the Company and its business, as well as enhancing the Company's share liquidity.

3. PYX, has appointed VSA Capital Limited ("**VSA**"), a natural resource focused investment banking and broking firm as Financial Adviser and Broker in connection with the potential LSE Listing.

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

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

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Pyx resources Limited, the directors of the Entity declare that:

1. The financial statements and notes, as set out on pages 79 to 90, are in accordance with the Corporations Act 2001, including:

    a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and

    b. giving a true and fair view of the Consolidated Group's financial position as at 30 June 2021 and of its performance for the Half-year ended on that date.

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

Oliver B. Hasler
Chairman and Chief Executive Officer

Hong Kong
Date: 1 September 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PYX RESOURCES LIMITED

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year financial report of PYX Resources Limited does not comply with the Corporations Act 2001, including:

(i) giving a true and fair view of PYX Resources Limited's financial position as of 30 June 2021 and of its performance for the Half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' responsibility for the half-year financial report

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

Auditor's responsibility for the review of the financial report

A review of a Half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

DREW TOWNSEND
Partner
Dated: 1 September 2021

SECTION A2: FINANCIAL INFORMATION OF PYX RESOURCES LTD (31 DECEMBER 2020)

Hall Chadwick Pty Ltd, of Level 40, 2 Park Street, Sydney, NSW 2000, Australia, Chartered Accountants and statutory auditors to the Company, has given its consent and authorisation for:

1. the inclusion in this Document of the statutory audit report issued with respect to PYX Resources Ltd Financial Information for the years ended 31 December 2020 included in Section A2 "*Financial Information of PYX Resources (31 December 2020)*"; and

2. the inclusion in this Document of their name.

Their consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

Hall Chadwick Pty Ltd has no material interest in the Company.

HALL CHADWICKS (NSW)

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

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

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

In accordance with section 307C of the Corporations Act 2001,1 am pleased to provide the following declaration of independence to the directors of PYX Resources Limited. As the lead audit partner for the audit of the financial report of PYX Resources Limited for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

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

DREW TOWNSEND
Partner
Dated: 15 March 2021

A Member of PrimeGlobal
An Association of independent
Accounting Firms

SYDNEY • PENRITH ▪ MELBOURNE ▪ ADELAIDE • PERTH ▪ DARWIN • BRISBANE
Liability limited by a scheme approved under Professional Standards Legislation
www.hallchadwick.com.au

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Pyx Resources Limited (formerly South Pacific Resources Ltd), the directors state that:
The financial statements and notes set out on pages 96 to 138 are in accordance with the Corporations Act 2001:

(a) Comply with Australian Accounting Standards which as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards and other mandatory professional reporting requirements; and

(b) Give a true and fair view of the financial position of the Group as at 31 December 2020 and of the performance for the year ended on that date.

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

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

Signed in accordance with a resolution of the Directors.

Oliver Hasler
Chairman and Chief Executive Officer

Hong Kong
Date: 15 March 2021

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

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

The accompanying notes form part of these financial statements.

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

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

The accompanying notes form part of these financial statements.

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

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

The accompanying notes form part of these financial statements.

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

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

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

The accompanying notes form part of these financial statements.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected Non-current assets, financial assets and financial liabilities.

Going Concern

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

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

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

a. Principles of consolidation

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

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

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

Business combinations

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

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

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

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

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

(i) the consideration transferred at fair value;

(ii) any Non-controlling interest (determined under either the fair value or proportionate interest method); and

(iii) the acquisition date fair value of any previously held equity interest;

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

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

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

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

Under the full goodwill method, the fair value of the Non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

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

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

Reverse acquisition accounting

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

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

(a) PYX became the legal parent entity to the Group; and

(b) Takmur, which is neither the legal parent nor legal acquirer, is deemed to be the accounting acquirer.

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

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

Statement of financial position

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

Statement of profit or loss and other comprehensive income

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

b. Income tax

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

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

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

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

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

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

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

– is not a business combination; and

– at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

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

c. Inventories

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

d. Property, plant and equipment

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

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

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

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Depreciation

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

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

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

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

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

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

e. ***Leases (the Group as lessee)***

The Group as lessee

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

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

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

– fixed lease payments less any lease incentives;

– variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

– the amount expected to be payable by the lessee under residual value guarantees

– the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;

– lease payments under extension options if lessee is reasonably certain to exercise the options; and

– payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

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

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

f. Financial instruments

Initial recognition and measurement

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

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

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

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

– amortised cost; or

– fair value through profit or loss.

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

– a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;

– held for trading; or

– initially designated as at fair value through profit or loss.

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

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

A financial liability is held for trading if:

– it is incurred for the purpose of repurchasing or repaying in the near term;

– part of a portfolio where there is an actual pattern of short-term profit taking; or

– a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

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

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

Financial guarantee contracts

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

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

– the amount of loss allowance determined in accordance with AASB 9.3.25.3; and

– the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:

– amortised cost;

– fair value through other comprehensive income; or

– fair value through profit or loss.

Measurement is on the basis of two primary criteria:

– the contractual cash flow characteristics of the financial asset; and

– the business model for managing the financial assets.

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

– the financial asset is managed solely to collect contractual cash flows; and

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

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

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

– the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

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

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

– it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "**accounting mismatch**") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;

– it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;

– it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

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

Equity instruments

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

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

Derecognition

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

Derecognition of financial liabilities

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

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

Derecognition of financial assets

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

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

– the right to receive cash flows from the asset has expired or been transferred;

– all risk and rewards of ownership of the asset have been substantially transferred; and

– the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

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

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

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

Impairment

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

– financial assets that are measured at amortised cost or fair value through other comprehensive income;

– lease receivables;

– contract assets (eg amounts due from customers under construction contracts);

– loan commitments that are not measured at fair value through profit or loss; and

– financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

– financial assets measured at fair value through profit or loss; or

– equity instruments measured at fair value through other comprehensive income.

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

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

– the general approach

– the simplified approach

General approach

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

– the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or

– there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

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

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

– lease receivables.

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

Recognition of expected credit losses in financial statements

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

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

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period. For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

g. Impairment of assets

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

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

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

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

h. Foreign currency transactions and balances

Functional and presentation currency

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

Transactions and balances

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

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

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

Group companies

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

– assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;

– income and expenses are translated at exchange rates on the date of transaction; and

– all resulting exchange differences are recognised in other comprehensive income.

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

i. Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Equity-settled compensation

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

j. Provisions

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

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

k. Cash and cash equivalents

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

l. Revenue and other income

Revenue recognition

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

Interest income is recognised using the effective interest method.

m. 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.

n. Comparative figures

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

o. ***Segment information***

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

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

p. ***Critical accounting estimates and judgements***

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

Key estimates

(i) Impairment

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

Key judgements

(i) Performance obligations under AASB 15

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

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

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

(iii) Impact of COVID-19 on the Group

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

NOTE 2: PARENT INFORMATION

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

NOTE 3: REVENUE AND OTHER INCOME

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

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

a. Revenue from Contracts with Customers

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

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

NOTE 4: LOSS FOR THE YEAR

Loss before income tax from continuing operations includes the following specific expenses:

	Consolidated Group	
	2020	2019
	US$	US$
a. Expenses		
Cost of sales	7,630,173	5,596,003
Interest expense on financial liabilities not classified as at fair value through profit or loss:		
– unrelated parties	14,029	50,627
Finance charges	7,308	12,134
Less: Interest income	(376)	(5,670)
Net interest expense	20,961	57,091
Employee benefits expense:		
– Staff salaries and benefits	265,885	106,822
– Share based payments	3,938,578	–
Loss allowance on financial assets and other items: loss allowance on trade receivables		444
Rental expense on operating leases		
– short-term lease expense	100,366	111,467
Depreciation and amortization	129,173	76,399

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

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

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

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

(i) Although PYX was considered to be the legal parent company, Takmur was deemed to be the parent company for accounting purposes;

(ii) The consolidated statement of profit or loss for the year ended 31 December 2020 represents the consolidated results of Takmur and its controlled entities for the year ended 31 December 2020 and the consolidated results of PYX for the period from 1 February 2020 (date after the RTO) to 31 December 2020;

(iii) The comparative information for the year ended 31 December 2019 represents results of Takmur for the year ended 31 December 2019, the consolidated results of its controlled entity, PT Andary Usaha Makmur, for the year ended 31 December 2019 and the consolidated results of its controlled entity, PT Investasi Mandiri, for the year ended 31 December 2019;

(iv) The consideration that Takmur is deemed to have paid for PYX is the fair value of PYX's equity at the date of the RTO, which was US$4,917,856. This consideration has been allocated to the fair value of PYX's intangible and tangible assets, liabilities and contingent liabilities.

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

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

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

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

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

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

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

NOTE 6: TAX EXPENSE

		Consolidated Group	
		2020 US$	**2019 US$**
a.	The components of tax benefit/(expense) income comprise:		
	Current tax	–	(12,465)
	Deferred tax	262,861	1,373
		262,861	(11,092)
b.	The prima facie tax on (loss) from ordinary activities before income tax is reconciled to income tax as follows:		
	(Loss) before income tax expense	(14,083,464)	(47,294)
	Prima facie tax payable on (loss) from ordinary activities before income tax at 27.5% (2019: 27.5%)	3,872,953	13,006
	Effect of different tax rate of subsidiaries	(213,012)	(325)
	Add:		
	Tax effect of:		
	– Non-allowable items	(1,605)	(5,540)
	– Tax losses and temporary differences not recognised as deferred tax assets		
	– Tax credit	(3,395,474)	(18,233)
	Income tax benefit/(expense)	262,861	(11,092)

NOTE 7: KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

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

NOTE 8: AUDITOR'S REMUNERATION

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

NOTE 9: LOSS PER SHARE

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

NOTE 10: CASH AND CASH EQUIVALENTS

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

NOTE 11: TRADE AND OTHER RECEIVABLES

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

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

	Opening balance 1 January 2019 US$	Net measurement of loss allowance US$	Amounts written off US$	Closing balance 31 December 2019 US$
a. Lifetime Expected Credit Loss: Credit Impaired				
(i) Current other receivables	–	738	444	1,178
	–	738	444	1,178

	Opening balance 1 January 2020 US$	Net measurement of loss allowance US$	Amounts written off US$	Closing balance 31 December 2020 US$
(i) Current other receivables	1,178	–	–	1,178
	1,178	–	–	1,178

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

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

Credit Risk

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

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

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

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

b. Collateral Held as Security

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

c. Financial Assets Measured at Amortised Cost

		Consolidated Group	
		2020	**2019**
	Note	**US$**	**US$**
Trade and other receivables:			
– total current		368,627	468,522
– total Non-current		–	–
Total financial assets measured at amortised cost	*24*	368,627	468,522

d. Collateral Pledged

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

NOTE 12: INVENTORIES

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

NOTE 13: INTERESTS IN SUBSIDIARIES

a. Information about Principal Subsidiaries

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

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

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

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

b. Acquisition of Controlled Entities

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

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

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

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

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

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

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

a. Movements in Carrying Amounts

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

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

NOTE 15: INTANGIBLE ASSETS

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

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

NOTE 16: RIGHT OF USE ASSETS

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

(i) AASB 16 Related Amounts Recognised in the Balance Sheet

Right of use assets

	2020 US$	2019 US$
Leased Buildings	11,187	
Accumulated depreciation	(3,736)	
	7,451	
Leased Motor Vehicles	140,484	140,484
Accumulated depreciation	(87,574)	(52,426)
	52,910	88,058
Total Right of use assets	60,361	88,058
Movement in carrying amounts:		
Leased Buildings:		
Additions	11,187	
Depreciation expense	(3,736)	–
Net Carrying Amount	7,451	–
Leased Motor Vehicles:		
Opening balance	88,058	63,092
Additions	–	69,776
Disposals	–	(11,020)
Depreciation expense	(35,148)	(33,790)
Net Carrying Amount	52,910	88,058
Total Right of use assets	60,361	88,058

(ii) AASB 16 Related Amounts Recognised in the Statement of Profit or Loss

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

NOTE 17: TRADE AND OTHER PAYABLES

	Note	Consolidated Group 2020 $	2019 $
CURRENT			
Unsecured liabilities:			
Trade payables		311,647	160,359
Sundry payables and accrued expenses		1,315,155	296,100
		1,626,802	456,459

a. Financial Liabilities at Amortised Cost Classified as Trade and Other Payables

	Note	2020 $	2019 $
Trade and other payables:			
– total current		1,626,802	456,459
Financial liabilities as trade and other payables	*24*	1,626,802	456,459

NOTE 18: LEASE LIABILITIES

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

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

NOTE 19: TAX

	Consolidated Group 2020 US$	2019 US$
CURRENT		
Income tax recoverable	36,216	–
Income tax payable	–	(102,086)

NOTE 20: ISSUED CAPITAL

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

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

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

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

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

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

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

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

b. Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital include ordinary share capital, redeemable preference shares, convertible preference shares and financial liabilities, supported by financial assets.

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

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

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

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

NOTE 21: CAPITAL AND LEASING COMMITMENTS

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

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

NOTE 22: CASH FLOW INFORMATION

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

b. Changes in Liabilities Arising from Financing Activities

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

c. Non-cash Financing and Investing Activities

(i) Share issue:

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

(ii) RTO:

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

NOTE 23: RELATED PARTY TRANSACTIONS

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

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

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

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

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

NOTE 24: FINANCIAL RISK MANAGEMENT

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

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

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

Financial Risk Management Policies

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

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

Specific Financial Risk Exposures and Management

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

a. Credit Risk

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

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

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

b. Liquidity Risk

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

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

– obtaining funding from a Parent Group;

– maintaining a reputable credit profile;

– managing credit risk related to financial assets; and

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

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

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

Financial liability and financial asset maturity analysis

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

c. Market Risk

(i) Other price risk

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

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

(ii) Foreign currency risk

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

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

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

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

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

Fair Values

Fair value estimation

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

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

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

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

NOTE 25: RESERVES

a. Share Based Payment Reserve

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

b. Foreign Currency Translation Reserve

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

c. Analysis of Each Class of Reserve

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

NOTE 26: EVENTS AFTER THE REPORTING PERIOD

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

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

HALL CHADWICKS' (NSW)

PYX RESOURCES LIMITED
ABN 30 073 099 171
AND CONTROLLED ENTITIES

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

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

REPORT ON THE FINANCIAL REPORT

Opinion

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

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the year then ended; and for

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of Opinion

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

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

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

Key Audit Matters

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

Key Audit Matters	How Our Audit Addressed the Key Audit Matter
Acquisition of Takmur Pte Ltd Refer to Note 5 "Acquisition of Takmur Pte Ltd" During the year, PYX Resources Limited (PYX) acquired Takmur Pte Ltd (Takmur), for a deemed purchase consideration of $4,917,856. This acquisition was considered a significant acquisition for the Group. Accounting for this transaction is a judgement and requires management to determine the most appropriate accounting treatment to account for the acquisition based on factual circumstances. It is due to the nature of the acquisition and the judgement involved in accounting for the acquisition that this is considered a key audit matter.	Our audit procedures included but not limited to: • We have read the share exchange agreement to understand the key terms and conditions. • We have assessed whether the acquisition was accounted for in accordance with the Australian Accounting Standards and in particular whether the acquisition was considered a reverse acquisition and if so whether AASB 3 "Business Combinations" and consequently AASB 2 "Share-based Payments" were the relevant accounting standards to account for the acquisition. • We considered whether fair values or adjustments to fair values have been dealt with in accordance with AASB 3. • We assessed the accuracy of the acquisition journals at acquisition date. • We assessed the adequacy of the Group's disclosures in respect to the acquisition.
Share-based Payments Refer to Remuneration Report "Compensation Performance Rights and Options Granted, Exercised. Converted or Lapsed During the Financial Year" During the year ended 31 December 2020, the Company issued performance rights to key management personnel, which were accounted for as share-based payments under AASB 2 "Share-based Payments". This was considered a key audit matter as the fair value of performance rights granted was material and share-based payments are a complex accounting area and include assumptions utilised in fair value calculations and judgments regarding the performance options and shares issued during the year.	Our audit procedures included but not limited to: • Evaluating management's assessment of the valuation and recognition of the performance options and shares. • Obtaining an understanding of the key terms and conditions of the performance options and shares by inspecting relevant agreements • Holding discussions with management to understand the share-based payments arrangements in place and evaluating management's assessment of the likelihood of meeting the performance conditions attached to the performance options.

	How Our Audit Addressed the Key Audit Matter
	• Recalculating the estimated fair value of the performance options, including assessing the reasonableness of the key inputs used in the Company's valuation model. • Reviewing the adequacy of the Company's disclosures in respect of the accounting treatment of share-based payments in the financial statements, including the significant judgments involved, and the accounting policies adopted.
Going Concern Refer to Note 1 "Going Concern" The financial statements have been prepared on a going concern basis as discussed in Note 1 of the financial report. The Group has incurred a loss after income tax of \$13,820,603 and has negative operating cash flows of \$2,091,662 for the year. The group was listed on the NSX in February 2020 and there was a capital raising associated with the IPO. The proceeds from the capital raising amounted to \$9.4m. We included the going concern basis of accounting as a key audit matter as the Group will rely on existing cash reserves and revenue growth from operations in order to pay its debts as and when they fall due over the next twelve months from the date of this report.	Our audit procedures included but not limited to: • We reviewed the cash flow forecast as a 31 March 2022 provided by management. • A review of the assumptions and basis of the cashflow forecast reflected that the Group has sufficient cash to meet its working capital requirements over the next 12 months from the date of this report. • We have assessed the adequacy of the Group's disclosures in respect to going concern.

Information other than the financial report and auditor's report thereon

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

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

– Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON THE REMUNERATION REPORT

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

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

Responsibilities

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

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

DREW TOWNSEND
Partner
Dated: 15 March 2021

SECTION A3: FINANCIAL INFORMATION OF PYX RESOURCES LTD (30 JUNE 2020)

Hall Chadwick Pty Ltd, of Level 40, 2 Park Street, Sydney, NSW 2000, Australia, Chartered Accountants and statutory auditors to the Company, has given its consent and authorisation for:

1. the inclusion in this Document of the statutory audit report issued with respect to PYX Resources Ltd Financial Information for the years ended 30 June 2020 included in Section A3 "*Financial Information of PYX Resources (30 June 2020)*" of Part 9 "*Historical Financial Information*"; and

2. the inclusion in this Document of their name.

Their consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

Hall Chadwick Pty Ltd has no material interest in the Company.

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

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 301C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF PYX RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001,1 am pleased to provide the following declaration of independence to the directors of PYX Resources Limited. As the lead audit partner for the audit of the financial report of PYX Resources Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

i. the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

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

DREW TOWNSEND
Partner
Dated: 11 September 2020

A Member of PrimeGlobal

SYDNEY • PENRITH • MELBOURNE • ADELAIDE • PERTH • DARWIN • BRISBANE
Liability limited by a scheme approved under Professional Standards Legislation
www.hallchadwick.com.au

FINANCIAL STATEMENTS AND NOTES

Directors' Declaration

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

The financial statements and notes set out on pages 147 to 189 are in accordance with the Corporations Act 2001:

(a) Comply with Accounting Standards and the Corporations Regulations 2001, International Financial Reporting Standards and other mandatory professional reporting requirements; and

(b) Give a true and fair view of the financial position of the Group at 30 June 2020 and of their performance for the year ended on that date.

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

This declaration has been made after receiving the declaration required to be made by the Chief Executive Officer and Senior Financial Controller to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2020.

Signed in accordance with a resolution of the Directors.

Oliver Hasler
Chairman and Chief Executive Officer
Hong Kong
Date: 11 September 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2020

		Consolidated Group	
		2020	**2019**
	Note	**US$**	**US$**
Revenue	*3*	7,816,397	2,903,161
Cost of sales		(6,512,164)	(2,208,997)
Gross Profit		1,304,233	694,164
Other income	*3*	98,254	39,200
Selling and distribution expenses		(153,741)	(119,190)
Corporate and administrative expenses		(4,836,486)	(296,335)
Foreign exchange loss		(228,195)	–
Listing costs		(5,356,997)	–
Acquisition costs		(1,795,519)	–
(Loss)/profit before interest and tax		(10,968,451)	317,839
Interest (expense)/benefit		(75,714)	155
(Loss)/profit before income tax		(11,044,165)	317,994
Income tax benefit/(expense)	*6*	158,271	(84,264)
Net (loss)/profit for the year		(10,885,894)	233,730
Net profit attributable to:			
Owners of the Parent Entity		(10,300,840)	(19,730)
Non-controlling interests		(585,054)	253,460
		(10,885,894)	233,730

The accompanying notes form part of these financial statements.

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

		Consolidated Group	
		2020	**2019**
	Note	**US$**	**US$**
Net (loss)/profit for the year		(10,885,894)	233,730
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		39,585	–
Total comprehensive income for the year		(10,846,309)	233,730
Total comprehensive income attributable to:			
Owners of the Parent Entity		(10,308,643)	(19,730)
Non-controlling interests		(537,666)	253,460
		(10,846,309)	233,730
Loss per share			
Basic loss per share (cents)	*9*	(10)	(1,170)
Diluted loss per share (cents)	*9*	(9)	(1,170)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		Consolidated Group	
		2020	2019
	Note	US$	US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	*10*	4,209,174	210,750
Trade and other receivables	*11*	708,091	202,718
Advances to suppliers		353,436	120,594
Prepayments and deposits		13,155	–
Inventories	*12*	183,116	472,202
TOTAL CURRENT ASSETS		5,466,972	1,006,264
NON-CURRENT ASSETS			
Trade and other receivables	*11*	–	201,000
Property, plant and equipment	*14*	1,178,246	566,171
Intangible assets	*15*	7,774	7,774
Right of use assets	*16*	75,760	115,413
Deferred tax assets		85,780	–
TOTAL NON-CURRENT ASSETS		1,347,560	890,358
TOTAL ASSETS		6,814,532	1,896,622
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	*17*	328,121	600,874
Lease liabilities	*18*	19,590	43,594
Current tax liabilities	*19*	39,884	212,826
TOTAL CURRENT LIABILITIES		387,595	857,294
NON-CURRENT LIABILITIES			
Lease liabilities	*18*	18,608	42,557
TOTAL NON-CURRENT LIABILITIES		18,608	42,557
TOTAL LIABILITIES		406,203	899,851
NET ASSETS		6,408,329	996,771
EQUITY			
Issued capital	*20*	14,873,158	1,178
Reserves	*25*	1,378,084	–
Accumulated losses		(10,320,570)	(19,730)
Equity attributable to owners of the Parent Entity		5,930,672	(18,552)
Non-controlling interest		477,657	1,015,323
TOTAL EQUITY		6,408,329	996,771

The accompanying notes form part of these financial statements.

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

Consolidated Group

	Ordinary Shares US$	Accumulated losses US$	Subtotal US$	Non-controlling Interests US$	Total US$
On incorporation	734	–	734	–	734
Comprehensive income					
Profit for the year	–	(19,730)	(19,730)	253,460	233,730
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income for the year	–	(19,730)	(19,730)	253,460	233,730
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	444	–	444	–	444
Non-controlling interests on acquisitions	–	–	–	761,863	761,863
Total transactions with owners and other transfers	444	–	444	761,863	762,307
Balance at 30 June 2019	1,178	(19,730)	(18,552)	1,015,323	996,771

	Ordinary Shares US$	Share Based Payment Reserve US$	Foreign Exchange Translation Reserve US$	Accumulated losses US$	Subtotal US$	Non-controlling Interests US$	Total US$
Balance at 1 July 2019	1,178	–	–	(19,730)	(18,552)	1,015,323	996,771
Comprehensive income							
Loss for the year	–	–	–	(10,300,840)	(10,300,840)	(585,054)	(10,885,894)
Other comprehensive income for the year	–	–	(7,803)	–	(7,803)	47,388	39,585
Total comprehensive income for the year	–	–	(7,803)	(10,300,840)	(10,308,643)	(537,666)	(10,846,309)
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued during the year	14,296,456	–	–	–	14,296,456	–	14,296,456
Share issue costs	(558,519)	–	–	–	(558,519)	–	(558,519)
Share based payments	–	2,519,930	–	–	2,519,930	–	2,519,930
Issue of shares to employees	1,134,043	(1,134,043)	–	–	–	–	–
Total transactions with owners and other transfers	14,871,980	1,385,887	–	–	16,257,867	–	16,257,867
Balance at 30 June 2020	14,873,158	1,385,887	(7,803)	(10,320,570)	5,930,672	477,657	6,408,329

The accompanying notes form part of these financial statements.

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

		Consolidated Group	
		2020	**2019**
	Note	**US$**	**US$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		7,210,387	2,903,035
Payments to suppliers and employees		(9,008,529)	(2,708,826)
Other income		98,254	115,813
Interest received		349	5,456
Finance costs		(76,063)	(5,301)
Income tax paid		(96,746)	(41,828)
Net cash (used in)/generated by operating activities	*22*	(1,872,348)	268,349
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(671,874)	(52,544)
Payments for acquisitions, net of cash acquired		311	17,468
Net cash used in investing activities		(671,563)	(35,076)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		9,378,600	444
Repayments of lease liabilities		(42,243)	(22,967)
Proceeds from borrowings		2,732	–
Repayment of borrowings		(41,399)	–
Acquisition and capital raising costs		(2,524,348)	–
Net cash provided by/(used in) financing activities		6,773,342	(22,523)
Net increase in cash and cash equivalents		4,229,431	210,750
Cash and cash equivalents at the beginning of financial year		210,750	–
Effect of foreign exchange rate changes		(231,007)	–
Cash and cash equivalents at the end of financial year	*10*	4,209,174	210,750

The accompanying notes form part of these financial statements.

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

The consolidated financial statements and notes represent those of Pyx Resources Limited and Controlled Entities (the Consolidated Group or Group).

The separate financial statements of the Parent Entity, Pyx Resources Limited have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 11 September 2020 by the directors of the Company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected Non-current assets, financial assets and financial liabilities.

Going Concern

During the year ended 30 June 2020 the Group incurred a loss after tax of US$10,885,894 and had negative cash flows from operations of US$1,872,348.

Management has considered it is appropriate to prepare the financial statements on a going concern basis. The year-end cash position of the Group was US$4,209,174. The losses and negative cash flows from operations in the year of 2020 were because of the Non-recurring items of US$10,013,781. The main Non-recurring items in the period were Non-capitalized listing expenses of US$1,795,519, RTO transaction loss of US$5,356,997 (accounting for the transaction loss on the reverse acquisition of Pyx Resources Ltd.) and accrual of management's share-based payments of US$2,519,930. The underlying EBITDA for the period was negative US$860,927 only. Management has a detailed plan to increase the mining and production capacity which is expected to generate profit and positive cash flows from operations in the forthcoming years.

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

a. Principles of consolidation

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

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

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

Business Combinations

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

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

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

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

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

Goodwill

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

(i) the consideration transferred at fair value;

(ii) any Non-controlling interest (determined under either the fair value or proportionate interest method); and

(iii) the acquisition date fair value of any previously held equity interest;

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

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

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

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

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

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

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

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

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

Reverse Acquisition Accounting

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

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

(a) PYX became the legal parent entity to the Group; and

(b) Takmur, which is neither the legal parent nor legal acquirer, is deemed to be the accounting acquirer.

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

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

Statement of Financial Position

The consolidated statement of financial position as at 30 June 2020 represents the consolidated financial position of Takmur Pte. Ltd. ("**Takmur**") and its controlled entities as at 30 June 2020. The consolidated statement of financial position as at 30 June 2019 represents the consolidated financial position of Takmur and its controlled entities as at 30 June 2019.

Statement of Profit or Loss and Other Comprehensive Income

The consolidated statement of profit or loss for the year ended 30 June 2020 represents the consolidated results of Takmur and its controlled entities for the period from 1 July 2019 to 30 June 2020 and the consolidated results of PYX for the period from 1 February 2020 (date after the RTO) to 30 June 2020. The comparative information for the period ended 30 June 2019 represents results of Takmur for the period from 28 June 2018 (date of incorporation) to 30 June 2019, the consolidated results of its controlled entity, PT Andary Usaha Makmur, for the period from 10 January 2019 to 30 June 2019 and the consolidated results of its controlled entity, PT Investasi Mandiri, for the period from 24 January 2019 to 30 June 2019.

Application of AASB 16

As disclosed in Note 13(a), the financial statements are those of the accounting acquirer, whose financial year-end is 31 December. As such, AASB 16 was adopted effective 1 January 2019.

b. Income tax

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

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

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

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

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

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to Non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

– is not a business combination; and

– at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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

c. Inventories

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

d. ***Property, plant and equipment***

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

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

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

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Depreciation

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

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

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

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

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

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

e. Leases (the Group as lessee)

The Group as lessee

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

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

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

– fixed lease payments less any lease incentives;

– variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

– the amount expected to be payable by the lessee under residual value guarantees;

– the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;

– lease payments under extension options if lessee is reasonably certain to exercise the options; and

– payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

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

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

f. Financial instruments

Initial recognition and measurement

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

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

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

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

– amortised cost; or

– fair value through profit or loss.

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

– a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;

– held for trading; or

– initially designated as at fair value through profit or loss.

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

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

A financial liability is held for trading if:

– it is incurred for the purpose of repurchasing or repaying in the near term;

– part of a portfolio where there is an actual pattern of short-term profit taking; or

– a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

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

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

Financial guarantee contracts

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

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

– the amount of loss allowance determined in accordance with AASB 9.3.25.3; and

– the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:

– amortised cost;

– fair value through other comprehensive income; or

– fair value through profit or loss.

Measurement is on the basis of two primary criteria:

– the contractual cash flow characteristics of the financial asset; and

– the business model for managing the financial assets.

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

– the financial asset is managed solely to collect contractual cash flows; and

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

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

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

– the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

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

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

– it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;

– it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;

– it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

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

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3:Business Combinations applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss. Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition

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

Derecognition of financial liabilities

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

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

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred. All of the following criteria need to be satisfied for derecognition of financial asset:

– the right to receive cash flows from the asset has expired or been transferred;

– all risk and rewards of ownership of the asset have been substantially transferred; and

– the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

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

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

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

Impairment

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

– financial assets that are measured at amortised cost or fair value through other comprehensive income;

– lease receivables;

– contract assets (eg amounts due from customers under construction contracts);

– loan commitments that are not measured at fair value through profit or loss; and

– financial guarantee contracts that are not measured at fair value through profit or loss. Loss allowance is not recognised for:

– financial assets measured at fair value through profit or loss; or

– equity instruments measured at fair value through other comprehensive income.

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

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

– the general approach

– the simplified approach

General approach

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

– the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or

– there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12–month expected credit losses.

Simplified approach

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

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

– lease receivables.

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

Recognition of expected credit losses in financial statements

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

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

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period. For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

g. Impairment of assets

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

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

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

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

h. Foreign currency transactions and balances

Functional and presentation currency

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

Transactions and balances

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

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

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

Group companies

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

– assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;

– income and expenses are translated at exchange rates on the date of transaction; and

– all resulting exchange differences are recognised in other comprehensive income.

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

i. Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Equity-settled compensation

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

j. Provisions

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

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

k. Cash and cash equivalents

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

l. Revenue and other income

Revenue recognition

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

Interest income is recognised using the effective interest method.

m. 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.

n. Comparative figures

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

o. ***Segment information***

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

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

p. ***Critical accounting estimates and judgements***

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

Key estimates

(i) Impairment

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

Key judgements

(i) Performance obligations under AASB15

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

(ii) Lease term and option to extend under AASB 16

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

(iii) Impact of COVID-19 on the group

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

NOTE 2: PARENT INFORMATION

	2020	**2019**
	US$	**US$**
The following information has been extracted from the books and records of the financial information of the Parent Entity set out below and has been prepared in accordance with Australian Accounting Standards.		
Statement of Financial Position		
ASSETS		
Current assets	6,175,150	–
Non-current assets	4,917,856	344,228
TOTAL ASSETS	11,093,006	344,228
LIABILITIES		
Current liabilities	111,362	362,780
Non-current liabilities	–	–
TOTAL LIABILITIES	111,362	362,780
EQUITY		
Issued capital	22,143,645	1,178
Accumulated losses	(12,886,952)	(19,730)
Share-based payment reserve	1,724,951	–
TOTAL EQUITY	10,981,644	(18,552)
Statement of Profit or Loss and Other Comprehensive Income		
Net loss	(6,330,239)	(19,730)
Total comprehensive income	(6,330,239)	(19,730)

NOTE 3: REVENUE AND OTHER INCOME

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

	Note	2020 US$	2019 US$
Revenue from contracts with customers	*3a*	7,816,397	2,903,161
Other sources of revenue	*3b*	349	5,456
		7,816,746	2,908,617
Other income	*3c*	98,254	39,200

a. Revenue from Contracts with Customers

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

	2020 US$	2019 US$
b. Other Sources of Revenue		
Interest received		
– unrelated parties	349	5,456
Total interest received	349	5,456
Total other sources of revenues	349	5,456
c. Other Income		
Other income	98,254	39,200
	98,254	39,200

NOTE 4: (LOSS)/PROFIT FOR THE YEAR

	Consolidated Group 2020 US$	Consolidated Group 2019 US$
(Loss)/profit before income tax from continuing operations includes the following specific expenses:		
a. **Expenses**		
Cost of sales	6,512,164	2,208,997
Interest expense on financial liabilities not classified as at fair value through profit or loss:		
– unrelated parties	64,656	
Finance charges	11,407	5,301
Total finance cost	76,063	5,301
Employee benefits expense:		
– Staff salaries and benefits	321,256	42,313
– Share based payments	2,519,930	–
Foreign currency losses	228,195	–
Loss allowance on financial assets and other items:		
– loss allowance on trade receivables		3,556
– loss allowance on other financial assets measured at amortised cost:		
– unrelated parties	–	1,178
Rental expense on operating leases		
– short-term lease expense	100,366	19,041
Depreciation	93,743	32,056

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

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

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

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

(i) Although PYX was considered to be the legal parent company, Takmur was deemed to be the parent company for accounting purposes;

(ii) The consolidated statement of profit or loss for the year ended 30 June 2020 represents the consolidated results of Takmur and its controlled entities for the period from 1 July 2019 to 30 Jun 2020 and the consolidated results of PYX for the period from 1 February 2020 (date after the RTO) to 30 June 2020;

(iii) The comparative information for the period ended 30 June 2019 represents results of Takmur for the period from 28 June 2018 (date of incorporation) to 30 June 2019, the consolidated results of its controlled entity, PT Andary Usaha Makmur, for the period from 10 January 2019 to 30 June 2019 and the consolidated results of its controlled entity, PT Investasi Mandiri, for the period from 24 January 2019 to 30 June 2019;

(iv) The consideration that Takmur is deemed to have paid for PYX is the fair value of PYX's equity at the date of the RTO, which was US$4,917,856. This consideration has been allocated to the fair value of PYX's intangible and tangible assets, liabilities and contingent liabilities.

Application of AASB 3 Business Combinations

Under the accounting standards, the Group has 12 months from the date of acquisition in which to complete its assessment of the fair value of assets and liabilities acquired. The Group has recognised its initial acquisition accounting estimates as a result of this assessment as the provisional fair values are outlined below. When the accounting acquiree does not satisfy the definition of a business, as set out in AASB 3 "Business Combinations", the acquisition by the acquirer of the Non-business entity is treated as a share-based payment under AASB 2 "Share-based payments" and any dilution in the value of equity of the accounting acquirer, plus any further consideration paid for the acquisition including related transaction costs, less the written-down book values of its assets and liabilities consolidated into the merged entity is charged to the profit and loss as a transaction cost. The value of the dilution of equity is calculated at its fair value as at the date of the transaction (when the transaction is contractually completed – its grant date), being its quoted market value.

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

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

The transaction cost of the RTO, which was booked to the statement of comprehensive income, was calculated as follows:

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

The consideration transferred has been accounted for as an increase in share capital of US$4,917,856. Deemed transaction costs have been expensed in the Consolidated Statement of Profit or Loss for the year ended 30 June 2020.

NOTE 6: TAX EXPENSE

		Consolidated Group 2020 US$	2019 US$
a.	The components of tax (expense) income comprise:		
	Current tax	71,799	(84,264)
	Deferred tax	86,472	–
		158,271	(84,264)
b.	The prima facie tax on (loss)/profit from ordinary activities before income tax is reconciled to income tax as follows:		
	(Loss)/profit before income tax expense	(11,044,165)	317,994
	Prima facie tax payable on (loss)/profit from ordinary activities before income tax at 27.5% (2019: 27.5%)	3,037,146	(87,448)
	Effect of different tax rate of subsidiaries	(19,884)	8,443
	Add:		
	Tax effect of:		
	– Non-allowable items	(523,247)	(1,905)
	– Tax losses and temporary differences not recognised as deferred tax assets	(2,407,543)	(3,354)
	– Tax credit	71,799	–
	Income tax benefit/(expense)	158,271	(84,264)

NOTE 7: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2020.

	Consolidated Group 2020 US$	2019 US$
Short-term employee benefits	495,398	129,100
Share-based payments	2,519,930	–
Total KMP compensation	3,015,328	129,100

NOTE 8: AUDITOR'S REMUNERATION

	Consolidated Group	
	2020	2019
	US$	US$
Remuneration of the auditor for:	495,398	129,100
– auditing or reviewing the financial statements		
Hall Chadwick (NSW)	56,094	11,748
Pitcher Partners BA & A Pty Ltd.	8,482	–
– taxation services		
Pitcher Partners BA & A Pty Ltd.	1,290	–
	65,866	11,748

NOTE 9: LOSS PER SHARE

	Consolidated Group	
	2020	2019
	US$	US$
a. Reconciliation of losses to profit or loss:		
Loss attributable to Non-controlling equity interest	(10,300,840)	(19,730)
Loss used to calculate basic and dilutive EPS	(10,300,840)	(19,730)
	No.	No.
Weighted average number of ordinary shares on issue used in the calculating of basic loss per share	108,153,655	1,686
Weighted average number of dilutive options outstanding	537,500	–
Weighted average number of dilutive performance rights outstanding	12,488,808	–
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive loss per share	121,179,963	1,686
Loss per share		
Basic loss per share (cents)	(10)	(1,170)
Diluted loss per share (cents)	(9)	(1,170)

NOTE 10: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2020	2019
	US$	US$
Cash at bank and on hand	4,209,174	210,750
	4,209,174	210,750

Reconciliation of cash

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	4,209,174	210,750
	4,209,174	210,750

NOTE 11: TRADE AND OTHER RECEIVABLES

	Note	Consolidated Group 2020 US$	2019 US$
CURRENT			
Trade receivables		266,000	–
Provision for impairment		–	–
		266,000	–
Other receivables		443,269	203,896
Provision for impairment	*11a (i)*	(1,178)	(1,178)
		442,091	202,718
Total current trade and other receivables		708,091	202,718
NON-CURRENT			
Other receivables		–	201,000
Provision for impairment		–	–
Total Non-current trade and other receivables		–	201,000

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

	Opening Balance 1 July 2018 US$	Net measurement of loss allowance US$	Amounts Written off US$	Closing Balance 30 June 2019 US$
a. Lifetime Expected Credit Loss: Credit Impaired				
(i) Current other receivables	–	1,178	–	1,178
	–	1.178	–	1,178

	Opening balance 1 July 2019 US$	Net measurement of loss allowance US$	Amounts written off US$	Closing balance 30 June 2020 US$
(i) Current other receivables	1,178	–	–	1,178
	1,178	–	–	1,178

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2020 is determined as follows; the expected credit losses also incorporate forward-looking information.

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

Credit Risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 10. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

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

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

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

a. Collateral held as security

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

b. Financial assets measured at amortised cost

		Consolidated Group	
		2020	**2019**
	Note	**US$**	**US$**
Trade and other receivables:			
– total current		708,091	202,718
– total Non-current		–	201,000
Total financial assets measured at amortised cost	*24*	708,091	403,718

d. Collateral pledged

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

NOTE 12: INVENTORIES

	Consolidated Group	
	2020	2019
	US$	US$
CURRENT	–	114,124
At cost:		
Raw materials	183,116	358,078
Finished goods	183,116	472,202

NOTE 13: INTERESTS IN SUBSIDIARIES

a. Information about Principal Subsidiaries

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

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		2020	2019	2020	2019
		%	%	%	%
Takmur Pte Limited*	Singapore	100%	–	–	–
PT Andary Usaha Makmur*	Indonesia	99%	99%	1%	1%
PT Investasi Mandiri*	Indonesia	–	–	100%**	100%**

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

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

b. Acquisition of Controlled Entities

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

* These subsidiaries have financial year end of 31 December.

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

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

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

	PT Investasi Mandiri	
	2020	**2019**
	US$	**US$**
Summarised Financial Position		
Current assets	1,417,098	1,006,264
Non-current assets	1,101,310	882,584
Current liabilities	(2,024,938)	(834,367)
Non-current liabilities	(18,608)	(42,557)
NET ASSETS	474,862	1,011,924
Carrying amount of Non-controlling interests	474,862	1,011,924
Summarised Financial Performance		
Revenue	7,816,397	2,903,161
(Loss)/profit after tax	(584,529)	253,460
Other comprehensive income after tax	54,325	–
Total comprehensive income	(530,204)	253,460
(Loss)/profit attributable to Non-controlling interests	(530,204)	253,460
Distributions paid to Non-controlling interests	–	–
Summarised Cash Flow Information		
Net cash (used in)/from operating activities	(1,307,132)	307,211
Net cash used in investing activities	(428,208)	(81,818)
Net cash from/(used in) financing activities	1,711,280	(38,361)
Net (decrease)/increase in cash and cash equivalents	(24,060)	187,032

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2020	**2019**
	US$	**US$**
Land and Buildings		
Freehold land at cost	194,543	45,966
Total land	194,543	45,966
Buildings at cost	635,851	525,398
Accumulated depreciation	(123,293)	(91,945)
Total buildings	512,558	433,453
Total land and buildings	707,101	479,419
Plant and Equipment		
Plant and equipment at cost	495,031	133,967
Accumulated depreciation	(72,821)	(51,569)
Total plant and equipment	422,210	82,398
Motor Vehicles		
Motor vehicles at cost	22,894	4,354
Accumulated depreciation	(954)	–
Total motor vehicles	21,940	4,354
Furniture and Fittings		
Furniture and fittings at cost	28,076	–
Accumulated depreciation	(1,081)	–
Total furniture and fittings	26,995	–
Total property, plant and equipment	1,178,246	566,171

a. Movements in Carrying Amounts

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

	Freehold Land US$	Buildings US$	Plant and Equipment US$	Motor Vehicles US$	Furniture and Fittings US$	Total US$
Consolidated Group:						
Balance at 1 July 2018	43,185	444,921	83,418	4,354	–	575,878
Additions	2,781	–	6,483	–	–	9,264
Depreciation expense	–	(11,468)	(7,503)	–	–	(18,971)
Balance at 30 June 2019	45,966	433,453	82,398	4,354	–	566,171
Balance at 1 July 2019	45,966	433,453	82,398	4,354	–	566,171
Additions	148,577	108,882	362,506	22,894	28,076	670,935
Disposals	–	–	–	(4,354)	–	(4,354)
Depreciation expense	–	(29,777)	(22,694)	(954)	(1,081)	(54,506)
Balance at 30 June 2020	194,543	512,558	422,210	21,940	26,995	1,178,246

NOTE 15: INTANGIBLE ASSETS

	Consolidated Group 2020 US$	2019 US$
Goodwill:		
Cost	7,774	7,774
Accumulated impairment losses	–	–
Net carrying amount	7,774	7,774
Total intangible assets	7,774	7,774

	Goodwill US$
Consolidated Group:	
Year ended 30 June 2019	
Balance at the beginning of the year	–
Acquisitions through business combinations	7,774
Closing value at 30 June 2019	7,774
Year ended 30 June 2020	
Balance at the beginning of the year	7,774
Closing value at 30 June 2020	7,774

NOTE 16: RIGHT OF USE ASSETS

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

(i) AASB 16 Related Amounts Recognised in the Balance Sheet

	2020	**2019**
	US$	**US$**
Right of use assets		
Leased Buildings	11,187	–
Accumulated depreciation	(932)	–
	10,255	–
Leased Motor Vehicles	140,484	152,077
Accumulated depreciation	(74,979)	(36,664)
	65,505	115,413
Total Right of use assets	75,760	115,413
Movement in carrying amounts:		
Leased Buildings:		
Additions	11,195	–
Depreciation expense	(940)	–
Net Carrying Amount	10,255	–
Leased Motor Vehicles:		
Opening balance	115,413	–
Acquisitions through business combinations	–	128,498
Additions	1,947	–
Disposals	(13,558)	–
Depreciation expense	(38,297)	(13,085)
Net Carrying Amount	65,505	115,413
Total Right of use assets	75,760	115,413

(ii) AASB 16 Related Amounts Recognised in the Statement of Profit or Loss

	2020	**2019**
	US$	**US$**
Depreciation charge related to right-of-use assets	39,237	13,085
Interest expense on lease liabilities	11,407	5,301
Short term lease expenses	100,366	19,041

NOTE 17: TRADE AND OTHER PAYABLES

	Note	Consolidated Group 2020 $	2019 $
CURRENT			
Unsecured liabilities:			
Trade payables		77,880	–
Sundry payables and accrued expenses		250,241	600,874
		328,121	600,874

a. Financial liabilities at amortised cost classified as trade and other payables

	Note	Consolidated Group 2020 $	2019 $
Trade and other payables:			
– total current		328,121	600,874
Financial liabilities as trade and other payables	*24*	328,121	600,874

NOTE 18: LEASE LIABILITIES

At 30 June 2020, the Group had lease liabilities as follows:

	Consolidated Group 2020 US$	2019 US$
Current	19,590	43,594
Non-current	18,608	42,557
	38,198	86,151

NOTE 19: TAX

	Consolidated Group 2020 US$	2019 US$
CURRENT		
Income tax payable	39,884	212,8

NOTE 20: ISSUED CAPITAL

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

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

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

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

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

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

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

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

b. **Capital Management**

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

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

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

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

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

		Consolidated Group	
		2020	**2019**
	Note	**US$**	**US$**
Total borrowings		38,198	86,151
Less cash and cash equivalents	*10*	4,209,174	210,750
Net debt		(4,170,976)	(124,599)
Total equity		6,408,329	996,771
Total capital		6,408,329	996,771
Gearing ratio		0.6%	8.6%

NOTE 21: CAPITAL AND LEASING COMMITMENTS

	Consolidated Group	
	2020	**2019**
	US$	**US$**
Lease Liabilities Commitments		
Payable – minimum lease payments:		
– not later than 12 months	19,590	43,594
– later than 1 year	18,608	42,557
Minimum lease payments	38,198	86,151
Less future finance charges	–	–
Present value of minimum leave payments	38,198	86,151

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

NOTE 22: CASH FLOW INFORMATION

	Consolidated Group	
	2020	2019
	US$	US$
a. Reconciliation of Cash Flows from Operating Activities with (Loss)/Profit after Income Tax		
(Loss)/profit after income tax	(10,885,894)	233,730
Non-cash flows in (loss)/profit:		43,594
– depreciation	93,743	32,056
– listing and acquisition costs	7,152,516	–
– share-based payment	2,519,930	–
– exchange difference on translation	270,593	2,635
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
– increase in trade and other receivables	(270,411)	(321,881)
– increase in advances to suppliers	(232,842)	(120,594)
– decrease in inventories	289,086	230,315
– increase in prepayments and deposits	(13,155)	–
– increase in deferred tax assets	(85,780)	–
– (decrease)/increase in trade and other payables	(540,897)	169,652
– (decrease)/increase in current tax liabilities	(169,237)	42,436
Net cash generated by operating activities	(1,872,348)	268,349

b. Changes in Liabilities Arising from Financing Activities

			Non-cash changes		
	1 July 2019	Cash flows	Acquisition	Re-classification	30 June 2020
	US$	US$	US$	US$	US$
Short term borrowings	–	(40,747)	40,747	–	–
Lease liabilities	86,151	(47,953)	–	–	38,198
Total	86,151	(88,700)	40,747	–	38,198

c. Non-cash Financing and Investing Activities

(i) Share issue:

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

(ii) RTO:

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

NOTE 23: RELATED PARTY TRANSACTION

Transaction Services Pty Ltd, a related party of Mr. Martino, provided office rental and office supplies. For the period to 31 January 2020 Transaction Services Pty Ltd was paid $34,315 (AU$50,000) (2019: Nil) inclusive of GST and expenses recognised for that period totalled $34,315 (AU$50,000) (2019: $109,784 (AU$156,544)) inclusive of GST. A total of $Nil (2019: $229,042 (AU$326,596)) inclusive of GST, remains due and payable at year end. During the year Transaction Services Pty Ltd received 21,773,051 shares pre-consolidation (1,088,652 post 20: 1 consolidation) for fees outstanding as at 30 June 2019 at a price of AU$0.015 per share.

Indian Ocean Corporate Pty Ltd is a related party of Mr. Martino, providing company secretarial and accounting services to the Company. For the period to 31 January 2020, Indian Ocean Corporate Pty Ltd was paid $41,521 (AU$60,500) (2019: NIL), inclusive of GST and expenses recognised for that period totalled $41,521 (AU$60,500) (2019: $92,572 (AU$132,000) inclusive of GST. A total of AU$5,500 (2019: AU$253,000), inclusive of GST, remains due and payable at year end. During the year Indian Ocean Corporate Pty Ltd received 16,866,667 shares pre-consolidation (843,333 shares post 20:1 consolidation) for fees outstanding as at 30 June 2019 at a price of AU$0.015 per share.

Indian Ocean Consulting Group is a related party of Mr. Martino, providing taxation services to the Company. For the period to 31 January 2020, Indian Ocean Consulting Group has been paid $1,812 (AU$2,640) (2019: Nil) inclusive of GST, expenses recognized during the year totalling $1,812 (AU$2,640) (2019:Nil) inclusive of GST. A total of $1,359 (AU$1,980) (2019:Nil), inclusive of GST, remains due and payable at year end.

Fanucci Pty Ltd, a related party of Mr. Martino, provided a loan to the Company during the year. As at year end the balance was $Nil (2019: $37,125 (AU$52,938)), and all amounts have been repaid. The loan was interest free and repayable on demand. No security has been provided in respect of the loan.

Phoenician Management Services Limited, a related party of Mr. Hasler, provided management support, general administration and IT services to PT Investasi Mandiri, after acquisition. Phoenician Management Services Limited has been paid and expenses recognised during the year totalling $462,500 (2019: $54,781).

NOTE 24: FINANCIAL RISK MANAGEMENT

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

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

		Consolidated Group	
		2020	**2019**
	Note	**US$**	**US$**
Financial assets		38,198	86,151
Financial assets at amortised cost		4,209,174	210,750
– cash and cash equivalents	*10*	4,209,174	210,750
– trade and other receivables	*11c*	708,091	403,718
		4,917,265	614,468
Total financial assets		4,917,265	614,468
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	*17*	328,121	600,874
– Lease liabilities	*18*	38,198	86,151
Total financial liabilities		366,319	687,025

Financial Risk Management Policies

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

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

Specific Financial Risk Exposures and Management

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

a. Credit risk

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

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

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

b. Liquidity risk

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

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

– obtaining funding from a Parent Group;

– maintaining a reputable credit profile;

– managing credit risk related to financial assets; and

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

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

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

Financial liability and financial assetmaturity analysis

	Within 1 Year		**1 to 5 Years**		**Total**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Consolidated Group						
Financial liabilities due for payment						
Trade and other payables	328,121	600,874	–	–	328,121	600,874
Lease liabilities	19,590	43,594	18,608	42,557	38,198	86,151
Total expected outflows	347,711	644,468	18,608	42,557	366,319	687,025
Financial assets – cash flows realisable						
Cash and cash equivalents	4,209,174	210,750	–	–	4,209,174	210,750
Trade and other receivables	708,091	202,718	–	201,000	708,091	403,718
Total anticipated inflows	4,917,265	413,468	–	201,000	4,917,265	614,468
Net (outflow)/inflow on financial instruments	4,569,554	(231,000)	(18,608)	158,443	4,550,946	(72,557)

Financial assets pledged as collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts.

c. ***Market risk***

(i) *Other price risk*

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

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

(ii) Foreign currency risk

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

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

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

2020	**Net Financial Assets/(Liabilities) in USD**		
Consolidated Group	**USD**	**AUD**	**Total USD**
Functional currency of entity:			
US dollar	–	3,991	3,991
Indonesian Rupiah	314	–	314
Statement of financial position exposure	314	3,991	4,305

2019	**Net Financial Assets/(Liabilities) in USD**		
Consolidated Group	**USD**	**AUD**	**Total USD**
Functional currency of entity:			
Indonesian Rupiah	5	–	5
Statement of financial position exposure	5	–	5

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.

	Note	2020 Carrying Amount US$	2020 Fair Value US$	2019 Carrying Amount US$	2019 Fair Value US$
Consolidated Group					
Financial assets					
Financial assets at amortised cost:					
Cash and cash equivalents[(i)]	*10*	4,209,174	4,209,174	210,750	210,750
Trade and other receivables[(i)]	*11*	708,091	708,091	403,718	403,718
Total financial assets		4,917,265	4,917,265	614,468	614,468
Financial liabilities at amortised cost					
Trade and other payables[(i)]	*17*	328,121	328,121	600,874	600,874
Lease liabilities[(i)]	*18*	38,198	38,198	86,151	86,151
Total financial liabilities		366,319	366,319	687,025	687,025

NOTE 25: RESERVES

a. Share Based Payment Reserve

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

b. Foreign Currency Translation Reserve

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

c. Analysis of Each Class of Reserve

	Consolidated Group 2020 US$	Consolidated Group 2019 US$
Share Based Payment Reserve		
Share based payments	2,519,930	–
Issue of shares to employees	(1,134,043)	–
Movement in share based payment reserve	1,385,887	–
Foreign Currency Translation Reserve		
Exchange differences on translation of foreign operations	(7,803)	–
Movement in foreign currency translation reserve	(7,803)	–

NOTE 26: EVENTS AFTER THE REPORTING PERIOD

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

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

HALL CHADWICKS (NSW)

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

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

REPORT ON THE FINANCIAL REPORT

Opinion

We have audited the financial report of PYX Resources Limited and controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

a. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year then ended; and for

b. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis of Opinion

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2020. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Acquisition of Takmur Pte Ltd Refer to Note 5 "Acquisition of Takmur Pte Ltd" During the year, PYX Resources Limited (PYX) acquired Takmur Pte Ltd (Takmur), for a deemed purchase consideration of $4,917,856. This acquisition was considered a significant acquisition for the Group. Accounting for this transaction is a judgement and requires management to determine the most appropriate accounting treatment to account for the acquisition based on factual circumstances. It is due to the nature of the acquisition and the judgement involved in accounting for the acquisition that this is considered a key audit matter.	Our audit procedures included but not limited to: • We have read the share exchange agreement to understand the key terms and conditions. • We have assessed whether the acquisition was accounted for in accordance with the Australian Accounting Standards and in particular whether the acquisition was considered a reverse acquisition and if so whether AASB 3 "Business Combinations" and consequently AASB 2 "Share-based Payments" were the relevant accounting standards to account for the acquisition. • We considered whether fair values or adjustments to fair values have been dealt with in accordance with AASB 3. • We assessed the accuracy of the acquisition journals at acquisition date. • We assessed the adequacy of the Group's disclosures in respect to the acquisition.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Share-Based Payments Refer to Note 7 “Key Management Personnel Compensation” During the year ended 30 June 2020, the Company issued performance rights to key management personnel, which were accounted for as share-based payments under AASB 2 “Share-based Payments”. This was considered a key audit matter as the fair value of performance rights granted was material and share-based payments are a complex accounting area and include assumptions utilised in fair value calculations and judgments regarding the performance options and shares issued during the year.	Our audit procedures included but not limited to: – Evaluating management’s assessment of the valuation and recognition of the performance options and shares. • Obtaining an understanding of the key terms and conditions of the performance options and shares by inspecting relevant agreements. • Holding discussions with management to understand the share-based payments arrangements in place and evaluating management’s assessment of the likelihood of meeting the performance conditions attached to the performance options. • Recalculating the estimated fair value of the performance options, including assessing the reasonableness of the key inputs used in the Company’s valuation model. • Reviewing the adequacy of the Company’s disclosures in respect of the accounting treatment of share-based payments in the financial statements, including the significant judgments involved, and the accounting policies adopted.
Going Concern Refer to Note 1 “Going Conern” The financial statements have been prepared on a going concern basis as discussed in Note 1 of the financial report. The Group has incurred a loss of $10,885,894 and has negative operating cash flows of $1,872,348 for the year. The group was listed on the NSX in February 2020 and there was a capital raising associated with the IPO. The proceeds from the capital raising amounted to $9.4m. We included the going concern basis of accounting as a key audit matter as the Group will rely on existing cash reserves and revenue growth from operations in order to pay its debts as and when they fall due over the next twelve months from the date of this report.	Our audit procedures included but not limited to: • We reviewed the cash flow forecast as at 30 September 2021 provided by management, • A review of the assumptions and basis of the cashflow forecast reflected that the Group has sufficient cash to meet its working capital requirements over the next 12 months from the date of this report. • We have assessed the adequacy of the Group’s disclosures in respect to going concern.

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

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of PYX Resources Limited, for the year ended 30 June 2020, complies with s 300A of the Corporations Act 2001.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

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

DREW TOWNSEND
Partner
Dated: 11 September 2020

SECTION A4: FINANCIAL INFORMATION OF PYX RESOURCES (1 JULY 2019 – 31 JANUARY 2020) (FORMERLY SOUTH PACIFIC RESOURCES LTD)

Hall Chadwick Pty Ltd, of Level 40, 2 Park Street, Sydney, NSW 2000, Australia, Chartered Accountants and statutory auditors to the Company, has given its consent and authorisation for:

1. the inclusion in this Document of the statutory audit report issued with respect to PYX Resources Ltd Financial Information for the period 1 July 2019 to 31 January 2020 included in Section A4 *"Financial Information of PYX Resources (1 July 2019 – 31 January 2020)"*; and

2. the inclusion in this Document of their name,

Their consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

Hall Chadwick Pty Ltd has no material interest in the Company.

PYX RESOURCES LIMITED (FORMERLY SOUTH PACIFIC RESOURCES LIMITED) AND ITS CONTROLLED ENTITIES

GENERAL PURPOSE FINANCIAL REPORT FOR THE PERIOD FROM 1 JULY 2019 TO 31 JANUARY 2020

DIRECTORS' REPORT

Your directors present their report on the group for the period 1 July 2019 to 31 January 2020.

DIRECTORS

The names of the directors in office at any time during the period are:

Oliver Hasler – Chairman and CEO	(appointed on 31 January 2020)
Gary Artmont – Non-executive Director	(appointed on 31 January 2020)
Bakhos Georges – Non-executive Director	(appointed on 31 January 2020)
Alvin Tan – Non-executive Director	
Domenic Martino – Managing Director	(resigned on 31 January 2020)
Joseph (Yosse) Goldberg – Non-executive Director	(resigned 31 January 2020)

Directors have been in office since the start of the audited period to the date of this report unless otherwise stated.

REVIEW OF OPERATIONS

The loss of the group for the period after providing for income tax amounted to a loss of $1,357,468.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than those disclosed within the financial statements, no significant changes in the company's state of affairs occurred during the period.

PRINCIPAL ACTIVITIES

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

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Apart from the matter disclosed in note 19 of the financial statements, no other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the company and the expected results of those operations in future financial periods have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the group.

ENVIRONMENTAL REGULATION

The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

DIVIDENDS

No dividends were paid or declared during the financial period.

OPTIONS

No options over issued shares or interests in the company were granted during or since the end of the period and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the period as a result of the exercise of an option over unissued shares or interests.

INDEMNIFICATION OF OFFICERS

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an officer or auditor of the company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the period.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out on page 222.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Oliver Hasler
Chief Executive Officer
Hong Kong
Dated: 2nd August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 JANUARY 2020

	Note	Period ended 1 July 2019 to 31 January 2020 A$
Other income	*3*	209,583
ASIC and stock exchange fees		(40,807)
Consultancy and other professional fees		(115,201)
Loss on extinguishment of liabilities		(1,013,939)
IT services		(18,396)
Interest on convertible note		(3,901)
Loss on conversion of convertible note		(21,073)
Office rental		(55,189)
Prospectus and meeting costs		(223,939)
Impairment on non-financial assets		(648)
Other expenses		(73,958)
Loss before tax		**(1,357,468)**
Income tax expense	*4*	–
Loss after tax		**(1,357,468)**
Other comprehensive income		(88,237)
Total comprehensive income		**(1,445,705)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2020

	Note	As at 31 January 2020 A$	As at 30 June 2019 A$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	*6*	1,463	4,646
Trade and other receivables	*7*	52,600	14,348
Other assets		–	50,000
TOTAL CURRENT ASSETS		**54,063**	**68,994**
NON-CURRENT ASSETS			
Plant and equipment		–	648
TOTAL NON-CURRENT ASSETS		**–**	**648**
TOTAL ASSETS		**54,063**	**69,642**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	*8*	646,560	2,347,706
Borrowings	*9*	60,600	913,464
TOTAL CURRENT LIABILITIES		**707,160**	**3,261,170**
TOTAL LIABILITIES		**707,160**	**3,261,170**
NET LIABILITIES		**(653,097)**	**(3,191,528)**
EQUITY			
Issued capital	*10*	10,814,492	6,830,356
Reserves	*11*	504,260	592,497
Accumulated losses		(11,971,849)	(10,614,381)
TOTAL EQUITY		**(653,097)**	**(3,191,528)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2020

	Note	Ordinary shares A$	Share-based payment reserve A$	Foreign currency translation reserve A$	Accumulated losses A$	Total A$
Balance at 1 July 2019		6,830,356	504,260	88,237	(10,614,381)	(3,191,528)
Comprehensive income						
Loss after tax		–	–	–	(1,357,468)	(1,357,468)
Other comprehensive income		–	–	(88,237)	–	(88,237)
Total comprehensive income				(88,237)	(1,357,468)	(1,445,705)
Transaction with owners						
Issue of shares, net of transaction costs	*10*	3,984,136	–	–	–	3,984,136
Total transaction with owners		3,984,136	–	–	–	3,984,136
Balance at 31 January 2020		10,814,492	504,260	–	(11,971,849)	(653,097)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JANUARY 2020

	Note	Period ended 1 July 2019 to 31 January 2020 A$
Cash flows from operating activities		
Cash paid to suppliers and employees		(10,345)
Net cash used in operating activities		**(10,345)**
Net cash used in investing activities		–
Cash flows from financing activities		
Proceeds from borrowings		60,100
Repayment of borrowings		(52,938)
Net cash used in financing activities		**7,162**
Net (decrease) in cash and cash equivalents		**(3,183)**
Cash and cash equivalents at beginning of the period		**4,646**
Cash and cash equivalents at end of the period		**1,463**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2020

1 GENERAL INFORMATION

PYX Resources Limited (formerly South Pacific Resources Limited, the "**company**") is a company limited by shares, incorporated in Australia and listed on the Australian Securities Exchange. The financial statements for the consolidated entity consist of the company and its subsidiaries (the "**group**").

The nature of the operations and principal activities of the group during the year was oil and gas exploration.

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretation) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the group complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

For the purpose of preparing the financial statements, the group is a for-profit entity. The financial statements have been prepared in order to meet the needs of management and the requirements of a Public Offering as part of its process to be admitted to the official list of the London Stock Exchange, therefore no comparative information is presented.

The financial statements were approved by the Board of Directors on 2 August 2021.

2 BASIS OF PREPARATION AND MEASUREMENT

The financial statements have been prepared on the basis of historic costs, except for the financial assets for which the fair value basis of accounting has been applied.

The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standard Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the group's accounting policies and has no effect on the amounts reports for the current or prior period.

2.1 Going Concern

The Group incurred a net loss of $1,357,468 and generated an operating cash outflow of $10,345 for the period ended 31 January 2020, and as at that date, had net liabilities of $653,097.

The financial report has been prepared on a going concern basis. In arriving at this position the directors have determined that the group has, or in the Directors' opinion will have access to, sufficient cash to fund administrative and other committed expenditure for a period of at least 12 months from the date of signing this report based upon a cashflow budget prepared by management.

In forming this view, the directors have taken into consideration the successful raising of A$14 million (before costs) through a fully subscribed public offer under a Replacement Prospectus and admittance to the official list of the National Stock Exchange (NSX) of Australia on 24 February 2020.

The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern and meet its debts as and when they fall due.

2.2 Principles of Consolidation

The group financial statements consolidate those of the parent entity and all of its subsidiaries provided in Note 15. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and could affect those returns through its power over the subsidiary.

All transactions and balances between group companies are eliminated on consolidation, including realised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period is recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the group. The group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

2.3 Foreign Currency Translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective group entity, using the exchange rate prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not re-translated at period-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the group's financial statements, all assets, liabilities, and transactions of group entities with a functional currency other than the US dollar upon consolidation. The functional currency of the entities in the group has remained unchanged during the reporting period.

On consolidation, asset and liabilities have been translated into the US dollar at the closing rate at the reporting date. Under this method, the consolidated statement of profit or loss and comprehensive income and consolidated statement of cash flows for each year and period have been translated into the presentational currency using the average exchange rates prevailing during each reporting period (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

2.4 Income Taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

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

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an assets or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investment in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the group has a right and intention to set off current tax assets and liabilities form the same taxation authority.

Changes in deferred tax assets and liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

2.5 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 financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Classification and subsequent measurement of 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.

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.

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

On derecognition of an investment in equity that the group elected to classify as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Classification and subsequent measurement of financial liabilities

Financial liabilities are subsequently measured at:

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

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

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

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense 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.

A financial liability cannot be reclassified.

A financial 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.

2.6 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and other short-term highly liquid investments with original maturities of three months or less.

2.7 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.

Trade and other payables are initially measured their fair value and subsequently measured at amortised cost using the effective interest method.

2.8 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

2.9 Comparative Figures

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

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

2.10 New and Amended Accounting Policies Adopted by the Group

The following Australian Accounting Standards have been issued or amended and are applicable to the financial statements of the group:

- ***AASB 16 – Leases, applicable for annual reporting periods beginning 1 January 2019***

  AASB 16: Leases (AASB 16) replaced AASB 117: Leases (AASB 17) and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

  - right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and

  - lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

  AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.

  In accordance with the transition requirements of AASB 16, the group has elected to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect of initially applying the new standard recognised at the beginning of the current reporting period (i.e., at 1 July 2019). Accordingly, comparative information has not been restated.

  The group has assessed its lease in existence as at 1 July 2019 and concluded that it does not fall within the scope of AASB 16 as the Group does not have the right to control the underlying asset (shared office space) to which the lease relates. Rental payments made in relation to the lease have therefore continued to be recognised as an expense on a straight-line basis over the lease term.

3 OTHER INCOME AND EXPENDITURE

	Period ended 1 July 2019 to 31 January 2020 A$
Other income	
Reversal of trade payable and indirect tax payable	31,421
Gain on disposal of subsidiaries	178,162
Total other income	**209,583**
Expenditure	
Accounting and audit fees	47,683
Company secretarial	35,000
Office rental	45,455

4 TAXATION

	Period ended 1 July 2019 to 31 January 2020 A$
Income tax expense comprise of:	
Current tax	–
Deferred tax	–
Total income tax expense	–
Reconciliation of income tax expense to prima facie fax payable on accounting loss	
Loss before tax	(1,357,468)
Australian prima facie tax benefit on loss at 30%	(407,240)
Non-assessable income	(53,449)
Non-deductible expenditure	326,117
Deferred tax assets not recognised	134,572
Income tax expense	–

Deferred Tax Assets not Brought to Account

The directors estimate that the potential deferred tax assets carried forward but not brought to account as at period end at the Australian and Papua New Guinean corporate tax rate are made up as follows:

	As at 31 January 2020 A$	As at 30 June 2019 A$
Tax losses	7,103,797	6,969,225
Deductible temporary differences	1,265,034	1,265,034
Total	8,368,831	8,234,259

The company estimates the group has accumulated income tax losses of $27,896,103. The benefit of these losses and timing difference will only be obtained if:

- The group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- The group continues to comply with the conditions for deductibility imposed by law; and
- No changes in tax legislation adversely affect the group in realising the benefit from the deduction for the loss.

The group expects to have carried forward tax losses, which have not been recognised as deferred assets, as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions. The utilisation of the tax losses is subject to the group passing the required continuity of ownership and same business test rules at the time the losses are utilised. Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences can be utilised.

5 DIVIDENDS

No dividend has been paid and recommended during the period.

6 CASH AND CASH EQUIVALENTS

	As at 31 January 2020 A$	As at 30 June 2019 A$
Bank and cash balances	1,463	4,646
Total cash and cash equivalents		
Represented by:		
Australian dollar	221	–
US dollar	1,242	918
Papua New Guinean Kina	–	3,728

6.1 Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax

	A$
Loss after tax	(1,357,468)
Non-cash flows in loss:	
Impairment on non-financial assets	648
Interest on convertible note	3,901
Loss on conversion of convertible note	21,073
Loss on extinguishment of liabilities	1,013,939
Foreign exchange	(88,237)
Changes in assets and liabilities:	
Trade and other receivables	(38,254)
Other assets	50,000
Trade and other payables	384,053
Net cash used in operating activities	(10,345)

7 TRADE AND OTHER RECEIVABLES

	As at 31 January 2020 A$	As at 30 June 2019 A$
GST receivables	51,600	14,348
Other receivables	1,000	–
Total trade and other receivables	52,600	14,348

8 TRADE AND OTHER PAYABLES

	As at 31 January 2020 A$	As at 30 June 2019 A$
Trade payables	543,804	2,100,907
Accrued expenses	102,756	246,799
Total trade and other payables	646,560	2,347,706

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

9 BORROWINGS

	As at 31 January 2020 A$	As at 30 June 2019 A$
Convertible notes[1]	–	860,026
Loan payable to related parties[2]	–	52,938
Loan payable to others[3]	60,600	500
Total borrowings	60,600	913,464

[1] The company issued 750,000 10% convertible notes for $750,000 on 25 October 2017. The notes were convertible into ordinary shares of the company, at the option of the holder, or repayable on 25 October 2018. The repayment date was subsequently extended to 25 October 2019 and then again to 25 March 2020. The convertible note was redeemed for equity in the Company on 29 August 2019 at $0.015 per share. The convertible notes are presented in the statement of financial position as follows:

	A$
Face value of notes issued	750,000
Transaction costs	(65,164)
Net proceeds	684,836
Amount classified as equity (net of transaction costs)	(27,511)
Other equity instruments – issue of options recognised as a cost of the transaction	(229,436)
Unwind of interest*	442,276
Gain on extinguishment of financial liability	(10,464)
Loss on extinguishment of financial lability	4,226
Conversion to equity (including interest)	(885,000)
Loss on conversion of convertible note to equity	21,073
Closing balance at 31 January 2020	–

* Interest expense is calculated by applying the effective interest rate of 13% to the liability component. The initial fair value of the liability portion of the convertible note was determined using a market interest rate for an equivalent non-convertible note at issue date.

[2] Relates to loan payable to Fanucci Pty Ltd, a related party of Mr. Martino. The loan is interest free and repayable on demand. No security has been provided in respect of the loan. The loan was fully repaid in January 2020.

[3] The principal is repayable from the proceeds of capital raised under the company's Prospectus lodged in November/December 2019. A 1% interest amount is payable on repayment. The loan was fully repaid in January 2020.

10 ISSUED CAPITAL

10.1 Ordinary Shares

	As at 31 January 2020		As at 30 June 2019	
	No.	**A$**	**No.**	**A$**
Fully paid ordinary shares	18,284,582	10,814,492	165,515,311	6,830,356

The movements in fully paid ordinary shares were as follows:

	No.	**A$**
Balance at 1 July 2019	165,515,311	6,830,356
Issue of shares with a fair value of $0.02 per share in payment of trade creditors and convertible notes[1]	200,178,900	4,003,578
Capital raising costs	–	(19,444)
Consolidation of shares on 20:1 basis[2]	(347,409,629)	–
Balance at 31 January 2020	18,284,582	10,814,492

Ordinary shares have no par value. Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

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

[1] On 20 August 2019 shareholders approved the issue of 200,178,900 shares (10,008,945 shares post consolidation) in payment of $3,002,683 of trade creditors (including director fees outstanding as at 30 June 2019) and convertible notes. The number of shares to be issued was calculated on an agreed conversion price of A$0.015. The fair value per share issued on 29 August 2019 has been calculated at $0.40 per share (post share consolidation) based on a quoted market price, totalling $4,003,578. As a result of the difference between the conversion price and the fair value of the issue price, an equity conversion cost of $1,013,939 (including fees of $13,044) has arisen and has been recognised in profit in loss.

[2] At a General Meeting of the Company held on 13 December 2019, shareholders approved the consolidation of the company's issued capital by consolidating every 20 existing shares into 1 new share (Consolidation). This resulted in the number of securities on issue reducing from 365,694,211 to 18,284,582 (taking into account rounding). The purpose of the Consolidation is to implement a more appropriate capital structure for the company going forward and enable the company to satisfy listing requirements. The Consolidation took effect from 27 December 2019.

10.2 Options on Issue

Options issued under share based payment arrangements entered into, or existing during the period ended 31 January 2020 are set out below:

	No.	Weighted average exercise price
Outstanding at 1 July 2019	15,750,000	$0.08
Granted during the period	–	–
Expired during the period	(5,000,000)	$0.15
Exercise during the period	–	–
Consolidation on 20:1 basis[1]	(10,212,500)	
Outstanding at 31 January 2020[2]	537,500	$1.00

10.3 Capital Risk Management

The company's capital includes share capital, and its cash and cash equivalents. The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to achieve this, the company may issue new shares in order to meet its financial obligations.

11 RESERVES

	As at 31 January 2020 A$	As at 30 June 2019 A$
Share based payment reserve		
Opening balance	504,260	504,260
Closing balance	504,260	504,260
Foreign currency translation reserve		
Opening balance	88,237	100,010
Foreign exchange movement	(88,237)	(11,773)
Closing balance	–	88,237

11.1 Share Based Payment Reserve

The share based payment reserve records the issue of shares and options in consideration for services rendered.

11.2 Foreign Currency Translation Reserve

The foreign currency translation reserve records the exchange differences resulting from the translation of the group's subsidiaries denominated in foreign currencies.

[1] At a General Meeting of the company held on 13 December 2019, shareholders approved the consolidation of the company's issued capital by consolidating every 20 existing shares into 1 new share (Consolidation). The purpose of the Consolidation is to implement a more appropriate capital structure for the company going forward and enable the company to satisfy listing requirements. The Consolidation took effect from 27 December 2019.

[2] Represents one class of option which exists as at 31 January 2020 being 537,500 options with an exercise price of $1.00 and expiry date of 22 February 2023.

12 SHARE-BASED PAYMENTS

In November 2017, the company received approval from shareholders at its Annual General Meeting to issue 10,750,000 unlisted options exercisable at $0.05 with an expiry date of five years from their date of issue as a cost of entering into the convertible note agreement. These options were issued as a cost of the transaction entered into with Tamarind Classic Resources Limited for the convertible notes issued. The fair value of each option when granted was determined as $0.02134 per option. These values were calculated using an option pricing model applying the following inputs:

Share price	$0.023
Exercise price	$0.050
Expected share price volatility	173.49%
Vesting date	30 November 2017
Expiry date	30 November 2022
Risk-free interest rate	2.39%
Dividends	–

These options were issued on 22 February 2018. In 2018, $229,436 was recognised within the share based payment reserve as a transaction cost of the convertible notes issued. This amount is expensed within the statement of profit and loss over the term of the convertible notes, as an unwinding of the interest applicable to the financial liability component.

13 FINANCIAL RISK MANAGEMENT

The group's financial instruments consist of deposits with banks, accounts receivable, accounts payable and borrowings. The main risks arising from the group's financial instruments are foreign currency risk and liquidity risk. Risk management is carried out by the Board of Directors who monitor, evaluate, and manage the group's financial risk across its operating units. The group does not enter or trade financial instruments, including derivative financial instruments, for speculative purposes.

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risk.

13.1 Liquidity Risk

Liquidity risk refers to the risk in which the group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The group actively manages its operating cash flows so as to ensure that all repayment needs are met. As part of overall prudent liquidity management, the group maintains sufficient levels of cash to meet working capital requirements.

The following table details the group remaining contractual maturities for financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the group is expected to receive or pay. The tables includes both interest and principal cash flows.

As at 31 January 2020	**Weighted average interest rate %**	**1 to 12 months A$**	**1 to 5 years A$**	**> 5 years A$**	**Total contractual cash flows A$**	**Carrying amount A$**
Financial assets						
Cash	–	1,463	–	–	1,463	1,463
Other receivables	–	52,600	–	–	52,600	52,600
Total anticipated inflows		54,063	–	–	54,063	54,063
Financial liabilities						
Trade and other payables	–	646,560	–	–	646,560	646,560
Loan payable to others	–	60,600	–	–	60,600	60,600
Total expected outflows		707,160	–	–	707,160	707,160
Net (outflow)/inflow on financial instruments		(653,097)	–	–	(653,097)	(653,097)

As at 30 June 2019	**Weighted average interest rat %**	**1 to 12 months A$**	**1 to 5 years A$**	**> 5 years A$**	**Total contractual cash flows A$**	**Carrying amount A$**
Financial assets						
Cash	–	4,646	–	–	4,646	4,646
Other receivables	–	14,348	–	–	14,348	14,348
Total anticipated inflows		18,994	–	–	18,994	18,994
Financial liabilities						
Trade and other payables	–	2,347,706	–	–	2,347,706	2,347,706
Loan payable to related parties and others	–	53,438	–	–	53,438	53,438
Convertible notes	13%	860,026	–	–	860,026	860,026
Total expected outflows		3,261,170	–	–	3,261,170	3,261,170
Net (outflow)/inflow on financial instruments		(3,242,176)	–	–	(3,242,176)	(3,242,176)

13.2 Foreign Currency Risks

Currency risk arises from transactions denominated in currency other than the functional currency of the entities within the group. The currencies that give rise to this are primarily Papua New Guinea Kina, US Dollar and Hong Kong Dollar.

It is not the group's policy to take speculative positions in foreign currency. At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currency of the entities within the group are as follows:

	Kina	**USD**	**HKD**
As at 31 January 2020			
Cash and cash equivalents	–	1,242	–
Trade and other payables	–	–	17,425
As at 30 June 2019			
Cash and cash equivalents	918	3,728	–
Trade and other payables	121,634	143,256	–

The group has foreign operations, whose net assets are exposed to currency translation risk. The group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the group's risk management policies to ensure that the net exposure is at an acceptable level.

The group has performed sensitivity analyses on its exposure to foreign exchange risk on balances as at balance date. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates where it would give rise to an impact on the group's profit or loss and/or equity.

If the relevant foreign currency strengthens or weakens by 10% against the functional currency of the group's profit or loss will increase/(decrease) by:

	31 January 2020	**30 June 2019**
Strengthen against AUD		
Kina	–	(6,077)
USD	(124)	(57,359)
HKD	(1,742)	–
Weaken against AUD		
Kina	–	6,077
USD	124	57,359
HKD	1,742	–

13.3 Financial Instruments Not Measured at Fair Value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables and borrowings. Due to their short-term nature, the carrying amount of these current financial assets and financial liabilities measured at amortised cost approximates their fair value.

14 RELATED PARTY TRANSACTIONS AND DISCLOSURES

14.1 Key Management Personnel

The following persons were key management personnel of PYX Resources Limited during the financial period:

Oliver Hasler	Chairman, CEO – appointed 31 January 2020
Bakhos Georges	Non-executive director – appointed 31 January 2020
Gary Artmont	Non-executive director – appointed 31 January 2020
Alvin Tan	Non-executive director
Domenic Martino	Managing director – resigned 31 January 2020
Joseph Goldberg	Non-executive director – resigned 31 January 2020

No agreements with key management personnel or their controlled entities have been entered into. Remuneration of non-executive directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of Directors.

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

The key management personnel of the company are the directors of PYX Resources Limited. Details of the remuneration of the directors of the company are set out below.

	Period ended 1 July 2019 to 31 January 2020 A$
Short-term employee benefit	–
Post-employment benefit	–
Termination benefits	–
Other long-term benefits	–
Share based payments	–
Total key management personnel compensation	**–**

No shares or options were provided to key management personnel as remuneration during the period. No shares were issued on exercise of compensation options for the current period.

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

Key management personnel and associated entities	Opening balance No.	Received during the period No.	Net change No.	Closing balance No.
Mr. Martino	14,578,000	57,973,051	(68,923,499) [1]	3,627,552
Mr. Goldberg	14,504,545	9,423,033	(22,731,199) [1]	1,196,379
Mr. Tan	1,115,984	14,800,000	(15,120,186) [1]	795,798
Mr. Hasler	–	–	–	–
Mr. Georges	–	–	–	–
Mr. Artmont	–	–	–	–

14.2 Transactions and Balances with Related Parties

During the reporting period, there were no formal agreements in place with Directors. Furthermore, commencing 1 July 2019, the Directors agreed with the group not to receive any further director fees by way of remuneration for services provided. Alvin Tan will recommence receiving director fees upon signing a new agreement after the acquisition of Takmur (Mr. Martino and Mr. Goldberg resigned after the acquisition of Takmur).

During the period to 31 December 2019, Directors converted all outstanding director fees (with the exception of some GST) as at 30 June 2019 to shares at a price of $0.015 per share. This includes:

- Mr. Martino received shares for director fees outstanding as at 30 June 2019 and was paid director fees totalling $nil. The amount payable to Mr. Martino as at reporting date totalled $nil.

- Mr. Goldberg received shares for director fees outstanding as at 30 June 2019 and was paid director fees totalling $nil. The amount payable to Mr. Goldberg as at reporting date totalled $nil.

- Mr. Tan received shares for director fees outstanding as at 30 June 2019 and was paid director fees totalling $nil. The amount payable to Mr. Tan as at reporting date totalled $23,880.

Transaction Services Pty Ltd, a related party to Mr. Martino, provided office rental and supplies. During the reporting period, outstanding payments owing to Transaction Services Pty Ltd to 30 June 2019 were converted to shares at $0.015 per share. In addition, the office lease agreement was terminated as at 31 November 2019, with the bond of $50,000 used to pay the five months' rental owing to that date. Transaction Services Pty Ltd has been paid $50,000 (including GST) for the reporting period. The amount payable as at 31 January 2020 totalled $nil.

Indian Ocean Corporate Pty Ltd is a related party of Mr. Martino, providing company secretarial, accounting and administration services to the Group. During the reporting period, outstanding payments owing to Indian Ocean Corporate Pty Ltd to 30 June 2019 were converted to shares at $0.015 per share. Indian Ocean Corporate Pty Ltd has been paid $nil (excluding GST) for the reporting period. The amount payable to Indian Ocean Corporate Pty Ltd as at 31 January 2020 totalled $60,500.

[1] Share consolidation at 20 to 1 on 13 December 2019

Fanucci Pty Ltd, a related party of Mr. Martino, provided a loan to the group which was converted to shares. The loan is interest free and repayable on demand. No security has been provided in respect of the loan. As at 31 January 2020, the balance is $nil.

There were no loans made to the directors of the company, including their related parties during the period.

15 INTEREST IN SUBSIDIARIES

The consolidated financial report includes the financial information of PYX Resources Limited and the subsidiaries listed in the following table:

			Equity interest	
			31 Januar	**30 June**
	Country of	**Principal**	**2020**	**2019**
Name	**incorporation**	**activity**	**%**	**%**
Indo Pacific Energy Pty Ltd	Australia	Holding company	– [1]	100
Coral Sea Petroleum (PNG) Ltd	Papa New Guinea	Oil and gas exploration	– [1]	100
Pacific Shale Gas Ltd	Papa New Guinea	Oil and gas exploration	– [1]	100
South Pacific Resources Ltd	Papa New Guinea	Oil and gas exploration	– [1]	100

Disposal of Subsidiaries During the Reporting Period

On 31 January 2020, the group disposed of its 100% equity interest in its subsidiary, Indo Pacific Energy Pty Ltd for $1,000 consideration. At the date of disposal, the carrying amounts of Indo Pacific Energy Pty Ltd's group net liabilities were as follows:

	A$
Sale consideration receivable[2]	1,000
Less: net liabilities disposed	(179,162)
Gain on disposal	178,162

[1] Disposed on 31 January 2020, refer to note below.

[2] The sale consideration was subsequently received on 20 February 2020.

16 AUDITORS' REMUNERATION

	Period ended 1 July 2019 to 31 January 2020 A$
Audit and review of financial statements	
Auditors of the company – Hall Chadwick NSW	8,000
Other services	
Tax compliance	–
Total auditor's remuneration	8,000

17 PARENT ENTITY INFORMATION

PYX Resources Limited is the legal parent entity of the consolidated group. The following information is provided for the company:

17.1 Financial Position

	As at 31 January 2020 A$	As at 30 June 2019 A$
ASSETS		
Current assets	54,063	2,771
Non-current assets	–	32,249
Total assets	54,063	35,020
Liabilities		
Current liabilities	707,160	2,451,610
Total liabilities	707,160	2,451,610
Equity		
Issued capital	10,814,492	6,830,356
Share based payment reserve	504,260	504,260
Accumulated losses	(11,971,849)	(9,751,206)
Total equity	(653,097)	(2,416,590)

17.2 Financial Performance

	Period ended 1 July 2019 to 31 January 2020 A$
Loss for the period	(2,220,643)
Other comprehensive income	–
Total comprehensive income	(2,220,643)

18 COMMITMENTS AND CONTINGENT LIABILITIES

On acquisition of Takmur, the group assumes the following commitments:

- On 3 January 2019 PTIM entered into a machinery lease contract with PT CFM Minerals Indonesia (CFM) for the lease of machinery and equipment for use on the Mandiri Tenement. The term of the lease commenced on 3 January 2019 and will end on 3 January 2022. A sum of IDR 180,000,000 per year is due to CFM from PTIM for leasing the equipment and machinery. Key items of machinery leased by PTIM under this contract include a forklift, generator set, 2 overhung pumps, shaking table and magnetic separators. The lease agreement also provides that PTIM must sell to CFM each month during the term of the lease up to 200 metric tons of Zircon sand of 65,5% of minimum ZrO2 content (Sale Commitment), provided CFM has made a payment for the required working capital in advance. The sale price of this zircon sold by PTIM to CFM will be 6.5% less than the open market benchmark price. At its sole discretion, CFM may increase the quantity of the zircon sold by PTIM to it by up to 500 metric tons.

- The Group has no additional leasing arrangements, other than a few motor vehicle leases under normal operating terms.

- PTIM has entered into 11 mining contractor cooperation agreements with contracted miners (mining contractors) to unearth heavy mineral concentrate containing zircon. Pursuant to the agreements, PTIM, acting pursuant to IUP 16/DPE/IW/2010, will purchase the zircon mined and produced by the mining contractor in Desa Tumbang Empas, Kecamatan Mihing Raya, Kabupaten Gunung Mas. The agreements are to last for a term of 5 years before automatically ending in 2023 unless extended. The quality of the zircon produced by the mining contractors must be 35% zircon, the price paid is to cover extraction cost and will be calculated according to the domestic market price determined at PTIM's zircon warehouse in Desa Tumbang Empas. PTIM may reject the mined zircon if it fails to meet the agreed quality requirements. PTIM must pay the mining contractor royalties for the zircon prior to transporting the minerals.

There are no contingent liabilities for the group as at 31 January 2020.

19 SUBSEQUENT EVENTS

Since the balance date, the group has:

- The company de-listed from the ASX on 11 February 2020 and listed on the NSX on 25 February 2020.

- In February 2020, the company completed a successful capital raise of AU$14 million, with 35,000,000 shares issued at AU$0.40 per share.

- In February 2020, the company completed acquisition of Takmur via a reverse takeover. Essentially the business of Takmur and its controlled entities is the main undertaking of the group going forward. As part of the acquisition of Takmur, the company issued 210,274,171 shares to the vendor of Takmur. On completion of the acquisition of Takmur the company changed its name to "PYX Resources Limited".

- In February 2020, the company issued 17,675,376 performance rights to Mr. Oliver Hasler. These performance rights can be converted into a maximum of 21,110,195 shares on the achievement of various milestones at various dates between 31 March 2020 to 31 December 2022.

- In February 2021, the company completed the transaction to acquire the entire share capital of Tisma Development (HK) Ltd (Tisma), the operator of a world-class mineral sands asset consisting of a concession area of 1,500 hectares located in Central Kalimantan Province, Indonesia via the issue of 142,277,370 shares in the company to the shareholders of the Tisma.

- In June 2021, the company completed AU$11.2 million (before costs) via a share placement to professional and sophisticated investors.

Other than the matters disclosed in the financial statements, there have been no significant changes in the company's state of affairs during the period ended 31 January 2020.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 198 to 221 are in accordance with the Corporations Act 2001:

- Comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;

- As stated in Note 1 of the financial statements also comply with International Financial Reporting Standards; and

- Give a true and fair view of the financial position of the group at 31 January 2020 and of their performance for the period ended on that date.

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

Signed in accordance with a resolution of the Directors.

....

Oliver Hasler
Chief Executive Officer
Hong Kong
Dated: 2nd August 2021

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

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

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

i. the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 2 August 2021

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

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

REPORT ON THE FINANCIAL REPORT

Opinion

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

In our opinion:

a. the accompanying financial report of the group is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the group's financial position as at 31 January 2020 and of its financial performance for the period then ended; and

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

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

The directors are responsible for the other information. The other information comprises the information included in the group's annual report for the period ended 31 January 2020 but does not include the financial report and our auditor's report thereon. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

– Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 2 August 2021

SECTION A5: FINANCIAL INFORMATION OF PYX RESOURCES LTD (30 JUNE 2019)
(formerly South Pacific Resources Ltd)

Pitcher Partners BA&A Pty Ltd, of Level 11, 12-14 The Esplanade, Perth, Western Australia 6000, statutory auditors to the Company at the time known as South Pacific Resources, has given its consent and authorisation for:

1. the inclusion in this Document of the statutory audit report issued with respect to PYX Resources Ltd (at the time known as South Pacific Resources Ltd) Financial Information for the year ended 30 June 2019 included in Section A5 "*Financial Information of PYX Resources (30 June 2019) (formerly South Pacific Resources Ltd)*" of Part 9 "*Historical Financial Information*"; and

2. the inclusion in this Document of their name.

Their consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

Pitcher Partners BA&A Pty Ltd has no material interest in the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
Other income			
Gain on modification of convertible note		10,464	67,744
Gain on extinguishment of financial liabilities	*4(b)*	203,825	–
Net foreign exchange gain/(losses)		–	7,919
Total Other income		214,289	75,663
Consultancy and other professional fees		(435,132)	(416,018)
Computer and office expenses		(143,041)	(137,368)
Impairment of exploration and evaluation expenditure	*7*	(7,381)	(49,245)
Interest expense		(187,849)	–
Loss on extinguishment of convertible note	*10*	(4,226)	–
Convertible Interest		(166,723)	(271,649)
Scoping study expense		–	(348,252)
Travel and entertainment expenses		(2,333)	(1,717)
Other expenses		(65,470)	(57,080)
Total Expenditure	*2*	(1,012,155)	(1,281,329)
Loss from ordinary activities before income tax expenses		(797,866)	(1,205,666)
Income tax expenses relating to ordinary activities	*3*	–	–
Loss for the year		(797,866)	(1,205,666)
Other Comprehensive Income			
Other comprehensive income, net of income tax:			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations	*12*	(11,773)	(6,494)
Total other comprehensive income		(11,773)	(6,494)
Total comprehensive loss for the year attributable to the owners of the parent		(809,639)	(1,212,160)
Earnings per share			
Basic and diluted loss per share (cents)	*13*	(0.48)	(0.73)

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 232 to 265.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2019 $	2018 (Restated*) $
Current Assets			
Cash and cash equivalents	*4*	4,646	3,576
Trade and other receivables	*5*	14,348	24,193
Total Current Assets		18,994	27,769
Non-Current Assets			
Rental Bond	*6*	50,000	50,000
Exploration expenditure	*7*	–	–
Plant & equipment	*8*	648	1,945
Total Non-Current Assets		50,648	51,945
Total Assets		69,642	79,714
Current Liabilities			
Trade and other payables	*9*	2,347,706	1,761,562
Borrowings	*10*	913,464	700,041
Total Current Liabilities		3,261,170	2,461,603
Total Liabilities		3,261,170	2,461,603
Net Liabilities		(3,191,528)	(2,381,889)
Equity			
Issued capital	*11*	6,830,356	6,830,356
Reserves	*12*	592,497	604,270
Accumulated losses		(10,614,381)	(9,816,515)
Total Equity		(3,191,528)	(2,381,889)

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 232 to 265.

* Certain amounts shown here do not correspond to the 30 June 2018 financial statements and reflect adjustments disclosed in Note 6.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Ordinary Shares $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Attributable to Members $
Balance at 1 July 2018	**6,830,356**	**504,260**	**100,010**	**(9,816,515)**	**(2,381,889)**
Loss for the year	–	–	–	(797,866)	(797,866)
Foreign exchange movement	–	–	(11,773)	–	(11,773)
Total comprehensive loss for the year			(11,773)	(797,866)	(809,639)
Transactions with owners in their capacity as owners:	–	–	–	–	–
Balance at 30 June 2019	**6,830,356**	**504,260**	**88,237**	**(10,614,381)**	**(3,191,528)**
Balance at 1 July 2017	6,772,845	242,247	106,504	(8,610,849)	(1,489,253)
Loss for the year	–	–	–	(1,205,666)	(1,205,666)
Foreign exchange movement	–	–	(6,494)	–	(6,494)
Total comprehensive loss for the year	–	–	(6,494)	(1,205,666)	(1,212,160)
Transactions with owners in their capacity as owners:					
Issue of 1,000,000 at $0.03 per share in payment of an invoice	30,000	–	–	–	30,000
Issue of convertible notes *(Note 10)*	27,511	–	–	–	27,511
Issue of 10,750,000 unlisted options *(Note 14)*	–	229,436	–	–	229,436
Expensing unlisted options *(Note 14)*	–	32,577	–	–	32,577
Balance at 30 June 2018	**6,830,356**	**504,260**	**100,010**	**(9,816,515)**	**(2,381,889)**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 232 to 265.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
Cash Flows From Operating Activities			
Cash paid to suppliers and employees		(51,867)	(260,966)
Cash paid for Exploration and Evaluation		–	(348,252)
Interest received		–	10
Net cash used in operating activities	*4(b)*	(51,867)	(609,208)
Cash Flows From Investing Activities			
Payments for Exploration and Evaluation		–	(80,855)
Net cash used in investing activities		–	(80,855)
Cash Flows From Financing Activities			
Proceeds/(Repayment) of borrowings		52,937	(37,538)
Proceeds from issue of convertible notes		–	750,000
Convertible notes facility fee		–	(65,164)
Net cash from financing activities		52,937	647,298
Net increase/(decrease) in cash and cash equivalents		1,070	(42,765)
Cash and cash equivalents at beginning of the year		3,576	46,341
Cash and cash equivalents at end of year	*4(a)*	4,646	3,576

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 232 to 265.

PREFACE TO THE NOTES

The notes include information which is required to understand the financial statements and is material and relevant to the operations and financial position and performance of the Company. Information is considered relevant and material if:

- The amount is significant due to its nature or size;
- The amount is important in understanding the results of the Company;
- It helps to explain the impact of significant changes in the Company's business; or
- It relates to an aspect of the Company's operations that is important to its future performance.

The notes are organised in the following sections:

- Basis of preparation;
- Key numbers;
- Capital;
- Risk management;
- Group structure and management;
- Unrecognised items; and
- Other notes.

1. Basis of Preparation

(a) Reporting entity

South Pacific Resources Limited (the "**Company**" or "**SPR**") is a company limited by shares, incorporated in Australia and listed on the Australian Securities Exchange. The financial statements for the consolidated entity consist of SPR and its subsidiaries (the "**Group**").

The nature of the operations and principal activities of the Group are described in the Directors' Report.

(b) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

For the purpose of preparing the financial statements, the Group is a for-profit entity.

The financial statements were approved by the Board of Directors on 27 September 2019.

(c) Basis of preparation

The financial statements have been prepared on the basis of historic costs, except for the financial assets for which the fair value basis of accounting has been applied.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reports for the current or prior periods.

(d) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Parent and the Group's functional currency with the exception of CSP(PNG), which has a functional currency of US dollars. The Group's presentation currency is in Australian dollars.

(e) New and amended standards adopted by the Group

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standard Board ("**AASB**") that are relevant to their operations and effective for the current reporting period. The adoption of all the new and revised Standards and Interpretations has not resulted in any material impacts on the amounts reported for the current or prior periods. The accounting policies have been consistently applied by the Group and are consistent with those applied in the previous financial year and those of the corresponding interim reporting period, except for the accounting policies described below.

AASB 15 'Revenue from Contracts with Customers'

AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related interpretations and it applies with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Group to exercise judgement, considering all the relevant facts and circumstances when applying each step of the model to contracts with customers.

The Group adopted AASB 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient, however the impact on the current period is immaterial. The Group did not apply any of the other available optional practical expedients.

At the initial date of application, the effect of adopting AASB 15 did not have a material impact on the transactions and balances recognised in the financial statements.

AASB 9 'Financial Instruments'

AASB 9 supersedes pronouncement AASB 139 'Financial Instruments: Recognition and Measurement' and was adopted by the Group effective 1 July 2018. The standard brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment; and hedge accounting.

With the exception of hedge accounting which has no application to the Group so it will apply prospectively should it enter into any such arrangements, the Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018.

At the date of initial application, the Group concluded to:

- Apply the simplified approach for trade receivables in the calculation of the expected credit loss (ECL) rather than the general approach.

As a result of the adoption of the above, as at the date of initial application, there is no material impact on the transactions and balances recognised in the financial statements.

The Group's accounting policy for financial instruments from 1 July 2018 are as follows:

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit and loss.

The classification of financial instruments at initial recognition depends on the financial asset's contractual cashflow characteristics and the Group's business model for managing them. Except for the Groups trade receivables that do not contain a significant financing component, the Group initially measures the financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, less transaction costs.

Trade receivables that do not contain a significant financing component are measured at the transaction price determined in accordance with the company's accounting policy for revenue recognition.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. In determining the provision required, the Group utilises its historical credit loss experience, adjusted only where appropriate for forward-looking factors specific to the debtors and economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Financial liabilities are classified, at initial recognition, as financial liabilities through fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and borrowings.

The treatment of changes to the contractual cash flows of a financial liabilities that is not derecognised requires modification gains or losses to be recognised in profit or loss.

As at the date of initial application, there is no material impact for the comparatives as the changes of the contractual cash flows of financial liabilities only occurred during current Financial year.

Other amendments and interpretations apply for the first time at 1 July 2018, but do not have an impact on the consolidated financial statements of the Group.

(f) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2018.

(g) Basis of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The Group controls an entity when it is exposed, 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.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

A list of controlled entities is contained in Note 16(e).

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the financial report as well as their results for the period then ended.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Subsidiaries are eliminated from the date on which control is established and are de-recognised from the date that control ceases.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(h) Comparative figures

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

(i) Going concern

The Directors have considered the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe the Group will be able to pay its debts as and when they fall due.

The financial statements are normally prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the Group has neither the intention nor the need to liquidate or curtail materially the scale of its operations; if such an intention or need exists, the financial statements may have to be prepared on a different basis, and, if so, the basis used is disclosed.

The Statement of Comprehensive Income shows the Group incurred a net loss of $797,866 (2018: $1,205,666) during the year ended 30 June 2019.

The Statement of Financial Position as at 30 June 2019 shows that the Company had cash and cash equivalents of $4,646 (30 June 2018: $3,576), a net current liability position of $3,242,176 (30 June 2018: $2,433,834 net current liabilities) and a net liability position of $3,191,528 (30 June 2018: $2,381,889).

The directors are satisfied the Group can continue as a going concern. This opinion is based on the following matters:

- Post year end, the Company issued 200,178,900 Shares in payment of $3,002,683 of trade creditors and convertible notes;
- The Group raising additional capital via any means available to it inclusive of, but not limited to, placements, option conversions, rights issues, or joint venture arrangement in a timely manner in order to fund the ongoing exploration and operation activities;
- The Group seeking approval to delay exploration activities in certain tenements if sufficient funds are not raised;
- The accounting, company secretarial and office rental fees have been deferred until the Group is in a position to pay these fees;
- The directors agreeing to forego their fees of service from 30 June 2019 to the date of either their resignation, or in the case of Alvin Tan, entering into new contractual terms should the acquisition of Takmur Pte. Limited take place; and
- Letters of support from the Managing Director and a related company to ensure that the Group has adequate working capital for at least 12 months from the date of this report.

The Board will continue to monitor cash reserves and will take the appropriate actions to curtail any shortfall by means of debt or equity funding should the need arise.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the Group be unsuccessful with the initiatives detailed above then, the Group may in the future not be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business.

(j) Accounting standards issued but not yet effective

The Australian Accounting Standards Board (AASB) has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

Pronouncement	**Nature of Change**	**Effective Date**
AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	AASB 2014-10 amends AASB 10: *Consolidated Financial Statements* and AASB 128: *Investments* in Associates and Joint Ventures to clarify the accounting for the sale or contribution of assets between an investor and its associate or joint venture by requiring: (a) a full gain or loss to be recognised when a transaction involves a business, whether it is housed in a subsidiary or not; and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	1 January 2022
AASB 2017-4: *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*	AASB 2017-4 amends AASB 1: *First-time Adoption of Australian Accounting Standards* to amend the requirements applicable to first-time adopters of Australian Accounting Standards as a consequence of the issuance of AASB Interpretation 23.	1 January 2019
AASB 2017-6: *Amendments to Australian Accounting Standards – Prepayment Features of Negative Compensation*	AASB 2017-6 amends AASB 9: *Financial Instruments* to permit an entity, subject to meeting a number of criteria, to measure at amortised cost or fair value through other comprehensive income particular financial assets that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature.	1 January 2019

Pronouncement	Nature of Change	Effective Date
AASB 2017-7: *Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures*	AASB 2017-7 amends AASB 128 to clarify that an entity is required to account for long-term interests in an associate or a joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9: *Financial Instruments* before applying the loss allocation and impairment requirements in AASB 128.	1 January 2019

Pronouncement	Nature of Change	Effective Date
AASB 2018-1: *Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle*	AASB 2018-1 amends: (a) AASB 3: *Business Combinations* to clarify that an entity remeasures its previously held interest in a joint operation when it obtains control of the business; (b) AASB 11: *Joint Arrangements* to clarify that an entity does not remeasure its previously held interest in a joint operation when it obtains joint control of the business; (c) AASB 112: *Income Taxes* to clarify that an entity accounts for all income tax consequences of dividend payments according to where the entity originally recognised the past transactions or events that generated the distributable profits; and (d) AASB 123: *Borrowing Costs* to clarify that an entity treats any borrowing originally made to develop a qualifying asset as part of general borrowings when the asset is ready for its intended use or sale.	1 January 2019

Pronouncement	Nature of Change	Effective Date
AASB 2018-6: *Amendments to Australian Accounting Standards – Definition of a Business*	AASB 2018-6 amends AASB 3: *Business Combinations* to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments: (a) clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; (b) emove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; (c) add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; (d) narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and (e) add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.	1 January 2020

Pronouncement	Nature of Change	Effective Date
AASB 2018-7: *Amendments to Australian Accounting Standards – Definition of Material*	AASB 2018-7 principally amends AASB 101: *Presentation of Financial Statements* and AASB 108: *Accounting Policies*, *Changes in Accounting Estimates and Errors*. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.	1 January 2020

Pronouncement	Nature of Change	Effective Date
AASB Interpretation 23: *Uncertainty over Income Tax Treatments*	Interpretation 23 clarifies how an entity should apply the recognition and measurement requirements in AASB 112: *Income Taxes* when there is uncertainty over income tax treatments. To this end, Interpretation 23 requires: (a) an entity to consider whether each uncertain tax treatment should be considered separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty; (b) in assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, assume that the taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations; (c) if the entity concludes that it is probable that the taxation authority will accept the uncertain tax treatment, the entity will determine current tax and deferred tax consistently with the treatment used or planned to be used in its income tax filings; (d) if the entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, the entity reflects the effect of uncertainty in the determination of current tax and deferred tax, based on either the 'most likely' amount or the 'probability-weighted' amount of tax (depending on which method the entity expects to better predict the resolution of the uncertainty); and (e) an entity to reassess a judgement or estimate required under Interpretation 23 if the facts and circumstances on which the judgement or estimate was based change or as a result of new information that affects the judgement or estimate.	1 January 2019

When AASB 16 is applied by the Group at 1 July 2019, the present value the Group's operating lease commitment (adjusted for the impact, if any, of the revised definitions of 'lease term' and 'lease payments'), for all leases with a term of more than 12 months, but excluding leases of low value assets, will be recognised as a lease liability, using an appropriate discount rate as prescribed by the accounting standard. The Group will also recognise a corresponding right-of-use asset, which the Group can choose to initially measure at either its carrying amount as if the accounting standard had applied from the commencement date of the lease or at an amount equal to the initial lease liability. The preliminary assessment of the Group is that it will most likely elect to initially measure the right-of-use asset at an amount equal to the initial lease liability. As such the Group anticipates that the initial application of AASB 16 will not impact the net assets of the Group.

As disclosed in note 18 to the financial statements, the Group's aggregate operating lease expenditure commitment at 30 June 2019 (measured on an undiscounted basis) is $326,698.

Based on the Group's preliminary assessment, which includes the likely election to initially measure the right-of-use asset at an amount equal to the initial lease liability, and using a provisionally determined discount rate, it is anticipated that:

- the application of AASB 16 will result in the recognition of a lease liability and a corresponding right-of-use asset of approximately $377,917 relating to the leasing commitments disclosed in note 22; and
- the application of AASB 16 will not result in a material impact on the profit or loss of the Group, as the aggregate of the estimated interest expense on the lease liability and the estimated depreciation expense of the right-of-use asset in the first year of application is not expected to differ materially from the aggregate operating lease expense recognised by the Group for the financial year ended 30 June 2019 under the predecessor accounting standard.

The likely impact of all other new standards and interpretations on the financial statements of the Group has not been determined.

(k) Segment information

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

The Group engages in two businesses being exploration and development of oil and gas licences and investment management, activities from which it incurs costs. The major results of the Group are from the exploration and development of oil and gas licences, the investment management business is immaterial and consequently the results of the Group are analysed as a whole by the chief operating decision maker.

(l) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and convertible note payables.

Non derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Derecognition of financial liabilities

An entity shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished – ie when the obligation specified in the contract is discharged or cancelled or expires.

An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

Modification of financial liabilities

The Group recalculates the amortised cost of the modified financial liability by discounting the modified contractual cashflows using the original effective interest rate. The Group recognise any adjustment to the amortised cost of the financial liability in profit or loss as income or expense at the date of the modification or exchange.

(m) property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs

The Group recognises in the carrying amount of an item of Property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

Depreciation

Depreciation is charged to the profit or loss on a straight-line over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

Office equipment – straight-line – 3 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

De-recognition

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognised.

(n) Critical accounting estimates and judgements

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments including those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial report:

i. The Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development or alternatively sale of the areas of interest. If ultimately the areas of interest are abandoned or are not successfully commercialised, the carrying value of the capitalised exploration and evaluation expenditure is written down to its recoverable amount or provided for in full; and

ii. The Group has carried forward tax losses which have not been recognised as deferred tax assets because it is not considered sufficiently probable at this point in time, that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

iii. The Group has issued convertible notes for which a valuation cannot be derived directly from publicly quoted market prices. Where the fair value of financial liabilities cannot be derived from publicly quoted market prices, other valuation techniques such as discounted cash flow models are employed. The key judgements include future cash flows, credit risk, volatility and changes in assumptions about these factors which could affect the reported fair value of the financial instruments.

(o) Rounding amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

1. Expenditure

	2019	**2018**
	$	**$**
Accounting and audit fees	60,000	60,000
Audit Fees	29,878	28,315
Company secretarial	60,000	60,000
Director fees	192,000	192,000
Office rental	142,314	136,840
Superannuation expense	11,400	11,400
Travel and accommodation	2,333	1,717

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

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

(b) Receivables and payables are stated with amounts of GST included.

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

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

2. *Income tax expense*

	2019 $	2018 $
(a) Income tax expense		
The components of income tax expense/(benefit) comprise:		
Current tax	–	–
Deferred tax	–	–
	–	–

	2019 $	2018 $
(b) Reconciliation of income tax expense/(benefit) to prima facie tax payable on accounting loss		
Accounting loss before tax	(797,866)	(1,205,666)
Australian prima facie tax benefit on loss at 30% (2018: 30%)	(212,512)	(222,790)
Papua New Guinea prima facie tax benefit on loss at 30% (2018: 30%)	24,142	(138,909)
Effect of expenses that are not deductible in determining taxable profit	194,603	63,112
Other Non-Assessable Income	(139,260)	–
Current year deferred tax asset movement not booked	57,496	–
Impairment of intercompany loan	40,508	–
Tax losses not brought to account	35,023	295,587
Income tax expenses	–	–
(c) Deferred tax assets and liabilities not brought to account		
The directors estimate that the potential deferred tax assets and liabilities carried forward but not brought to account as at year end at the Australian and Papua New Guinean corporate tax rate of 30% are made up as follows:		
Carried forward tax losses	6,969,225	7,088,216
Deductible temporary differences	1,265,034	1,299,783
	8,234,259	8,387,999

The Company estimates the Group has accumulated income tax losses of $36,194,255 (2018: $27,959,996). The benefit of these losses and timing difference will only be obtained if:

- The Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;

- The Group continues to comply with the conditions for deductibility imposed by law; and

- No changes in tax legislation adversely affect the Group in realising the benefit from the deduction for the loss.

The Group expects to have carried forward tax losses, which have not been recognised as deferred assets, as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions. The utilisation of the tax losses is subject to the Group passing the required Continuity of Ownership and Same Business Test rules at the time the losses are utilised. Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences can be utilised.

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

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

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

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

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

Deferred tax assets and deferred tax liabilities shall be offset only if:

(a) there is a legally enforceable right to set-off current tax assets against current tax liabilities; and

(b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

    (i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

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

3. Cash and cash equivalents

	2019	**2018**
	$	**$**
Cash and cash equivalents	4,646	3,576

(a) Reconciliation to cash at the end of the year

Balance as per above	4,646	3,576
Balance per statement of cash flows	4,646	3,576

	2019	**2018**
	$	**$**
Operating loss after income tax	(797,866)	(1,205,666)
Adjustments for non-cash items		
Issue of shares to consultants	–	30,000
Depreciation	1,297	1,297
Provision for exploration expenditure	7,381	49,245
Loss on extinguishment of convertible note	4,226	–
Gain on modification of convertible note	(10,464)	–
Extinguishment of financial liability^	(203,825)	–
Changes in assets and liabilities		
Trade and other receivables	9,846	1,627
Trade and other payables	572,446	238,347
Prepayment	–	2,337
Accrued expenses	210,142	1,191
Convertible note	166,723	271,649
Movement		
Foreign exchange movement (affect on operating loss)	(11,773)	765
Net cash used in operating activities	(51,867)	(609,208)

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, and bank overdrafts.

During the financial year, SPB has agreed with other parties to extinguished debt, amounting to $185,588 owing to Tamarind Resources and one of their ex-employees.

4. *Trade and other receivables*

	2019 $	2018 (Restated)* $
GST receivables	14,347	24,193
Total trade and other receivables	14,347	24,193

The Group has no impairments to trade and other receivables or have receivables that are past due but not impaired.

Due to the short-term nature of the current trade and other receivables, their carrying amount is assumed to be the same as their fair value.

5. *Restatement of prior period*

South Pacific Resources Ltd, while preparing the financial statements of the Group for the year ended 30 June 2019, noticed an error in the presentation for the rental bonds in the year ended 30 June 2018. This resulted in the reclassification of the rental bonds from current to non-current for the year ended 30 June 2018 given the lease expire in 31 August 2021.

The reclassification adjustment had the following impact:

Financial report line item/balance affected	Note	Actual 30 June 2018	Correction	Restated Actual 30 June 2018
Balance Sheet Extract				
Current Asset				
Trade and other receivables	*5*	74,193	(50,000)	24,193
Non-Current Assets				
Rental Bond	*6*	–	50,000	50,000

There is no impact on net assets or profit & loss as a result of this adjustment.

* Certain amounts shown here do not correspond to the 30 June 2018 financial statements and reflect adjustments disclosed in Note 6.

6. Exploration expenditure

	2019 $	2018 $
Capitalised exploration expenditure	2,267,022	2,217,777
Exploration expenditure for the period	7,381	49,245
	2,274,403	2,267,022
Impairment of exploration expenditure	(2,274,403)	(2,267,022)
	–	–
The exploration and evaluation costs relate to the Group's projects in Papua New Guinea.		
Movement in carrying amount		
Capitalised exploration expenditure		
Carrying value at the beginning of the year	–	–
Additions	7,381	49,245
Impairment of exploration expenditure	(7,381)	(49,245)
Carrying value at end of Year	–	–

Refer to Note 1(n) for significant judgements and estimates made in relation to the recoverability of capitalised exploration costs.

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development on the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserve.

If ultimately the areas of interest are abandoned or are not successfully commercialised, the carrying value of the capitalised exploration and evaluation expenditure would need to be written down to its recoverable amount;

Accumulated costs in relation to an abandoned area are written off in full against the statement of comprehensive income in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental rehabilitation obligations) and changes to commodity prices.

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

7. Plant and equipment

	2019	2018
	$	**$**
Office Equipment – at Cost	3,890	3,890
Accumulated Depreciation	(3,242)	(1,946)
	648	1,944
Total Plant and Equipment	648	1,944

No assets are secured or under lease.

8. Trade and other payables

	2019	2018
	$	**$**
Trade payables	2,100,907	1,724,905
Accrued expenses	246,799	36,657
Total trade and other payables	2,347,706	1,761,562

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

9. Borrowings

	2019	2018
	$	**$**
Convertible notes (i)	860,026	699,541
Loan payable – Fanucci Pty Ltd^	52,938	–
Loan payable – Minimum Risk	500	500
	913,464	700,041

^ During 2019 financial year, Fanucci Pty Ltd has provided financial support to the Company. As at 30 June 2019, the balance is $52,938, no amounts have been repaid during the year with the full amount outstanding as at 30 June 2019. No security has been provided in respect of the loan. The related party loan payable to Fanucci Pty Ltd is unsecured, interest free and repayable on demand.

* Interest expense is calculated by applying the effective interest rate of 13% (2018: 80%) to the liability component.

(i) Convertible notes

The parent entity issued 750,000 10% convertible notes for $750,000 on 25 October 2017. The notes are convertible into ordinary shares of the parent entity, at the option of the holder, or repayable on 25 October 2018. The repayment date has subsequently been extended to 25 October 2019 and then again to 25 March 2020. The first extension was recorded as an extinguishment of the previous convertible notes and recognition of new convertible notes. A $4,266 loss on extinguishment of financial liability was recognised at first extension in the consolidated statement of comprehensive income. The second extension was not an extinguishment of previous convertible note but a modification of the convertible note. A gain of $10,464 was recognised in the consolidated statement of comprehensive income as at the date of modification.

The conversion rate is 3.5 cents per share, but subject to adjustments for reconstructions of equity. The convertible notes are presented in the balance sheet as follows:

	2019	**2018**
	$	**$**
Face value of notes issued	750,000	750,000
Transaction costs	(65,164)	(65,164)
Net proceeds	684,836	684,836
Amount classified as equity (net of transaction costs) *(note 11)*	(27,511)	(27,511)
Other equity instruments – issue of options recognised as a cost of the transaction *(note 11)*	(229,436)	(229,436)
Unwind of interest for the year	438,375*	271,649*
Gain on modification of financial liability	(10,464)	–
Loss on extinguishment of financial liability	4,226	–
Current liability	860,026	699,541

The initial fair value of the liability portion of the convertible note was determined using a market interest rate for an equivalent non-convertible note at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in issued capital, net of income tax and not subsequently remeasured.

10. Equity

(a) Ordinary shares

	2019	**2019**	**2018**	**2018**
	No.	**$**	**No.**	**$**
Fully paid ordinary shares	165,515,311	6,830,356	165,515,311	6,830,356

* Interest expense is calculated by applying the effective interest rate of 13% (2018: 80%) to the liability component.

During the year ended 30 June 2019, the following movements of ordinary shares were noted:

	Number of shares	$
Balance as at 1 July 2017	164,515,311	6,772,845
Issue of 1,000,000 shares with an issue price of $0.03 per share in payment of an invoice	1,000,000	30,000
Equity portion of convertible notes issued *(note 10)*	–	27,511
Balance as at 1 July 2018	165,515,311	6,830,356
Closing balance as at 30 June 2019	165,515,311	6,830,356

Ordinary shares have no par value. Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

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

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

(b) *Options on issue*

Options issued under share based payment arrangements entered into, or existing during the years ended 30 June 2019 and 30 June 2018 are set out below:

	2019		2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the period	26,950,000	$0.08	36,100,000	$0.101
Granted during the period^	–	–	10,750,000	$0.05
Expired during the period	11,200,000	–	(19,900,000)	$0.09
Exercised during the period	–	–	–	–
Closing balance	15,750,000	$0.08	26,950,000	$0.08
Exercisable at the end or the period	15,750,000	$0.08	26,950,000	$0.08

^ During the 2018 financial year, the Company issued 10,750,000 options to Tamarind Classic Resources Private Limited as part of the Convertible Note transaction. These options have an exercise price of $0.05 and expiry of 22 February 2023.

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value of shares are measured by reference to the quoted market price. Fair value of options are measured by Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve. The volatility is estimated based on the historical volatility of the previous period equal to the life of the option granted.

11. Reserves

	2019 $	2018 $
Share Based Payment Reserve		
Opening balance as at 1 July 2017/2018	504,260	242,247
The issue of 10,750,000 unlisted options to convertible note provider (Refer to note 10)	–	229,436
Expensing of unlisted options issued to consultants	–	32,577
Closing balance as at 30 June 2018/2019	504,260	504,260
Foreign Currency Translation Reserve		
Opening balance as at 1 July 2017/2018	100,010	106,504
Foreign exchange movement	(11,773)	(6,494)
Closing balance as at 30 June 2018/2019	88,237	100,010
Total Reserves	592,497	604,270

Nature and purposes of reserve

(i) Share based payment reserve

The share based payment reserve records the issue of shares and options in consideration for services rendered.

(ii) Foreign currency translation reserve

The foreign currency translation reserve records the exchange difference resulting from the translation of the Group's subsidiaries from United States Dollars.

Share based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value of shares is measured by reference to the quoted market price. Fair value of options is measured by use of valuation techniques. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Foreign currency translation 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 functional to presentation currency which are recognised in the statement of comprehensive income, 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 equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

12. Earnings per share

	2019	**2018**
	$	**$**
Net loss attributable to the ordinary equity holders of the Company ($)	(797,866)	(1,205,666)
Weighted average number of ordinary shares for basis per share	165,515,311	165,118,051
– Basic and diluted loss (cents per share)	(0.48)	(0.73)

The effect of options has been excluded from the calculation of the diluted EPS on the basis that this would indicate a better EPS resulting from dividing the loss by a larger number of securities.

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

13. Share based payments

	2019	2018
	$	$
(a) Recognised share based payment expenses		
Expense recognised for consulting services (expensed as part of impairment to exploration expenditure) *(note i)*	–	32,577
Expense arising from issue of options as a cost of the convertible notes – note 11 *(note ii)*		
	–	229,436

(i) In November 2016, the Company issued 20,000,000 unlisted options with exercise prices ranging from 8 – 15 cents with vesting periods of between 12 months – 24 months. All options have now expired, unexercised, with the remaining expense relating to the 12 months vesting date expensed in the prior year.

(ii) In November 2017, the Company received approval from shareholders at its Annual General Meeting to issue 10,750,000 unlisted options exercisable at $0.05 and with an expiry date of five years from their date of issue as a cost of entering into the convertible note agreement. These options were issued as a cost of the transaction entered into with Tamarind Classic Resources Limited for convertible note issued (refer to Note 10 for further details).

The fair value of each option when granted was determined as $0.02134 per option. These values were calculated using an option pricing model applying the following inputs:

Share Price:	$0.023
Exercise Price:	$0.050
Expected share price volatility:	173.49%
Vesting date:	30 Nov 2017
Expiry date:	30 Nov 2022
Risk-free interest rate:	2.39%
Dividends:	–

These options were issued on 22 February 2018. As at 30 June 2018, $229,436 was recognised within the Share Based Payment reserve as a transaction cost of the convertible notes issued. This amount is expensed within the Statement of Profit and Loss over the term of the convertible notes, as an unwinding of the interest applicable to the financial liability component. Refer to note 10 of this report for further details.

14. Financial risk management

The Group's financial instruments consist of deposits with banks, accounts receivable and accounts payable. The main risks arising from the Group's financial instruments are interest rate risk, credit risk, foreign currency risk and liquidity risk.

Risk management is carried out by the Board of Directors who monitor, evaluate, and manage the Group's financial risk across its operating units.

The non-interest bearing financial assets and liabilities of the Group in the table below are due or payable within 30 days.

2019	**Weighted Average Interest Rate**	**<6 months**	**>6 – 12 months**	**> 12 months**	**Total Contractual Cash Flows**	**Carrying Amount**
	%	**$**	**$**	**$**	**$**	**$**
Financial assets						
Cash	–	4,646	–	–	–	4,646
Non-interest bearing	–	14,347	–	–	–	14,347
		18,993	–	–	–	18,993
Financial liabilities						
Non-interest bearing	–	2,100,908	–	–	–	2,100,908
Convertible note	13%^	860,026	–	–	–	860,026
Loans payable	–	53,438	–	–	–	53,438
		3,014,372	–	–	–	3,014,372

2018 (Restated)*	**Weighted Average Interest Rate**	**<6 months**	**>6 – 12 months**	**> 12 months**	**Total Contractual Cash Flows**	**Carrying Amount**
	%	**$**	**$**	**$**	**$**	**$**
Financial assets						
Cash	–	3,576	–	–	–	3,576
Non-interest bearing	–	24,193	–	–	–	24,193
		27,769	–	–	–	27,769
Financial liabilities						
Non-interest bearing	–	1,724,905	–	–	–	1,724,905
Convertible note	80%	699,541	–	–	–	700,041
Loan payable	–	500	–	–	–	500
		2,424,946	–	–	–	2,424,946

^ The change of the weighted average interest rate is due to the two extension of the convertible notes during the year. As the first extension is deemed a significant modification that resulted in an extinguishment, there are no transaction costs for entering the new convertible note, which leads to a low effective interest rate.

* Certain amounts shown here do not correspond to the 30 June 2018 financial statements and reflect adjustments disclosed in Note 6.

(a) Capital risk management

The Company's capital includes share capital, and its cash and cash equivalents.The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to achieve this, the Company may issue new shares in order to meet its financial obligations.

(b) Financial risk management objectives and policies

The Board of Directors monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(c) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade and receivables) and from its financing activities, including deposits with banks, foreign exchanges transactions and other financial instruments.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financing loss from defaults. The Group exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised below:

	2019	**2018 (Restated)***
	$	**$**
Cash and cash equivalents	4,646	3,576
GST Receivables	14,347	24,193
Borrowings	913,464	700,041

* Certain amounts shown here do not correspond to the 30 June 2018 financial statements and reflect adjustments disclosed in Note 6.

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the Group's maximum exposure to credit risk.

All receivables noted above are due within 30 days. None of the above receivables are past due.

(d) *Foreign currency risk*

The Group is exposed to foreign currency risk on the following:

– transactions carried out in Papua New Guinea in the local currency, Kina and USD;

– recording of CSP (PNG) financial accounts in USD from 1 July 2013 onwards; and

– translation of the CSP (PNG) financial accounts on consolidation.

The Group has not entered into any forward exchange contracts as at balance date and is currently fully exposed to foreign exchange risk.

Based on the above, the Group is exposed to USD and Papua New Guinea Kina foreign currency risk. The Group's exposure to foreign currency risk for years 2019 and 2018 was as follows:

2019	**Kina**	**USD**
Cash and cash equivalents	4,089	918
Payables	115,375	47,388
2018		
Cash and cash equivalents	4,239	–
Payables	121,634	143,256

(e) *Interest rate risk exposure*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The weighted average interest rates are 13% for the Company (2018: 80%).

	2019	**2018**
	$	**$**
Interest bearing financial instruments:		
Cash and cash equivalents	4,646	3,576
Borrowings – convertible note	860,026	699,541

(f) *Fair value*

The fair value of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	2019		**2018 (Restated)***	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$	**$**	**$**	**$**
Assets carried at fair value				
Cash and cash equivalents	4,646	4,646	3,576	3,576
Assets carried at amortised cost				
GST Receivables	14,347	14,347	24,193	24,193

	2019		**2018 (Restated)***	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$	**$**	**$**	**$**
Liabilities carried at amortised cost				
Payables	2,100,908	2,100,908	1,724,905	1,724,905
Convertible note	860,026	860,026	699,541	699,541
Loan Payable	53,438	53,438	500	500

For assets and liabilities that carried at amortised cost, their carrying amount approximates its fair value due to the short-term nature.

(g) *Sensitivity analysis*

The Group has performed sensitivity analyses on its exposure to foreign exchange risk on balances as at balance date.

The analysis demonstrates the effect on current year results and equity that would result from a 10% movement in the United States Dollar/Australian Dollar exchange rate. Directors believe that a 10% movement for the 2019 financial year sensitivity gives a reasonable reflection of the possible movement in United States Dollar/Australian Dollar exchange rates in light of current economic conditions.

Since the Group has no investments and no borrowings, exposure to equity price risk and interest rate risk is immaterial in terms of the possible impact on the statement of comprehensive income and total equity. It has therefore not been included in the sensitivity analysis.

Foreign exchange rate risk	**2019**	**2018**
	$	**$**
Change in equity		
Increase Kina/AUD rate by 10% (2019 Kina/AUD: 10%)	(6,077)	(4,863)
Decrease Kina/AUD rate by 10% (2019 Kina/AUD: 10%)	6,077	4,863
Increase USD/AUD by 10%	(57,359)	(19,383)
Increase USD/AUD by 10%	57,359	19,383

* Certain amounts shown here do not correspond to the 30 June 2018 financial statements and reflect adjustments disclosed in Note 6.

15. Related party disclosure

(a) Key management personnel

Disclosures relating to Directors and executives are set out in Note 17.

(b) Transactions and balances with related parties

Disclosures relating to transactions and balances with related parties are set out in Note 17.

(c) Equity interests in related parties

Details of the percentage of ordinary shares held by Directors or their related entities are disclosed in Note 17.

(d) Loans from related parties

Refer to Note 10 and 17.

(e) Subsidiaries

The consolidated financial report includes the financial information of South Pacific Resources Limited and the subsidiaries listed in the following table:

Name	**Country of incorporation and operation**	**Principal activity**	**Equity interest**		**Investment**	
			2019	**2018**	**2019**	**2018**
			%	**%**	**$**	**$**
Indo Pacific Energy Pty Ltd	Australia	Holding company	100	100	–	–
Coral Sea Petroleum (PNG) Ltd	Papua New Guinea	Oil and gas exploration	100	100	1	1
Pacific Shale Gas Ltd	Papua New Guinea	Oil and gas exploration	100	100	6,600	6,600
South Pacific Resources Ltd	Papua New Guinea	Oil and gas exploration	100	100	48	48

16. Key management personnel disclosures

(a) Key management personnel

The following persons were key management personnel of South Pacific Resources Limited during the financial year:

(i) Directors

Domenic Martino	Managing Director
Joseph Goldberg	Non-Executive Director
Alvin Tan	Non-Executive Director

No agreements with key management personnel or their controlled entities have been entered into.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors.

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

The key management personnel of the Company are the Directors of South Pacific Resources Limited. Details of the remuneration of the Directors of the Company are set out below:

	2019	**2018**
	$	**$**
Short-term employee benefit	192,000	192,000
Post employment benefit	11,400	11,400
Termination benefits	–	–
Other long-term benefits	–	–
Share-based payments	–	–
	203,400	203,400

(b) *Equity instruments disclosures relating to key management personnel*

(i) Options provided as remuneration and shares issued on exercise of such options

No options were provided to key management personnel as remuneration during the current or previous year.

(ii) Shares issued on exercise of compensation options

No shares were issued on exercise of compensation options for the current or previous year.

(iii) Option holdings

There were no compensation options issued or outstanding for the current or previous year.

(iv) Shareholdings

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

Company Directors and Associated Entities		**Opening Balance**	**Received During Year on Exercise of Options**	**Net Change Other**	**Closing Balance**
		$	**$**	**$**	**$**
Mr. Martino	**2019**	**14,578,000**	**–**	**–**	**14,578,000**
	2018	14,578,000	–	–	14,578,000
Mr. Goldberg	**2019**	**14,504,545**	**–**	**–**	**14,504,545**
	2018	14,504,545	–	–	14,504,545
Mr. Tan	**2019**	**1,115,984**	**–**	**–**	**1,115,984**
	2018	1,115,984	–	–	1,115,984

(c) Loans to directors

There were no loans made to the Directors of the Company, including their related parties during the financial year.

(d) Other transactions with key management personnel including their related parties

Transaction Services Pty Ltd, a related party of Mr. Martino, provided office rental and office supplies. Transaction Services Pty Ltd has been paid nil (2018: $57,200) inclusive of GST, expenses recognised during the year totalling $156,544 (2018: $150,524) inclusive of GST. A total of $326,596 (2018: $170,044) inclusive of GST, remains due and payable at year end.

Indian Ocean Corporate Pty Ltd is a related party of Mr. Martino, providing company secretarial, accounting and administration services to the Company. During the 30 June 2019 year, Indian Ocean Corporate Pty Ltd has been paid nil (2018: $110,000), inclusive of GST, expenses recognised during the year totalling A$132,000 (2018: $132,000) inclusive of GST. A total of $253,000 (2018: $121,000), inclusive of GST, remains due and payable at year end.

Fanucci Pty Ltd, a related party of Mr. Martino, provided a loan to the Company. As at 30 June 2019, the balance is $52,938, no amounts have been repaid during the year with the full amount outstanding as at 30 June 2019. The loan is interest free and repayable on demand. No security has been provided in respect of the loan.

17. Commitments and contingent liabilities

The Group's commitments in respect of its oil and gas licences as at 30 June 2019 were as follows:

PPL	**Date Granted**	**Commitments**	
		To November 2014	**To November 2016**
366	29 November 2010	USD 1 million	USD 15 million
367	29 November 2010	USD 1 million	USD 15 million
356	29 November 2010	USD 1 million	USD 15 million
357	29 November 2010	USD 1 million	USD 15 million
358	21 November 2010	USD 1 million	USD 25 million

Applications for variations to the licences were lodged in July 2014 and again in March 2016 for CSP (PNG) to reduce its commitments to USD 150,000 for each licence except PPL 358 for which a reduction to USD 200,000 was requested. The Group has received correspondence from the Papua New Guinean Department of Petroleum and Energy confirming the Group's ownership of the licences and receipt of conditional surrender and re-issue of licences documentation. The Group awaits further correspondence from the Papua New Guinean Department of Petroleum and Energy in respect of documents lodged. The potential commitments on the re-issued licences (if granted) are as follows:

PPL	**Potential Commitments 24 months**
366	USD 150,000
367	USD 150,000
356	USD 150,000
357	USD 150,000
358	USD 200,000

In accordance with Section 137(2) and 137(2A) of the Oil and Gas Act, once the variations to the licences are processed and the licences re-issued the future minimum expenditure commitments will re-commence based on the requirements set out in the new licences.

An impairment provision has previously been raised in the Group accounts in relation to all of the exploration expenditure incurred on the licences held by CSP (PNG) in accordance with Australian Accounting Standard requirements. The Group will review its exploration results and may, in the future, choose to relinquish all or part of one or more PPLs and focus its efforts and funds on the other PPLs.

The Group is also still waiting on the Department to issue the unconventional hydrocarbon prospecting licences that were applied for previously.

During September 2016, the Company entered into a licence agreement with Transaction Services Pty Ltd, a related party of Domenic Martino, whereby the Company will occupy its premise for five years to 31 August 2021 at a cost of $11,000 per month (excl GST), increasing at a rate of 4% p.a. As at 30 June 2019, the total commitment outstanding is $326,698 (2018: $468,555).

There are nil contingent liabilities for the Group as at 30 June 2019 (30 June 2018: nil).

18. Subsequent events

The following significant events occurred after balance date and are likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

On 7 August 2019, the Company announced that it had signed a sale and purchase agreement to acquire Takmur Pty Ltd Takmur Pte. Ltd. (**Takmur**), a Singapore based company that has exclusive rights to the operation and management of a mineral sands tenement and production facility, which includes a premium quality mineral sands deposit in Indonesia (the **Transaction**). Takmur's objective is to build shareholder value by adding premium quality mineral sands deposits to its portfolio both in Indonesia and globally. The proceeds of the Capital Raising will be used to further develop the mineral sands tenement and production facilities and look to acquire upside in other projects within the mineral sands industry.

Takmur is currently focused on the fully licensed mineral sands mine which is in production, having achieved an export volume in excess of 3,000 tons of zircon in calendar year 2018, and with significant upside potential in terms of prospective resources and the ability to increase production capacity. Ultimately, Takmur aims to become a significant mineral sands player and supply world markets with premium quality zircon, securing an important role in this rapidly growing industry.

The key terms of the Transaction, which will be subject to shareholder approval, are:

1. SPR will conduct a 20 to 1 consolidation of its existing issued capital. This will reduce the issued capital of SPR to approximately 18,284,711 fully paid ordinary shares, assuming all Resolutions are passed at the Company's General Meeting to be held on 20 August 2019 (**Shares**);

2. SPR will acquire Takmur via the issue of 210,274,171 (79.8%) Shares (post-consolidation) at an issue price of AUD0.40 per Share to the shareholders of Takmur (**Vendors**);

3. SPR will seek to raise AUD14 million through the issue of 35,000,000 Shares at a price of AUD0.40 per Share under a prospectus (**Capital Raising Shares**) and seek re-admission to the Official List of the ASX under Chapters 1 and 2 of the Listing Rules.

On completion of the Transaction SPB will change its name to "Pyx Resources Limited". Additionally, the current Board of SPR will resign and be replaced by 3 new Board members, with the exception of Alvin Tan who will stay on as Director following the Transaction.

In respect of the Company's Papua New Guinea assets, given the low oil price and lack of commercial prospectively, the Company has entered into an agreement with Ana and Bella Pty Ltd to sell these assets, subject to shareholder approval and the Transaction completing, for a nominal amount.

On 28 August 2019, the Company approved the issue of 200,178,900 Shares in payment of $3,002,683 of trade creditors and convertible notes.

19. Dividend

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

20. Remuneration of auditors

	2019 $	2018 $
Current year		
Auditors of the Company – Pitcher Partners BA & A Pty Ltd		
Remuneration for audit and review of the financial report Pitcher Partners BA & A Pty Ltd	29,171	28,300
Remuneration for other services – taxation Pitcher Partners Accountants & Advisors WA Pty Ltd	7,396	6,700
	36,567	35,000

21. Parent entity information

South Pacific Resources Limited is the legal parent entity of the consolidated group. The following information is provided for the Company:

Financial position

	2019 $	2018 $
Assets		
Current assets	2,771	52,814
Non-current assets	32,248	8,545
Total assets	35,020	61,359
Liabilities		
Current liabilities	2,451,610	1,735,126
Total liabilities	2,451,610	1,735,126
Equity		
Issued capital	39,327,253	39,327,253
Share based payment reserve	504,260	504,260
Retained earnings	(42,248,103)	(41,505,780)
Total equity	(2,416,590)	(1,674,267)
Financial performance		
Loss for the year	(742,323)	(1,366,237)

	2019 $	2018 $
Other comprehensive income	–	–
Total comprehensive loss	(742,327)	(1,366,237)

Commitments and contingent liabilities of the parent entity

During September 2016 the Company entered into a licence agreement with Transaction Services Pty Ltd, a related party of Domenic martino, whereby the Company will occupy its premise for five years to 31 August 2021 at a cost of $11,000 per month (excl GST), increasing at a rate of 4% p.a. As at 30 June 2019, the total commitment outstanding is $326,698 (2018: $468,555).

As disclosed in the note 1(j), based on the Group's preliminary assessment, which includes the likely election to initially measure the right-of-use asset at an amount equal to the initial lease liability, and using a provisionally determined discount rate, it is anticipated that the application of AASB 16 will result in the recognition of a lease liability and a corresponding right-of-use asset of approximately $326,698 relating to the leasing commitments.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 228 to 265 are in accordance with the *Corporations Act 2001*:

(a) Comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;

(b) As stated in Note 1 (a) the financial statements also comply with International Financial Reporting Standards; and

(c) Give a true and fair view of the financial position of the Group at 30 June 2019 and of their performance for the year ended on that date.

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

This declaration has been made after receiving the declaration required to be made by the Managing Director to the Directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2019.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors

Domenic Martino
Director
27 September 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH PACIFIC RESOURCES LTD

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of South Pacific Resources Ltd "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(i) in the financial report, which indicates that the Group incurred a net loss of $797, 866 during the year ended 30 June 2019 and, as of that date, the Group's current liabilities exceeded its total current assets by $3,242,176. As stated in Note 1(i), these events or conditions, along with other matters as set forth in Note 1(i), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter	How our audit addressed the key audit matter
Exploration Expenditure Refer to Note 7	Our procedures included, amongst others:
As at 30 June 2019 the carrying value of exploration and evaluation expenditure was $Nil. In addition, $7,381 additional exploration expenditure was capitalised in accordance with Group's accounting policy and then impaired during the year.	Considering the Group's right to explore in the relevant area of interest, which included obtaining and assessing supporting documentation. We also considered the status of the exploration licences as it related to tenure.
The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation expenditure may exceed its recoverable amount.	Considering the Group's intention to carry out significant exploration and evaluation activity in the relevant area of interest, including an assessment of the Group's cash-flow forecast models, discussions with senior management and Directors as to the intentions and strategy of the Group.
The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgments including but not limited to: • whether the Group has tenure of the tenement; • whether the Group has sufficient funds to meet the tenement minimum expenditure requirements; and • whether there is sufficient information for a decision to be made that the area of interest is not commercially viable.	Considering whether the exploration activities within each area of interest have reached a stage where the commercial viability of extracting the resource could be determined. Assessing the adequacy of the disclosures included within the financial report.
Convertible note Modifications Refer to Note 10	Our procedures included, amongst others:
On 25 October 2017, SPB entered into a convertible note term sheet with Tamarind Classic Resources Private Limited, totalling $750,000. The notes are convertible into ordinary shares of the parent entity, at the option of the holder, or repayable on 25 October 2018. The repayment date has subsequently been extended to 25 October 2019 ('Extension 1') and then again to 25 March 2020 ('Extension 2').	Obtaining an understanding of and evaluating the process and controls surrounding the accounting for the company's convertible notes. Obtaining an understanding of extension of the repayment terms of convertible notes to conclude on whether or not the extension represented extinguishment or modification for accounting purposes.
Extension 1 was recorded as an extinguishment of the previous convertible notes and recognition of new convertible notes. A loss on extinguishment of financial liability was recognised at Extension 1 in the consolidated statement of comprehensive income. Extension 2 was accounted for as a modification of the convertible notes. As a result of modification, modification gain was recognised in the consolidated statement of comprehensive income as at the date of modification.	Re-performing the calculations of Extension 1 and Extension 2 of the convertible notes to determine the impact on the consolidated statement of comprehensive income of each. Assessing the adequacy of the disclosures in accordance with the applicable accounting standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019. In our opinion, the Remuneration Report of South Pacific Resources Ltd, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PITCHER PARTNERS BA&A PTY LTD

JOANNE PALMER
Executive Director
Perth, 27 September 2019

SECTION A6: FINANCIAL INFORMATION OF PYX RESOURCES LTD (30 JUNE 2018) (formerly South Pacific Resources Ltd)

Pitcher Partners BA&A Pty Ltd, of Level 11, 12-14 The Esplanade, Perth, Western Australia 6000, statutory auditors to the Company at the time known as South Pacific Resources, has given its consent and authorisation for:

1. the inclusion in this Document of the statutory audit report issued with respect to PYX Resources Ltd (at the time known as South Pacific Resources Ltd) Financial Information for the year ended 30 June 2018 included in Section A6 "*Financial Information of PYX Resources (30 June 2018) (formerly South Pacific Resources Ltd)*" of Part 9 "*Historical Financial Information*"; and

2. the inclusion in this Document of their name.

Their consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

Pitcher Partners BA&A Pty Ltd has no material interest in the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $	2017 $
Continuing Operations			
Other income		67,744	2
Net foreign exchange gain/(losses)		7,919	22,806
Total other income		75,663	22,808
Total Revenues and other income		75,663	22,808
Consultancy and other professional fees		(416,018)	(453,363)
Computer and office expenses		(137,368)	(138,294)
Impairment provision against exploration expenditure	*7*	(49,245)	(392,741)
Interest expense		(271,649)	(1,560)
Scoping study expense		(348,252)	–
Travel and entertainment expenses		(1,717)	(62,732)
Other expenses		(57,080)	(126,211)
Total Expenditure	*2*	(1,281,329)	(1,174,901)
Loss from ordinary activities before income tax expenses		(1,205,666)	(1,152,093)
Income tax expenses relating to ordinary activities	*3*	–	–
Loss for the year		(1,205,666)	(1,152,093)
Other Comprehensive Income			
Other comprehensive income, net of income tax:			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations	*11*	(6,494)	(15,765)
Total comprehensive loss for the year attributable to the owners of the parent		(1,212,160)	(1,167,858)
Earnings per share			
Basic and diluted loss per share (cents)	*12*	(0.73)	(0.72)
From continuing operations			
Basic and diluted loss per share (cents)	*12*	(0.73)	(0.72)

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 276 to 302.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	2018 $	2017 $
Current Assets			
Cash and cash equivalents	*4(a)*	3,576	46,341
Trade and other receivables	*5*	74,193	75,820
Prepayments	*6*	–	2,337
Total Current Assets		77,769	124,498
Non-Current Assets			
Exploration expenditure	*7*	–	–
Plant & equipment		1,945	3,242
Total Non-Current Assets		1,945	3,242
Total Assets		79,714	127,740
Current Liabilities			
Trade and other payables	*8*	1,761,562	1,578,955
Borrowings	*9*	700,041	38,038
Total Current Liabilities		2,461,603	1,616,993
Total Liabilities		2,461,603	1,616,993
Net Liabilities		(2,381,889)	(1,489,253)
Equity			
Issued capital	*10*	6,830,356	6,772,845
Reserves	*11*	604,270	348,751
Accumulated losses		(9,816,515)	(8,610,849)
Total Equity		(2,381,889)	(1,489,253)

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 276 to 302.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Ordinary Shares $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Attributable to Members $
Balance at 1 July 2017	6,772,845	242,247	106,504	(8,610,849)	(1,489,253)
Comprehensive expenses for the year:					
Foreign exchange movement	–	–	(6,494)	–	(6,494)
Loss for the year	–	–	–	(1,205,666)	(1,205,666)
Total comprehensive loss for the year	–	–	(6,494)	(1,205,666)	(1,212,160)
Transactions with owners in their capacity as owners:					
Issue of 1,000,000 at $0.03 per share in payment of an invoice	30,000	–	–	–	30,000
Issue of convertible notes *(Note 9)*	27,511	–	–	–	27,511
Issue of 10,750,000 unlisted options *(Note 13)*	–	229,436	–	–	229,436
Expensing unlisted options *(Note 13)*	–	32,577	–	–	32,577
Balance at 30 June 2018	6,830,356	504,260	100,010	(9,816,515)	(2,381,889)
Balance at 1 July 2016	5,139,069	141,417	122,269	(7,458,756)	(2,056,001)
Comprehensive expenses for the year:					
Foreign exchange movement	–	–	(15,765)	–	(15,765)
Loss for the year	–	–	–	(1,152,093)	(1,152,093)
Total comprehensive loss for the year	–	–	(15,765)	(1,152,093)	(1,167,858)
Transactions with owners in their capacity as owners:					
18,700,000 shares and one free attaching option issued at $0.06 per share to provide working capital	1,122,000	–	–	–	1,122,000
6,582,545 shares issued at $0.10 per share in satisfaction of debt owing	658,254	–	–	–	658,254
5,500,000 options issued as placement and corporate advisor fee	(60,165)	60,165	–	–	–
20,000,000 options issued as consultant incentive options based on key development and corporate milestones	–	40,665	–	–	40,665
Capital raising costs	(86,313)	–	–	–	(86,313)
Balance at 30 June 2017	6,772,845	242,247	106,504	(8,610,849)	(1,489,253)

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 276 to 302.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $	2017 $
Cash Flows From Operating Activities			
Cash paid to suppliers and employees		(260,966)	(539,068)
Cash paid for Exploration and Evaluation		(348,252)	–
Interest received		10	2
Net cash used in operating activities	*4(b)*	(609,208)	(539,066)
Cash Flows From Investing Activities			
Payments for Exploration and Evaluation		(80,855)	(467,046)
Net cash used in investing activities		(80,855)	(467,046)
Cash Flows From Financing Activities			
Proceeds from borrowings		–	37,538
Repayment of borrowings		(37,538)	(63,500)
Proceeds from issue of convertible notes		750,000	–
Convertible notes facility fee		(65,164)	–
Proceeds from issue of shares		–	1,122,000
Share capital costs		–	(52,910)
Net cash from financing activities		647,298	1,043,128
Net increase/(decrease) in cash and cash equivalents		(42,765)	37,016
Cash and cash equivalents at beginning of the year		46,341	9,325
Cash and cash equivalents at end of year	*4(a)*	3,576	46,341

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 276 to 302.

PREFACE TO THE NOTES

The notes include information which is required to understand the financial statements and is material and relevant to the operations and financial position and performance of the Company. Information is considered relevant and material if:

- The amount is significant due to its nature or size;
- The amount is important in understanding the results of the Company;
- It helps to explain the impact of significant changes in the Company's business; or
- It relates to an aspect of the Company's operations that is important to its future performance.

The notes are organised in the following sections:

- Basis of preparation;
- Key numbers;
- Capital;
- Risk management;
- Group structure and management;
- Unrecognised items; and
- Other notes

1. Basis of Preparation

(a) Reporting entity

South Pacific Resources Limited (the "**Company**" or "**SPR**") is a company limited by shares, incorporated in Australia and listed on the Australian Securities Exchange. The financial statements for the consolidated entity consist of SPR and its subsidiaries (the "**Group**").

The nature of the operations and principal activities of the Group are described in the Directors' Report.

(b) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

For the purpose of preparing the financial statements, the Group is a for-profit entity.

The financial statements were approved by the Board of Directors on 28 September 2018.

(c) ***Basis of preparation***

The financial statements have been prepared on the basis of historic costs, except for the financial assets for which the fair value basis of accounting has been applied.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reports for the current or prior periods.

(d) ***Functional and presentation currency***

These financial statements are presented in Australian dollars, which is the Parent Company's functional currency. CSP(PNG)'s functional currency is in US dollars. The Group's presentation currency is in Australian dollars.

(e) ***New and amended standards adopted by the group***

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2017 affected any of the amounts recognised in the current period or any prior period.

(f) ***Early adoption of standards***

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2017.

(g) ***Basis of consolidation***

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The Group controls an entity when it is exposed, 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.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

A list of controlled entities is contained in Note 15(e).

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the financial report as well as their results for the period then ended.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Subsidiaries are eliminated from the date on which control is established and are de-recognised from the date that control ceases.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(h) Comparative figures

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

(i) Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the year ended 30 June 2018 of $1,205,666 (30 June 2017: $1,152,093), and a net cash outflow from operations of $609,208 (30 June 2017: $539,066). As at 30 June 2018 the Group had net current liabilities of $2,383,834 (2017: $1,364,755) and net equity of negative $2,381,889 (30 June 2017: $1,489,253).

The Group has successfully executed the following to continue to meet its liabilities as and when they fall due:

- Obtained a letter of support from one of the Directors to ensure the Company has adequate working capital for at least 12 months from the date of this report;
- Obtained a letter of support from the provider of accounting, company secretarial and office space to defer payment for rendered and ongoing services until the Group is able to settle these costs;
- Obtained a letter of support from the non-executive and executive Directors to defer payment of their fees until the Group is able to settle these costs;
- Tamarind Classic Resources Private Limited's agreement to defer repayment of the convertible note, including any accrued or unpaid interest, for 12 months, unless the Company has sufficient surplus working capital above its estimated requirements

The Directors of the Group will seek to raise additional capital in a timely manner in order to fund the ongoing exploration and operation activities via any means available to it inclusive of, but not limited to:

- Placements;
- option conversions;
- rights issues; and
- joint venture arrangement

Additionally, the Directors continue to manage costs going forward. The following are actions which have been commenced or which are being considered:

- Seeking approval to delay exploration activities in certain tenements;
- Selling certain tenements in Papua New Guinea

The Directors have reviewed the business outlook and cash flow forecasts after taking into account the above matters and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe the Group will achieve the matters set out above and be able to pay its debts as and when they fall due.

(j) ***New standards and interpretation not yet adopted***

Accounting standards issued but not yet effective

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments (December 2014), AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014), AASB 2014-8: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the Group on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost to be based on an expected loss approach.

The directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, which they are currently assessing.

AASB 15: Revenue from Contracts with Customers, AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15, AASB 2016-3: Amendments to Australian Accounting Standards – Clarifications to AASB 15 and AASB 2016-7: Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (applicable to for profit entities for annual reporting periods commencing on or after 1 January 2018 and to not-for-profit entities for annual reporting periods commencing on or after 1 January 2019).

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. To give effect to this principle, AASB 15 requires the adoption of the following 5-step model:

- identify the contract(s) with a customer;
- identify the performance obligations under the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations under the contract(s); and
- recognise revenue when (or as) the entity satisfies the performance obligations.

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

The Group does not have any revenue contracts with customers, consequently the directors anticipate no impact on the Group's reported revenue next year.

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
    - investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
    - property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

The directors anticipate that the adoption of AASB 16 may have an impact on the Group's accounting for its operating leases, With the Group's office rental lease expiring on 31 August 2021. From 1 July 2018 to 31 August 2021, a total of $468,555 will be paid in office rental expense. From 1 July 2018 this amount is to be recorded on the balance sheet as a liability, with monthly expensing to the profit and loss account.

(k) ***Segment information***

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

The Group engages in two businesses being exploration and development of oil and gas licences and investment management, activities from which it incurs costs. The major results of the Group are from the exploration and development of oil and gas licences, the investment management business is immaterial and consequently the results of the Group are analysed as a whole by the chief operating decision maker.

2. Expenditure

	Note	2018 $	2017 $
Accounting and audit fees		88,315	88,684
Company secretarial		60,000	60,000
Director fees		192,000	192,000
Office rental		136,840	132,607
Superannuation expense		11,400	11,400
Travel and accommodation		1,717	58,932

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

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

(d) Receivables and payables are stated with amounts of GST included.

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

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

3. Income Tax Expense

	2018 $	2017 $
(a) Income tax expense		
The components of income tax expense/(benefit) comprise:		
Current tax	–	–
Deferred tax	–	–
	–	–

		2018 $	2017 $
(b)	**Reconciliation of income tax expense/(benefit) to prima facie tax payable on accounting loss**		
	Accounting loss before tax	(1,205,666)	(1,152,093)
	Australian prima facie tax benefit on loss at 30% (2017: 30%)	(222,790)	(211,335)
	Papua New Guinea prima facie tax benefit on loss at 30% (2017: 30%)	(138,909)	(134,293)
	Effect of expenses that are not deductible in determining taxable profit	63,112	1,140
	Impairment of intercompany loan		–
	Tax losses not brought to account	295,587	344,489
	Income tax expenses	–	–
(c)	**Deferred tax assets and liabilities not brought to account**		
	The directors estimate that the potential deferred tax assets and liabilities carried forward but not brought to account as at year end at the Australian and Papua Ne Guinean corporate tax rate of 30% are made up as follows:		
	Carried forward tax losses	7,088,216	8,419,369
	Deductible temporary differences	1,299,783	1,127,771
		8,387,999	9,547,140

The Company estimates the Group has accumulated income tax losses of $27,959,996 (2017: $29,643,330). The benefit of these losses and timing difference will only be obtained if:

- The Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;

- The Group continues to comply with the conditions for deductibility imposed by law; and

- No changes in tax legislation adversely affect the Group in realising the benefit from the deduction for the loss.

The Group expects to have carried forward tax losses, which have not been recognised as deferred assets, as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions. The utilisation of the tax losses is subject to the Group passing the required Continuity of Ownership and Same Business Test rules at the time the losses are utilised. Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences can be utilised.

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

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

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

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

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

Deferred tax assets and deferred tax liabilities shall be offset only if:

(a) there is a legally enforceable right to set-off current tax assets against current tax liabilities; and

(b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

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

4. Cash and Cash Equivalents

	2018	**2017**
	$	**$**
Cash and cash equivalents	3,576	46,341

(a) Reconciliation to cash at the end of the year

Balance as per above	3,576	46,341
Balance per statement of cash flows	3,576	46,341

	2018	2017
	$	$
Operating loss after income tax	(1,205,666)	(1,152,093)
Adjustments for non-cash items		
Issue of shares in payment of debt	–	658,255
Issue of shares to consultants	30,000	–
Depreciation	1,297	648
Provision for exploration expenditure	49,245	392,741
Equity based payment	–	–
Changes in assets and liabilities		
Trade and other receivables	1,627	(9,377)
Trade and other payables	238,347	(444,693)
Prepayment	2,337	–
Accrued expenses	1,191	953
Interest accrued on convertible note	271,649	–
Movement		
Foreign exchange movement (affect on operating loss)	765	14,500
Net cash used in operating activities	(609,208)	(539,066)

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, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

5. Trade and Other Receivables

	2018	2017
	$	$
Rental bond	50,000	50,000
GST receivables	24,193	25,820
Total trade and other receivables	74,193	75,820

The Group has no impairments to trade and other receivables or have receivables that are past due but not impaired.

Due to the short-term nature of the current trade and other receivables, their carrying amount is assumed to be the same as their fair value.

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held to maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

As at 30 June 2018, the only financial assets are in the 'loans and receivables' category.

(i) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

(ii) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iii) Impairment of financial assets

Financial assets, held by the Group, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivable assets could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(iv) ***De-recognition of financial assets***

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantively all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantively all the risks and rewards of ownership and continue to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantively all the risks and rewards of ownership of a transferred financial asset, the Group continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

6. Prepayments

	2018	2017
	$	$
Prepayments	–	2,337
	–	2,337

7. Exploration Expenditure

	2018	2017
	$	$
Prepayment of exploration licences	1,154,555	1,154,555
Impairment provision	(1,154,555)	(1,154,555)
Capitalised exploration expenditure	–	–
Movement in carrying values		
Capitalised exploration expenditure		
Carrying value at the beginning of the year	–	–
Additions	49,245	392,741
Impairment provision recorded against exploration expenditure	(49,245)	(392,741)
Carrying value at end of Year	–	–

An impairment provision has been made against exploration expenditure given the uncertainty surrounding the veracity of the exploration licences (refer Note 18).

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development on the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserve. If ultimately the areas of interest are abandoned or are not successfully commercialised, the carrying value of the capitalised exploration and evaluation expenditure would need to be written down to its recoverable amount; Accumulated costs in relation to an abandoned area are written off in full against the statement of comprehensive income in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental rehabilitation obligations) and changes to commodity prices.

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments including those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial report:

- The Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development or alternatively sale of the areas of interest. If ultimately the areas of interest are abandoned or are not successfully commercialised, the carrying value of the capitalised exploration and evaluation expenditure would need to be written down to its recoverable amount;

- The Group has recorded an impairment provision in the accounts as a result of the uncertainty surrounding the veracity of the exploration licences held by CSP (PNG) and their commitments. Once confirmation has been received from the PNG Department of Petroleum and Energy as to the standing of the licences, directors may consider reversing the impairment provision, thereby re-instating the exploration expenditure as an asset on the statement of financial position; and

- The Group has carried forward tax losses which have not been recognised as deferred tax assets because it is not considered sufficiently probable at this point in time, that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

8. Trade and Other Payables

	2018	**2017**
	$	**$**
Trade payables	1,724,905	1,543,489
Accrued expenses	36,657	35,466
Total trade and other payables	1,761,562	1,578,955

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

9. Borrowings

	2018 $	2017 $
Convertible notes *(i)*	699,541	–
Loans payable – related parties	500	500
Loans payable – other	–	37,538
	700,041	38,038

The loans payable are from related parties, are unsecured without interest and repayable on demand.

(i) Convertible notes

The parent entity issued 750,000 10% convertible notes for $750,000 on 25 October 2017. The notes are convertible into ordinary shares of the parent entity, at the option of the lender, or repayable on 25 October 2018. The conversion rate is 3.5 cents per share, but subject to adjustments for reconstructions of equity. The parent entity has also issued 10,750,000 options to Tamarind Classic Resources Limited. These options have an exercise price of $0.05 per share and an expiry 5 years from the date of their issue. The parent entity considers these options to form part of the cost the convertible notes issued. The lender of the Convertible Notes has agreed to defer repayment of the notes, and any accrued and unpaid interest, for 12 months and extended to 26 October 2019 unless the Company has sufficient surplus working capital above its estimated requirements. The convertible notes are presented in the balance sheet as follows:

	2018 $	2017 $
Face value of notes issued	750,000	–
Transaction costs	(65,164)	–
Net proceeds	684,836	–
Amount classified as equity (net of transaction costs) *(note 10)*	(27,511)	–
Other equity instruments – issue of options recognised as a cost of the transaction *(note 11 & 13)*	(229,436)	
Unwind of interest for the year	271,649*	–
Current liability	699,541	–

The initial fair value of the liability portion of the convertible note was determined using a market interest rate for an equivalent non-convertible note at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in issued capital, net of income tax and not subsequently remeasured.

* Interest expense is calculated by applying the effective interest rate of 93% to the liability component.

10. Equity

(a) Ordinary shares

	2018 No.	2018 $	2017 No.	2017 $
Fully paid ordinary shares	165,515,311	6,830,356	164,515,311	6,772,845

During the year ended 30 June 2018, the following movements of ordinary shares were noted:

	Number of shares	$
Balance as at 1 July 2016	139,232,766	5,139,069
Issue of 18,700,000 shares with 9,350,000 unlisted options an issue price of $0.06 per share	18,700,000	1,122,000
Issue of 6,582,545 shares at an issue price of $0.10 per share	6,582,545	658,254
Capital raising costs	–	(146,478)
Balance as at 1 July 2017	164,515,311	6,772,845
Issue of 1,000,000 shares with an issue price of $0.03 per share in payment of an invoice	1,000,000	30,000
Equity portion of convertible notes issued *(note 9)*	–	27,511
Closing balance as at 30 June 2018	165,515,311	6,830,356

Ordinary shares have no par value. Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

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

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

(b) Options on issue

Options issued under share based payment arrangements entered into, or existing during the years ended 30 June 2018 and 30 June 2017 are set out below:

	2018		2017	
	Number of Options	**Weighted Average Exercise Price $**	**Number of Options**	**Weighted Average Exercise Price $**
Outstanding at the beginning of the period	36,100,000	0.101	10,600,000	0.068
Granted during the period *(note 9)*	10,750,000	0.05	25,500,000	0.114
Expired during the period	(19,900,000)	0.09	–	–
Exercised during the period	–	–	–	–
Closing balance	26,950,000	0.08	36,100,000	0.101
Exercisable at the end or the period	26,950,000	0.08	36,100,000	0.101

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value of shares are measured by reference to the quoted market price. Fair value of options are measured by use of valuation techniques. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve. The volatility is estimated based on the historical volatility of the previous period equal to the life of the option granted.

11. Reserves

	2018	2017
	$	$
Share Based Payment Reserve		
Opening balance as at 1 July 2016/2017	242,247	141,417
The issue of 5,500,000 unlisted options to brokers and consultants	–	60,165
The issue of 10,750,000 unlisted options to convertible note provider (Refer to note 9)	229,436	–
Expensing of unlisted options issued to consultants	32,577	40,665
Closing balance as at 30 June 2017/2018	504,260	242,247
Foreign Currency Translation Reserve		
Opening balance as at 1 July 2016/2017	106,504	122,269
Foreign exchange movement	(6,494)	(15,765)
Closing balance as at 30 June 2017/2018	100,010	106,504
Total Reserves	604,270	348,751

Nature and purposes of reserve

(i) *Share based payment reserve*

The share based payment reserve records the issue of shares and options in consideration for services rendered.

(ii) *foreign currency translation reserve*

The foreign currency translation reserve records the exchange difference resulting from the translation of the Group's subsidiaries from United States Dollars.

Share based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value of shares is measured by reference to the quoted market price. Fair value of options is measured by use of valuation techniques. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Foreign currency translation 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 the statement of comprehensive income, 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 equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

12. Earnings per share

	2018	**2017**
	$	**$**
Net loss attributable to the ordinary equity holders of the Company *($)*	(1,205,666)	(1,152,093)
Weighted average number of ordinary shares for basis per share	165,118,051	160,140,373
Continuing operations		
– Basic and diluted loss *(cents per share)*	(0.73)	(0.72)

The effect of options has been excluded from the calculation of the diluted EPS on the basis that this would indicate a better EPS resulting from dividing the loss by a larger number of securities.

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

13. Share based payments

	2018	**2017**
	$	**$**
(d) Recognised share based payment expenses		
– Expense arising from equity settled share-based payment transactions as costs of equity raising *(note i)*	–	60,165
Expense recognised for consulting services (expensed as part of impairment to exploration expenditure) *(note ii)*	32,577	40,665
Expense arising from issue of options as a cost of the convertible notes – note 9 *(note iii)*	229,436	–

Notes:

(i) In August 2016, the Company issued 5,500,000 unlisted options exercisable at $0.12 and with an expiry date of 3 August 2017 as broker and corporate advisory fees in respect of the placement. The fair value of each option when granted was determined as $0.01094 per option. These values were calculated using an option pricing model applying the following inputs:

Share Price:	$0.04
Exercise Price:	$0.12
Expected share price volatility:	141.88%
Vesting date:	3 August 2016
Expiry date:	3 August 2017
Risk-free interest rate:	2.98%
Dividends:	0%

(ii) In November 2016, the Company issued 20,000,000 unlisted options with various terms and conditions to a consultant as payment for services provided. The options were issued and valued with the following terms and conditions:

Vesting Conditions	**Probability of Vesting**	**No. of Options**	**Expiry date**	**Exercise Price**	**Expected share price volatility**	**Value per option**
1. Upon achieving a 20 day VWAP of $0.10	100%	2,500,000	12 months(i)	$0.08	142.62%	$0.01465
2. Upon achieving a 20 day VWAP of $0.15	100%	2,500,000	12 months(i)	$0.08	142.62%	$0.01465
3. Upon execution of the first monetisation deal (strategic alliance, joint venture, farm-in)	0%	5,000,000	18 months(i)	$0.10	151.52%	$0.02331
4. Upon execution of the second monetisation deal (strategic alliance, joint venture, farm-in)	0%	5,000,000	24 months	$0.12	165.86%	$0.02867
5. Upon consultant being engaged for a period of 2 years, unless terminated by the company in which case the options vest immediately	0%	5,000,000	36 months	$0.15	250.60%	$0.03591
		20,000,000				

(iii) Lapsed during the 30 June 2018 year and were not exercised.

Share Price:	$0.040
Exercise Price:	As above
Expected share price volatility:	As above
Vesting date:	As above
Expiry date:	As above
Risk-free interest rate:	2.98%
Dividends:	0%

The options had been valued using an option pricing model as per the level and inputs and had been given a total market value of $281,134. A total of $32,577 (2017: $40,665) was expensed as an impairment to exploration expenditure for the year ended 30 June 2018.

(iv) In November 2017, the Company received approval from shareholders at its Annual General Meeting to issue 10,750,000 unlisted options exercisable at $0.05 and with an expiry date of five years from their date of issue as a cost of entering into the convertible note agreement. These options were issued as a cost of the transaction entered into with Tamarind Classic Resources Limited for convertible note issued (refer to Note 9 for further details).

The fair value of each option when granted was determined as $0.02134 per option. These values were calculated using an option pricing model applying the following inputs:

Share Price:	$0.023
Exercise Price:	$0.050
Expected share price volatility:	173.49%
Vesting date:	30 Nov 2017
Expiry date:	30 Nov 2022
Risk-free interest rate:	2.39%
Dividends:	0%

These options were issued on 22 February 2018. As at 30 June 2018, $229,436 was recognised within the Share Based Payment reserve as a cost of the convertible notes issued. This amount is will be expensed within the Statement of Profit and Loss over the term of the convertible notes, as an unwinding of the interest applicable to the financial liability component. Refer to note 9 of this report for further details.

14. Financial risk management

The Group's financial instruments consist of deposits with banks, accounts receivable and accounts payable. The main risks arising from the Group's financial instruments are interest rate risk, credit risk, foreign currency risk and liquidity risk.

Risk management is carried out by the Board of Directors who monitor, evaluate, and manage the Group's financial risk across its operating units.

The non-interest bearing financial assets and liabilities of the Group in the table below are due or payable within 30 days.

2018	Weighted Average Interest Rate	<6 months	>6 – 12 months	> 12 months	Total Contractual Cash Flows	Carrying Amount
	%	$	$	$	$	$
Financial assets						
Cash	–	3,576	–	–	–	3,576
Non-interest bearing	–	74,193	–	–	–	74,193
		77,769	–	–	–	77,769
Financial liabilities						
Non-interest bearing	–	1,724,909	–	–	–	1,724,909
Borrowings	93%	700,041	–	–	–	700,041
		2,424,950	–	–	–	2,424,950

2017	Weighted Average Interest Rate	<6 months	>6 – 12 months	> 12 months	Total Contractual Cash Flows	Carrying Amount
	%	$	$	$	$	$
Financial assets						
Cash	–	46,341	–	–	–	46,341
Non-interest bearing	–	75,820	–	–	–	75,820
		122,161	–	–	–	122,161
Financial liabilities						
Non-interest bearing	–	1,578,955	–	–	–	1,578,955
Borrowings	–	38,038	–	–	–	38,038
		1,616,993	–	–	–	1,616,993

(a) Capital risk management

The Company's capital includes share capital, and its cash and cash equivalents. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to achieve this, the Company may issue new shares in order to meet its financial obligations.

(b) Financial risk management objectives and policies

The Board of Directors monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(e) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade and receivables) and from its financing activities, including deposits with banks, foreign exchanges transactions and other financial instruments.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financing loss from defaults. The Group exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised below:

	2018	**2017**
	$	**$**
Cash and cash equivalents	3,576	46,341
Receivables	74,193	75,820
Borrowings	700,041	38,038

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the Group's maximum exposure to credit risk.

All receivables noted above are due within 30 days. None of the above receivables are past due.

(d) Foreign currency risk

The Group is exposed to foreign currency risk on the following:

- transactions carried out in Papua New Guinea in the local currency, Kina and USD;
- recording of CSP (PNG) financial accounts in USD from 1 July 2013 onwards; and
- translation of the CSP (PNG) financial accounts on consolidation.

The Group has not entered into any forward exchange contracts as at balance date and is currently fully exposed to foreign exchange risk.

Based on the above, the Group is exposed to USD and Papua New Guinea Kina foreign currency risk. The Group's exposure to foreign currency risk for years 2018 and 2017 was as follows:

2018	**Kina**	**USD**
Current:		
Cash and cash equivalents	4,239	918
Payables	121,634	143,256
2017		
Current:		
Cash and cash equivalents	8,329	–
Payables	398,256	117,000

(e) Interest rate risk exposure

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The weighted average interest rates are 93% for the Company (2017: NIL%).

	2018	**2017**
	$	**$**
Interest bearing financial instruments:		
Cash and cash equivalents	3,576	46,341
Borrowing – convertible note	700,041	38,038

(f) Fair value

The fair value of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	2018		2017	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Assets carried at fair value				
Cash and cash equivalents	3,576	3,576	46,341	46,341
Assets carried at amortised cost				
Receivables	74,193	74,193	75,820	75,820
Liabilities carried at amortised cost				
Payables	1,724,909	1,724,909	1,578,955	1,578,955
Borrowings – convertible note	700,041	700,041	38,038	38,038

(g) Sensitivity analysis

The Group has performed sensitivity analyses on its exposure to foreign exchange risk on balances as at balance date.

The analysis demonstrates the effect on current year results and equity that would result from a 10% movement in the United States Dollar/Australian Dollar exchange rate. Directors believe that a 10% movement for the 2018 financial year sensitivity gives a reasonable reflection of the possible movement in United States Dollar/Australian Dollar exchange rates in light of current economic conditions.

Since the Group has no investments and no borrowings, exposure to equity price risk and interest rate risk is immaterial in terms of the possible impact on the statement of comprehensive income and total equity. It has therefore not been included in the sensitivity analysis.

Foreign exchange rate risk	**2018 $**	**2017 $**
Change in profit and loss		
Increase Kina/AUD rate by 10% (2017 Kina/AUD: 10%)		
– reduction in loss	(4,863)	(16,625)
Decrease Kina/AUD rate by 10% (2017 Kina/AUD: 10%)		
– increase in loss	4,863	16,625
Increase USD/AUD by 10% – reduction in loss	(19,383)	(15,211)
Increase USD/AUD by 10% – increase in loss	19,383	15,211

15. Related party disclosure

(a) *Key management personnel*

Disclosures relating to Directors and executives are set out in Note 16.

(b) *Transactions and balances with related parties*

Disclosures relating to transactions and balances with related parties are set out in Note 16.

(c) *Equity interests in related parties*

Details of the percentage of ordinary shares held by Directors or their related entities are disclosed in Note 16.

(d) *Loans from related parties*

Refer to Note 9.

(e) *Subsidiaries*

The consolidated financial report includes the financial information of South Pacific Resources Limited and the subsidiaries listed in the following table:

Name	**Country of incorporation and operation**	**Principal activity**	**Equity interest**		**Investment**	
			2018	**2017**	**2018**	**2017**
			%	**%**	**$**	**$**
Indo Pacific Energy Pty Ltd	Australia	Holding company	100	100	2,076,827	2,076,827
Coral Sea Petroleum (PNG) Ltd	Papua New Guinea	Oil and gas exploration	100	100	1	1
Pacific Shale Gas Ltd	Papua New Guinea	Oil and gas exploration	100	100	6,600	6,600
South Pacific Resources Ltd	Papua New Guinea	Oil and gas exploration	100	100	48	48

16. Key management personnel disclosures

(a) *Key management personnel*

The following persons were key management personnel of South Pacific Resources Limited during the financial year:

(i) *Directors*

Domenic Martino	Managing Director
Joseph Goldberg	Non-Executive Director
Alvin Tan	Non-Executive Director

No agreements with key management personnel or their controlled entities have been entered into.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors.

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

The key management personnel of the Company are the Directors of South Pacific Resources Limited. Details of the remuneration of the Directors of the Company are set out below:

	2018	**2017**
	$	**$**
Short-term employee benefit	192,000	192,000
Post employment benefit	11,400	11,400
Termination benefits	–	–
Other long-term benefits	–	–
Share-based payments	–	–
	203,400	203,400

(b) ***Equity instruments disclosures relating to key management personnel***

(i) *Options provided as remuneration and shares issued on exercise of such options*

No options were provided to key management personnel as remuneration during the current or previous year.

(ii) *Shares issued on exercise of compensation options*

No shares were issued on exercise of compensation options for the current or previous year.

(iii) *Option holdings*

Details of options held directly, indirectly or beneficially by key management personnel and their related parties during the year ended 30 June 2018 are as follows:

Company Directors and Related Parties		**Opening Balance**	**Granted as Remuneration**	**Options Acquired**	**Net Change Other**	**Closing Balance**	**Total Vested and Exercisable as at Year End**	**Unvested as at Year End**
		$	**$**	**$**	**$**	**$**	**$**	**$**
Mr. Martino	**2018**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2017	–	–	–	–	–	–	–
Mr. Goldberg	**2018**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2017	–	–	–	–	–	–	–
Mr. Tan	**2018**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2017	–	–	–	–	–	–	–

(iv) Shareholdings

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

Company Directors and Associated Entities		**Opening Balance**	**Received During Year on Exercise of Options**	**Net Change Other**	**Closing Balance**
	$	$	$	$	$
Mr. Martino	**2018**	**15,578,000**	**–**	**–**	**14,578,000**
	2017	11,250,000	–	3,328,000[i]	14,578,000
Mr. Goldberg	**2018**	**14,504,545**	**–**	**–**	**14,504,545**
	2017	11,250,000	–	3,254,545[i]	14,504,545
Mr. Tan	**2018**	**423,190**	**–**	**–**	**1,115,984**
	2017	423,190	–	692,794	1,115,984

During the 2017 financial year shares were issued to entities associated with Mr. Martino and Mr. Goldberg as payment of director fees and superannuation to 30 June 2016. The shares were issued at $0.10 per share.

(c) Loans to directors

There were no loans made to the Directors of the Company, including their related parties during the financial year.

(d) Other transactions with key management personnel including their related parties

Transaction Services Pty Ltd, a related party of Mr. Martino, provided company secretarial, accounting, office rental and administration services to the Company up to 30 September 2016. From October 2016, Transaction Services Pty Ltd provided office rental and office supplies. Transaction Services Pty Ltd has been paid $57,200 (2017: $261,652) inclusive of GST. A total of $170,043.80 (2017: $76,719.80), inclusive of GST, remains due and payable at year end.

From 1 October 2016, Indian Ocean Corporate Pty Ltd was a related party of Mr. Martino, providing company secretarial, accounting and administration services to the Company. Indian Ocean Corporate Pty Ltd has been paid $110,000, inclusive of GST (2017: $11,000). A total of $121,000 (2017: $99,000), inclusive of GST, remains due and payable at year end.

During the year the Company repaid its loan of $18,000 (2017: 63,500) owing to Impact Nominees Pty Ltd, a company related to Mr. Domenic Martino. The loan was interest free.

[i] Issued in lieu of settlement for outstanding director fees.

17. Commitments and contingent liabilities

The Group's commitments in respect of its oil and gas licences as at 30 June 2018 were as follows:

PPL	Date Granted	Commitments	
		To November 2014	To November 2016
366	29 November 2010	USD 1 million	USD 15 million
367	29 November 2010	USD 1 million	USD 15 million
356	29 November 2010	USD 1 million	USD 15 million
357	29 November 2010	USD 1 million	USD 15 million
358	21 November 2010	USD 1 million	USD 25 million

The Group has re-filed for its exploration licences with the Papua New Guinea Department of Petroleum and Energy, which once processed will re-commence commitment requirements. The Group awaits correspondence from the Department in this regard. An impairment provision has previously been raised in the Group accounts in relation to all of the exploration licences held by CSP (PNG) in accordance with Australian Accounting Standard requirements. The Group will review its exploration results and may, in the future, choose to relinquish all or part of one or more PPLs and focus its efforts and funds on the other PPLs.

The Group is also still waiting on the Department to issue the unconventional hydrocarbon prospecting licences that were applied for previously.

It should be noted that the Company has not met commitments to November 2016 but applied for variations to the licences. In July 2014, and again on 18 March 2016, CSP (PNG) applied for variations to its licences, essentially reducing the licence commitments to USD 150,000 for each licence except in respect of PPL 358 for which a reduction to USD 200,000 has been requested. The Group awaits correspondence from the Papua New Guinean Government.

During September 2016, the Company has entered into a licence agreement with Transaction Services Pty Ltd, a related party of Domenic Martino, whereby the Company will occupy its premise for five years to 31 August 2021 at a cost of $11,000 per month (excl GST), increasing at a rate of 4% p.a. As at 30 June 2018, the total commitment outstanding is $468,555.

There are nil contingent liabilities for the Group as at 30 June 2018 (30 June 2017: nil).

18. Subsequent events

There are no significant events after balance date likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

19. Dividend

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

20. Remuneration of auditors

	2018 $	2017 $
Current year		
Auditors of the Company – Pitcher Partners BA & A Pty Ltd and its associated Pitcher Partners (WA) Pty Ltd		
Remuneration for audit and review of the financial report	28,300	27,800
Remuneration for other services – taxation	6,700	6,950
	35,000	34,750

21. Parent entity information

South Pacific Resources Limited is the legal parent entity of the consolidated group. The following information is provided for the Company:

Financial position

	2018 $	2017 $
Assets		
Current assets	52,814	100,248
Non-current assets	8,545	6,600
Total assets	61,359	106,848
Liabilities		
Current liabilities	1,735,126	734,399
Total liabilities	1,735,126	734,399
Equity		
Issued capital	39,327,253	39,269,745
Share based payment reserve	504,260	242,247
Retained earnings	(41,505,780)	(40,139,543)
Total equity	(1,674,267)	(627,551)
Financial performance		
Loss for the year	(1,366,237)	(1,153,244)
Other comprehensive income	–	–
Total comprehensive loss	(1,366,237)	(1,153,244)

Commitments and contingent liabilities of the parent entity

During September 2016 the Company entered into a licence agreement with Transaction Services Pty Ltd, a related party of Domenic Martino, whereby the Company will occupy its premise for five years to 31 August 2021 at a cost of $11,000 per month (excl GST), increasing at a rate of 4% p.a. As at 30 June 2018, the total commitment outstanding is $468,555 (2017: $604,954).

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 272 to 302 are in accordance with the *Corporations Act 2001*:

(a) Comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;

(b) As stated in Note 2(a) the financial statements also comply with International Financial Reporting Standards; and

(c) Give a true and fair view of the financial position of the Group at 30 June 2018 and of their performance for the year ended on that date.

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

This declaration has been made after receiving the declarations required to be made by the Managing Director and Company Secretary to the Directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2018.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors

Domenic Martino
Director
28th September 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH PACIFIC RESOURCES LTD

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of South Pacific Resources Ltd "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(i) in the financial report, which indicates that the Group incurred a net loss of $797,866 during the year ended 30 June 2019 and, as of that date, the Group's current liabilities exceeded its total current assets by $3,242,176. As stated in Note 1(i), these events or conditions, along with other matters as set forth in Note 1(i), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter	How our audit addressed the key audit matter
Exploration Expenditure Refer to Note 7	Our procedures included, amongst others:
As at 30 June 2019 the carrying value of exploration and evaluation expenditure was $Nil. In addition, $7,381 additional exploration expenditure was capitalised in accordance with Group's accounting policy and then impaired during the year. The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation expenditure may exceed its recoverable amount. The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgments including but not limited to: • whether the Group has tenure of the tenement; • whether the Group has sufficient funds to meet the tenement minimum expenditure requirements; and • whether there is sufficient information for a decision to be made that the area of interest is not commercially viable.	Considering the Group's right to explore in the relevant area of interest, which included obtaining and assessing supporting documentation. We also considered the status of the exploration licences as it related to tenure. Considering the Group's intention to carry out significant exploration and evaluation activity in the relevant area of interest, including an assessment of the Group's cash-flow forecast models, discussions with senior management and Directors as to the intentions and strategy of the Group. Considering whether the exploration activities within each area of interest have reached a stage where the commercial viability of extracting the resource could be determined. Assessing the adequacy of the disclosures included within the financial report.
Convertible note Modifications Refer to Note 10	Our procedures included, amongst others:
On 25 October 2017, SPB entered into a convertible note term sheet with Tamarind Classic Resources Private Limited, totalling $750,000. The notes are convertible into ordinary shares of the parent entity, at the option of the holder, or repayable on 25 October 2018. The repayment date has subsequently been extended to 25 October 2019 ('Extension 1') and then again to 25 March 2020 ('Extension 2'). Extension 1 was recorded as an extinguishment of the previous convertible notes and recognition of new convertible notes. A loss on extinguishment of financial liability was recognised at Extension 1 in the consolidated statement of comprehensive income. Extension 2 was accounted for as a modification of the convertible notes. As a result of modification, modification gain was recognised in the consolidated statement of comprehensive income as at the date of modification.	Obtaining an understanding of and evaluating the process and controls surrounding the accounting for the company's convertible notes. Obtaining an understanding of extension of the repayment terms of convertible notes to conclude on whether or not the extension represented extinguishment or modification for accounting purposes. Re-performing the calculations of Extension 1 and Extension 2 of the convertible notes to determine the impact on the consolidated statement of comprehensive income of each. Assessing the adequacy of the disclosures in accordance with the applicable accounting standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019. In our opinion, the Remuneration Report of South Pacific Resources Ltd, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PITCHER PARTNERS BA&A PTY LTD

JOANNE PALMER
Executive Director
Perth, 27 September 2019

SECTION B: FINANCIAL INFORMATION OF TAKMUR PTE LIMITED

SECTION B1: FINANCIAL INFORMATION OF TAKMUR PTE LIMITED (31 DECEMBER 2019)

Hall Chadwick Pty Ltd, of Level 40, 2 Park Street, Sydney, NSW 2000, Australia, Chartered Accountants and statutory auditors to the Takmur, has given its consent and authorisation for:

1. the inclusion in this Document of the statutory audit report issued with respect to Takmur Pte and its controlled entities Financial Information for the year ended 31 December 2019 included in Section B1 "Financial Information of Takmur Pte Limited (31 December 2019)" of Part 9 "Historical Financial Information"; and

2. the inclusion in this Document of their name.

Their consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

Hall Chadwick Pty Ltd has no material interest in the Company.

TAKMUR PTE LIMITED AND ITS CONTROLLED ENTITIES

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS' REPORT

Your directors present the consolidated financial report for the group for the financial year ended 31 December 2019.

Directors

The names of directors who held office at any time during or since the end of the year are:

Meity Erawaty Ewa
Yanti Kurnia Waty Binte Sapari *(resigned on 26 August 2019)*
Ong Chuan Heng *(appointed on 26 August 2019)*

Principal Activities

The principal activity of the consolidated group during the financial half-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 2,032 hectares. In conjunction with this, the group operated a processing plant equipped to produce premium Zircon (65.5 grade).

In the previous half-year, the group only comprised Takmur Pte Ltd (a company incorporated on 28 June 2018 which didn't engage in any trading since its inception).

Dividends

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

Review of Operations

The loss for the group for the financial year ended 31 December 2019 after providing for income tax amounted to USD $58,386. During the prior year, the Group only comprised Takmur Pte Ltd (a company incorporated on 28 June 2018 which didn't engage in any trading since its inception).

Effective 10 January 2019, Takmur Pte Ltd acquired a 99% interest in PT Andary Usaha Makmur for nil consideration. Effective 24 January 2019, PT Andary Usaha Makmur obtained control over PT Investasi Mandiri through an exclusive operation and management agreement. Both of these transactions resulted in business combinations during the year ended 31 December 2019.

Significant Changes in the State of Affairs

On 31 January 2020, Takmur was acquired by Pyx Resources Limited via a reverse takeover. Essentially the business of Takmur and its controlled entities is the main undertaking of the Pyx Group going forward. Pyx issued 210,274,171 shares to the vendors of Takmur as part of the acquisition of Takmur.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

New Accounting Standards Implemented

IFRS 16 Leases

The Group has implemented a new accounting standard which has come into effect and is included in the results. IFRS 16: Leases has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 1 January 2019. Therefore, the comparative information has not been restated and continues to be reported under IAS 17: Leases.

The cumulative effect of initially applying the Standard was nil, no adjustments were required to net profit or opening retained earnings on transition.

Matters Subsequent to the Financial Year End

No matters or circumstances has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

This directors' report is signed in accordance with a resolution of the Board of Directors.

Director
Meity Erawati Ewa
Dated: 30 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated Group 2019 USD $	2018 USD $
Revenue		6,858,289	–
Cost of sales		(5,309,435)	–
Gross Profit		1,548,854	–
Interest income		5,670	–
Other revenue		114,459	–
Employee benefits expense		(106,822)	–
Depreciation and amortisation expense		(76,399)	–
Finance costs		(62,761)	–
Provision for receivable from shareholder		–	(734)
Consulting and professional expenses		(776,360)	(4,375)
Other expenses		(539,869)	–
Compliance costs		(104,914)	–
Repairs and maintenance expenses		(49,152)	–
Loss before income tax		(47,294)	(5,109)
Income tax expense		(11,092)	–
Loss for the year	*3*	(58,386)	(5,109)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		12,296	–
Total other comprehensive income for the year		12,296	–
Total comprehensive loss for the year		(46,090)	(5,109)
Net profit/(loss) after tax attributable to:			
– owners of the parent entity		(96,498)	(5,109)
– non-controlling interest		38,112	–
		(58,386)	(5,109)
Total comprehensive income attributable to:			
– owners of the parent entity		(100,721)	(5,109)
– non-controlling interest		50,408	–
		(50,313)	(5,109)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Consolidated Group 2019 USD $	2018 USD $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	*4*	93,071	–
Trade and other receivables	*5*	469,907	–
Inventories	*6*	284,023	–
Other assets	*7*	117,038	–
TOTAL CURRENT ASSETS		964,039	–
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	654,751	–
Right of use assets	*9*	88,058	–
Intangible asset – goodwill		7,774	–
TOTAL NON-CURRENT ASSETS		750,583	–
TOTAL ASSETS		1,714,622	–
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	*10*	456,459	4,375
Lease liabilities	*9*	40,797	–
Current tax liabilities	*11*	102,086	–
Short term borrowings	*12*	391,152	–
TOTAL CURRENT LIABILITIES		990,494	4,375
NON-CURRENT LIABILITIES			
Lease liabilities	*9*	19,145	–
TOTAL NON-CURRENT LIABILITIES		19,145	–
TOTAL LIABILITIES		1,009,639	4,375
NET ASSETS/(LIABILITIES)		704,983	(4,375)
EQUITY			
Issued capital	*13*	1,178	734
Accumulated losses		(101,607)	(5,109)
Equity attributable to owners of the parent entity		(100,429)	(4,375)
Non-controlling interest		805,412	–
TOTAL EQUITY		704,983	(4,375)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Ordinary Issued capital USD$	Accumulated losses USD$	Non-controlling Interest USD$	Total USD$
Balance at 1 January 2018		–	–	–	–
Comprehensive income					
Loss for the year		–	(5,109)	–	(5,109)
Other comprehensive income for the year		–	–	–	–
Total comprehensive income for the year		–	(5,109)	–	(5,109)
Transactions with owners, in their capacity as owners					
Shares issued during the year		734	–	–	734
Total transactions with owners		734	–	–	734
Balance at 31 December 2018		734	(5,109)	–	(4,375)
Balance at 1 January 2019		734	(5,109)	–	(4,375)
Comprehensive income					
Profit/(loss) for the year		–	(96,498)	38,112	(58,386)
Other comprehensive income for the year		–	–	12,296	8,073
Total comprehensive income for the year		–	(96,498)	50,408	(50,313)
Transactions with owners, in their capacity as owners					
Shares issued during the year		444	–	–	444
Non-controlling interests on acquisitions	*16*	–		759,227	759,227
Total transactions with owners		444	–	759,227	759,671
Balance at 31 December 2019		1,178	(101,607)	809,635	704,983

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated Group 2019 USD$	2018 USD$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		6,661,185	–
Payments to suppliers and employees		(6,633,518)	–
Interest received		5,670	–
Finance costs		(62,761)	–
Taxes paid		(80,781)	–
Net cash (used in) operating activities		(110,205)	–
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(148,246)	–
Proceeds from sale property, plant and equipment		1,500	–
Payments for acquisitions, net of cash acquired	*16*	17,468	–
Net cash (used in)/generated by investing activities		(129,278)	–
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		444	–
Proceeds from short-term borrowings		391,152	–
Repayments of lease liabilities		(59,042)	–
Net cash (used in)/generated by financing activities		332,554	–
Net increase in cash held		93,071	–
Cash and cash equivalents at beginning of year		–	
Cash and cash equivalents at end of year		93,071	–

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes represent those of Takmur Pte Limited and Controlled Entity (the "**Consolidated Group**" or "**Group**"). Takmur Pte Limited is a company limited by shares, incorporated and domiciled in Singapore.

The financial statements were authorised for issue on 30 March 2020 by the directors of the Company.

Basis of Preparation

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 ("**IFRSs**") 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.

The financial statements are presented in United State Dollars ("**USD**").

a. Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (Takmur Pte 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 15.

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

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or 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 year 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 year 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.

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 company measures some of its assets at fair value. Fair value is the price the company 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 directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

Class of Fixed Asset	Depreciation Rate
Buildings	5%
Plant and equipment	20%

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.

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 (ie trade date accounting is adopted).

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

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in paragraph 63 of IFRS 15: Revenue from Contracts with Customers.

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.

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.

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 Company 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 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company 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 company'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 company'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 company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company 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 company 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. Comparative figures

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

q. Foreign currency transactions and balances

Functional and presentation currency

The functional currency is measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in US dollars, which is the entity's functional and presentation currency.

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.

r. Critical accounting estimates and judgements

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

Key estimates

(i) Impairment – general

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

s. New and amended accounting policies adopted by the group

Initial application of IFRS 16

The Group has adopted IFRS 16: Leases retrospectively with the cumulative effect of initially applying IFRS 16 recognised at 1 January 2019. In accordance with IFRS 16, the comparatives for the 31 December 2018 reporting period have not been restated.

The Group has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under IAS 17: Leases where the Group is the lessee. There has been no significant change from prior period treatment for leases where the Group is a lessor.

The lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 January 2019 was used to discount the lease payments.

The right-of-use asset for manufacturing equipment was measured at its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the Group's incremental borrowing rate per lease term as at 1 January 2019.

The right-of-use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 January 2019 by taking into consideration the lease liability and prepaid and accrued lease payments previously recognised as at 1 January 2019 (that are related to the lease).

The following practical expedients have been used by the Group in applying IFRS 16 for the first time:

– for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied;

– leases that have a remaining lease term of less than 12 months as at 1 January 2019 have been accounted for in the same way as short-term leases;

– the use of hindsight to determine lease terms on contracts that have options to extend or terminate;

– applying IFRS 16 to leases previously identified as leases under IAS 17 and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application; and

– not applying IFRS 16 to leases previously not identified as containing a lease under IAS 17 and Interpretation 4.

Takmur Pte Ltd has no non-cancellable operating leases therefore the adoption of IFRS 16 has no financial impact to the group. The group acquired right of use assets and lease liabilities through business combination (refer to Note 16) and these assets and liabilities were accounted in accordance with the accounting policy described in Note 1(f).

NOTE 2: DIVIDENDS

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

NOTE 3: LOSS FOR THE YEAR

	Consolidated Group	
	2019	2018
	USD$	USD$
The following revenue and expense items are relevant in explaining the financial performance for the year:		
Revenues from overseas customers	5,429,411	–
Revenues from local customers	1,428,878	–
Purchase of raw materials	(4,360,229)	–

NOTE 4: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2019	2018
	USD$	USD$
Cash at bank	93,071	–
	93,071	–

NOTE 5: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2019	2018
	USD$	USD$
Trade receivables	51,178	–
Amount due from a unrelated entity	406,826	–
VAT receivables	2,804	–
Other receivables	10,277	4,375
Less allowance on receivables	(1,178)	–
	469,907	4,375

NOTE 6: INVENTORIES

	Consolidated Group	
	2019	2018
	USD$	USD$
Raw materials	8,203	–
Finished goods at cost	275,820	–
	284,023	–

NOTE 7: OTHER ASSETS

	Consolidated Group	
	2019	2018
	USD$	USD$
Deposit to suppliers	117,038	–
	117,038	–

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2019	2018
	USD$	USD$
Land and buildings		
Freehold land	57,053	–
Building	661,720	–
Accumulated depreciation	(107,675)	–
	611,098	–
Plant and equipment		
Plant and equipment at cost	103,263	–
Accumulated depreciation	(59,610)	–
	43,653	–
Total property, plant and equipment	654,751	–

NOTE 9: LEASES

	Consolidated Group	
	2019	2018
	USD$	USD$
Right of use assets		
Motor vehicles	140,484	–
Accumulated depreciation	(52,426)	–
	88,058	–
Total right of use assets	88,058	–
Lease liabilities		
Current	40,797	–
Non-current	19,145	–
	59,942	–
IFRS 16 related amounts recognised in the statement of profit or loss		
Depreciation charge related to right of use assets	33,790	–
Interest expense on lease liabilities	12,134	–
Short-term and low-value asset leases expense	111,467	–

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2019	**2018**
	USD$	**USD$**
Trade payables	160,359	–
Withholding tax payable	2,274	–
Sundry payables and accrued expenses	216,470	–
Customer deposits	77,356	–
	456,459	–

NOTE 11: TAX

	Consolidated Group	
	2019	**2018**
	USD$	**USD$**
Liabilities		
CURRENT		
Income tax	102,086	–

NOTE 12: BORROWINGS

	Consolidated Group	
	2019	**2018**
	USD$	**USD$**
Amount due to unrelated entities	391,152	–
	391,152	–

Amount due to unrelated entities are unsecured, bear interest rate of 10% per annum and are repayable on demand.

NOTE 13: ISSUED CAPITAL

	Consolidated Group	
	2019	**2018**
	USD$	**USD$**
2,500 (2018: 1,000) ordinary shares	1,178	734

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

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

NOTE 14: FOREIGN EXCHANGE RESERVE

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

NOTE 15: 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 1.

Name of entity	Country of incorporation	Class of shares	2019	2018
PT Andary Usaha Makmur	Indonesia	Ordinary	99%	–
PT Investasi Mandiri	Indonesia	–[1]	100%[1]	–

NOTE 16: BUSINESS COMBINATIONS

(a) Acquisition of PT Andary Usaha Makmur

On 10 January 2019, the Group acquired 99% of the issued capital of PT Andary Usaha Makmur, a company that was engaged to be the exclusive operations manager of PT Investasi Mandiri (a company involved in the production and distribution of premium Zircon). The acquisition was for nil purchase consideration however Takmur Pte Ltd assumed the outstanding unpaid amount owing in relation to the issued capital in PT Andary Usaha Makmur.

Through acquiring 99% of the issued capital of PT Andary Usaha Makmur, the Group has obtained control of the company.

The purchase was satisfied by way of the company assuming the liability in relation to the issued capital of PT Andary Usaha Makmur which amounted to USD $344,228.

	Fair Value USD$
Purchase consideration:	
– Liabilities assumed	344,229
– NCI's proportionate share of fair value in net assets	3,398
	347,627
Less:	
Other receivables	344,228
Trade and other payables	(4,375)
Identifiable assets acquired and liabilities assumed	339,853
Goodwill	7,774

$48,788 loss and nil revenue resulting from the acquisition of PT Andary Usaha Makmur was included in the consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2019.

[1] Notwithstanding the group did not hold any ordinary shares in PT Investasi Mandiri, the group is deemed to have control over the entity pursuant to the Exclusive Operation and Management Agreement and Share Pledge Agreement entered on 24 January 2019.

(b) Acquisition of PT Investasi Mandiri

On 24 January 2019, the Group obtained control of PT Investasi Mandiri, 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 2,032 hectares. In conjunction with this, PT Investasi Mandiri operated a processing plant equipped to produce premium Zircon (65.5 grade). Control was obtained through the execution of an exclusive operations and management agreement between PT Andary Usaha Makmur and PT Investasi Mandiri and was for nil purchase consideration.

	Fair Value
	USD$
Purchase consideration:	
– Consideration transferred	–
– NCI's proportionate share of fair value in net assets	755,829
	755,829
Less:	
Cash and cash equivalents	17,468
Trade and other receivables	81,103
Inventories	702,517
Property, plant and equipment	549,114
Right of use assets	63,076
Trade and other payables	(426,847)
Lease liabilities	(60,212)
Current tax liabilities	(170,390)
Identifiable assets acquired and liabilities assumed	755,829
Goodwill	–

$38,604 profit and $6,858,289 revenue resulting from the acquisition of PT Investasi Mandiri was included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019.

NOTE 17: CASH FLOW INFORMATION

	Consolidated Group	
	2019	**2018**
	USD$	**USD$**
Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax		
Loss after income tax	(58,386)	(5,109)
Non-cash flows in loss:		
– Depreciation and amortisation expense	76,399	–
– Gain on disposal of property, plant and equipment	(1,500)	–
– Provision for receivable from shareholder	–	734
Changes in assets and liabilities:		
Trade and other receivables	(388,804)	–
Inventories	418,494	–
Other assets	(117,038)	–
Trade and other payables	20,862	4,375
Current tax liabilities	(68,304)	–
	(110,205)	–

NOTE 18: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting period.

NOTE 19: EVENTS AFTER THE BALANCE SHEET DATE

On 31 January 2020, Takmur was acquired by Pyx Resources Limited via a reverse takeover. Essentially the business of Takmur and its controlled entities is the main undertaking of the Pyx Group going forward. Pyx issued 210,274,171 shares to the vendors of Takmur as part of the acquisition of Takmur.

NOTE 20: COMPANY DETAILS

The registered office of the company is 11 Collyer Quay, #14-02 The Arcade, Singapore

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Takmur Pte Limited., the directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 311 to 331, are in accordance with the Singapore Company Act (Revision 2014) and:

    a. comply with International Financial Reporting Standards; and

    b. give a true and fair view of the company's financial position as at 31 December 2019 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

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

Director
Meity Erawati Ewa
Dated: 30 March 2020

TAKMUR PTE LTD
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S AUDITOR REPORT TO THE MEMBERS OF
TAKMUR PTE LTD

Report on the Financial Report

Opinion

We have audited the financial report of Takmur Pte Ltd (the company) and its controlled entities (the group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion:

a. the accompanying financial report of the group is giving a true and fair view of the group's financial position as at 31 December 2019 and of its financial performance for the year then ended; and

b. The financial report complies with International Financial Reporting Standards.

Basis for opinion

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

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

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the group's annual report for the year ended 31 December 2019 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

– Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 30 March 2020

SECTION B2: FINANCIAL INFORMATION OF TAKMUR PTE LIMITED (31 DECEMBER 2018)

Hall Chadwick Pty Ltd, of Level 40, 2 Park Street, Sydney, NSW 2000, Australia, Chartered Accountants and statutory auditors to Takmur, has given its consent and authorisation for:

1. the inclusion in this Document of the statutory audit report issued with respect to Takmur Pte and its controlled entities Financial Information for the year ended 31 December 2018 included in Section B2 "Financial Information of Takmur Pte Limited (31 December 2018)" of Part 9 "Historical Financial Information"; and

2. the inclusion in this Document of their name.

Their consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

Hall Chadwick Pty Ltd has no material interest in the Company.

TAKMUR PTE LTD (INCORPORATED 28 JUNE 2018)
FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31 December 2018.

Directors

The names of the directors in office at any time during or since the end of the year are:

Meity Erawaty Ewa
Yanti Kurnia Waty Binte Sapari *(resigned on 26 August 2019)*
Ong Chuan Heng *(appointed on 26 August 2019)*

Review of Operations

The loss of the company for the financial year after providing for income tax amounted to USD$5,109.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The company did not engage in any trading activity during the financial year since its inception on 28 June 2018.

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

Apart from the matter disclosed in note 5 of the financial statements, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends were paid or declared during the financial year.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director ______________________________

Meity Erawati Ewa

Dated this 26th day of August 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018
	US$
Revenue	–
Cost of sales	–
Gross profit	–
Provision for receivable from shareholder	(734)
Consulting and professional expenses	(4,375)
Profit/(loss) before income tax	(5,109)
Income tax expense	–
Profit/(loss) for the year	(5,109)
Other comprehensive income/(loss)	
Other comprehensive income for the period, net of tax	–
Total other comprehensive income/(loss) for the year	–
Total comprehensive income/(loss) for the year	(5,109)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 US$
ASSETS		
NON-CURRENT ASSETS		
Trade and other receivables	*2*	–
TOTAL NON-CURRENT ASSETS		–
TOTAL ASSETS		–
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	*3*	4,375
TOTAL CURRENT LIABILITIES		4,375
TOTAL LIABILITIES		4,375
NET ASSETS/(LIABILITIES)		(4,375)
EQUITY		
Issued capital	*4*	734
Retained earnings		(5,109)
TOTAL EQUITY		(4,375)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Issued Capital (Ordinary Shares) US$	Retained Earnings US$	Total US$
Balance at 1 January 2018	–	–	–
Issue of ordinary shares	734	–	734
Loss for the year	–	(5,109)	(5,109)
Balance at 31 December 2018	734	(5,109)	(4,375)

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018
	US$
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	–
Payments to suppliers and employees	–
Interest paid	–
Finance costs paid	–
Income tax paid	–
Net cash provided by operating activities	–
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of property, plant and equipment	–
Payments for property, plant and equipment	–
Net cash used in investing activities	–
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from/(repayments of) borrowings	–
Repayments of finance lease	–
Net cash provided by (used in) financing activities	–
Net increase in cash held	–
Cash at beginning of financial year	–
Effect of movement in exchange rates on cash held	–
Cash at end of financial year	–

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Takmur Pte Limited is a company limited by shares, incorporated on 28 June 2018 and domiciled in Singapore.

The financial statements were authorised for issue on 26 August 2019 by the directors of the company.

Basis of Preparation

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 ("**IFRSs**") 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 ae based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The financial statements are presented in United State Dollars ("**USD**").

Accounting Policies

a. Income tax

The income tax expense (income) for the year 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 year 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.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

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

b. Fair value of assets

The company measures some of its assets at fair value. Fair value is the price the company 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.

c. Inventories

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

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

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

Class of Fixed Asset	**Depreciation Rate**
Buildings	5%
Plant and equipment	20%
Motor vehicles	25%

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.

e. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

f. Financial instruments

Initial recognition and measurement

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

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

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

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

– amortised cost; or

– fair value through profit or loss.

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

– a contingent consideration of an acquirer in a business combination to which IFRS 3: Business Combinations applies;

– held for trading; or

– initially designated as at fair value through profit or loss.

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

– incurred for the purpose of repurchasing or repaying in the near term;

– part of a portfolio where there is an actual pattern of short-term profit taking; or

– a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

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

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts

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

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

– the amount of loss allowance determined in accordance to IFRS 9.3.25.3; and

– the amount initially recognised less accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial asset

Financial assets are subsequently measured at:

– amortised cost;

– fair value through other comprehensive income; or

– fair value through profit or loss

on the basis of the two primary criteria:

– the contractual cash flow characteristics of the financial asset; and

– the business model for managing the financial assets.

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

– 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 is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

– 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 conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit or loss.

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

– it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;

– it is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so as the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and

– it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

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

Equity instruments

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

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

Derecognition

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

Derecognition of financial liabilities

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

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

Derecognition of financial assets

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

All 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 Company 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.

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

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

Impairment

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

– financial assets that are measured at amortised cost or fair value through other comprehensive income;

– lease receivables;

– contract assets (eg amount due from customers under construction contracts);

– loan commitments that are not measured at fair value through profit or loss; and

– financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

– financial assets measured at fair value through profit or loss; or

– equity instruments measured at fair value through other comprehensive income.

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

The Company uses the following approaches to impairment, as applicable under IFRS 9:

– the general approach;

– the simplified approach;

– the purchased or originated credit impaired approach; and

– low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Company assessed whether the financial instruments are credit impaired, and if:

– the credit risk of the financial instrument increased significantly since initial recognition, the Company measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and

– there was no significant increase in credit risk since initial recognition, the Company measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

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

This approach is applicable to:

– trade receivables or contract assets that results from transactions that are within the scope of IFRS 15: Revenue from Contracts with Customers, that contain a significant financing component; and

– lease receivables.

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

Purchased or originated credit impaired approach

For a financial asset that is considered to be credit impaired (not on acquisition or originations), the Company measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

– significant financial difficulty of the issuer or borrower;

– a breach of contract (eg default or past due event);

– where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;

– it is probable the borrower will enter bankruptcy or other financial reorganisation; and

– the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Company assumed that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such determination that the financial asset has low credit risk, the Company applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

– there is a low risk of default by the borrower;

– the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and

– adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognised 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.

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

g. Impairment of assets

At the end of each reporting period, the Company 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 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

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

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

h. Employee benefits

Short-term employee benefits

Provision is made for the company'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 company'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 company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company 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.

i. Provisions

Provisions are recognised when the company 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.

j. 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

k. ***Revenue recognition***

The Company has applied IFRS 15 using the cumulative effective method. Therefore, the comparative information has not been restated and continues to be presented under IAS 18 and IAS 11. The details of accounting policies under IAS 18 and IAS 11 are disclosed separately since they differ from those under IFRS 15. The impact of changes is immaterial.

In the comparative period

Revenue was measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration was deferred, it was treated as the provision of financing and was discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received was interest revenue.

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.

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.

l. ***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. Refer to Note 1(g) for further discussion on the determination of impairment losses.

m. ***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.

n. ***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.

o. ***Comparative figures***

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

p. Foreign currency transactions and balances

Functional and presentation currency

The functional currency is measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in US dollars, which is the entity's functional and presentation currency.

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. Critical accounting estimates and judgements

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

Key estimates

(i) Impairment – general

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

r. New and amended accounting policies adopted by the Company

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ("**IASB**") that are mandatory for the current reporting period.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

IFRS 9 financial instruments

The Company has adopted IFRS 9 from 1 January 2018 on a modified retrospective basis. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

IFRS 15 revenue from contracts with customers

The Company has adopted IFRS 15 from 1 January 2018 on a modified retrospective approach. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a deferred maintenance revenue, work in progress, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company during the financial year ended 31 December 2018.

s. ***New Accounting Standards for application in future periods***

The IASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

– IFRS 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

  When effective, this Standard will replace the current accounting requirements applicable to leases in IAS 117: Leases and related Interpretations. IFRS 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

– recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);

– depreciation of right-of-use assets in line with IAS 16: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;

– inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;

– application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and

– inclusion of additional disclosure requirements.

  The transitional provisions of IFRS 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with IAS 8 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Based on a preliminary assessment performed over each line of business and product type, the effect of IFRS 16 is not expected to have a material effect on the Company. It is impracticable at this stage to provide a reasonable estimate of such impact.

t. ***Going concern***

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the company is dependent upon it maintaining sufficient funds for its operations and commitments.

The company made a loss before tax amounting to $5,109 for the year ended 31 December 2018. Furthermore, the company did not have any established revenue streams for the financial year ended 31 December 2018. Notwithstanding the above factors, the Directors have assessed the going concern assumption to be appropriate based on the following reasons:

The Directors of the Company will seek to raise additional capital in a timely manner to fund the ongoing administrative costs through:

– Dividends or loans from PT Investasi Mandiri, an operating company which entered into an exclusive operation and management agreement with PT Andary Usaha Makmur (a subsidiary of the Company) in January 2019, as detailed in the Subsequent Event section;

– Placements and Shareholder Loans.

The financial statements have therefore been prepared on a going concern basis for the above reasons. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

NOTE 2: OTHER RECEIVABLES

	2018
	US$
NON-CURRENT	
Receivable from Shareholders for Issued Capital	734
Less: provision	(734)
	–

NOTE 3: TRADE AND OTHER PAYABLES

	2018
	US$
CURRENT	
Accruals	4,375

NOTE 4: ISSUED CAPITAL

	2018
	US$
1,000 ordinary shares	734

Ordinary shares 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.

NOTE 5: SUBSEQUENT EVENTS

Effective 10 January 2019, the company entered into a share purchase agreement to acquire 4,950 shares (99% of the issued capital) in PT Andary Usaha Makmur for nil consideration. The shares are unpaid and the outstanding amount to be paid by the company to PT Andary Usaha Makmur is USD 344,228.

Effective 14 January 2019, the company issued 1,500 new shares for a consideration of 600 Singapore Dollars, which are still unpaid as at the date of this report.

Effective 24 January 2019, PT Andary Usaha Makmur entered into an exclusive operation and management agreement with PT Investasi Mandiri ("**PTIM**") (a limited liability company incorporated under the laws of Indonesia). As per the terms of the agreement, the company has been engaged by PTIM as the exclusive operation and management services provider. In doing so, the existing shareholders of PTIM pledged their shares to PT Andary Usaha Makmur effective 24 January 2019. PT Andary Usaha Makmur commits to invest in the company up to USD$15,000,000 over a period of 10 years (for the purpose of mining equipment, other capital expenditure, exploration and geology studies, operational and administrative best practices and management and other consulting services). In return for such services, PTIM and its shareholders have delegated to PT Anday Usaha Makmur:

(i) the power to determine the financial and operational policy of PTIM;

(ii) the right to appoint the majority of PTIM directors; and

(iii) the right to receive 95% of PTIM's net profit per annum throughout the operation and management period.

NOTE 6: COMPANY DETAILS

The registered office of the company is:
11 Collyer Quay
#14-02 The Arcade
Singapore

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Takmur Pte Ltd., the directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.
The directors of the company declare that:

1. The financial statements and notes, as set out on pages 339 to 358, are in accordance with the *Singapore Company Act (Revision 2014)* and:

   a. comply with International Financial Reporting Standards; and

   b. give a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

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

Director ______________________________

Meity Erawaty Ewa

Dated this ____26th____ day of ____August____ 2019

TAKMUR PTE LTD

INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF TAKMUR PTE LTD

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Takmur Pte Ltd ("**the Company**") which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion:

a. the accompanying financial report of Takmur Pte Ltd is giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the year then ended; and

b. the financial report complies with International Financial Reporting Standards.

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 1(t) in the financial report, which indicates that the Company incurred a net loss after tax of US$5,109 during the year ended 31 December 2018 and, as of that date, the Company's current liabilities exceeded its current assets by US$4,375. As stated in Note 1(t), these events or conditions, along with other matters as set forth in Note 1(t), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2018 The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2018 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

– Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 26 August 2019

SECTION C: FINANCIAL INFORMATION OF PT ANDARY USAHA MAKMUR

SECTION C1: FINANCIAL INFORMATION OF PT ANDARY USAHA MAKMUR (1 - 9 JANUARY 2019)

Hall Chadwick Pty Ltd, of Level 40, 2 Park Street, Sydney, NSW 2000, Australia, Chartered Accountants and statutory auditors to PT Andary Usaha Makmur, has given its consent and authorisation for:

1. the inclusion in this Document of the statutory audit report issued with respect to PT Andary Usaha Makmur Financial Information for the period 1 January 9 January 2019 included in Section C1 "Financial Information of PT Andary Usaha Makmur (1 - 9 January 2019)"; and

2. the inclusion in this Document of their name.

Their consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

Hall Chadwick Pty Ltd has no material interest in the Company.

PT ANDARY USAHA MAKMUR
FINANCIAL REPORT FOR THE PERIOD 1 JANUARY 2019 TO 9 JANUARY 2019

DIRECTORS' REPORT

Your directors present their report on the company for the period 1 January 2019 to 9 January 2019.

Directors

The names of the directors in office at any time during the period are:

Erna Tri Susilowati *(appointed on 20 November 2019)*
Choi Wan Tsang *(appointed on 20 November 2019)*
Lee Soon Lam *(appointed on 20 November 2019)*
Danny Paulus *(resigned on 20 November 2019)*

Directors have been in office since the start of the audited period to the date of this report unless otherwise stated.

Review of Operations

The company remains dormant during the period. There are no changes to the results of those operations as compared to the proceeding period.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the period.

Principal Activities

The company is dormant and has not traded during the period. No significant change in the nature of these activities occurred during the period.

Events Subsequent to the End of the Reporting Period

Apart from the matter disclosed in note 8 of the financial statements, no other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial periods have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends were paid or declared during the financial period.

Options

No options over issued shares or interests in the company were granted during or since the end of the period and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the period as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the period.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director Erna Tri Susilowati

Dated this 02 day of August 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 9 JANUARY 2019

	Period ended 1 January 2019 to 9 January 2019 US$
Revenue	–
Expenses	–
Loss before income tax	–
Income tax expense	–
Loss for the period	–
Other comprehensive income	–
Total comprehensive income for the period	–

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 9 JANUARY 2019

	Note	As at 9 January 2019 US$	As at 31 December 2018 US$
ASSETS			
CURRENT ASSETS			
Trade and other receivables	*2*	–	–
TOTAL CURRENT ASSETS		–	–
NON-CURRENT ASSETS		–	–
TOTAL ASSETS		–	–
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	*3*	4,375	4,375
TOTAL CURRENT LIABILITIES		4,375	4,375
NON-CURRENT LIABILITIES		–	–
TOTAL LIABILITIES		4,375	4,375
NET LIABILITIES		(4,375)	(4,375)
EQUITY			
Issued capital	*4*	347,705	347,705
Accumulated losses		(352,080)	(352,080)
TOTAL EQUITY		(4,375)	(4,375)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 9 JANUARY 2019

	Issued Capital (Ordinary Shares) US$	Accumulated losses US$	Total US$
Balance at 1 January 2019	347,705	(352,080)	(4,375)
Comprehensive income			
Loss for the period	–	–	–
Other comprehensive income	–	–	–
Total comprehensive income	–	–	–
Transaction with owners	–	–	–
Balance at 9 January 2019	347,705	(352,080)	(4,375)

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 9 JANUARY 2019

	Period ended 1 January 2019 to 9 January 2019 US$
Net cash (used in) provided by operating activities	–
Net cash (used in) provided by investing activities	–
Net cash (used in) provided by financing activities	–
Net increase (decrease) in cash held	–
Cash at beginning of financial period	–
Cash at end of financial period	–

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 9 JANUARY 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PT Andary Usaha Makmur is a company limited by shares, incorporated and domiciled in Indonesia.

The financial statements were authorised for issue on 02 August 2021 by the directors of the company.

Basis of Preparation

For the purpose of preparing the financial statements, the company is a for-profit entity. The financial statements have been prepared in order to meet the needs of management and the requirements of a Public Offering as part of its process to be admitted to the official list of the London Stock Exchange, therefore no comparative information is presented.

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 ("**IFRSs**") 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 ae based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The financial statements are presented in United State Dollars ("**USD**").

Going Concern

The financial report has been prepared on a going concern basis. In arriving at this position the directors have determined that the Company has, or in the Directors opinion will have access to, sufficient cash to fund administrative and other committed expenditure for a period of at least 12 months from the date of signing this report based upon:

- The Company was acquired by Takmur Pte Limited and PYX Resources Limited via a reverse acquisition subsequent to balance date and PYX Resources Limited had successfully raised A$14 million (before costs) through a fully subscribed public offer under a Replacement Prospectus and was admitted to the official list of the National Stock Exchange (NSX) of Australia on 24 February 2020.

The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern and meet its debts as and when they fall due.

Accounting Policies

a. Financial instruments

Initial recognition and measurement

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

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

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

Classification and subsequent measurement

Financial liabilities

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 asset

Financial assets are subsequently measured at:

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

on the basis of the two primary criteria:

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

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

- 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 is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

– 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 conditions of amortised cost and the fair value through other comprehensive income's measurement condition 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.

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 Company 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 Company 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 Company uses the following approaches to impairment, as applicable under IFRS 9:

– the general approach;

– the simplified approach;

General approach

Under the general approach, at each reporting period, the Company assessed whether the financial instruments are credit impaired, and if:

– the credit risk of the financial instrument increased significantly since initial recognition, the Company measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and

– there was no significant increase in credit risk since initial recognition, the Company measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

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

This approach is applicable to:

– trade receivables or contract assets that results from transactions that are within the scope of IFRS 15: Revenue from Contracts with Customers, that contain a significant financing component; and

– lease receivables.

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

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognised 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.

b. ***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. Refer to Note 1(a) for further discussion on the determination of impairment losses.

c. ***Trade and other payables***

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

d. ***Comparative figures***

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

e. ***Foreign currency transactions and balances***

Functional and presentation currency

The functional currency is measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in US dollars, which is the entity's functional and presentation currency.

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 period-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.

NOTE 2: TRADE AND OTHER RECEIVABLES

	As at 9 January 2019 US$	**As at 31 December 2018 US$**
CURRENT		
Amount due from Takmur Pte Ltd	347,705	347,705
Less: provision for impairment	(347,705)	(347,705)
Total trade and other receivables	–	–

NOTE 3: TRADE AND OTHER PAYABLES

	As at 9 January 2019 US$	As at 31 December 2018 US$
Sundry payables and accrued expenses	4,375	4,375
Total trade and other payables	4,375	4,375

NOTE 4: ISSUED CAPITAL

	As at 9 January 2019 US$	As at 31 December 2018 US$
5,000 fully paid ordinary shares	347,705	347,705

Ordinary shares 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.

Capital Risk Management

The Company's capital includes share capital, and its cash and cash equivalents. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to achieve this, the Company may issue new shares in order to meet its financial obligations.

NOTE 5: FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of accounts receivable and accounts payable. The main risks arising from the Company's financial instruments is liquidity risk. Risk management is carried out by the Board of Directors who monitor, evaluate, and manage the Company's financial risk across its operating units. There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

Liquidity Risk

Liquidity risk refers to the risk in which the Company encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Company actively manages its operating cash flows so as to ensure that all repayment needs are met. As part of overall prudent liquidity management, the Company maintains sufficient levels of cash to meet working capital requirements.

The following table details the Company remaining contractual maturities for financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Company is expected to receive or pay. The tables includes both interest and principal cash flows.

	Weighted average interest rate %	1 to 12 months US$	1 to 5 years US$	> 5 years US$	Total contractual cash flows US$	Carrying amount US$
As at 9 January 2019/ 31 December 2018						
Financial assets						
Trade and other receivables	–	–	–	–	–	–
Total anticipated inflows		–	–	–	–	–
Financial liabilities						
Trade and other payables	–	4,375	–	–	4,375	4,375
Total expected outflows		4,375	–	–	4,375	4,375
Net (outflow)/inflow on financial instruments		(4,375)	–	–	(4,375)	(4,375)

Financial Instruments Not Measured at Fair Value

Financial instruments not measured at fair value includes trade and other receivables and trade and other payables. Due to their short-term nature, the carrying amount of these current financial assets and financial liabilities measured at amortised cost approximate their fair value.

NOTE 6: RELATED PARTY TRANSACTION AND DISCLOSURES

Related Parties

Entities exercising control over the company

The Parent Entity, which exercises control over the Company, is Takmur Pte Limited.

Key management personnel

The key management personnel of the Company are the directors of PT Andary Usaha Makmur.

No remuneration was compensated to the key management personnel during the period. No shares or options were provided to key management personnel as remuneration during the period.

Other Related Parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

There are no significant transactions and balances with related parties during the period.

NOTE 7: COMMITMENTS AND CONTINGENT LIABILITIES

Other than those disclosed in the financial statements, there were no commitments and contingent liabilities for the financial period ended 9 January 2019.

NOTE 8: SUBSEQUENT EVENTS

Since the balance date, the Company has:

- Effective 10 January 2019, Takmur Pte Limited entered into a share purchase agreement to acquire 4,950 shares (99% of the issued capital) in PT Andary Usaha Makmur for nil consideration and took over the liabilities amounting to USD347,705 related to the unpaid share capital.

- Effective 24 January 2019, the Company entered into an exclusive operation and management agreement with PT Investasi Mandiri ("**PTIM**") (a limited liability company incorporated under the laws of Indonesia). As per the terms of the agreement, the Company has been engaged by PTIM as the exclusive operation and management services provider. In doing so, the existing shareholders of PTIM pledged their shares to PT Andary Usaha Makmur effective 24 January 2019. PT Andary Usaha Makmur commits to invest in the Company up to USD$15,000,000 over a period of 10 years (for the purpose of mining equipment, other capital expenditure, exploration and geology studies, operational and administrative best practices and management and other consulting services). In return for such services, PTIM and its shareholders have delegated to PT Anday Usaha Makmur:

  (iv) the power to determine the financial and operational policy of PTIM;

  (v) the right to appoint the majority of PTIM directors; and

  (vi) the right to receive 95% of PTIM's net profit per annum throughout the operation and management period.

- Effective 20 November 2019, Danny Paulus resigned from director and the Company appointed Erna Tri Susilowati to director of the company.

Other than the matters disclosed in the financial statements, there have been no significant changes in the Company's state of affairs during the period ended 9 January 2019.

NOTE 9: COMPANY DETAILS

The registered office of the company and principal place of business is:
Jl. Teuku Umar No. 48
Menteng, Jekan Raya
Palanga Raya
Central Kalimantan Indonesia

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of PT Andary Usaha Makmur, the Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 366 to 376, are:

   a. in compliance with International Financial Reporting Standards; and

   b. give a true and fair view of the Company's financial position as at 9 January 2019 and of its performance for the period ended on that date.

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

Director Erna Tri Susilowati

Dated this 02 day of August 2021

PT ANDARY USAHA MAKMUR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PT ANDARY USAHA MAKMUR

Report on the Financial Report

Opinion

We have audited the financial report of PT Andary Usaha Makmur (the company), which comprises the statement of financial position as at 9 January 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.
In our opinion:

a. the accompanying financial report of the company is giving a true and fair view of the company's financial position as at 9 January 2019 and of its financial performance for the period then ended; and

b. The financial report complies with International Financial Reporting Standards.

Basis for opinion

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

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

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the period ended 9 January 2019 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

– Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 02 August 2021

SECTION C2: FINANCIAL INFORMATION OF PT ANDARY USAHA MAKMUR (31 DEC 2018)

Hall Chadwick Pty Ltd, of Level 40, 2 Park Street, Sydney, NSW 2000, Australia, Chartered Accountants and statutory auditors to PT Andary Usaha Makmur, has given its consent and authorisation for:

1. the inclusion in this Document of the statutory audit report issued with respect to PT Andary Usaha Makmur Financial Information for the year ended 31 December 2018 included in Section C2 "Financial Information of PT Andary Usaha Makmur (31 December 2018)" of Part 9 "Historical Financial Information"; and

2. the inclusion in this Document of their name.

Their consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

Hall Chadwick Pty Ltd has no material interest in the Company.

PT ANDARY USAHA MAKMUR (INCORPORATED 15 MARCH 2018)
FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31 December 2018.

DIRECTORS

The names of the directors in office at any time during or since the end of the year are:

Danny Paulus (resigned on 14 June 2019)
Erna Tri Susilowati (appointed on 14 June 2019)

REVIEW OF OPERATIONS

The loss of the company for the financial year after providing for income tax amounted to USD$352,080.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the company's state of affairs occurred during the financial year.

PRINCIPAL ACTIVITIES

The company did not engage in any trading activity during the financial year since its inception on 15 March 2018.

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

Apart from the matter disclosed in note 5 of the financial statements, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

ENVIRONMENTAL REGULATION

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

DIVIDENDS

No dividends were paid or declared during the financial year.

OPTIONS

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an

INDEMNIFICATION OF OFFICERS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director ____________________

Erna Tri Susilowati

Dated this 26th day of August 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018
	US$
Revenue	–
Cost of sales	–
Gross profit	–
Provision for receivable from shareholders	
Consulting and professional expenses	(347,705)
	(4,375)
Profit/(loss) before income tax	(352,080)
Income tax expense	–
Profit/(loss) for the year	(352,080)
Other comprehensive income/(loss)	
Other comprehensive income for the period, net of tax	–
Total other comprehensive income/(loss) for the year	–
Total comprehensive income/(loss) for the year	(352,080)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 US$
ASSETS		
CURRENT ASSETS		
Trade and other receivables	*2*	–
TOTAL CURRENT ASSETS		–
TOTAL ASSETS		–
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	*3*	4,375
TOTAL CURRENT LIABILITIES		4,375
TOTAL LIABILITIES		4,375
NET LIABILITIES		(4,375)
EQUITY		
Issued capital	*4*	347,705
Retained earnings		(352,080)
TOTAL EQUITY		(4,375)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Issued Capital (Ordinary Shares) US$	Retained Earnings US$	Total US$
Balance at 1 January 2018	–	–	–
Issue of ordinary shares	347,705	–	347,705
Loss for the year	–	(352,080)	(352,080)
Balance at 31 December 2018	347,705	(352,080)	(4,375)

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018
	US$
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	–
Payments to suppliers and employees	–
Interest paid	–
Finance costs paid	–
Income tax paid	–
Net cash provided by operating activities	–
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of property, plant and equipment	–
Payments for property, plant and equipment	–
Net cash used in investing activities	–
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from/(repayments of) borrowings	–
Repayments of finance lease	–
Net cash provided by (used in) financing activities	–
Net increase in cash held	–
Cash at beginning of financial year	–
Effect of movement in exchange rates on cash held	–
Cash at end of financial year	–

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PT Andary Usaha Makmur is a company limited by shares, incorporated on 15 March 2018 and domiciled in Indonesia.

The financial statements were authorised for issue on 26 August 2019 by the directors of the company.

Basis of Preparation

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 ("**IFRSs**") 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 ae based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The financial statements are presented in United State Dollars ("**USD**").

Accounting Policies

a. Income tax

The income tax expense (income) for the year 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 year 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.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

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

b. Fair value of assets

The company measures some of its assets at fair value. Fair value is the price the company 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.

c. Inventories

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

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

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

Class of Fixed Asset	**Depreciation Rate**
Buildings	5%
Plant and equipment	20%
Motor vehicles	25%

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.

e. ***Leases***

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

f. Financial instruments

Initial recognition and measurement

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

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

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

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

– amortised cost; or

– fair value through profit or loss.

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

– a contingent consideration of an acquirer in a business combination to which IFRS 3: Business Combinations applies;

– held for trading; or

– initially designated as at fair value through profit or loss.

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

– incurred for the purpose of repurchasing or repaying in the near term;

– part of a portfolio where there is an actual pattern of short-term profit taking; or

– a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

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

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts

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

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

– the amount of loss allowance determined in accordance to IFRS 9.3.25.3; and

– the amount initially recognised less accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial asset

Financial assets are subsequently measured at:

– amortised cost;

– fair value through other comprehensive income; or

– fair value through profit or loss

on the basis of the two primary criteria:

– the contractual cash flow characteristics of the financial asset; and

– the business model for managing the financial assets.

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

– 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 is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

– 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 conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit or loss.

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

– it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;

– it is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so as the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and

– it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

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

Equity instruments

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

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

Derecognition

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

Derecognition of financial liabilities

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

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

Derecognition of financial assets

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

All 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 Company 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.

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

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

Impairment

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

– financial assets that are measured at amortised cost or fair value through other comprehensive income;

– lease receivables;

– contract assets (eg amount due from customers under construction contracts);

– loan commitments that are not measured at fair value through profit or loss; and

– financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

– financial assets measured at fair value through profit or loss; or

– equity instruments measured at fair value through other comprehensive income.

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

The Company uses the following approaches to impairment, as applicable under IFRS 9:

– the general approach;

– the simplified approach;

– the purchased or originated credit impaired approach; and

– low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Company assessed whether the financial instruments are credit impaired, and if:

– the credit risk of the financial instrument increased significantly since initial recognition, the Company measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and

– there was no significant increase in credit risk since initial recognition, the Company measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

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

This approach is applicable to:

– trade receivables or contract assets that results from transactions that are within the scope of IFRS 15: Revenue from Contracts with Customers, that contain a significant financing component; and

– lease receivables.

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

Purchased or originated credit impaired approach

For a financial asset that is considered to be credit impaired (not on acquisition or originations), the Company measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

– significant financial difficulty of the issuer or borrower;

– a breach of contract (eg default or past due event);

– where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;

– it is probable the borrower will enter bankruptcy or other financial reorganisation; and

– the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Company assumed that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such determination that the financial asset has low credit risk, the Company applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

– there is a low risk of default by the borrower;

– the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and

– adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognised 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.

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

g. Impairment of assets

At the end of each reporting period, the Company 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 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

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

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

h. Employee benefits

Short-term employee benefits

Provision is made for the company'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 company'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 company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company 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.

i. Provisions

Provisions are recognised when the company 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.

j. 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

k. ***Revenue recognition***

The Company has applied IFRS 15 using the cumulative effective method. Therefore, the comparative information has not been restated and continues to be presented under IAS 18 and IAS 11. The details of accounting policies under IAS 18 and IAS 11 are disclosed separately since they differ from those under IFRS 15. The impact of changes is immaterial.

In the comparative period

Revenue was measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration was deferred, it was treated as the provision of financing and was discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received was interest revenue.

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.

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.

l. ***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. Refer to Note 1(g) for further discussion on the determination of impairment losses.

m. ***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.

n. ***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.

o. Comparative figures

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

p. Foreign currency transactions and balances

Functional and presentation currency

The functional currency is measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in US dollars, which is the entity's functional and presentation currency.

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. Critical accounting estimates and judgements

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

Key estimates

(i) Impairment – general

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

r. New and amended accounting policies adopted by the Company

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

IFRS 9 Financial Instruments

The Company has adopted IFRS 9 from 1 January 2018 on a modified retrospective basis. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

IFRS 15 revenue from contracts with customers

The Company has adopted IFRS 15 from 1 January 2018 on a modified retrospective approach. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a deferred maintenance revenue, work in progress, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company during the financial year ended 31 December 2018.

s. ***New accounting standards for application in future periods***

The IASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

– IFRS 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

  When effective, this Standard will replace the current accounting requirements applicable to leases in IAS 117: Leases and related Interpretations. IFRS 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

  The main changes introduced by the new Standard are as follows:

  – recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);

  – depreciation of right-of-use assets in line with IAS 16: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;

  – inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;

  – application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and

  – inclusion of additional disclosure requirements.

  The transitional provisions of IFRS 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with IAS 8 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Based on a preliminary assessment performed over each line of business and product type, the effect of IFRS 16 is not expected to have a material effect on the Company. It is impracticable at this stage to provide a reasonable estimate of such impact.

t. ***Going concern***

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the company is dependent upon it maintaining sufficient funds for its operations and commitments

The company made a loss before tax amounting to $352,080 for the year ended 31 December 2018. Furthermore, the company did not have any established revenue streams for the financial year ended 31 December 2018. Notwithstanding the above factors, the Director has assessed the going concern assumption to be appropriate based on the following reasons:

The Director of the Company will seek to raise additional capital in a timely manner to fund the ongoing administrative costs through:

– Management Fee and loans from PT Investasi Mandiri, an operating company which entered into an exclusive operation and management agreement with the Company in January 2019, as detailed in the Subsequent Event section;

– Placements and Shareholder Loans.

The financial statements have therefore been prepared on a going concern basis for the above reasons. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

NOTE 2: TRADE AND OTHER RECEIVABLES

	2018
	US$
CURRENT	
Receivable from Shareholders for Issued Capital	347,705
Less: provision	(347,705)
	–

NOTE 3: TRADE AND OTHER PAYABLES

	2018
	US$
CURRENT	
Accruals	4,375

NOTE 4: ISSUED CAPITAL

	2018
	US$
5,000 ordinary shares	347,705

Ordinary shares 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.

NOTE 5: SUBSEQUENT EVENTS

Effective 10 January 2019, Takmur Pte Limited entered into a share purchase agreement to acquire 4,950 shares (99% of the issued capital) in PT Andary Usaha Makmur for nil consideration and took over the liabilities amounting to USD347,705 related to the unpaid share capital.

Effective 24 January 2019, the company entered into an exclusive operation and management agreement with PT Investasi Mandiri ("PTIM") (a limited liability company incorporated under the laws of Indonesia). As per the terms of the agreement, the company has been engaged by PTIM as the exclusive operation and management services provider. In doing so, the existing shareholders of PTIM pledged their shares to PT Andary Usaha Makmur effective 24 January 2019. PT Andary Usaha Makmur commits to invest in the company up to USD$15,000,000 over a period of 10 years (for the purpose of mining equipment, other capital expenditure, exploration and geology studies, operational and administrative best practices and management and other consulting services). In return for such services, PTIM and its shareholders have delegated to PT Anday Usaha Makmur:

(i) the power to determine the financial and operational policy of PTIM;

(ii) the right to appoint the majority of PTIM directors; and

(iii) the right to receive 95% of PTIM's net profit per annum throughout the operation and management period.

Effective 14 June 2019, Danny Paulus resigned from director and PT Andary Usaha Makmur appointed Erna Tri Susilowati to director of the company.

NOTE 6: COMPANY DETAILS

The registered office of the company is:

Anggaran Dasar
Raya Palangka Raya Kalimantan
Tengah Indonesia

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of PT Andary Usaha Makmur, the directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 383 to 402, are in accordance with the *Companies Law Indonesia (Revision 2007)* and:

    a. comply with International Financial Reporting Standards; and

    b. give a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

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

Director ______________________________

Erna Tri Susilowati

Dated this ______26th______ day of ______August______ 2019

PT ANDARY USAHA MAKMUR

INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF PT ANDARY USAHA MAKMUR

REPORT ON THE FINANCIAL REPORT

Opinion

We have audited the accompanying financial report of PT Andary Usaha Makmur ("**the Company**") which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion:

a. the accompanying financial report of PT Andary Usaha Makmur is giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the year then ended; and

b. the financial report complies with International Financial Reporting Standards.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(t) in the financial report, which indicates that the Company incurred a net loss after tax of US$352,080 during the year ended 31 December 2018 and, as of that date, the Company's current liabilities exceeded its current assets by US$4,375. As stated in Note 1(t), these events or conditions, along with other matters as set forth in Note 1(t), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2018 The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2018 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

– Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 26 August 2019

SECTION D: FINANCIAL INFORMATION OF PT INVESTASI MANDIRI

SECTION D1: FINANCIAL INFORMATION OF PT INVESTASI MANDIRI (1 – 23 JANUARY 2019)

Hall Chadwick Pty Ltd, of Level 40, 2 Park Street, Sydney, NSW 2000, Australia, Chartered Accountants and statutory auditors to PT Investasi Mandiri, has given its consent and authorisation for:

1. the inclusion in this Document of the statutory audit report issued with respect to PT Investasi Mandiri Financial Information for the period 1 – 23 January 2019 included in Section D1 "Financial Information of PT Investasi Mandiri (1 – 23 January 2019)" of Part 9 "Historical Financial Information"; and

2. the inclusion in this Document of their name.

Their consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

Hall Chadwick Pty Ltd has no material interest in the Company.

PT INVESTASI MANDIRI
FINANCIAL REPORT FOR THE PERIOD 1 JANUARY 2019 TO 23 JANUARY 2019

DIRECTORS' REPORT

Your directors present their report on the company for the period 1 January 2019 to 23 January 2019.

DIRECTORS

The names of the directors in office at any time during the period are:

Meity Erawaty Ewa (appointed on 11 September 2020)
Herbowo Seswanto (appointed on 11 September 2020)
Jeni Riani Wile (appointed on 11 September 2020)
Bahing Djimat (resigned on 11 September 2020)
Wira Putra (resigned on 11 September 2020)

Directors have been in office since the start of the audited period to the date of this report unless otherwise stated.

REVIEW OF OPERATIONS

The profit of the company for the period after providing for income tax amounted to a loss of $36,899.
A review of the operations of the company during the financial period and the results of those operations shows that during the period the company did not generate any revenues.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the company's state of affairs occurred during the period.

PRINCIPAL ACTIVITIES

The principal activities of the company during the period was being the holder of a mining concession related to a mineral sands deposit located in the Central Kalimantan Province of Indonesia, with an area of 2,032 hectares. In conjunction with this, the Company operated a processing plant equipped to produce premium Zircon (65.5 grade).

No significant change in the nature of these activities occurred during the period.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Apart from the matter disclosed in note 18 of the financial statements, no other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the company and the expected results of those operations in future financial periods have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

ENVIRONMENTAL REGULATION

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

DIVIDENDS

No dividends were paid or declared during the financial period.

OPTIONS

No options over issued shares or interests in the company were granted during or since the end of the period and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the period as a result of the exercise of an option over unissued shares or interests.

INDEMNIFICATION OF OFFICERS

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an officer or auditor of the company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the period.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director Herbowo Seswanto

Dated this 02 day of August 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 23 JANUARY 2019

	Note	Period ended 1 January 2019 to 23 January 2019 US$
Revenue		–
Cost of sales		–
Gross profit		–
Depreciation and amortisation		(3,914)
Finance costs		(955)
Consulting and professional expenses		(10,221)
Repairs and maintenance expenses		(2,176)
Freight and cartage expenses		(10,387)
Administration expenses		(2,373)
Employee benefits expense		(16,534)
Other expenses		(2,639)
Loss before income tax	*2*	(49,199)
Income tax expense	*3*	12,300
Loss for the period		(36,899)
Other comprehensive income		
Exchange differences on translating foreign operations, net of tax		11,785
Total other comprehensive income for the period		11,785
Total comprehensive income for the period		(25,114)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 23 JANUARY 2019

	Note	As at 23 January 2019 US$	As at 31 December 2018 US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	*4*	17,468	23,718
Trade and other receivables	*5*	18,893	7,636
Inventories	*6*	702,517	520,713
Other assets	*7*	62,210	–
TOTAL CURRENT ASSETS		801,088	552,067
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	535,526	598,589
Right of use assets	*9*	76,664	–
TOTAL NON-CURRENT ASSETS		612,190	598,589
TOTAL ASSETS		**1,413,278**	**1,150,656**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	*10*	104,289	132,447
Borrowings	*11*	322,558	27,487
Lease liabilities	*9*	27,616	–
Current tax liabilities		170,390	189,476
TOTAL CURRENT LIABILITIES		624,853	349,410
NON-CURRENT LIABILITIES			
Borrowings	*11*	–	20,303
Lease liabilities	*9*	32,596	–
TOTAL NON-CURRENT LIABILITIES		32,596	20,303
TOTAL LIABILITIES		**657,449**	**369,713**
NET ASSETS		**755,829**	**780,943**
EQUITY			
Issued capital	*12*	72,490	72,490
Reserves	*13*	534,739	522,954
Retained earnings		148,600	185,499
TOTAL EQUITY		**755,829**	**780,943**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 23 JANUARY 2019

	Issued Capital (Ordinary Shares) US$	Retained Earnings US$	Foreign Exchange Reserve US$	Capital Reserve US$	Total US$
Balance at 1 January 2019	**72,490**	**185,499**	**(3,434)**	**526,388**	**780,943**
Comprehensive income					
Loss for the period	–	(36,899)	–	–	(36,899)
Other comprehensive income	–	–	11,785	–	11,785
Total comprehensive income/(loss)	–	(36,899)	11,785	–	(25,114)
Transaction with owners	–	–	–	–	–
Balance at 23 January 2019	**72,490**	**148,600**	**8,351**	**526,388**	**755,829**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 23 JANUARY 2019

	Note	Period ended 1 January 2019 to 23 January 2019 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers		–
Payments to suppliers and employees		(309,414)
Interest paid		(955)
Income tax paid		(6,786)
Net cash provided by operating activities	*16*	(317,155)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment		(9,239)
Net cash used in investing activities		(9,239)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings		322,558
Repayments of leases		(2,414)
Net cash provided by financing activities		320,144
Net decrease in cash held		(6,250)
Cash at beginning of financial period		23,718
Cash at end of financial period	*4*	17,468

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 23 JANUARY 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PT Investasi Mandiri is a company limited by shares, incorporated and domiciled in Indonesia.

The financial statements were authorised for issue on 02 August 2021 by the directors of the company.

Basis of Preparation

For the purpose of preparing the financial statements, the company is a for-profit entity. The financial statements have been prepared in order to meet the needs of management and the requirements of a Public Offering as part of its process to be admitted to the official list of the London Stock Exchange, therefore no comparative information is presented.

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 ("**IFRSs**") 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 ae based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The financial statements are presented in United State Dollars ("**USD**").

Accounting Policies

a. 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.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

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

b. Fair value of assets

The company measures some of its assets at fair value. Fair value is the price the company 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.

c. Inventories

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

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

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

Class of Fixed Asset	**Depreciation Rate**
Buildings	5%
Plant and equipment	20%
Motor vehicles	25%

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.

e. ***Leases***

At inception of a contract, the Company 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 Company where the Company 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.

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 Company 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 Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

f. Financial instruments

Initial recognition and measurement

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

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

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

Classification and subsequent measurement

Financial liabilities

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 asset

Financial assets are subsequently measured at:

– amortised cost;

– fair value through other comprehensive income; or

– fair value through profit or loss

on the basis of the two primary criteria:

– the contractual cash flow characteristics of the financial asset; and

– the business model for managing the financial assets.

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

– 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 is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

– 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 conditions of amortised cost and the fair value through other comprehensive income's measurement condition 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.

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 Company 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 Company 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 Company uses the following approaches to impairment, as applicable under IFRS 9:

– the general approach;

– the simplified approach;

General approach

Under the general approach, at each reporting period, the Company assessed whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the Company measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and

- there was no significant increase in credit risk since initial recognition, the Company measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

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

This approach is applicable to:

- trade receivables or contract assets that results from transactions that are within the scope of IFRS 15: Revenue from Contracts with Customers, that contain a significant financing component; and

- lease receivables.

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

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognised 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.

g. Impairment of assets

At the end of each reporting period, the Company 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 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company 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 periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

h. Employee benefits

Short-term employee benefits

Provision is made for the company'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 company'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 company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company 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.

i. Provisions

Provisions are recognised when the company 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.

j. ***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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

k. ***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.

l. ***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. Refer to Note 1(f) for further discussion on the determination of impairment losses.

m. ***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.

n. ***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.

o. ***Comparative figures***

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

p. ***Foreign currency transactions and balances***

Functional and presentation currency

The functional currency is measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in US dollars. The entity's functional currency is Indonesian Rupiah (IDR).

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 period-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. Critical accounting estimates and judgements

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

Key estimates

(i) Impairment – general

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

r. New and amended accounting policies adopted by the Company

Initial application of IFRS 16

The Company has adopted IFRS 16: Leases retrospectively with the cumulative effect of initially applying IFRS 16 recognised at 1 January 2019. In accordance with IFRS 16, the comparatives for the 31 December 2018 reporting period have not been restated.

The Company has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under IAS 17: Leases where the Company is the lessee. There has been no significant change from prior period treatment for leases where the Company is a lessor.

The lease liabilities are measured at the present value of the remaining lease payments. The Company's incremental borrowing rate as at 1 January 2019 was used to discount the lease payments.

The right-of-use asset for manufacturing equipment was measured at its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the Company's incremental borrowing rate per lease term as at 1 January 2019.

The right-of-use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 January 2019 by taking into consideration the lease liability and prepaid and accrued lease payments previously recognised as at 1 January 2019 (that are related to the lease).

The following practical expedients have been used by the Company in applying IFRS 16 for the first time:

– for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied;

– leases that have a remaining lease term of less than 12 months as at 1 January 2019 have been accounted for in the same way as short-term leases;

– the use of hindsight to determine lease terms on contracts that have options to extend or terminate;

– applying IFRS 16 to leases previously identified as leases under IAS 17 and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application; and

– not applying IFRS 16 to leases previously not identified as containing a lease under IAS 17 and Interpretation 4.

Adjustments recognised in the balance sheet on 1 January 2019

The following summary indicates the adjustments and reclassifications of financial statement line item in the balance sheet due to the implementation of IFRS 16.

	Carrying amount under IAS 17 US$	**Adjustments US$**	**Carrying amount under IFRS 16 US$**
Property, plant and equipment	598,589	(63,092)	535,497
Right of use assets	–	63,092	63,092
Borrowings	47,790	(47,790)	–
Lease liabilities	–	47,790	47,790

Measurement of lease liabilities

	US$
Operating lease commitments disclosed as at 31 December 2018	–
Add: finance lease liabilities recognised as at 31 December 2018	47,790
Lease liabilities recognised as at 1 January 2019	47,790
Represented by:	
– Current lease liabilities	27,487
– Non-current lease liabilities	20,303
	47,790

NOTE 2: LOSS FOR THE PERIOD

		Period ended 1 January 2019 to 23 January 2019 US$
a.	**Expenses**	
	Depreciation of property, plant and equipment	2,650
	Amortisation of right of use assets	1,264
	Employee benefits expense	16,534
b.	**Revenue and Other Income**	
	Sale of goods	–
	Processing fee income	–
		–

NOTE 3: TAX

	Period ended 1 January 2019 to 23 January 2019 US$
Income tax expense comprise of:	
– Current tax	–
– Deferred tax	(12,300)
Total income tax expense	(12,300)
Reconciliation of income tax expense to prima facie fax payable on accounting loss	
Loss before tax	(49,199)
Indonesia prima facie tax benefit on loss at 25%	(12,300)
Income tax expense	(12,300)

NOTE 4: CASH AND CASH EQUIVALENTS

	As at 23 January 2019 US$	As at 31 December 2018 US$
Cash at bank	17,468	23,718
Total cash and cash equivalents	17,468	23,718
Represented by:		
Indonesian Rupiah	15,961	22,206
US dollar	1,507	1,512
	17,468	23,718

NOTE 5: TRADE AND OTHER RECEIVABLES

	As at 23 January 2019 US$	As at 31 December 2018 US$
CURRENT		
Other receivables	18,893	7,636
Total trade and other receivables	18,893	7,636

NOTE 6: INVENTORIES

	As at 23 January 2019 US$	As at 31 December 2018 US$
CURRENT		
Raw materials and stores at cost	170,944	301,525
Finished goods at cost	531,573	219,188
Total inventories	702,517	520,713

NOTE 7: OTHER ASSETS

	As at 23 January 2019 US$	As at 31 December 2018 US$
CURRENT		
Prepayment to suppliers	62,210	–
Total other assets	62,210	–

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	As at 23 January 2019 US$	As at 31 December 2018 US$
Land and buildings		
Freehold land at:		
– Land at cost	44,756	43,851
Total land	44,756	43,851
Buildings at:		
– Buildings at cost	523,658	533,371
– Buildings accumulated depreciation	(80,168)	(80,005)
Total buildings	443,490	453,366
Total land and buildings	488,246	497,217
Plant and equipment		
Plant and equipment at cost	82,931	80,276
Accumulated depreciation	(43,893)	(41,996)
Total plant and equipment	39,038	38,280
Motor vehicles		
Motor vehicles at cost	–[1]	83,578
Accumulated depreciation	–[1]	(20,486)
Total motor vehicles	–[1]	63,092
Work in progress		
Work in progress at cost	8,242	–
Total work in progress	8,242	–
Total property, plant and equipment	535,526	598,589

Movements in Carrying Amounts

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

	Land and buildings US$	Plant and Equipment US$	Motor Vehicles US$	Work in progress US$	Total US$
Balance at 1 January 2019	497,217	38,280	–[1]	–	535,497
Additions	–	997	–	8,242	9,239
Depreciation expense	(1,619)	(1,031)	–	–	(2,650)
Foreign exchange	(7,352)	792	–	–	(6,560)
Balance at 23 January 2019	488,246	39,038	–	8,242	535,526

NOTE 9: LEASES

	As at 23 January 2019 US$	As at 1 January 2019 US$
Right of use assets		
Motor vehicles at cost	98,838	83,578
Accumulated depreciation	(22,174)	(20,486)
	76,664	63,092
Lease liabilities		
Current	27,616	27,487
Non-current	32,596	20,303
	60,212	47,790

Movements in Carrying Amounts

Movement in the carrying amounts for each class of right of use assets between the beginning and the end of the current financial period:

	Motor vehicles US$	Total US$
Balance at 1 January 2019	63,092	63,092
Additions	13,534	13,534
Depreciation expense	(1,264)	(1,264)
Foreign exchange	1,302	1,302
Balance at 23 January 2019	76,664	76,664

[1] see Note 1(r) for adjustments recognised on adoption of IFRS 16 on 1 January 2019.

In the previous period, the Company only recognised lease assets and lease liabilities in relation to leases that were classified as "finance leases" under IAS 17: *Leases*. The assets were presented in property, plant and equipment and the liabilities as part of the Company's borrowings. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to Note 1(r).

	Period ended 1 January 2019 to 23 January 2019 US$
Depreciation charge related to right of use assets	1,264
Interest expense on lease liabilities	955
Short-term and low-value asset leases expense	2,287
Variable lease payment expense	7,743

NOTE 10: TRADE AND OTHER PAYABLES

	As at 23 January 2019 US$	**As at 31 December 2018 US$**
Sundry payables and accrued expenses	104,289	132,447
Total trade and other payables	104,289	132,447

NOTE 11: BORROWINGS

	As at 23 January 2019 US$	**As at 31 December 2018 US$**
CURRENT		
Amount due to PT Investasi Mandiri Interzircon[1]	322,558	–
Lease liabilities	–[2]	27,487
	322,558	27,487
NON-CURRENT		
Lease liabilities	–[2]	20,303
	–[2]	20,303
Total borrowings	322,558	47,790

1 The amounts owing to PT Investasi Mandiri Interzircon relates to a credit line agreement executed on 31 December 2015. As per the agreement, PT Investasi Mandiri Interzircon provides a credit facility (credit limit of US$15,000,000 over a 12-month period) on the basis that it is entitled to PT Investasi Mandiri's client accounts receivable. Based on this agreement, PT Investasi Mandiri Interzircon assumes 100% of the credit risk and has no recourse on PT Investasi Mandiri once the right to the account receivable has been transferred. PT Investasi Mandiri Interzircon charges a 0.65% factoring commission and 5% per annum interest rate paid monthly calculated on the average monthly balance drawn down.

2 see Note 1(r) for adjustments recognised on adoption of IFRS 16 on 1 January 2019.

NOTE 12: ISSUED CAPITAL

	As at 23 January 2019 US$	As at 1 January 2019 US$
10,000 fully paid ordinary shares	72,490	72,490

Ordinary shares 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.

Capital Risk Management

The Company's capital includes share capital, and its cash and cash equivalents. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to achieve this, the Company may issue new shares in order to meet its financial obligations.

NOTE 13: RESERVES

	As at 23 January 2019 US$	As at 31 December 2018 US$
Foreign exchange reserve	8,351	(3,434)
Capital reserve	526,388	526,388
Total reserves	534,739	522,954

The capital contribution reserve was created in the previous financial period following the execution of a deed of release whereby the shareholders of the company agreed to unconditionally and irrevocably release the Company from its obligation to repay the outstanding sum under the shareholder loans.

The capital contribution reserve is distributable in future periods, subject to the provisions of the local reporting jurisdictions.

NOTE 14: FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of deposits with banks, accounts receivable, accounts payable, lease liabilities and borrowings. The main risks arising from the Company's financial instruments are foreign currency risk and liquidity risk. Risk management is carried out by the Board of Directors who monitor, evaluate, and manage the Company's financial risk across its operating units. The Company does not enter or trade financial instruments, including derivative financial instruments, for speculative purposes.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

Liquidity Risk

Liquidity risk refers to the risk in which the Company encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Company actively manages its operating cash flows so as to ensure that all repayment needs are met. As part of overall prudent liquidity management, the Company maintains sufficient levels of cash to meet working capital requirements.

The following table details the Company remaining contractual maturities for financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Company is expected to receive or pay. The tables includes both interest and principal cash flows.

As at 23 January 2019	Weighted average interest rate %	1 to 12 months US$	1 to 5 years US$	> 5 years US$	Total contractual cash flows US$	Carrying amount US$
Financial assets						
Cash	–	17,468	–	–	17,468	17,468
Trade and other receivables	–	18,893	–	–	18,893	18,893
Total anticipated inflows		36,361	–	–	36,361	36,361
Financial liabilities						
Trade and other payables	–	104,289	–	–	104,289	104,289
Lease liabilities	18%	27,616	32,596	–	60,212	60,212
Loan payable to PT Investasi Mandiri Interzircon	4%	322,558	–	–	322,558	322,558
Total expected outflows		454,463	32,596	–	487,059	487,059
Net (outflow)/inflow on financial instruments		(418,102)	(32,596)	–	(450,698)	(450,698)

As at 31 December 2018	Weighted average interest rate %	1 to 12 months US$	1 to 5 years US$	> 5 years US$	Total contractual cash flows US$	Carrying amount US$
Financial assets						
Cash	–	23,718	–	–	23,718	23,718
Trade and other receivables	–	7,636	–	–	7,636	7,636
Total anticipated inflows		31,354	–	–	31,354	31,354
Financial liabilities						
Trade and other payables	–	132,447	–	–	132,447	132,447
Lease liabilities	18%	27,487	20,303	–	47,790	47,790
Total expected outflows		159,934	20,303	–	180,237	180,237
Net (outflow)/inflow on financial instruments		(128,580)	(20,303)	–	(148,883)	(148,883)

Foreign Currency Risks

Currency risk arises from transactions denominated in currency other than the functional currency of the entities within the Company. The currencies that give rise to this are primarily US Dollar.

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the Company's risk management policies to ensure that the net exposure is at an acceptable level.

It is not the Company's policy to take speculative positions in foreign currency. At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currency of the entities within the group are as follows:

	USD
As at 23 January 2019	
Cash and cash equivalents	1,507
As at 31 December 2018	
Cash and cash equivalents	1,512

The Company has performed sensitivity analyses on its exposure to foreign exchange risk on balances as at balance date. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates where it would give rise to an impact on the Company's profit or loss and/or equity.

If the relevant foreign currency strengthens or weakens by 10% against the functional currency of the Company's profit or loss will increase/(decrease) by:

	23 January 2019	31 December 2018
Strengthen against USD		
USD	(151)	(151)
Weaken against USD		
USD	151	151

Financial Instruments Not Measured at Fair Value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, lease liabilities and borrowings. Due to their short-term nature, the carrying amount of these current financial assets and financial liabilities measured at amortised cost approximates their fair value.

NOTE 15: RELATED PARTY TRANSACTION AND DISCLOSURES

Related Parties

Entities exercising control over the Company

There is no entity exercising control over the Company other than individual shareholders.

Key management personnel

The key management personnel of the Company are the directors of PT Investasi Mandiri.

No remuneration was compensated to the key management personnel during the period. No shares or options were provided to key management personnel as remuneration during the period.

Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

There are no significant transactions and balances with related parties during the period.

NOTE 16: CASH FLOW INFORMATION

Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax

	Period ended 1 January 2019 to 23 January 2019 US$
Loss after income tax	(36,899)
Non-cash flows in profit:	
– depreciation	3,914
– foreign exchange	18,345
Changes in assets and liabilities:	
– trade and other receivables	(11,257)
– inventories	(181,804)
– other assets	(62,210)
– trade and other payables	(28,158)
– current tax liabilities	(19,086)
Net cash used in operating activities	(317,155)

NOTE 17: COMMITMENTS AND CONTINGENT LIABILITIES

Other than those disclosed in the financial statements, there were no commitments and contingent liabilities for the financial period ended 23 January 2019.

NOTE 18: SUBSEQUENT EVENTS

Since the balance date, the Company has:

- Effective 24 January 2019, the Company entered into an exclusive operation and management agreement with PT Andary Usaha Makmur (a limited liability company in a legal form of PMA incorporated under the laws of Indonesia). As per the terms of the agreement, the Company has engaged PT Andary Usaha Makmur as the exclusive operation and management services provider. In doing so, the existing shareholders of the Company pledged their shares to PT Andary Usaha Makmur effective 24 January 2019. PT Andary Usaha Makmur commits to invest in the Company up to USD$15,000,000 over a period of 10 years (for the purpose of mining equipment, other capital expenditure, exploration and geology studies, operational and administrative best practices and management and other consulting services). In return for such services the Company is required to pay a service fee to PT Andary Usaha Makmur equal to 95% of its net profit per annum throughout the operation and management period.

Other than the matters disclosed in the financial statements, there have been no significant changes in the Company's state of affairs during the period ended 23 January 2019.

NOTE 19: COMPANY DETAILS

The registered office of the company is:

Jl. Teuku Umar No. 48
Menteng, Jekan Raya
Palanga Raya
Central Kalimantan Indonesia

The principal place of business is:

Jalan Fery Penyeberangan Desa Tumbang Empas Kecamantan
Mihing Raya Kabupaten Gunung Mas Kalimantan
Tengah Indonesia

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of PT Investasi Mandiri, the Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 410 to 434, are:

   a. in compliance with International Financial Reporting Standards; and

   b. give a true and fair view of the Company's financial position as at 23 January 2019 and of its performance for the period ended on that date.

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

Director Herbowo Seswanto

Dated this 02 day of August 2021

PT INVESTASI MANDIRI

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF PT INVESTASI MANDIRI**

REPORT ON THE FINANCIAL REPORT

Opinion

We have audited the financial report of PT Investasi Mandiri (the company), which comprises the statement of financial position as at 23 January 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion,

a. the accompanying financial report of the company is giving a true and fair view of the company's financial position as at 23 January 2019 and of its financial performance for the period then ended; and

b. The financial report complies with International Financial Reporting Standards.

Basis for Opinion

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

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

Other Matter (re-issued auditor's report)

Our auditor's report dated 2 August 2021 was qualified as we were unable to obtain sufficient appropriate audit evidence in relation to the inventory balances as at 23 January 2019. Subsequently, we have obtained alternative sufficient and appropriate audit evidence and were able to verify the existence and condition of the inventory as at 23 January 2019 by alternative means. This auditor's report replaces the auditor's report issued on 2 August 2021.

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

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the period ended 23 January 2019 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

– Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 1 September 2021

SECTION D2: FINANCIAL INFORMATION OF PT INVESTASI MANDIRI (31 DECEMBER 2018)

Hall Chadwick Pty Ltd, of Level 40, 2 Park Street, Sydney, NSW 2000, Australia, Chartered Accountants and statutory auditors to PT Investasi Mandiri, has given its consent and authorisation for:

1. the inclusion in this Document of the statutory audit report issued with respect to PT Investasi Mandiri Financial Information for the year ended 31 December 2018 included in Section D2 "Financial Information of PT Investasi Mandiri (31 December 2018)" of Part 9 "Historical Financial Information"; and

2. the inclusion in this Document of their name.

Their consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

Hall Chadwick Pty Ltd has no material interest in the Company.

PT INVESTASI MANDIRI
FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31 December 2018.

DIRECTORS

The names of the directors in office at any time during or since the end of the year are:

Bahing Djimat
Wira Putra

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

REVIEW OF OPERATIONS

The profit of the company for the financial year after providing for income tax amounted to USD$302,766 (2017: Loss of USD$19,172).

A review of the operations of the company during the financial year and the results of those operations shows that in 2018 the company significantly increased its mining, concentration and processing volumes. The company solely focused on processing raw materials from its own deposits, with revenue increasing from USD$1,217,814 to USD$4,760,828.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the company's state of affairs occurred during the financial year.

PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year was being the holder of a mining concession related to a mineral sands deposit located in the Central Kalimantan Province of Indonesia, with an area of 2,032 hectares. In conjunction with this, the Company operated a processing plant equipped to produce premium Zircon (65.5 grade).

No significant change in the nature of these activities occurred during the year.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Apart from the matter disclosed in note 16 of the financial statements, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

ENVIRONMENTAL REGULATION

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

DIVIDENDS

No dividends were paid or declared during the financial year.

OPTIONS

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.
No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

INDEMNIFICATION OF OFFICERS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director ____

Bahing Djimat

Dated this 23rd day of April 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Revenue		4,760,828	1,217,814
Cost of sales		(3,548,573)	(756,157)
Gross profit		1,212,255	461,657
Other revenue		–	30,569
Depreciation and amortisation		(60,216)	(48,246)
Finance costs		(25,915)	(11,858)
Consulting and professional expenses		(120,849)	(147,877)
Repairs and maintenance expenses		(88,861)	(57,543)
Freight and cartage expenses		(209,513)	(113,512)
Administration expenses		(159,974)	(43,243)
Commissions paid		(29,624)	(3,113)
Employee benefits expense		(43,480)	(45,098)
Compliance costs		(10,985)	(11,022)
Other expenses		(59,150)	(28,066)
Profit/(loss) before income tax	*2*	403,688	(17,352)
Income tax expense	*3*	(100,922)	(1,820)
Profit/(loss) for the year		302,766	(19,172)
Other comprehensive income/(loss)			
Other comprehensive income for the period, net of tax		–	–
Total other comprehensive income/(loss) for the year		–	–
Total comprehensive income/(loss) for the year		302,766	(19,172)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	*4*	23,718	9,934
Trade and other receivables	*5*	7,636	47,362
Inventories	*6*	520,713	86,295
TOTAL CURRENT ASSETS		552,067	143,591
NON-CURRENT ASSETS			
Property, plant and equipment	*7*	598,589	632,586
TOTAL NON-CURRENT ASSETS		598,589	632,586
TOTAL ASSETS		1,150,656	776,177
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	*9*	132,447	81,675
Borrowings	*10*	27,487	296,719
Current tax liabilities	*8*	189,476	98,409
TOTAL CURRENT LIABILITIES		349,410	476,803
NON-CURRENT LIABILITIES			
Borrowings	*10*	20,303	20,541
TOTAL NON-CURRENT LIABILITIES		20,303	20,541
TOTAL LIABILITIES		369,713	497,344
NET ASSETS		780,943	278,833
EQUITY			
Issued capital	*11*	72,490	72,490
Reserves	*12*	522,954	323,610
Retained earnings		185,499	(117,267)
TOTAL EQUITY		780,943	278,833

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Issued Capital (Ordinary Shares) $	Retained Earnings $	Foreign Exchange Reserve $	Capital Reserve $	Total $
Balance at 1 January 2017		**72,490**	**(98,095)**	**1,937**	**174,076**	**150,408**
Issue of ordinary shares		–	–	–	–	–
Profit for the year		–	(19,172)	–	–	(19,172)
Additions to reserve	*12*	–	–	(615)	148,212	147,597
Balance at 31 December 2017		**72,490**	**(117,267)**	**1,322**	**322,288**	**278,833**
Balance at 1 January 2018		**72,490**	**(117,267)**	**1,322**	**322,288**	**278,833**
Issue of ordinary shares		–	–	–	–	–
Profit for the year		–	302,766	–	–	302,766
Additions to reserve	*12*	–	–	(4,756)	204,100	199,344
Balance at 31 December 2018		**72,490**	**185,499**	**(3,434)**	**526,388**	**780,943**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,800,554	1,238,603
Payments to suppliers and employees		(4,650,229)	(1,409,877)
Interest paid		(16,768)	(9,902)
Finance costs paid		(8,959)	(1,956)
Income tax paid		(88,874)	(12,400)
Net cash provided by operating activities	*15*	35,724	(195,532)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		1,314	–
Payments for property, plant and equipment		–	(48,569)
Net cash used in investing activities		1,314	(48,569)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from/(repayments of) borrowings		(6,321)	281,686
Repayments of finance lease		(15,317)	(2,097)
Net cash provided by (used in) financing activities		(21,638)	279,589
Net increase in cash held		15,399	5,363
Cash at beginning of financial year		9,934	4,634
Effect of movement in exchange rates on cash held		(1,615)	(63)
Cash at end of financial year	*4*	23,718	9,934

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PT Investasi Mandiri is a company limited by shares, incorporated and domiciled in Indonesia.
The financial statements were authorised for issue on 23 April 2019 by the directors of the company.

Basis of Preparation

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 ("**IFRSs**") 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 ae based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The financial statements are presented in United State Dollars ("**USD**").

Accounting Policies

a. Income tax

The income tax expense (income) for the year 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 year 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.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

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

b. Fair value of assets

The company measures some of its assets at fair value. Fair value is the price the company 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.

c. Inventories

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

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

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

Class of Fixed Asset	**Depreciation Rate**
Buildings	5%
Plant and equipment	20%
Motor vehicles	25%

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.

e. ***Leases***

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

f. ***Financial instruments***

Initial recognition and measurement

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

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

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

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

– amortised cost; or

– fair value through profit or loss.

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

– a contingent consideration of an acquirer in a business combination to which IFRS 3: Business Combinations applies;

– held for trading; or

– initially designated as at fair value through profit or loss.

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

– incurred for the purpose of repurchasing or repaying in the near term;

– part of a portfolio where there is an actual pattern of short-term profit taking; or

– a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

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

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts

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

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

– the amount of loss allowance determined in accordance to IFRS 9.3.25.3; and

– the amount initially recognised less accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial asset

Financial assets are subsequently measured at:

– amortised cost;

– fair value through other comprehensive income; or

– fair value through profit or loss

on the basis of the two primary criteria:

– the contractual cash flow characteristics of the financial asset; and

– the business model for managing the financial assets.

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

– 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 is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

– 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 conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit or loss.

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

– it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;

– it is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so as the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and

– it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

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

Equity instruments

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

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

Derecognition

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

Derecognition of financial liabilities

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

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

Derecognition of financial assets

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

All 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 Company 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.

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

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

Impairment

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

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

Loss allowance is not recognised for:

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

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

The Company uses the following approaches to impairment, as applicable under IFRS 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Company assessed whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the Company measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- there was no significant increase in credit risk since initial recognition, the Company measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

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

This approach is applicable to:

– trade receivables or contract assets that results from transactions that are within the scope of IFRS 15: Revenue from Contracts with Customers, that contain a significant financing component; and

– lease receivables.

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

Purchased or originated credit impaired approach

For a financial asset that is considered to be credit impaired (not on acquisition or originations), the Company measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

– significant financial difficulty of the issuer or borrower;

– a breach of contract (eg default or past due event);

– where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;

– it is probable the borrower will enter bankruptcy or other financial reorganisation; and

– the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Company assumed that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such determination that the financial asset has low credit risk, the Company applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

– there is a low risk of default by the borrower;

– the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and

– adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognised 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.

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

g. Impairment of assets

At the end of each reporting period, the Company 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 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

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

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

h. Employee benefits

Short-term employee benefits

Provision is made for the company'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 company'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 company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company 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.

i. Provisions

Provisions are recognised when the company 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.

j. 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

k. Revenue recognition

The Company has applied IFRS 15 using the cumulative effective method. Therefore, the comparative information has not been restated and continues to be presented under IAS 18 and IAS 11. The details of accounting policies under IAS 18 and IAS 11 are disclosed separately since they differ from those under IFRS 15. The impact of changes is immaterial.

In the comparative period

Revenue was measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration was deferred, it was treated as the provision of financing and was discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received was interest revenue.

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.

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.

l. 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. Refer to Note 1(g) for further discussion on the determination of impairment losses.

m. 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.

n. 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.

o. Comparative figures

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

p. Foreign currency transactions and balances

Functional and presentation currency

The functional currency is measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in US dollars, which is the entity's functional and presentation currency.

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. Critical accounting estimates and judgements

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

Key estimates

(i) Impairment – general

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

r. New and amended accounting policies adopted by the Company

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

IFRS 9 Financial instruments

The Company has adopted IFRS 9 from 1 January 2018 on a modified retrospective basis. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

IFRS 15 Revenue from contracts with customers

The Company has adopted IFRS 15 from 1 January 2018 on a modified retrospective approach. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a deferred maintenance revenue, work in progress, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company during the financial year ended 31 December 2018.

r. New accounting standards for application in future periods

The IASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

– IFRS 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

  When effective, this Standard will replace the current accounting requirements applicable to leases in IAS 117: Leases and related Interpretations. IFRS 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

  The main changes introduced by the new Standard are as follows:

  – recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);

  – depreciation of right-of-use assets in line with IAS 16: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;

- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;

- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and

- inclusion of additional disclosure requirements.

The transitional provisions of IFRS 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with IAS 8 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Based on a preliminary assessment performed over each line of business and product type, the effect of IFRS 16 is not expected to have a material effect on the Company. It is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 2: PROFIT/(LOSS) FOR THE YEAR

		2018	2017
		$	$
a.	**Expenses**		
	Depreciation of property, plant and equipment	60,216	48,246
	Employee benefits expense	43,480	45,098
		103,696	93,344
b.	**Revenue and Other Income**		
	Sale of goods	4,760,828	981,630
	Processing fee income	–	236,184
		4,760,828	1,217,814

NOTE 3: INCOME TAX EXPENSE

	2018	2017
	$	$
Income tax expense	100,922	1,820

NOTE 4: CASH AND CASH EQUIVALENTS

	2018	2017
	$	$
Cash at bank	23,718	9,934

NOTE 5: TRADE AND OTHER RECEIVABLES

	2018 $	2017 $
CURRENT		
Trade receivables	–	43,922
Other receivables	7,636	3,440
	7,636	47,362

NOTE 6: INVENTORIES

	2018 $	2017 $
CURRENT		
Raw materials and stores at cost	301,525	36,497
Finished goods at cost	219,188	49,798
	520,713	86,295

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	2018 $	2017 $
Land and Buildings		
Freehold land at:		
– Land at cost	43,851	45,025
Total land	43,851	45,025
Buildings at:		
– Buildings at cost	533,371	539,043
– Buildings accumulated depreciation	(80,005)	(53,904)
Total buildings	453,366	485,139
Total land and buildings	497,217	530,164
Plant and Equipment		
Plant and equipment at cost	80,276	85,805
Accumulated depreciation	(41,996)	(27,727)
Total plant and equipment	38,280	58,078
Motor Vehicles		
Motor vehicles at cost	83,578	48,199
Accumulated depreciation	(20,486)	(3,855)
Total motor vehicles	63,092	44,344
Total property, plant and equipment	598,589	632,586

NOTE 8: TAX

	2018	2017
	$	$
Liabilities		
CURRENT		
Income tax	189,476	98,409

NOTE 9: TRADE AND OTHER PAYABLES

	2018	2017
	$	$
CURRENT		
Sundry payables and accrued expenses	132,447	81,675

NOTE 10: BORROWINGS

	Note	2018 $	2017 $
CURRENT			
Borrowings from PT Investasi Mandiri Interzircon		–	281,686
Lease liability	*13*	27,487	15,033
Total current borrowings		27,487	296,719
NON-CURRENT			
Lease liability		20,303	20,541
Total non-current borrowings		20,303	20,541
Total borrowings		47,790	317,260

The amounts owing to PT Investasi Mandiri Interzircon relates to a credit line agreement executed on 31 December 2015. As per the agreement, PT Investasi Mandiri Interzircon provides a credit facility (credit limit of US$15,000,000 over a 12-month period) on the basis that it is entitled to PT Investasi Mandiri's client accounts receivable. Based on this agreement, PT Investasi Mandiri Interzircon assumes 100% of the credit risk and has no recourse on PT Investasi Mandiri once the right to the account receivable has been transferred. PT Investasi Mandiri Interzircon charges a 0.65% factoring commission and 5% p.a. interest rate paid monthly calculated on the average monthly balance drawn down.

The lease liability relates to finance leases on four motor vehicles. Three of the leases were entered into on 2 August 2018, 11 September 2017 and 16 January 2018, each of which for a lease term of 36 months and an attached interest rate of 21.02%, 15.99% and 19.25% respectively. The fourth lease was entered into on 5 May 2017 for a lease term of 48 months and an attached interest rate of 9.66%.

NOTE 11: ISSUED CAPITAL

	2018 $	2017 $
10,000 (2017: 10,000) fully paid ordinary shares	72,490	72,490

Ordinary shares 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.

NOTE 12: RESERVES

	2018 $	2017 $
Foreign exchange reserve	(3,434)	1,322
Capital reserve	526,388	322,288
	522,954	323,610

The capital contribution reserve was created during the financial year following the execution of a deed of release whereby the shareholders of the company agreed to unconditionally and irrevocably release the company from its obligation to repay the sum of USD$272,134 from the current sum outstanding under the shareholder loans.

The capital contribution reserve is distributable in future periods, subject to the provisions of the local reporting jurisdictions.

NOTE 13: CAPITAL AND LEASING COMMITMENTS

		Note	2018 $	2017 $
a.	**Finance Lease and Hire Purchase Commitments**			
	Payable – minimum lease payments:			
	– not later than 12 months		27,487	15,033
	– between 12 months and five years		20,303	20,541
	Present value of minimum lease payments	*10*	47,790	35,574
b.	**Operating Lease Commitments**			
	Non-cancellable operating leases contracted for but not recognised in the financial statements:			
	Payable – minimum lease payments:			
	– not later than 12 months		1,726	1,845
			1,726	1,845

NOTE 14: CONTINGENT LIABILITIES

The company has no contingent liabilities for the year ended 31 December 2018 (2017: Nil).

NOTE 15: CASH FLOW INFORMATION

	2018 $	2017 $
Profit/(loss) after income tax	302,766	(19,172)
Non-cash flows in profit:		
– Depreciation	60,216	48,246
– foreign exchange	(6,371)	(552)
Changes in assets and liabilities:		
– decrease/(increase) in trade and other receivables	39,726	(9,780)
– increase in inventories	(434,418)	(86,295)
– increase/(decrease) in trade and other payables	50,722	(128,421)
– increase/(decrease) in current tax liability	23,033	(422)
	35,724	(195,532)

NOTE 16: SUBSEQUENT EVENTS

Effective 24 January 2019, the company entered into an exclusive operation and management agreement with PT Andary Usaha Makmur (a limited liability company in a legal form of PMA incorporated under the laws of Indonesia). As per the terms of the agreement, the company has engaged PT Andary Usaha Makmur as the exclusive operation and management services provider. In doing so, the existing shareholders of the company pledged their shares to PT Andary Usaha Makmur effective 24 January 2019. PT Andary Usaha Makmur commits to invest in the company up to USD$15,000,000 over a period of 10 years (for the purpose of mining equipment, other capital expenditure, exploration and geology studies, operational and administrative best practices and management and other consulting services). In return for such services the company is required to pay a service fee to PT Andary Usaha Makmur equal to 95% of its net profit per annum throughout the operation and management period.

NOTE 17: COMPANY DETAILS

The registered office of the company is:

JI. Taurus I No, 243 Menteng Jekan
Raya Palangka Raya Kalimantan
Tengah Indonesia

The principal place of business is:

Jalan Fery Penyeberangan Desa Tumbang Empas Kecamantan
Mihing Raya Kabupaten Gunung Mas Kalimantan
Tengah Indonesia

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of PT Investasi Mandiri, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 442 to 464, are:

    a. in compliance with International Financial Reporting Standards; and

    b. give a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the year ended on that date.

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

Director ______________________________

Bahing Djimat

Dated this 23rd day of April 2019

PT. INVESTASI MANDIRI

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PT. INVESTASI MANDIRI

REPORT ON THE FINANCIAL REPORT

Opinion

We have audited the accompanying financial report of PT. Investasi Mandari ("**the Company**") which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.
In our opinion:

a. the accompanying financial report of PT. Investasi Mandiri is giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the year then ended; and

b. the financial report complies with International Financial Reporting Standards.

Basis for Opinion

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

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

Other Matter (re-issued auditor's report)

Our auditor's report dated 23 April 2019 was qualified as we were unable to obtain sufficient appropriate audit evidence in relation to the inventory balances as at 31 December 2018. Subsequently, we have obtained alternative sufficient and appropriate audit evidence and were able to verify the existence and condition of the inventory as at 31 December 2018 by alternative means. This auditor's report replaces the auditor's report issued on 23 April 2019.

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

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2018 The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2018 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

– Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 1 September 2021

SECTION E: FINANCIAL INFORMATION OF TISMA DEVELOPMENT HK

SECTION E1: FINANCIAL INFORMATION OF TISMA DEVELOPMENT HK (1 JULY 2020 TO 15 FEBRUARY 2021)

T K Lo & Company, of Room 2002, 20/F, 101 King's Road, Fortress Hill, Hong Kong, Certified Public Accountants and statutory auditors to Tisma, has given its consent and authorisation for:

1. the inclusion in this Document of the statutory audit report issued with respect to Tisma Development (HK) Limited and its Subsidiaries Financial Information for the period from 1 July 2020 to 15 February 2021 included in Section E1 "Financial Information of Tisma Development HK (1 July 2020 to 15 February 2021)" of Part 9 "Historical Financial Information"; and

2. the inclusion in this Document of their name.

Their consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

T K Lo & Company has no material interest in the Company.

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 1 July 2020 to 15 February 2021.

DIRECTORS

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

Ms. Tsang Choi Wan	(Appointed on 28 April 2021)
Mrs. Cuevas Salgado Iris Del Carmen	(Appointed on 18 December 2020 and resigned on 28 April 2021)
Mr. Chan Kwan	(Resigned on 18 December 2020)

Other directors of the subsidiaries were:

Mr. Victor Rommel Latuheru
Ms. Stephanie Dalla

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 or previous financial year.

REVIEW OF OPERATIONS

The loss for the Group for the financial period from 1 July 2020 to 15 February 2021 after providing for income tax amounted to US$93,797. During the prior year, the loss for the Group was US$ 28,044.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

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

No shares or debentures are 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 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.

AUDITOR

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

Ms. Tsang Choi Wan
Director

Hong Kong
Date: 27 August 2021

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER 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 474 to 495 which comprise consolidated statement of financial position as at 15 February 2021, consolidated statements of comprehensive income, cash flows and changes in equity for the period from 1 July 2020 to 15 February 2021, accounting policies and notes to the consolidated financial statements.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 15 February 2021, and of its financial performance and its cash flows for the period from 1 July 2020 to 15 February 2021 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.

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
Date: 27 August 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JULY 2020 TO 15 FEBRUARY 2021

	Note	From 1/7/2020 to 15/2/2021 US$	From 1/7/2019 to 30/6/2020 US$
Revenue		–	–
Cost of sales		(3,763)	(6,992)
Gross Loss		(3,763)	(6,992)
Other income		–	712
Consulting and professional expenses		(81,943)	(11,716)
Other expenses		(8,091)	(10,048)
Loss before tax	*16*	(93,797)	(28,044)
Income tax expense	*17*	–	–
Loss for the period/year		(93,797)	(28,044)
Other comprehensive income			
Items be recycled subsequently to profit or loss			
Exchange differences on translating foreign operations		708	495
Total other comprehensive income for the period/year		708	495
Total comprehensive income for the period/year		(93,089)	(27,549)
Loss for the period /year attributable to:			
Owners of the parent entity		(90,053)	(27,385)
Non-controlling interest		(3,744)	(659)
		(93,797)	(28,044)
Total comprehensive income attributable to:			
Owners of the parent entity		(89,076)	(26,919)
Non-controlling interest		(4,013)	(630)
		(93,089)	(27,549)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 15 FEBRUARY 2021

	Note	15/2/2021 US$	30/6/2020 US$
ASSETS			
CURRENT ASSETS			
Other receivables		1,793	49,494
Related party receivables	*14*	1	1
Cash and cash equivalents	*4*	1,613	9,499
TOTAL CURRENT ASSETS		3,407	58,994
TOTAL ASSETS		3,407	58,994
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	*5*	–	18,000
Related party payables	*14*	119,698	68,966
Provisions	*6*	64,714	59,944
TOTAL CURRENT LIABILITIES		184,412	146,910
TOTAL LIABILITIES		184,412	146,910
NET ASSETS/(LIABILITIES)		(181,005)	(87,916)
EQUITY			
Issued capital	*7*	1	1
Foreign exchange reserve	*8*	10,488	9,511
Accumulated losses		(129,537)	(39,484)
Equity attributable to owners of the parent entity		(119,048)	(29,972)
Non-controlling interest		(61,957)	(57,944)
TOTAL EQUITY		(181,005)	(87,916)

Approved by the Director on 27 August 2021

Ms. Tsang, Choi Wan

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JULY 2020 TO 15 FEBRUARY 2021

	Attributable to Owners of the Parent Entity					
	Issued Capital (Ordinary Shares) US$	Foreign Exchange Reserve US$	Accumulated Losses US$	Total US$	Non-Controlling Interest US$	Total Equity US$
Balance at 1 July 2019	1	9,045	(12,099)	(3,053)	(57,314)	(60,367)
Total comprehensive income for the year	–	466	(27,385)	(26,919)	(630)	(27,549)
Balance at 30 June 2020	1	9,511	(39,484)	(29,972)	(57,944)	(87,916)
Balance at 1 July 2020	1	9,511	(39,484)	(29,972)	(57,944)	(87,916)
Total comprehensive income for the period	–	977	(90,053)	(89,076)	(4,013)	(93,089)
Balance at 15 February 2021	1	10,488	(129,537)	(119,048)	(61,957)	(181,005)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JULY 2020 TO 15 FEBRUARY 2021

	Note	From 1/7/2020 to 15/2/2021 US$	From 1/7/2019 to 30/6/2020 US$
Operating activities			
Received from customers		–	712
Received from sundry debtors		49,589	–
Payments to suppliers		(58,762)	(4,788)
Net cash (used in) operating activities		(9,173)	(4,076)
Financing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings from related party		–	13,226
Net cash from financing activities		–	13,226
Net (decrease)/increase in cash and cash equivalents		(9,173)	9,150
Cash and cash equivalents at beginning		9,499	–
Effect of change in foreign exchange rate		1,287	349
Cash and cash equivalents at end		1,613	9,499

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2020 TO 15 FEBRUARY 2021

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 period was Tisma (HK) Limited, incorporated in Hong Kong. Starting from 12 January 2021, there was no ultimate holding company. By the date in which this report is issued, the Company is a wholly-owned subsidiary of PYX Resources Limited, incorporated in Australia, also an ultimate holding company of the Company.

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.

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 27 August 2021 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.

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.

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 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.

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.

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.

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.

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.

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 periods. 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 period-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.

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 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
- IAS 1 (Amendments): Disclosure of accounting policies
- IAS 8 (Amendments): Definition of accounting estimates
- IAS 12 (Amendments): Deferred tax related to assets and liabilities arising from a single transaction
- IFRS 17: Insurance contracts

NOTE 3: DIVIDENDS

No dividends have been paid during the financial period.

NOTE 4: CASH AND CASH EQUIVALENTS

	15/2/2021	**30/6/2020**
	US$	**US$**
CURRENT		
Bank Deposits	1,613	9,499

NOTE 5: TRADE AND OTHER PAYABLES

	15/2/2021	**30/6/2020**
	US$	**US$**
CURRENT		
Audit fee payables	–	18,000

NOTE 6: PROVISIONS

	15/2/2021	**30/6/2020**
	US$	**US$**
CURRENT		
Provision for mining concession fees	64,714	59,944

NOTE 7: ISSUED SHARE CAPITAL

	15/2/2021	**30/6/2020**
	US$	**US$**
1,000,000 ordinary shares (2020: 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.

During the reporting period, the parent company of Company was resolved to split the 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%

NOTE 10: CONTINGENT LIABILITIES

There are no contingent liabilities during the reporting period.

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. During 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 11: FINANCIAL RISK MANAGEMENT

Capital management

	Group	
	15/2/2021	**30/6/2020**
	US$	**US$**
Financial assets		
Financial assets at amortised cost		
– Other receivables	1,793	49,494
– Related party receivables	1	1
– Cash and cash equivalents	1,613	9,499
Total financial assets	3,407	58,994
Financial liabilities		
Financial liabilities at amortised cost:		
– Trade and other payables	–	18,000
– Related party payables	119,698	68,966
Total financial liabilities	119,698	86,966

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.

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**	
	15/2/2021	**30/6/2020**	**15/2/2021**	**30/6/2020**	**15/2/2021**	**30/6/2020**
Group	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Financial liabilities due for payment						
Trade and other payables	–	18,000	–	–	–	18,000
Related party payables	119,698	68,966	–	–	119,698	68,966
Total expected outflows	119,698	86,966	–	–	119,698	86,966
Financial assets – cash flows realisable						
Other receivables	1,793	49,494	–	–	1,793	49,494
Related party receivables	1	1	–	–	1	1
Total anticipated inflows	1,794	49,495	–	–	1,794	49,495
Net outflow on financial instruments	(117,904)	(37,471)	–	–	(117,904)	(37,471)

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.

15/2/2021	**Net Financial Assets/(Liabilities) in USD**			
Group	**AUD**	**IDR**	**Other**	**Total USD**
Functional currency of the Group:				
US dollar	2,642	(118,934)	–	(116,292)
Statement of financial position exposure	2,642	(118,934)	–	(116,292)

30/6/2020	**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)

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	15/2/2021 Carrying Amount US$	15/2/2021 Fair Value US$	30/6/2020 Carrying Amount US$	30/6/2020 Fair Value US$
Financial assets				
Financial assets at amortised cost:				
Other receivables[i]	1,793	1,793	49,494	49,494
Related party receivables[i]	1	1	1	1
Cash and cash equivalents[i]	1,613	1,613	9,499	9,499
Total financial assets	3,407	3,407	58,994	58,994
Financial liabilities at amortised cost				
Trade and other payables[i]	–	–	18,000	18,000
Related party payables[i]	119,698	119,698	68,966	68,966
Total financial liabilities	119,698	119,698	86,966	86,966

NOTE 12: 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 13: RELATED PARTY DISCLOSURES

	Receivables 15/2/2021 US$	Receivables 30/6/2020 US$	Payables 15/2/2021 US$	Payables 30/6/2020 US$
Shareholder	1	1	119,698	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.

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

NOTE 14: 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 (2020: Nil).

NOTE 15: OPERATING ACTIVITIES DISCLOSURE

	From 1/7/2020 to 15/2/2021 US$	From 1/7/2019 to 30/6/2020 US$
Operating activities included below charging (crediting):		
Auditor's remuneration	–	9,000

NOTE 16: 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:	From 1/7/2020 to 15/2/2021 US$	From 1/7/2019 to 30/6/2020 US$
Loss before tax	(93,797)	(28,044)
Notional tax	(20,825)	(5,568)
Non-deductible expenses	20,825	5,746
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 17: GOING CONCERN BASIS

The financial statements have been prepared on a going concern basis notwithstanding the capital deficiency amounting to US$181,005 (2020: US$ 87,916) sustained by the Group at the end of the reporting period because the PYX Resources Limited has agreed to provide adequate funds for the Group to meet its liabilities as they fall due.

NOTE 18: EVENT AFTER REPORTING PERIOD

Subsequent to the period ended, the Group was acquired by PYX Resources Limited, incorporated in Australia, that becomes the ultimate and immediate holding company of the Group.

NOTE 19: PRESENTATION OF FINANCIAL STATEMENTS

The financial statements for current period cover the 8 month period from 1 July 2020 to 15 February 2021. The comparative figures shown for consolidated statements of comprehensive income, changes in equity, cash flows and related notes cover the 12 month period from 1 July 2019 to 30 June 2020, and therefore may not be comparable with amounts shown for current period.

NOTE 20: COMPANY LEVEL – CHANGES IN RESERVES

	Accumulated Losses US$
Balance at 1 July 2019	(9,000)
Total comprehensive income for the year	(16,976)
Balance at 30 June 2020	(25,976)
Balance at 1 July 2020	(25,976)
Total comprehensive income for the period	(30,873)
Balance at 15 February 2021	(56,849)

NOTE 21: COMPANY LEVEL – STATEMENT OF FINANCIAL POSITION AS AT 15 FEBRUARY 2021

	15/2/2021	30/6/2020
	US$	US$
ASSETS		
NON-CURRENT ASSETS		
Investment in subsidiaries	171,257	171,257
TOTAL NON-CURRENT ASSETS	171,257	171,257
CURRENT ASSETS		
Other receivables	–	47,764
Related party receivables	69,063	13,227
TOTAL CURRENT ASSETS	69,063	60,991
TOTAL ASSETS	240,320	232,248
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	–	18,000
Related party payables	297,168	240,223
TOTAL CURRENT LIABILITIES	297,168	258,223
TOTAL LIABILITIES	297,168	258,223
NET ASSETS/(LIABILITIES)	(56,848)	(25,975)
EQUITY		
Issued capital	1	1
Accumulated losses	(56,849)	(25,976)
TOTAL EQUITY	(56,848)	(25,975)

Approved by the Director on 27 August 2021

Ms. Tsang Choi Wan

SECTION E2: FINANCIAL INFORMATION OF TISMA DEVELOPMENT HK (30 JUNE 2020)

T K Lo & Company, of Room 2002, 20/F, 101 King's Road, Fortress Hill, Hong Kong, Certified Public Accountants and statutory auditors to Tisma, has given its consent and authorisation for:

3. the inclusion in this Document of the statutory audit report issued with respect to Tisma Development (HK) Limited and its Subsidiaries Financial Information for the year ended 30 June 2020 included in Section E2 "Financial Information of Tisma Development HK (30 June 2020)" of Part 9 "Historical Financial Information"; and

4. the inclusion in this Document of their name.

Their consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

T K Lo & Company has no material interest in the Company.

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.

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 December 2020

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 501 to 523 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.

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

24 December 2020

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)

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 December 2020

Mrs. Cuevas Salgado Iris Del Carmen

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

	Attributable to Owners of the Parent Entity					
	Issued Capital (Ordinary Shares) US$	Foreign Exchange Reserve US$	Accumulated Losses US$	Total US$	Non-Controlling Interest US$	Total Equity 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)

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			
CASH FLOWS FROM 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	–

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

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 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

b. 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. lntercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or 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.

c. 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.

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.

i. 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.

j. 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.

k. 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.

l. 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.

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.

i. 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.

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.

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.

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.

j. 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.

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.

s. 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.

t. 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.

u. 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.

v. 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.

w. 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.

x. 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.

y. 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.

z. 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.

aa. 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.

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.

u. 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.

v. IFRS Not Yet Effective

<u>Effective for Periods Beginning on or after 1 January 2020</u>

- 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

<u>Effective for Periods Beginning on or after 1 June 2020</u>

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

<u>Effective for Periods Beginning on or after 1 January 2021</u>

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

<u>Effective for Periods Beginning on or after 1 January 2022</u>

- 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	53,098

NOTE 7: ISSUED SHARE CAPITAL

2020	**2019**	**2019**
US$	**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%

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.

[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 12: FINANCIAL RISK MANAGEMENT

Capital management

	Group 2020 US$	Group 2019 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.

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)

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

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

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

(ii) 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 2020 US$	Receivables 2019 US$	Payables 2020 US$	Payables 2019 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.

[i] The carrying amounts are equivalent to their fair values.

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 US$	From 27/9/2018 to 30/6/2019 US$
Operating activities included below charging (crediting):		
Auditor's remuneration	9,000	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 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 24 December 2020

Mrs. Cuevas Salgado Iris Del Carme

SECTION E3: FINANCIAL INFORMATION OF TISMA DEVELOPMENT HK (30 JUNE 2019)

T K Lo & Company, of Room 2002, 20/F, 101 King's Road, Fortress Hill, Hong Kong, Certified Public Accountants and statutory auditors to Tisma, has given its consent and authorisation for:

1. the inclusion in this Document of the statutory audit report issued with respect to Tisma Development (HK) Limited and its Subsidiaries Financial Information for the year ended 30 June 2019 included in Section E3 "Financial Information of Tisma Development HK (30 June 2019)" of Part 9 "Historical Financial Information"; and

2. the inclusion in this Document of their name.

Their consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

T K Lo & Company has no material interest in the Company.

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 December 2020

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 529 to 550 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.

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

24 December 2020

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		
Items be recycled subsequently to profit or loss		
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)

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 December 2020

Mrs. Cuevas Salgado Iris Del Carmen

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) US$	**Foreign Exchange Reserve US$**	**Accumulated Losses US$**	**Total US$**	**Non-Controlling Interest US$**	**Total Equity 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)

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		
CASH FLOWS FROM 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. lntercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or 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.

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.

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.

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.

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.

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.

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.

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.

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%

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	–

[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 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.

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

Group	Within 1 Year US$	1 to 5 Years US$	Total 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.

	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

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

(iii) 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.

(i) The carrying amounts are equivalent to their fair values.

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$ 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: 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 24 December 2020

Mrs. Cuevas Salgado Iris Del Carmen

SECTION F: FINANCIAL INFORMATION OF PT TISMA GLOBAL NUSANTARA (1 JANUARY 2018 TO 15 JANUARY 2019)

T K Lo & Company, of Room 2002, 20/F, 101 King's Road, Fortress Hill, Hong Kong, Certified Public Accountants and non – statutory auditors to PT Tisma Global Nusantara, has given its consent and authorisation for:

1. the inclusion in this Document of the statutory audit report issued with respect to PT Tisma Global Nusantara for the period 1 January 2018 to 15 January 2019 included in Section F "Financial Information of PT Tisma Global Nusantara (1 January 2018 to 15 January 2019)" of Part 9 "Historical Financial Information"; and

2. the inclusion in this Document of their name.

Their consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

T K Lo & Company has no material interest in the Company.

PT TISMA GLOBAL NUSANTARA

DIRECTOR'S REPORT

The director has pleasure in presenting this report together with audited financial statements for the period from 1 January 2018 to 15 January 2019.

DIRECTORS

During the period and up to the date of this report, the directors of the Company were:

Mr. Victor Rommel Latuheru	(Appointed on 9 November 2018)
Mr. Asep Sulaiman Sabanda	(Resigned on 9 November 2018)
Mr. Eterly Dayun	(Resigned on 9 November 2018)

PRINCIPAL ACTIVITY

The principal activity of the Company during the 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 statements of comprehensive income and financial position respectively.

DIVIDENDS

There were no dividends paid, recommended or declared during current or previous financial period.

REVIEW OF OPERATIONS

The loss for the Company for the period after providing for income tax amounted to US$ 16,774.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Except for the matter disclosed in note 1 to the financial statements, no other significant matters or circumstances have affected or may affect the state of affairs of the Company.

This director's report is signed in accordance with a director's resolution.

Mr. Victor Rommel Latuheru
Director

Indonesia
Date:
26 May 2021

INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTOR OF PT TISMA GLOBAL NUSANTARA

(incorporated in Indonesia with limited liability)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PT Tisma Global Nusantara (Company) set out on pages 555 to 571 which comprise statement of financial position as at 15 January 2019, statements of comprehensive income, cash flow and changes in equity for the period from 1 January 2018 to 15 January 2019, summary of significant accounting policies and notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 15 January 2019, and of its financial performance and its cash flows for the period from 1 January 2018 to 15 January 2019 in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

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 Company 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 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 Company'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 Company's operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Company'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 directors' 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 Company'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 Company 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.

We communicate with the directors 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

26 May 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2018 TO 15 JANUARY 2019

	Note	From 1/1/2018 to 15/1/2019 US$	From 1/1/2017 to 31/12/2017 US$
Revenue		–	–
Cost of sales		(7,512)	(7,561)
Gross Loss		(7,512)	(7,561)
Consulting and professional expenses		(9,262)	(5,878)
Loss before tax		(16,774)	(5,878)
Income tax expense	*10*	–	–
Loss for the period		(16,774)	(13,439)
Other comprehensive income			
Items be recycled subsequently to profit or loss			
Exchange differences on translating foreign operations		(7,097)	–
Total other comprehensive income for the period		(7,097)	–
Total comprehensive income for the period		(23,871)	(13,439)

STATEMENT OF FINANCIAL POSITION
AS AT 15 JANUARY 2019

	Note	15/1/2019 US$	31/12/2017 US$
ASSETS			
CURRENT ASSETS			
Related party receivables	*8*	–	16,359
TOTAL CURRENT ASSETS		–	16,359
TOTAL ASSETS		–	16,359
LIABILITIES			
CURRENT LIABILITIES			
Provisions	*4*	59,420	51,908
TOTAL CURRENT LIABILITIES		59,420	51,908
TOTAL LIABILITIES		59,420	51,908
NET ASSETS/(LIABILITIES)		(59,420)	(35,549)
EQUITY			
Issued capital	*5*	22,237	22,237
Foreign exchange reserve	*6*	(7,097)	–
Accumulated losses		(74,560)	(57,786)
TOTAL EQUITY		(59,420)	(35,549)

Approved by the Director on 26 May 2021

Mr. Victor Rommel Latuheru

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JANUARY 2018 TO 15 JANUARY 2019

	Issued Capital US$	Foreign Exchange Reserve US$	Accumulated Losses US$	Total US$
Balance at 1 January 2017	22,237	–	(44,347)	(22,110)
Total comprehensive income	–	–	(13,439)	(13,439)
Balance at 31 December 2017	22,237	–	(57,786)	(35,549)
Balance at 1 January 2018	22,237	–	(57,786)	(35,549)
Total comprehensive income	–	(7,097)	(16,774)	(23,871)
Balance at 15 January 2019	22,237	(7,097)	(74,560)	(59,420)

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2018 TO 15 JANUARY 2019

	From 1/1/2018 to 15/1/2019 US$	From 1/1/2017 to 31/12/2017 US$
Operating activities		
Advance to related parties	9,262	5,878
Payments to suppliers	(9,262)	(5,878)
Net cash used in operating activities	–	–
Investing activities		
Net cash used in investing activities	–	–
Financing activities		
Net cash used in financing activities	–	–
Net increase in cash and cash equivalents	–	–
Cash and cash equivalents at beginning	–	–
Cash and cash equivalents at end	–	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2018 TO 15 JANUARY 2019

NOTE 1: BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The financial statements and notes represent those of PT Tisma Global Nusantara (the "**Company**"). The Company is limited by shares, incorporated and domiciled in Indonesia.

On 15 January 2019, the Company entered into an Exclusive Operation and Management Agreement and Share Pledge Agreements with PT Tisma Investasi Abadi, incorporated in Indonesia. It entitles PT Tisma Investasi Abadi to an operating fee equal to 95% of the pre tax profit of the Company. As a result, the Company is deemed to be controlled by PT Tisma Investasi Abadi, even though PT Tisma Investasi Abadi did not hold any shares in the Company. There was no purchase consideration but PT Tisma Investasi Abadi commits to invest in the Company up to US$ 15,000,000 over a period of 10 years in terms of the non-monetary items. After the end of the reporting period, the Share Pledged Agreements have been revised but the control is not affected.

On 15 January 2019, its ultimate holding company was Skyland Petroleum Group Limited, incorporated in the Cayman Islands. By the date in which this report is issued, its ultimate holding company is PYX Resources Limited, incorporated in Australia.

The Company's registered office was located at Jl. Revolusi No. 168, RT008, RW002, Kasongan Lama, Katingan, Central Kalimantan, and is relocated to Jl Temanggung Jayakarti II No. 15B, RT002, RW009, Langkai, Pahandut, Palangkaraya , Central Kalimantan, starting from 19 December 2018.

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 financial statements were authorised for issue on 26 May 2021 by the director of the Company.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. 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.

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.

b. Fair Value of Assets

The Company measures some of its assets at fair value. Fair value is the price the Company 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.

c. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in, first-out basis.

d. 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 Company 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.

e. Leases

At inception of a contract, the Company 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 Company where the Company 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.

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 Company 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 Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

f. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company 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.

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.

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 Company 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 Company 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 Company 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 Company assesses whether the financial instruments are credit-impaired, and:

– if the credit risk of the financial instrument has increased significantly since initial recognition, the Company 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 Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

– trade receivables or contract assets that result from transactions 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 Companyings of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Company 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.

g. Impairment of Assets

At the end of each reporting period, the Company 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.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

h. Employee Benefits

Short-term employee benefits

Provision is made for the Company'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 Company'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 Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company 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.

i. Provisions

Provisions are recognised when the Company 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. 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.

o. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency is measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in United States Dollars but the functional currency of the primary economic environment in which the Company operates is Indonesian Rupiahs.

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.

p. 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 Company is considered to be key management personnel and related parties.

q. New and Amended Accounting Policies Adopted by the Company

In current period, the Company has adopted all new or revised IFRS, details of them are set out below:

<u>Effective for Periods Beginning on or after 1 January 2018</u>

- Annual improvements to IFRS Standards 2014-2016 cycle
- IAS 40 (Amendments): Investment Property
- IFRS 2 (Amendments): Clarifications of classification and measurement of share based payment transactions
- IFRS 9 (2014): Financial Instruments
- IFRS 15: Revenue from Contracts with Customers
- IFRIC-22: Foreign Currency Transactions and Advance Consideration

The Company has also early adopted IFRS 16 in current period, which is originally effective for period beginning on or after 1 January 2019.

None of the new or revised adoption have had a material effect on the Company's financial performance and position for the current or prior periods.

r. 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 & disclosure of accounting policies

- IFRS 17: Insurance contracts

- IAS 12 (Amendments): Deferred tax

- IAS 8 (Amendments): Accounting estimates

NOTE 3: DIVIDENDS

No dividends have been paid during the financial period.

NOTE 4: PROVISIONS

	15/1/2019
	US$
CURRENT	
At 1 January 2018	51,908
Additions for mining concession fees for the current period	7,512
At 15 January 2019	59,420

NOTE 5: ISSUED SHARE CAPITAL

	15/1/2019	**31/12/2017**
	US$	**US$**
200 shares issued	22,237	22,237

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 share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 6: 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 Company.

NOTE 7: CONTINGENT LIABILITIES

There are no contingent liabilities during the reporting period (2017: Nil)

NOTE 8: RELATED PARTY DISCLOSURES

	Receivables	
	15/1/2019	**31/12/2017**
	US$	**US$**
Shareholders	–	16,359

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 Company in respect of the repayment of these outstanding amounts

NOTE 9: EMPLOYEE BENEFIT EXPENSES

None of the Company directors received or will receive any fees or emoluments in respect of their services to the Company during the period (2017: Nil)

NOTE 10: INCOME TAX

The Company did not have any assessable profits chargeable to Indonesia or other tax jurisdictions Profits Tax during the period.

Income tax reconciliation:	**From 1/1/2018 to 15/1/2019**	**From 1/1/2017 to 31/12/2017**
	US$	**US$**
Loss before tax	(16,774)	(13,439)
Notional tax	(4,194)	(3,360)
Non-deductible expenses	4,194	3,360
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 11: FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The director is tasked with managing financial risk exposures of the Company. The director monitors the Company'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 Company 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 Company is exposed to through its financial instruments are credit risk, liquidity risk and foreign currency risk. The director considers that the financial risks are immaterial. There have been no substantive changes in the types of risks the Company 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.

NOTE 12: GOING CONCERN BASIS

The financial statements have been prepared on a going concern basis notwithstanding the capital deficiency amounting to US$ 59,420 (2017: US$ 35,549) sustained by the Company at the end of the reporting period because PYX Resources Limited has agreed to provide adequate funds for the Company to meet its liabilities as they fall due.

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 Company.

Key Estimates

(i) Impairment – general

The Company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Company 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: PRESENTATION OF FINANCIAL STATEMENTS

The financial statement for current period figures cover more than 12 month from 1 January 2018 to 15 January 2019 shown for statements of comprehensive income, changes in equity, cash flows and related notes. The comparative cover the 12 month period ended 31 December 2017, and therefore may not be comparable with amounts shown for current period.

Part 10
Unaudited Pro Forma Financial Information

SECTION (A): ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

8 November 2021

The Directors	The Directors
PYX Resources Limited	VSA Capital Limited
Level 5	New Liverpool House
56 Pitt Street	15-17 Eldon Street
Sydney NSW 2000	London EC2M 7LD
Australia	United Kingdom

Dear Sirs and Madams,

INTRODUCTION

We report on the unaudited pro forma Statement of Comprehensive Income for the year ended 30 June 2020 of PYX Resources Limited (the "**Company**") and its subsidiaries (together, the "**Group**") (the "**Pro Forma Financial Information**") set out in Section (B) *"Unaudited Pro Forma Financial Information"* of Part 10 *"Unaudited Pro Forma Financial information"* of the Company's prospectus dated 8 November 2021 (the "**Document**").

OPINION

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

RESPONSIBILITIES

It is the responsibility of the directors of the Company (the "**Directors**") to prepare the Pro Forma Financial Information in accordance with Section 1 and Section 2 of Annex 20 of the UK version of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the "**Prospectus Regulation**").

It is our responsibility to form an opinion, in accordance with Section 3 of Annex 20 of the Prospectus Regulation, as to the proper compilation of the Pro-Forma Financial Information and to report that opinion to you in accordance with Section 3 of Annex 20 of the UK Prospectus Regulation.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

BASIS OF PREPARATION

The Pro Forma Financial Information has been prepared on the basis described, for illustrative purposes only, to provide information about:

- the acquisition by the Company of Tisma Development (HK) Limited and its subsidiaries, PT Tisma Investasi Abadi and PT Tisma Global Nusantara (together, the "**Tisma Group**"); and
- the issue by the Company on 23 June 2021 of 10,897,988 shares at A$1.03 each;

might have affected the earnings presented on the basis of the accounting policies adopted by the Company in preparing the Group's unaudited, consolidated interim financial information for the six-month period ended 30 June 2021. This report is required by Section 3 of Annex 20 of the UK Prospectus Regulation and is given for the purpose of complying with that requirement and for no other purpose.

BASIS OF OPINION

We conducted our work in accordance with Standards of Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company and the Tisma Group in accordance with the Financial Reporting Council's Ethical Standard, as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

DECLARATION

For the purpose of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 of the Prospectus Regulation.

Yours faithfully,

Crowe U.K. LLP
Chartered Accountants

SECTION (B): UNAUDITED PRO FORMA FINANCIAL INFORMATION

Set out below is the unaudited pro forma Statement of Comprehensive Income for the year ended 30 June 2020 (together, the "**Pro Forma Financial Information**"). The Pro Forma Financial Information has been prepared on the basis of the accounting policies adopted by the Company in preparing its unaudited, interim financial information of the Group for the six-month period ended 30 June 2021, included in Section A1 *"Reviewed Interim Financial Information of PYX Resources Ltd (30 June 2021)"* of Part 9 *"Historical Financial Information"* of this Document and on the basis set out in the notes below, to illustrate the effects of:

- the acquisition of the Tisma Group;
- the June Fundraise; and
- payment of costs associated with the Admission,

on its earnings for the year ended 30 June 2020, had the acquisition of the Tisma Group, the June Fundraise and settlement of associated costs occurred on 1 July 2019.

The Pro Forma Financial Information has been prepared for illustrative purposes only. Due of its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Group's actual earnings for the year ended 30 June 2020. It is based on:

- the audited, consolidated financial information of the Group included in Section A3: *"Financial Information of PYX Resources (30 June 2020)"* of Part 9 *"Historical Financial Information"* of this Document, which includes the results of the Company for the period from 1 February 2020 to 30 June 2020 and of the Takmur Group for the year ended 30 June 2020;
- the audited, consolidated financial information of the Company included in Section A4: *"Financial Information of PYX Resources (1 July 2019 – 31 January 2020)"* of Part 9 *"Historical Financial Information"* of this Document, which includes the results of the Company for the period from 1 July 2019 to 31 January 2020; and
- the audited, consolidated financial information of the Tisma Group included in Section E2: *"Financial Information of Tisma Development HK (30 June 2020)"* of Part 9 *"Historical Financial Information"* of this Document, which includes the results of the Tisma Group for the year ended 30 June 2020.

Users should read the whole of this Prospectus and not rely solely on the Pro Forma Financial Information.

The report on the Pro Forma Financial Information is set out in Section A: *"Accountant's Report on the Unaudited Pro Forma Financial Information"* of Part 10 *"Unaudited Pro Forma Financial Information"* of this Document.

UNAUDITED PRO FORMA STATEMENT OF COMPREHENSIVE INCOME

	Group Year ended 30 June 2020 (Note 1)	***Adjustment*** **Company 7 months ended 30 June 2020 (Note 2)**	***Adjustment*** **Tisma Group Year ended 30 June 2020 (Note 3)**	***Adjustment*** **Acquisition of the Tisma Group (Note 4)**	***Adjustment*** **June Fundraise (Note 5)**	***Adjustment*** **Settlement of costs Admission (Note 6)**	**Pro Forma results for the year ended 30 June 2020**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Revenue	7,816,397	–	–	–	–	–	7,816,397
Cost of sales	(6,512,164)	–	(6,992)	–	–	–	(6,519,156)
Gross profit	**1,304,233**	**–**	**(6,992)**	**–**	**–**	**–**	**1,297,241**
Other income	98,254	209,583	712	–	–	–	308,549
Selling and distribution expense	(153,741)	–	–	–	–	–	(153,741)
Corporate and administrative expenses	(4,836,486)	(1,298,404)	(21,764)	–	(472,478)	–	(6,629,132)
Foreign exchange loss	(228,195)	–	–	–	–	–	(228,195)
Listing costs	(5,356,997)	(264,746)	–	–	–	(953,319)	(6,575,062)
Acquisition costs	(1,795,519)	–	–	(1,200,000)	–	–	(2,995,519)
Interest expense	(75,714)	(3,901)	–	–	–	–	(79,615)
Loss before taxation	**(11,044,165)**	**(1,357,468)**	**(28,044)**	**(1,200,000)**	**(472,478)**	**(953,319)**	**(15,055,474)**
Taxation	158,271	–	–	–	–	–	158,271
Loss after taxation	**(10,885,894)**	**(1,357,468)**	**(28,044)**	**(1,200,000)**	**(472,478)**	**(953,319)**	**(14,897,203)**
Other comprehensive income:							
Exchange differences on translation of foreign operations	39,585	(88,237)	495	–		–	(48,157)
Total comprehensive loss for the year	**(10,846,309)**	**(1,445,705)**	**(27,549)**	**(1,200,000)**	**(472,478)**	**(953,319)**	**(14,945,360)**

Notes:

1. The results of the Group for the year ended 30 June 2020 have been extracted, without adjustment, from the audited, consolidated financial information of the Group included in Section A3: *"Financial Information of PYX Resources (30 June 2020)"* of Part 9 *"Historical Financial Information"* of this Document.

2. The results of the Company for the seven-month period ended 31 January 2020 have been extracted, without adjustment, from the audited, consolidated financial information of the Company included in Section A4: *"Financial Information of PYX Resources (1 July 2019 – 31 January 2020)"* of Part 9 *"Historical Financial Information"* of this Document.

3. The results of the Tisma Group year ended 30 June 2020 have been extracted, without adjustment, from the audited, consolidated financial information of the Tisma Group included in Section E2: "Financial Information of Tisma Development HK (30 June 2020)" of Part 9 "Historical Financial Information" of this Document.

4. The adjustment represents the costs of the acquisition of the Tisma Group, being US$1,200,000. This amount was paid in cash and expensed as *"acquisition costs"* in the pro forma Statement of Comprehensive Income.

5. The adjustment of US$472,478 reflects the costs associated with the June Fundraise, which have been reflected within *"corporate and administrative expenses"* in the pro forma Statement of Comprehensive Income, in accordance with IFRS.

6. The adjustment of US$953,319 reflects the costs of the Admission. This amount is reflected within *"listing costs"* in the pro forma Statement of Comprehensive Income, in accordance with IFRS.

7. With respect to the adjustments to the unaudited Pro Forma Financial Information, none will have a continuing impact on the Group.

Part 11
Operating Financial Review

SECTION A: PYX RESOURCES (30 JUNE 2021, 31 DECEMBER 2020, 30 JUNE 2020, 1 JULY 2019 TO 31 JANUARY 2020, 30 JUNE 2019, 30 JUNE 2018)

The following operating and financial review contains financial information that has been extracted or derived without material adjustment from the Pyx Resources' financial information for the periods and financial years ended 30 June 2021, 31 December 2020, 30 June 2020, 1 July 2019 to 31 January 2020, 30 June 2019 and 30 June 2018, which are detailed in Part 9 "Historical Financial Information", section A of this Document prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with the International Financial Reporting Standards. The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in Pyx Resources' results of operations and financial condition during the periods covered by the audited historical financial information.

This discussion contains forward-looking statements, which, although based on assumptions that the Directors consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. Investors should read the notice in relation to forward-looking statements contained on page 34 of this Document.

The key risks and uncertainties include, but are not limited to, those described in Part 1 "Risk Factors" of this Document.

OVERVIEW

The Group in its current format came to existence on 15 February 2021, when Pyx Resources Limited (previously named South Pacific Resources Limited) completed its second acquisition of a mineral sand concession operator in Indonesia (the Tisma Project), the Tisma Group. Prior to that, on 1 February 2020, PYX Resources acquired Takmur Group (the operator of a mineral sand concession in Indonesia, the Mandiri Project) and right before that date completed the divestiture of the SPB Assets (dormant oil and gas assets in Papua New Guinea).

Prior to 3 February 2020, the Company was named South Pacific Resources Limited ("**SPB**").

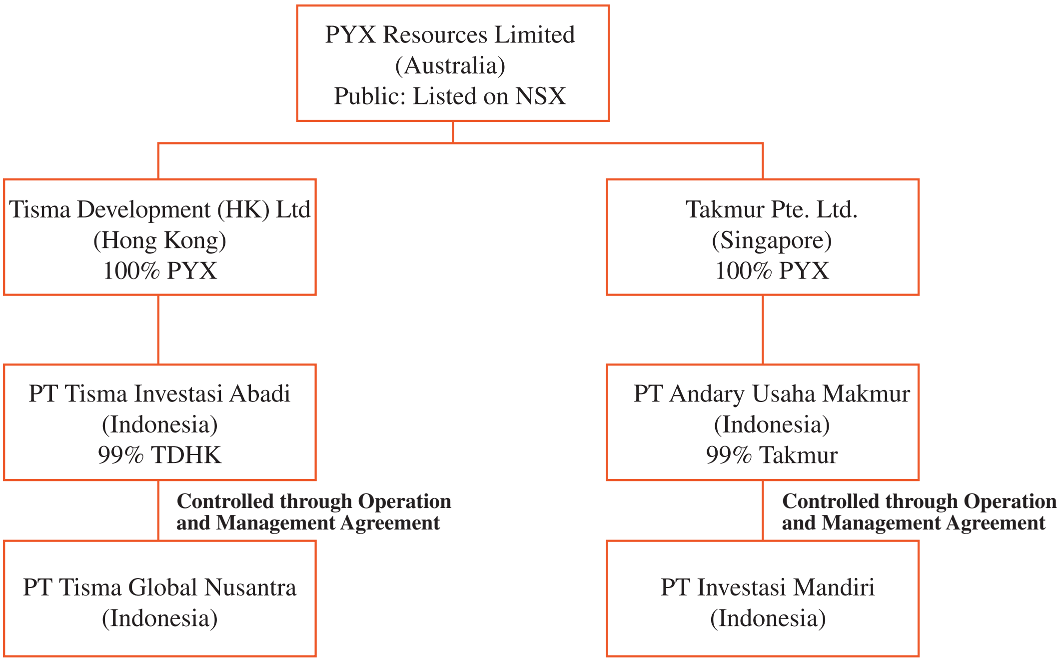
Effective 1 February 2020, Pyx Resources Limited changed its functional and presentation currency from Australian dollars to US dollars to better reflect the new business activities undertaken.

Up to 5 November 2020, PYX's accounting year end date was 30 June. On 6 November 2020 the accounting year end date was changed to 31 December, to align it with the year end date of the acquired Takmur Group.

The principal activities of the SPB during the periods covered by the audited historical financial information was oil and gas exploration up to 31 January 2020. From 1 February 2020, Pyx Resources is engaged in the operation of a mineral sands concession in Indonesia.

Due to the reverse accounting method adopted by the Company in the acquisition of Takmur Group, the Group accounts for the year ended 30 June 2020 show 12 months of profits and losses and cash flows of the Takmur Group, and 5 months (from 1 February 2020 to 31 June 2020) profits and losses and cash flows of the parent company accounts, Pyx Resources Limited.

The current Group's structure is presented below:



PRESENTATION OF FINANCIAL INFORMATION

Prospective investors should consult their own professional advisers to gain an understanding of the financial information contained in this Document. An overview of the basis for presentation of financial information in this Document is set out below.

The financial and volume information in the Document, including in a number of tables, has been rounded to the nearest whole number or the nearest decimal place. The sum of the numbers in a column in a table may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Document reflect calculations based on the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

RESULTS OF THE GROUP OPERATIONS
FOR THE PERIOD ENDED 30 JUNE 2021, 31 JAN 2020 AND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020, 30 JUNE 2020, 30 JUNE 2019 AND 30 JUNE 2018

The following table sets out the Group's results of operations for the half year ended 30 June 2021, the financial years ended 31 December 2020, 30 June 2020, 30 June 2019, 30 June 2018 and for the period 1 July 2019 – 31 January 2020.

	Half Year ended 30 Jun 2021 Reviewed US$	**Year ended 31 Dec 2020 Audited US$**	**Year ended 30 Jun 2020 Audited US$**	**1 Jul 2019 – 31 Jan 2020 Audited A$**	**Year ended 30 Jun 2019 Audited A$**	**Year ended 30 Jun 2018 Audited A$**
Revenue	4,660,223	8,956,694	7,816,397	–	–	–
Cost of sales	(4,059,354)	(7,630,173)	(6,512,164)	–	–	–
Gross Profit/(Loss)	600,869	1,326,521	1,304,233	–	–	–
Other income	–	110,576	98,254	209,583	214,289	75,663
Selling and distribution expenses	(354,684)	(492,248)	(153,741)	–	–	–
Corporate and administrative expenses	(1,488,908)	(7,731,742)	(4,836,486)	(55,189)	–	–
Foreign exchange loss	(15,781)	(29,376)	(228,195)	–	–	–
Listing costs	(206)	(5,356,997)	(5,356,997)	(264,746)	–	–
Acquisition costs	–	(1,889,237)	(1,795,519)		–	–
Interest expenses	(5,861)	(20,961)	(75,714)	(3,901)	(354,572)	(271,649)
Consultancy and other professional fees	–	–	–	(115,201)	(435,132)	(416,018)
Computer and office expenses				(18,396)	(143,041)	(137,368)
Impairment of deferred exploration and evaluation expenditure	–	–	–	–	(7,381)	(49,245)
Impairment – loans	–	–	–	(21,721)	–	–
Loss on extinguishment of convertible note	–	–	–	(1,013,939)	(4,226)	–
Loss on disposal of assets	–	–	–		–	–
Scoping study expenses	–	–	–	–	–	(348,252)
Travel and entertainment expenses	–	–	–	–	(2,333)	(1,717)
Other expenses	(88,259)	–	–	(73,958)	(65,470)	(57,080)
Loss before income tax	(1,352,830)	(14,083,464)	(11,044,165)	(1,357,468)	(797,866)	(1,205,666)
Income tax benefit/(expense)	158,640	262,861	158,271	–	–	–
Net Loss for the period	(1,194,190)	(13,820,603)	(10,885,894)	(1,357,468)	(797,866)	(1,205,666)

	Half Year ended 30 Jun 2021 Reviewed US$	Year ended 31 Dec 2020 Audited US$	Year ended 30 Jun 2020 Audited US$	1 Jul 2019 – 31 Jan 2020 Audited A$	Year ended 30 Jun 2019 Audited A$	Year ended 30 Jun 2018 Audited A$
Other comprehensive income						
Items that will be reclassified subsequently to profit or loss when specific conditions are met						
Exchange differences on translating foreign operations, net of tax	(59,582)	(40,046)	39,585	(88,237)	(11,773)	(6,494)
Total other comprehensive income for the period	(59,582)	(40,046)	39,585	(88,237)	(11,773)	(6,494)
Total comprehensive income for the period	(1,134,608)	(13,860,649)	(10,846,309)	(1,445,705)	(809,639)	(1,212,160)
Net profit/(loss) after tax attributable to:						
Owners of the Parent Entity	(637,735)	(12,775,441)	(10,300,840)	(1,357,468)	(797,866)	(1,205,666)
Non-controlling interests	(556,455)	(1,045,162)	(585,054)	–	–	–
	(1,194,190)	(13,820,603)	(10,885,894)	(1,357,468)	(797,866)	(1,205,666)
Total comprehensive income attributable to:						
Owners of the Parent Entity	13,791	(12,797,525)	(10,308,643)	(1,445,705)	(809,639)	(1,212,160)
Non-controlling interests	45,791	(1,063,124)	(537,666)	–	–	–
	59,582	(13,860,649)	(10,846,309)	(1,446,705)	(809,639)	(1,212,160)

Reverse Acquisition Accounting

On 31 January 2020, Pyx Resources completed a reverse takeover with Takmur Pte. Ltd. ("**Takmur**") and its subsidiaries (the "**Takmur Group**"). In accordance with accounting standards, this RTO has been accounted for as a reverse acquisition business combination.

In applying the requirements of AASB 3 Business Combinations:

(a) PYX Resources became the legal parent entity to the Group; and

(b) Takmur, which is neither the legal parent nor legal acquirer, is deemed to be the accounting acquirer.

On 15 February 2021, the PYX Resources completed the acquisition of the Tisma Group.

The consolidated results for the year ended 30 June 2020 represents the consolidated results of Takmur and its subsidiaries for the period from 1 July 2019 to 30 June 2020 and the consolidated results of PYX Resources for the period from 1 February 2020 (date after the RTO) to 30 June 2020.

The consolidated results for the year ended 31 December 2020 represents the consolidated results of the Takmur Group for the 12 months ended 31 December 2020 and the consolidated results of PYX Resources for the period from 1 February 2020 (date after the RTO) to 31 December 2020.

The consolidated results for the half year ended 30 June 2021 represents the consolidated results of the Takmur Group for the 6 months ended 30 June 2021, the consolidated results of PYX Resources for the 6 months ended 30 June 2021 and the consolidated results of the Tisma Group for the period from 16 February 2021 (date after the Tisma Acquisition) to 30 June 2021.

The consolidated results for the years ended 30 June 2018, 30 June 2019 and for the period 1 July 2019 to 31 January 2020 represent the consolidated results of PYX Resources (then knows as South Pacific Resources Limited, "SPB").

Revenue

The Group's revenue for the half year ended 30 June 2021 was US$ 4.66 million, increased by 21% from US$ 3.86 million for the half year ended 30 June 2020.

For the year ended 31 December 2020 the Group revenue was US$ 8.96 million, as a result of sales of 6,737 tons of premium zircon of the Takmur Group from 1 January 2020 to 31 December 2020. The revenues for the year ended 30 June 2020 was US$ 7.82 million, as a result of sales of premium zircon totalling 5,702 tons.

The Group's production for the half year ended 30 June 2021 increased by 14% compared with the half year ended 30 June 2020 while for the year ended 31 December 2020 was 6,555 tons of premium zircon, increasing by 18% from the production of 5,550 tons in the year ended 30 June 2020.

For period ended 31 January 2020, the year ended 30 June 2019 and the year ended 30 June 2018, the Company (then known as SPB), controlled two oil and gas assets in Papua New Guinea with no revenue in both years.

Corporate and Administrative Expenses

The Group's corporate and administrative expenses was US$ 1,489k in the half year ended 30 June 2021 compared with US$ 4,022k in the half year ended 30 June 2020.

The Group's corporate and administrative expenses increased to US$ 7,732k in the financial year ended 31 December 2020 from US$ 4,836k in the financial year ended 30 June 2020 and US$ 55k in the 7 months ended 31 January 2020. The increase resulted from the creation of a corporate structure including listing expenses of US$1,889k and an accrual of US$ 3,939k for management's share-based payments.

Income Tax

The Group's income tax benefit was US$ 158k in the half year ended 30 June 2021.

The Group's income tax benefit increased to U$$ 263k for the financial year ended 31 December 2020 from US$ 158k for the financial year ended 30 June 2020. No income tax was provided in the financial years ended 30 June 2019 and 2018 and the 7 months ended 31 January 2020, as the Company, under the SPB name, had no taxable income.

Loss for the Period

The Group reported a net loss for the half year ended 30 June 2020 of US$ 1,194k, a net loss for the financial year ended 31 December 2020 of US$ 13,821k and a net loss of US$ 10,886k for the financial year ended 30 June 2020, compared to a loss of A$ 1,357k for the 7 months ended 31 January 2020, a loss of A$ 798k for the financial year ended 30 June 2019 and a loss of A$ 1,206k for the financial year ended 30 June 2018.

The net loss for the half year ended 30 June 2021 was mainly due to corporate expenses exceeding the gross profit of the Group., with production and sales volume still below the break-even level.

The net loss of the financial year ended 31 December 2020 was mainly due to non-recurring items totalling US$ 12,720k. The major non-recurring items in the financial year were non-capitalized listing expenses of US$ 1,889k, RTO transaction loss of US$ 5,357k (accounting for the transaction loss on the reverse acquisition of Pyx Resources) and an accrual of management's share-based payments of US$ 3,939k. In both of the financial years ended 30 June 2019 and 2018, the Company's (under the SPB name) oil and gas business was inactive.

CASH FLOW ANALYSIS

The following table presents the Group's cash flow summary for the half year ended 30 June 2021, the financial years ended 31 December 2020, 30 June 2020 and the Company's (under the SPB name) cash flow summary for the year ended 30 June 2018, 30 June 2019 and the period from 1 July 2019 to 31 January 2020.

	Half Year 30 Jun 2021 Reviewed US$	Year ended 31 Dec 2020 Audited US$	Year ended 30 Jun 2020 Audited US$	1 Jul 2019 – 31 Jan 2020 Audited A$	Year ended 30 Jun 2019 Audited A$	Year ended 30 Jun 2018 Audited A$
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	4,614,853	8,731,354	7,210,387	–	–	–
Payments to suppliers and employees	(5,205,032)	(10,769,835)	(9,008,529)	(10,345)	(51,867)	(260,966)
Payments for exploration and evaluation	–	–	–	–	–	(348,252)
Other income	(88,259)	110,576	98,254	–	–	–
Interest received	96	376	349	–	–	10
Finance costs	(5,957)	(21,338)	(76,063)	–	–	–
Income tax paid	(55,141)	(137,844)	(96,746)	–	–	–
Net cash (used in)/generated by operating activities	(739,440)	(2,086,711)	(1,872,348)	(10,345)	(51,867)	(609,208)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment	(568,914)	(748,923)	(671,874)	–	–	–
Renewal of mining license	–	(88,984)	–	–	–	–
Proceeds from sale of property, plant and equipment	–	–	–	–	–	–
Payments for acquisitions, net of cash acquired	(24,275)	311	311	–	–	–
Payments for exploration and evaluation	–	–	–	–	–	(80,855)
Net cash used in investing activities	(593,189)	(837,596)	(671,563)	–	–	(80,855)

	Half Year 30 Jun 2021 Reviewed US$	Year ended 31 Dec 2020 Audited US$	Year ended 30 Jun 2020 Audited US$	1 Jul 2019 – 31 Jan 2020 Audited A$	Year ended 30 Jun 2019 Audited A$	Year ended 30 Jun 2018 Audited A$
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of shares	8,327,092	9,378,600	9,378,600	–	–	–
Proceeds from issue of convertible notes	–	–	–	–	–	750,000
Repayments of lease liabilities	(11,415)	(52,575)	(42,243)	–	–	–
(Repayments)/Proceeds from short-term borrowings	–	(432,575)	2,732	60,100	52,937	(37,538)
Repayment of borrowings	–	2,732	(41,399)	(52,938)	–	–
Advances of employee loans	(6,376)	–	–	–	–	–
Convertible notes facility fee						(65,164)
Acquisition and capital raising costs	(769,914)	(2,618,065)	(2,524,348)	–	–	–
Net cash provided by/(used in) financing activities	7,539,387	6,278,117	6,773,342	7,162	52,937	647,298
Net increase in cash and cash equivalents	6,206,758	3,353,810	4,229,431	(3,183)	1,070	(42,765)
Cash and cash equivalents at the beginning of financial period	3,509,395	93,071	210,750	4,646	3,576	46,341
Effect of foreign exchange rate changes	1,488	62,514	(231,007)	–	–	–
Cash and cash equivalents at the end of financial period	9,717,641	3,509,395	4,209,174	1,463	4,646	3,576

Net Cash Used in Operating Activities

For the half year ended 30 June 2021 the Group's net cash used in operating activities was US$ 739k. For the financial year ended 31 December 2020, the Group's net cash used in operating activities was US$ 2,087k and US$ 1,872k in the financial year ended 30 June 2020, when compared to A$ 10k for the 7 months ended 31 January 2020, A$ 52k for the financial year ended 30 June 2019 and A$ 609k for the financial year ended 30 June 2018. The increase was due to non-recurring items in the later periods such as non-capitalized listing expenses of US$ 1,889k.

Net Cash Used in Investing Activities

For the half year ended 30 June 2021 the Group's net cash used in investing activities was US$ 593k. For the financial year ended 31 December 2020, the Group's net cash used in investing activities was US$ 838k and US$ 672k for the financial year ended 30 June 2020, compared to A$ 0 for the seven months ended 31 January 2020 and for the financial year ended 30 June 2019 and A$ 81k for the financial year ended 30 June 2018. The increased cash used in investing activities was mainly attributable to capital expenditure in mining and production equipment of US$ 749k in the financial year ended 31 December 2020 and US$ 672k for the financial year ended 30 June 2020.

Net Cash Inflows from Financing Activities

For the half year ended 30 June 2021 the Group's net cash generated in financing activities was US$ 7,539k, as a result of the June Fundraise. For the financial year ended 31 December 2020, the Group's net cash generated from financing activities was US$6,278k and US$6,773k for the financial year ended 30 June 2020, compared to A$ 7k for the seven months ended 31 January 2020, A$53k for the financial year ended 30 June 2019 and A$647k for the financial year ended 30 June 2018. The majority of cash generated through financing activities was proceeds from the issue of shares.

BALANCE SHEET

The following table presents the Group's balance sheet as at 30 June 2021, 31 December 2020, 30 June 2020 and the Company's (then known as SPB) balance sheet as at 31 January 2020, 30 June 2019 and 30 June 2018:

	Half Year 30 Jun 2021 Reviewed US$	Year ended 31 Dec 2020 Audited US$	Year ended 30 Jun 2020 Audited US$	1 Jul 2019 – 31 Jan 2020 Audited A$	Year ended 30 Jun 2019 Audited A$	Year ended 30 Jun 2018 Audited A$
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	9,717,641	3,509,395	4,209,174	1,463	4,646	3,576
Trade and other receivables	410,526	368,627	708,091	52,600	14,348	24,193
Advances to suppliers	429,558	352,062	353,436	–	–	–
Prepayments and deposits	31,082	41,100	13,155	–	–	–
Prepaid tax	100,324	36,216	–	–	–	–
Inventories	394,112	122,703	183,116	–	–	–
TOTAL CURRENT ASSETS	11,083,243	4,430,103	5,466,972	54,063	18,994	27,769
NON-CURRENT ASSETS						
Property, plant and equipment	1,823,863	1,317,834	1,178,246	–	648	1,945
Intangible assets	73,343,464	92,309	7,774	–	–	–
Right of use assets	40,008	60,361	75,760	–	–	–
Deferred tax expenses	265,844					
Deferred tax assets	415,514	265,597	85,780	–	–	–
Rental Bond	–	–	–	–	50,000	50,000
TOTAL NON-CURRENT ASSETS	75,888,693	1,736,101	1,347,560	–	50,648	51,945
TOTAL ASSETS	86,971,936	6,166,204	6,814,532	54,063	69,642	79,714

	Half Year 30 Jun 2021 Reviewed US$	Year ended 31 Dec 2020 Audited US$	Year ended 30 Jun 2020 Audited US$	1 Jul 2019 – 31 Jan 2020 Audited A$	Year ended 30 Jun 2019 Audited A$	Year ended 30 Jun 2018 Audited A$
LIABILITIES						
CURRENT LIABILITIES						
Trade and other payables	2,255,041	1,626,802	328,121	646,560	2,347,706	1,761,562
Lease liabilities	7,138	1,780	19,590	–	–	–
Current tax liabilities	–	–	39,884	–	–	–
Borrowings	–	–	–	60,600	913,464	700,041
TOTAL CURRENT LIABILITIES	2,262,179	1,628,582	387,595	707,160	3,261,170	2,461,603
NON-CURRENT LIABILITIES						
Lease liabilities	–	16,773	18,608	–	–	–
TOTAL NON-CURRENT LIABILITIES	–	16,773	18,608	–	–	–
TOTAL LIABILITIES	2,262,179	1,645,355	406,203	707,160	3,261,170	2,461,603
NET ASSETS/(LIABILITIES)	84,709,757	4,520,849	6,408,329	(653,097)	(3,191,528)	(2,381,889)
EQUITY						
Issued capital	96,651,080	14,873,158	14,873,158	10,814,492	6,830,356	6,830,356
Reserves	2,403,793	2,782,451	1,378,084	504,260	592,497	604,270
Accumulated losses	(13,514,783)	(12,877,048)	(10,320,570)	(11,971,849)	(10,614,381)	(9,816,515)
Equity attributable to owners of the Parent Entity	85,540,090	4,778,561	5,930,672	(653,097)	(3,191,528)	(2,381,889)
Non-controlling interests	(830,333)	(257,712)	477,657	–	–	–
TOTAL EQUITY	84,709,757	4,520,849	6,408,329	(653,097)	(3,191,528)	(2,381,889)

Assets

The Group's current assets comprise cash held and other receivables. Non-current assets are primarily property, plant and equipment invested by the Group.

As of 31 January 2020, SPB had zero intangible assets.

Liabilities

The Group's liabilities primarily consist of trade and other payables, which are non-interest bearing and payable on demand.

Liquidity and Capital Resources

The Group's principal source of liquidity is its cash on hand which, at 30 June 2021 amounted to US$ 9,718k compared to US$ 3,509k as of 31 December 2020, mostly due to the capital raised from shareholder as a result of the June Fundraise. The use of cash to date has been:

(a) to fund the operation of mining of mineral sands and the production of premium zircon;

(b) to develop a corporate structure;

(c) to invest in mining and production equipment;

(d) to pay for the listing costs; and

(e) to general working capital.

SECTION B: TAKMUR PTE LIMITED (31 DECEMBER 2019, 31 DECEMBER 2018)

The following operating and financial review contains financial information that has been extracted or derived without material adjustment from Takmur Group's financial information for the financial years ended 31 December 2019 and 31 December which are detailed in Part 9 Historical Financial Information, section B of this Document prepared in accordance with IFRS. The following discussion and analysis are intended to assist in the understanding and assessment of the trends and significant changes in the Takmur Group's results of operations and financial condition during the periods covered by the audited historical financial information.

This discussion contains forward-looking statements, which, although based on assumptions that the Directors consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. Investors should read the notice in relation to forward-looking statements contained on page 34 of this Document.

The key risks and uncertainties, include, but are not limited to those described in Part 1 "Risk Factors" of this Document.

OVERVIEW

The Takmur Group was acquired by the Company, with the acquisition completed on 31 January 2020.

For the year ended 31 December 2019, the accounts of Takmur Group are presented to illustrate the financial results of the acquired Takmur business in the financial year prior to the acquisition by Pyx Resources.

The results of the Takmur Group for the year ended 31 December 2019 includes the results of PT Investasi Mandiri ("**PT IM**", the Indonesian company holding the mineral sands mining concession license) from 24 January 2019, the date in which PT IM became an entity controlled by the Takmur Group as a result of the execution of the Exclusive Operation and Management Agreement.

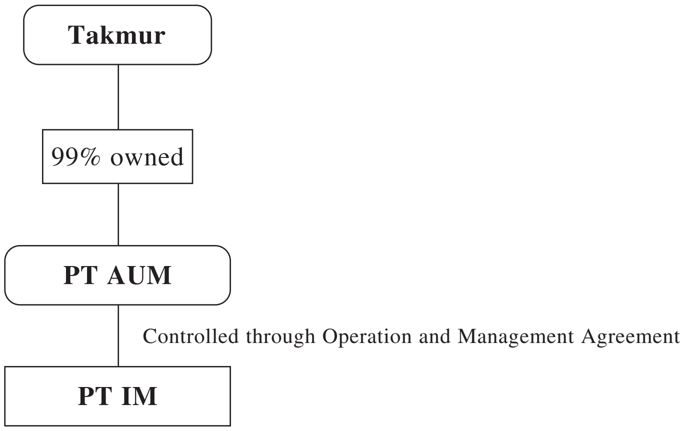
For the year ended 31 December 2018, the Takmur Group did not engage in any operation, as the Takmur Group only obtained control of PT IM from 24 January 2019.

In order to illustrate the financial results of the controlled PT IM prior to the date of consolidation into the Takmur Group for the year ended 31 December 2018, the financial results of PT IM are shown on Section D of Part 9 of this Document.

The principal activity of the Takmur Group during the periods covered by the audited historical financial information was the production of mineral sands and specifically premium zircon.

The mineral sand business of Takmur Group started from 24 January 2019. Takmur provided the technical, financial and management support through its subsidiary PT Andary Usaha Makmur ("**PT AUM**") to PT IM. In return, PT IM paid a service fee to PT AUM equal to 95% of net profit per annum.

Takmur Group's Structure as of 31 December 2019:



PRESENTATION OF FINANCIAL INFORMATION

Prospective investors should consult their own professional advisers to gain an understanding of the financial information contained in this Document. An overview of the basis for presentation of financial information in this Document is set out below.

The financial and volume information in the Document, including in a number of tables, has been rounded to the nearest whole number or the nearest decimal place. The sum of the numbers in a column in a table may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Document reflect calculations based on the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

RESULTS OF THE TAKMUR GROUP OPERATIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND 2018

The following table sets out Takmur Group's results of operations for the financial year ended 31 December 2019 compared to the results of the Takmur Group for the financial year ended 31 December 2018.

	Year ended 31 Dec 2019 Audited US$	**Year ended 31 Dec 2018 Audited US$**
Revenue	6,858,289	–
Cost of sales	(5,309,435)	–
Gross Profit	1,548,854	–
Interest income	5,670	–
Other revenue	114,459	–
Employee benefits expense	(106,822)	–
Depreciation and amortization expense	(76,399)	–
Finance costs	(62,761)	–
Provision for receivable from shareholder	–	(734)
Consulting and professional expenses	(793,365)	(4,375)
Other expense	(522,864)	–
Compliance costs	(104,914)	–
Repairs and maintenance expense	(49,152)	–
Loss before income tax	(47,294)	(5,109)
Income tax expense	(11,092)	–
Net Loss for the year	(58,386)	(5,109)
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss when specific conditions are met		
Exchange differences on translating foreign operations, net of tax	12,296	–
Total other comprehensive income for the year	12,296	–
Total comprehensive loss for the year	(46,090)	(5,109)
Net profit/(loss) after tax attributable to:		
Owners of the Parent Entity	(96,498)	(5,109)
Non-controlling interests	38,112	–
	(58,386)	(5,109)
Total comprehensive income attributable to:		
Owners of the Parent Entity	(96,498)	(5,109)
Non-controlling interests	50,408	–
	(46,090)	(5,109)

Revenue

The Takmur Group's revenue for the year ended 31 December 2019 comprised sales of 4,936 tons of premium zircon of PT IM from 24 January 2019 to 31 December 2019. There was no revenue in the financial year ended 31 December 2018.

Takmur Group's production for the year ended 31 December 2019 was 4,966 tonnes.

Administrative Expenses

Takmur Group's administrative expenses increased to US$1,716k in the financial year ended 31 December 2019 when compared to US$5.1k in the financial year ended 31 December 2018. The major expenses for the financial year ended 31 December 2019 were consulting and professional expenses of US$793k and other office overhead expenses of US$523k.

Income Tax

Takmur Group's income tax expense increased to US$11k for the financial year ended 31 December 2019 compared to zero tax expense for the financial year ended 31 December 2018.

Loss for the Period

Takmur Group recorded a loss for the financial year ended 31 December 2019 of US$58k, compared to a loss of US$5.1k for the financial year ended 31 December 2018.

CASH FLOW ANALYSIS

The following table presents Takmur Group's cash flow summary for the financial years ended 31 December 2019 and the year ended 31 December 2018.

	Year ended 31 Dec 2019 Audited US$	Year ended 31 Dec 2018 Audited US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	6,661,185	–
Payments to suppliers and employees	(6,633,518)	–
Interest received	5,670	–
Finance costs	(62,761)	–
Income tax paid	(80,781)	–
Net cash (used in) operating activities	(110,205)	–
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(148,246)	–
Proceeds from sale of property, plant and equipment	1,500	–
Payments for acquisitions, net of cash acquired	17,468	–
Net cash (used in) investing activities	(129,278)	–
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	444	–
Proceeds from short-term borrowings	391,152	–
Repayments of lease liabilities	(59,042)	–
Net cash generated by financing activities	332,554	–
Net increase in cash and cash equivalents	93,071	–
Cash and cash equivalents at the beginning of financial year	–	–
Cash and cash equivalents at the end of financial year	93,071	–

Net Cash Flows Used in Investing Activities

For the financial year ended 31 December 2019, Takmur Group's net cash used in investing activities was US$129k. The increased cash used in investing activities was mainly attributable to purchase of equipment for the production of zircon.

Net Cash Flows from Financing Activities

For the financial year ended 31 December 2019, Takmur Group's net cash generated from financing activities was US$333k. The majority of cash generated through financing activities were proceeds from short-term borrowings.

BALANCE SHEET

The following table presents the Takmur Group's balance sheet summary as at 31 Dec 2019 and 31 December 2018:

	Year ended 31 Dec 2019 Audited US$	Year ended 31 Dec 2018 Audited US$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	93,071	–
Trade and other receivables	469,907	–
Inventories	284,023	–
Other assets	117,038	
TOTAL CURRENT ASSETS	964,039	–
NON-CURRENT ASSETS		
Property, plant and equipment	654,751	–
Right of use assets	88,058	–
Intangible assets – goodwill	7,774	–
TOTAL NON-CURRENT ASSETS	750,583	–
TOTAL ASSETS	1,714,622	–
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	456,459	4,375
Lease liabilities	40,797	–
Current tax liabilities	102,086	–
Short term borrowings	391,152	–
TOTAL CURRENT LIABILITIES	990,494	4,375
NON-CURRENT LIABILITIES		
Lease liabilities	19,145	–
TOTAL NON-CURRENT LIABILITIES	19,145	–
TOTAL LIABILITIES	1,009,639	4,375
NET ASSETS/(LIABILITIES)	704,983	(4,375)
EQUITY		
Issued capital	1,178	734
Accumulated losses	(101,607)	(5,109)
Equity attributable to owners of the Parent Entity	(100,429)	(4,375)
Non-controlling interests	805,412	–
TOTAL EQUITY	704,983	(4,375)

Assets

Takmur Group's current assets comprise cash held and inventories. Non-current assets are primarily property, plant and equipment.

Liabilities

Takmur Group's liabilities primarily consist of trade and other payables and short-term borrowings.

Liquidity and Capital Resources

Takmur Group's principal source of liquidity is its cash on hand which, at 31 December 2019, amounted to approximately US$705k. The use of cash to date had been: (i) to fund the operations; and (ii) to invest in the plant and equipment to increase the production capacity.

SECTION C: PT ANDARY USAHA MAKMUR (31 DECEMBER 2018 AND 1-9 JANUARY 2019)

The following operating and financial review contains financial information that has been extracted or derived without material adjustment from PT Andary Usaha Makmur's financial information for the financial year ended 31 December 2018 and the period 1-9 January which is detailed in Part 9 "Historical Financial Information", section C of this Document prepared in accordance with IFRS. The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in the PT AUM's results of operations and financial condition during the periods covered by the audited historical financial information.

This discussion contains forward-looking statements, which, although based on assumptions that the Directors consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. Investors should read the notice in relation to forward-looking statements contained on page 34 of this Document.

The key risks and uncertainties, include, but are not limited to those described in Part 1 "Risk Factors" of this Document.

OVERVIEW

PT Andary Usaha Makmur ("**PT AUM**") was incorporated on 15 March 2018. PT AUM did not engage in any trading activity during the financial year since its inception on 15 March 2018.

PRESENTATION OF FINANCIAL INFORMATION

Prospective investors should consult their own professional advisers to gain an understanding of the financial information contained in this Document. An overview of the basis for presentation of financial information in this Document is set out below.

The financial and volume information in the Document, including in a number of tables, has been rounded to the nearest whole number or the nearest decimal place. The sum of the numbers in a column in a table may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Document reflect calculations based on the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

RESULTS OF PT AUM OPERATIONS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The following table sets out PT AUM's results of operations for the financial year ended 31 December 2018 and the period from 1 January 2019 to 9 January 2019.

	1 – 9 Jan 2019 Audited US$	Year ended 31 Dec 2018 Audited US$
Revenue	—	—
Cost of sales	—	—
Gross Profit	—	—
Provision for receivable from shareholders	—	(347,705)
Consulting and professional expenses	—	(4,375)
Loss before income tax	—	(352,080)
Income tax expense	—	—
Net Loss for the year	—	(352,080)
Other comprehensive income/(loss)		
Other comprehensive income for the period, net of tax	—	—
Total other comprehensive income/(loss) for the year	—	—
Total comprehensive loss for the year	—	(352,080)

Administrative Expenses and Loss for the Year

PT AUM's expenses were US$352k in the financial year ended 31 December 2018, comprised on US$348k provision for receivables from shareholders and US$4.4k consulting and professional expenses.

PT AUM did not have a bank account and did not have any cash inflows or outflows therefore a cash flow summary has not been disclosed for the financial year ended 31 December 2018.

No transactions occurred in the first nine days of 2019, before PT AUM been acquired by Tamkur.

BALANCE SHEET

The following table presents the PT AUM's balance sheet summary as at 31 Dec 2018 and the period from 1 January 2019 to 9 January 2019:

	1 – 9 Jan 2019 Audited US$	Year ended 31 Dec 2018 Audited US$
ASSETS		
TOTAL ASSETS	—	—
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	4,375	4,375
TOTAL CURRENT LIABILITIES	4,375	4,375
TOTAL LIABILITIES	4,375	4,375
NET LIABILITIES	(4,375)	(4,375)
EQUITY		
Issued capital	347,705	347,705
Retained earnings	(352,080)	(352,080)
TOTAL EQUITY	(4,375)	(4,375)

Liabilities & Net Equity

PT AUM's liabilities primarily consist of trade and other payables of US$4.4k. There was no change for the period 1 to 9 January 2019.

SECTION D: PT INVESTASI MANDIRI (31 DECEMBER 2018 AND 1 – 23 JANUARY 2019)

The following operating and financial review contains financial information that has been extracted or derived without material adjustment from PT Investasi Mandiri's financial information for the financial year ended 31 December 2018 and the period 1-23 January 2019 which are detailed in Part 9 "Historical Financial Information", section D of this Document prepared in accordance with IFRS. The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in the PT IM's results of operations and financial condition during the periods covered by the audited historical financial information.

This discussion contains forward-looking statements, which, although based on assumptions that the Directors consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. Investors should read the notice in relation to forward-looking statements contained on page 34 of this Document.

The key risks and uncertainties, include, but are not limited to those described in Part 1 "Risk Factors" of this Document.

OVERVIEW

PT IM 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 2,032 hectares. In conjunction with this, the PT IM operated a processing plant equipped to produce premium Zircon (65.5 grade).

PRESENTATION OF FINANCIAL INFORMATION

Prospective investors should consult their own professional advisers to gain an understanding of the financial information contained in this Document. An overview of the basis for presentation of financial information in this Document is set out below.

The financial and volume information in the Document, including in a number of tables, has been rounded to the nearest whole number or the nearest decimal place. The sum of the numbers in a column in a table may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Document reflect calculations based on the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

RESULTS OF PT INVESTASI MANDIRI OPERATIONS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 AND THE PERIOD 1-23 JANUARY 2019

The following table sets out PT Investasi Mandiri's results of operations for the financial year ended 31 December 2018 and the period 1–23 January 2019.

	1–23 Jan 2019 Audited US$	Year ended 31 Dec 2018 Audited US$
Revenue	—	4,760,828
Cost of sales	—	(3,548,573)
Gross Profit	—	1,212,255
Other revenue	—	
Depreciation and amortisation	(3,914)	(60,216)
Finance costs	(955)	(25,915)
Consulting and professional expenses	(10,221)	(120,849)
Repairs and maintenance expenses	(2,176)	(88,861)
Freight and cartage expenses	(10,387)	(209,513)
Administration expenses	(2,373)	(159,974)
Commissions paid	—	(29,624)
Employee benefits expenses	(16,534)	(43,480)
Compliance costs	—	(10,985)
Other expenses	(2,639)	(59,150)
Profit/(loss) before income tax	(49,199)	403,688
Income tax expense	12,300	(100,922)
Profit/(loss) for the year	(36,899)	302,766
Other comprehensive income/(loss)		
Other comprehensive income for the period, net of tax	11,785	—
Total other comprehensive income/(loss) for the year	—	—
Total comprehensive income/(loss) for the year	(25,114)	302,766

Revenue

PT IM's revenue of US$4.761k for the financial year ended 31 December 2018 derived from the sales of 3,246 tonnes of premium zircon. The production for the year was 3,353 tonnes.

PT IM had no revenue for the period 1–23 January 2019.

Expenses

PT IM's total expenses for the financial year ended 31 December 2018 totalled US$809k, mainly comprising of US$121k consulting and professional expenses, US$210k freight and distribution expenses and US$160k office administrative expenses.

PTIM incurred US$49k overhead expenses, mainly professional expenses and employee benefits expenses for the period 1–23 January 2019.

Income Tax

PT IM's income tax was US$101k which represents 25% taxable income for the year. In 2019, there was an income tax credit of US$12k.

Profit for the Period

PT IM had a profit for the financial year ended 31 December 2018 of US$303k, while for the period between 1–23 January 2019 had a loss of US$ 37k.

CASH FLOW ANALYSIS

The following table presents PT Investasi Mandiri's cash flow summary for the financial year ended 31 December 2018 and the period 1–23 January 2019.

	1–23 Jan 2019 Audited US$	Year ended 31 Dec 2018 Audited US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	—	4,800,554
Payments to suppliers and employees	(309,414)	(4,650,229)
Interest paid	—	(16,768)
Finance costs paid	(955)	(8,959)
Income tax paid	(6,786)	(88,874)
Net cash provided by operating activities	(317,155)	35,724
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	—	1,314
Payments of property, plant and equipment	(9,239)	—
Net cash used in investing activities	(9,239)	1,314
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowings	322,558	(6,321)
Repayment of finance lease	(2,414)	(15,317)
Net cash provided by/(used in) financing activities	320,144	(21,638)
Net increase in cash and cash equivalents	(6,250)	15,399
Cash and cash equivalents at the beginning of financial year	23,718	9,934
Effect of foreign exchange rate changes	—	(1,615)
Cash and cash equivalents at the end of financial year	17,468	23,718

Net Cash Flows Used in Investing Activities

PT IM received US$1.3k from the disposal of equipment in the financial year ended 31 December 2018.

PT IM paid US$9k for the equipment in the period ended 23 January 2019.

Net Cash Flows from Financing Activities

For the financial year ended 31 December 2018, PT IM repaid US$6k borrowings and US$15k finance lease. For the period ended 23 January 2019, PTIM had US$323k proceeds from borrowings and repaid US$2k finance lease.

BALANCE SHEET

The following table presents PT Investasi Mandiri's balance sheet summary as at 31 Dec 2018 and for the period 1–23 January 2019:

	1–23 Jan 2019 Audited US$	Year ended 31 Dec 2018 Audited US$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	17,468	23,718
Trade and other receivables	18,893	7,636
Inventories	702,517	520,713
Other assets	62,210	—
TOTAL CURRENT ASSETS	801,088	552,067
NON-CURRENT ASSETS		
Property, plant and equipment	535,526	598,589
Right of use assets	76,664	—
TOTAL NON-CURRENT ASSETS	612,690	598,589
TOTAL ASSETS	1,413,278	1,150,656
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	104,289	132,447
Borrowings	322,558	—
Finance lease — current	27,616	27,487
Current tax liabilities	170,390	189,476
TOTAL CURRENT LIABILITIES	624,853	349,410
NON-CURRENT LIABILITIES		
Borrowings	—	20,303
Lease liabilities	32,596	—
TOTAL NON-CURRENT LIABILITIES	32,596	20,303
TOTAL LIABILITIES	657,449	369,713
NET ASSETS	755,829	780,943
EQUITY		
Issued capital	72,490	72,490
Reserves	534,739	522,954
Retained earnings	148,600	185,499
TOTAL EQUITY	755,829	780,943

Assets

PT IM's current assets mainly comprised by cash held and inventories as of 31 December 2018. Non-current assets are primarily property, plant and equipment for the production of premium zircon. As of 23 January 2019, total assets increased from US$1,150k to $1,413k due to an increase in inventory and other assets by US$182k and US$62k respectively.

Liabilities

PT IM's current liabilities primarily consist of trade and other payables and tax liabilities as at 31 December 2018. Total liabilities increased from US$370k as of 31 December 2018 to US$657k as of 23 January 2019, due to the borrowings of US$322k.

Net Equity

PT IM's net equity as at 31 December 2018 was US$780k and as at 23 January 2019 was US$756k.

SECTION E: TISMA DEVELOPMENT HK (15 FEBRUARY 2021, 30 JUNE 2020, 30 JUNE 2019)

The following operating and financial review contains financial information that has been extracted or derived without material adjustment from the Tisma Group's financial information for the period from 1 July 2020 to 15 February 2021 and the financial years ended 30 June 2020 and 30 June 2019 which are detailed in Part 9 "Historical Financial Information", section E of this Document prepared in accordance with IFRS. The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in Tisma Group's results of operations and financial condition during the periods covered by the historical financial information.

This discussion contains forward-looking statements, which, although based on assumptions that the Directors consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. Investors should read the notice in relation to forward-looking statements contained on page 34 of this Document.

The key risks and uncertainties, include, but are not limited to those described in Part 1 "Risk Factors" of this Document.

OVERVIEW

The Tisma Group in its current format came to existence on 15 January 2019, when Tisma Development HK ("**Tisma**") and its 99% owned subsidiary, PT Tisma Investasi Abadi ("**PT TIA**") acquired control of PT Tisma Global Nusantara ("**PT TGN**") through the Tisma Exclusive Operation and Management Agreement. Prior to this date, Tisma Group was inactive.

On 15 February 2021, PYX Resources and its subsidiary, the Takmur Group, completed the acquisition of the Tisma Group, which operates the Tisma mining concession, close to the Mandiri mining concession.

Tisma Group is not in production. The accounting year end date for the Tisma Group is 30 June.

The Tisma Group is consolidated in PYX Resources' accounts starting from 16 February 2021, comprising the Group.

In order to illustrate the operating activity of the acquired entity prior to 15 January 2019, we have also reported below the results of PT TGN for the period from 1 January 2018 to 15 January 2019.

Tisma Group 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, through its controlled entity PT TGN.

PRESENTATION OF FINANCIAL INFORMATION

Prospective investors should consult their own professional advisers to gain an understanding of the financial information contained in this Document. An overview of the basis for presentation of financial information in this Document is set out below.

The financial and volume information in the Document, including in a number of tables, has been rounded to the nearest whole number or the nearest decimal place. The sum of the numbers in a column in a table may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Document reflect calculations based on the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

RESULTS OF THE TISMA GROUP AND RELATED ENTITIES OPERATIONS FOR THE PERIOD FROM 1 JULY 2020 TO 15 FEBRUARY 2021 AND THE FINANCIAL YEARS ENDED 30 JUNE 2020 AND 30 JUNE 2019

The following table sets out the Tisma Group's results of operations for the period from 1 July 2020 to 15 February 2021 and the financial years ended 30 June 2020 and 30 June 2019.

	From 1 July 2020 to 15 Feb 2021 Audited US$	Year ended 30 Jun 2020 Audited US$	From 27 Sep 2018 to 30 Jun 2019 Audited US$
Revenue	—	—	—
Cost of sales	(3,763)	(6,992)	(3,295)
Gross Profit/(Loss)	(3,763)	(6,992)	(3,295)
Other income	—	712	—
Consulting and professional expenses	(81,943)	(11,716)	—
Other expenses	(8,091)	(10,048)	(9,000)
Loss before income tax	(93,797)	(28,044)	(12,295)
Income tax benefit/(expense)	—	—	—
Net Loss for the period	(93,797)	(28,044)	(12,295)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences on translating foreign operations, net of tax	708	495	9,617
Total other comprehensive income for the period	708	495	9,617
Total comprehensive income for the period	(93,089)	(27,549)	(2,678)
Net profit/(loss) after tax attributable to:			
Owners of the Parent Entity	(90,053)	(27,385)	(12,099)
Non-controlling interests	(3,744)	(659)	(196)
	(93,797)	(28,044)	(12,295)
Total comprehensive income attributable to:			
Owners of the Parent Entity	(89,076)	(26,919)	(3,054)
Non-controlling interests	(4,013)	(630)	376
	(93,089)	(27,549)	(2,678)

Revenue

Tisma Group did not commence production and had no revenue during the periods ended 31 December 2020, 30 June 2020 and 30 June 2019.

Expenses and Net Loss for the Period

The Tisma Group's expenses and net loss for the period increased to US$ 94k in the period from 1 July 2020 to 15 February 2021 from US$ 28k for the year ended 30 June 2020, which were mainly consulting expenses.

Income Tax

Tisma Group had no taxable income for the periods presented above.

CASH FLOW ANALYSIS

The following table presents the Tisma Group's cash flow summary for the period from 1 July 2020 to 15 February 2021 and the financial years ended 30 June 2020 and 30 June 2019.

	From 1 July 2020 to 15 Feb 2021 Audited US$	**Year ended 30 Jun 2020 Audited US$**	**27 Sep 2018 to 30 Jun 2019 Audited US$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Advance to shareholders	—	—	(1)
Received from customers	—	712	—
Received from sundry debtors	49,589	—	—
Payments to suppliers	(58,762)	(4,788)	—
Net cash (used in)/generated by operating activities	(9,173)	(4,076)	(1)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings from related party	—	13,226	—
Proceeds from issue of shares	—	—	1
Net cash provided by/(used in) financing activities	—	13,226	1
Net increase/(decrease) in cash and cash equivalents	(9,173)	9,150	—
Cash and cash equivalents at the beginning of financial period	9,499	—	—
Effect of foreign exchange rate changes	1,287	349	—
Cash and cash equivalents at the end of financial period	1,613	9,499	—

Net Cash Flows from Operating Activities

For the period from 1 July 2020 to 15 February 2021, the Tisma Group's net cash used in operating activities was US$9k mostly payments to supplier payments. As a result, the net cash and cash equivalents as at 15 February 2021 was reduced to US$1.6k from US$9.5k as at 30 June 2020.

BALANCE SHEET

The following table presents the Tisma Group's balance sheet summary as of 15 February 2021, 30 June 2020 and 30 June 2019:

	From 1 July 2020 to 15 Feb 2021 Audited US$	**Year ended 30 Jun 2020 Audited US$**	**From 27 Sep 2018 to 30 Jun 2019 Audited US$**
ASSETS			
CURRENT ASSETS			
Other receivables	1,793	49,494	1,730
Related party receivables	1	1	1
Cash and cash equivalents	1,613	9,499	—
TOTAL CURRENT ASSETS	3,407	58,994	1,731
TOTAL ASSETS	3,407	58,994	1,731
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	—	18,000	9,000
Related party payables	119,698	68,966	—
Provisions	64,714	59,944	53,098
TOTAL CURRENT LIABILITIES	184,412	146,910	62,098
TOTAL LIABILITIES	189,554	146,910	62,098
NET ASSETS/(LIABILITIES)	(184,412)	(87,916)	(60,367)
EQUITY			
Issued capital	1	1	1
Foreign exchange reserve	10,488	9,511	9,045
Accumulated losses	(129,537)	(39,484)	(12,099)
Equity attributable to owners of the Parent Entity	(119,048)	(29,972)	(3,053)
Non-controlling interests	(61,957)	(57,944)	(57,314)
TOTAL EQUITY	(181,005)	(87,916)	(60,367)

Assets

The Tisma Group's current assets comprise cash held and other receivables.

Liabilities

The Tisma Group's liabilities primarily consist of trade and other payables, non-interest bearing related party payables and provisions for mining concession fees.

Net Equity

Tisma Group's negative equity as at 15 February 2021 increased to US$181k from US$88k as at 30 June 2020.

SECTION F: PT TISMA GLOBAL NUSANTARA (1 JANUARY 2018 TO 15 JANUARY 2019)

The following operating and financial review contains financial information that has been extracted or derived without material adjustment from PT Tisma Global Nusantara's financial information for the period from 1 January 2018 to 15 January 2019 which are detailed in Part 9 "Historical Financial Information", section F of this Document prepared in accordance with IFRS. The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in the PT TGN's results of operations and financial condition during the periods covered by the audited historical financial information.

This discussion contains forward-looking statements, which, although based on assumptions that the Directors consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. Investors should read the notice in relation to forward-looking statements contained on page 34 of this Document.

The key risks and uncertainties, include, but are not limited to those described in Part 1 "Risk Factors" of this Document.

OVERVIEW

PT Tisma Global Nusantara (PT TGN) 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.

PT TGN had not commenced production and was not engaged in any trading activities.

PRESENTATION OF FINANCIAL INFORMATION

Prospective investors should consult their own professional advisers to gain an understanding of the financial information contained in this Document. An overview of the basis for presentation of financial information in this Document is set out below.

The financial and volume information in the Document, including in a number of tables, has been rounded to the nearest whole number or the nearest decimal place. The sum of the numbers in a column in a table may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Document reflect calculations based on the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

RESULTS OF PT TGN OPERATIONS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The following table sets out PT TGN's results of operations for the period from 1 January 2018 to 15 January 2019.

	From 1 Jan 2018 to 15 Jan 2019 Audited US$
Revenue	—
Cost of sales	(7,512)
Gross Profit/(Loss)	(7,512)
Consulting and professional expenses	(9,262)
Loss before income tax	(16,774)
Income tax benefit/(expense)	—
Net Loss for the period	(16,774)
Other comprehensive income	
Items that will be reclassified subsequently to profit or loss when specific conditions are met	
Exchange differences on translating foreign operations, net of tax	(7,097)
Total other comprehensive income for the period	(7,097)
Total comprehensive income for the period	(23,871)

Expenses and Loss for the Period

PT TGN's expenses and loss for the period of 1 Jan 2018 to 15 Jan 2019 was US$17k which were mainly the provision of mining concession fees and the consulting expenses.

CASH FLOW ANALYSIS

The following table presents PT TGN's cash flow summary for the period from 1 January 2018 to 15 January 2019.

	From 1 Jan 2018 to 15 Jan 2019 Audited US$
CASH FLOWS FROM OPERATING ACTIVITIES	
Advance to related parties	9,262
Payments to suppliers	(9,262)
Net cash (used in)/generated by operating activities	—
Net increase/(decrease) in cash and cash equivalents	—
Cash and cash equivalents at the beginning of financial period	—
Effect of foreign exchange rate changes	—
Cash and cash equivalents at the end of financial period	—

BALANCE SHEET

The following table presents PT TGN's balance sheet summary as at 15 January 2019:

	From 1 Jan 2018 to 15 Jan 2019 Audited US$
ASSETS	
CURRENT ASSETS	
TOTAL CURRENT ASSETS	—
LIABILITIES	
CURRENT LIABILITIES	
Provisions	59,420
TOTAL CURRENT LIABILITIES	59,420
TOTAL LIABILITIES	59,420
NET ASSETS/(LIABILITIES)	(59,420)
EQUITY	
Issued capital	22,237
Foreign exchange reserves	(7,097)
Accumulated losses	(74,560)
TOTAL EQUITY	(59,420)

Liabilities

PT TGN's liabilities primarily consist of US$59k provision for mining concession fees.

Part 12
Taxation

The following statements are intended only as a general guide to certain Australian and UK tax considerations of acquiring, holding or disposing of Ordinary Shares and do not purport to be a complete analysis of all potential tax consequences in Australia and the United Kingdom of acquiring, holding or disposing of Ordinary Shares.

The following statements are based on tax legislation, judicial interpretation and the rulings and administrative practices of the taxation authorities in Australia, the Australian Taxation Office and the United Kingdom, H.M. Revenue & Customs at the date of this Document. The tax consequences relating to the Ordinary Shares may therefore be different if the legislation is amended, the courts change their interpretation or the relevant revenue authority changes its practice.

IT IS RECOMMENDED THAT ALL PROSPECTIVE HOLDERS OF ORDINARY SHARES OBTAIN ADVICE AS TO THE CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSAL OF THE ORDINARY SHARES IN THEIR OWN SPECIFIC CIRCUMSTANCES FROM THEIR OWN TAX ADVISORS. IN PARTICULAR, THE INCOME AND GAINS OF PROSPECTIVE SHAREHOLDERS WHO MAY BE SUBJECT TO TAX IN A JURISDICTION OTHER THAN AUSTRALIA AND THE UK MAY BE IMPACTED BY THE TAX LEGISLATION OF SUCH JURISDICTION. ANY SUCH PROSPECTIVE SHAREHOLDERS ARE ADVISED TO CONSIDER THE POTENTIAL IMPACT OF SUCH LEGISLATION AND ANY RELEVANT DOUBLE TAXATION AGREEMENTS.

TAX RESIDENCE OF THE COMPANY

The Company was incorporated in Australia and has its central management and control in Australia, such that it is a resident in Australia for tax purposes. Accordingly, provided the place of central management and control of the business of the Company is not in the United Kingdom, the Company will not be resident in the United Kingdom for UK tax purposes or dual resident for the purpose of Australia's domestic tax law.

The summary below is therefore prepared on the assumption that the Company will remain resident solely in Australia for tax purposes.

AUSTRALIAN TAXATION

This section provides a general summary of the potential Australian tax consequences for the Company's Shareholders and does not purport to be a complete analysis of all potential Australian tax implications of owning and disposing of Ordinary Shares. The specific tax position of each Shareholder will determine the applicable Australian income tax implications for that Shareholder. It is recommended that each Shareholder consult their own tax adviser concerning the implications of receiving dividends and owning and disposing of Ordinary Shares.

This summary is based on established judicial and administrative interpretations of the Income Tax Assessment Act 1997 (Cth) ("**ITAA 1997**"), Income Tax Assessment Act 1936 (Cth) ("**ITAA 1936**"), Taxation Administration Act 1953 (Cth) ("**TAA 1953**"), A New Tax System (Goods & Services Tax) Act 1999 (Cth) (collectively, the "**Tax Acts**") and relevant stamp duty legislation (collectively referred to as the "taxation law") as at the date of this letter. This summary does not take into account or anticipate changes in the taxation law or future judicial and administrative interpretations of the taxation law.

ACQUISITION & DISPOSAL

Australian Resident Shareholders

These comments do not apply to Shareholders that hold their Shares on revenue account or as trading stock, or to Non-Australian tax resident Shareholders. They also do not apply to Shareholders that are banks, insurance companies, management investment trusts or taxpayers that carry on a business of trading in shares or who are subject to the Taxation of Financial Arrangements rules contained in Division 230 of the ITAA 1997.

The taxation treatment on the disposal of Ordinary Shares will depend upon whether the shares are held on revenue or capital account. This will be a question of fact and each investor will need to consider its own circumstances.

Australian resident Shareholders who trade in Ordinary Shares as part of the ordinary course of their business would normally hold their shares on revenue account. These Shareholders will be required to include the profit arising from the disposal of their Ordinary Shares in their assessable income. These shareholders are advised to consult their taxation advisors to determine that application of Australian taxation laws to their holding of shares in the Company.

Generally, all other Australian resident Shareholders, apart from those engaged in a profit-making undertaking or scheme falling short of a trading business, will hold their Ordinary Shares on capital account. These Australian resident Shareholders should consider the impact of the Australian capital gains tax rules on the disposal of their Ordinary Shares.

A Shareholder acquires an Ordinary Share on the date the Ordinary Share is issued or transferred. The cost base of an Ordinary Share acquired is generally the amount the Shareholder pays to acquire the Ordinary Share plus any incidental costs incurred (for example, brokerage). Reduced cost base is usually determined in a similar, but not identical, manner. These amounts should be determined in AU$.

The disposal of Ordinary Shares will give rise to a CGT event for Australian resident Shareholders. The time of the CGT event will generally be the date of the contract for sale or the date of transfer of the shares. An Australian resident Shareholder will derive a capital gain where the proceeds received on disposal exceed the cost base of an Ordinary Share for CGT purposes. Alternatively, a Shareholder will incur a capital loss where the disposal proceeds received are less than the reduced cost base of the Ordinary Share. Capital losses can only be used to offset current year capital gains or carried forward to offset future capital gains (subject to the satisfaction of any required loss recoupment tests). Shareholders cannot offset their net capital losses against their ordinary income.

An Australian resident Shareholder who is an individual who holds the Ordinary Shares (directly or indirectly through a trust), or a complying superannuation fund may be entitled to claim the CGT discount in calculating any capital gain provided that the Ordinary Shares were acquired at least 12 months before the date of disposal. In that instance, the applicable CGT discount that should reduce a net capital gain arising from the disposal of Ordinary Shares is as follows:

- 50 per cent for individuals; and
- 33 1/3 per cent for a complying superannuation entity.

The CGT discount is applied to the capital gain after any available current or prior year capital losses of the Shareholder are first offset against that capital gain (i.e. on the net gain).

Corporate Shareholders and Non-Australian resident individual Shareholders are not eligible for the general capital gains tax discount concession.

Any net capital gain (after applying capital losses and the CGT discount, as applicable) should be included in the Shareholder's assessable income. The applicable tax payable on the net capital gain will be dependent on the type of Shareholder. An Australian tax resident individual Shareholder will be taxed at their individual marginal rate, with the highest marginal tax rate applying being 45%, exclusive of 2% Medicare levy. Alternatively, an Australian resident company Shareholder will generally be subject to tax at the corporate rate of 30 per cent of taxable income or if the company qualifies as a base rate entity, 25 per cent (rate applicable for income the 2022 and future income years).

Non-Australian Resident Shareholders

Non-Australian resident Shareholders who hold Ordinary Shares on revenue account are advised to consult their taxation advisors to determine that application of Australian taxation laws to their holding of shares in the Company and the application of any relief under Australia's double tax treaties, which may exclude such profits from Australian taxation. However, in the event that a profit is excluded under a double tax treaty, it is still relevant to consider the Australian CGT rules if the Ordinary Shares constitute Taxable Australian Property (refer below).

Generally, all other Non-Australian resident Shareholders will hold their Ordinary Shares on capital account. These Non-Australian resident Shareholders should consider the impact of the Australian CGT rules on the disposal of their Ordinary Shares.

Under the existing law, a Non-Australian resident Shareholder disposing of shares in an Australian company should not be subject to CGT in Australia, subject to the following two main exceptions, where the shares will be "Taxable Australian Property":

(a) Shares are held as part of a trade or business conducted through a permanent establishment in Australia; or

(b) Broadly, shares are held in a company where:

  i. the Shareholder and its associates hold (or have held for a 12-month period during the last 24 months) an interest of 10 per cent or more in the issued capital of the company; and

  ii. more than 50 per cent of the value of the company's assets are attributable to taxable Australian real property (see definition below).

Taxable Australian real property includes real property situated in Australia (including a lease of land, if the land is situated in Australia) or a mining, quarrying or prospecting right (to the extent that the right is not a real property), if the minerals, petroleum or quarry materials are situated in Australia.

DIVIDENDS

Broadly, dividends paid on Ordinary Shares may be wholly or partially "franked", or "unfranked". The franked portion of a dividend has franking credits attached. These credits represent underlying Australian corporate tax that has been paid on the profits distributed. To the extent a dividend is unfranked no franking credits are attached.

The residency status of the Shareholder, and whether a dividend is franked or unfranked, will have different income tax implications as set out below.

Australian Resident Shareholders

Australian resident Shareholders will include dividends received, together with any franking credits attached, in their assessable income. The Australian resident Shareholders are then entitled to a franking tax offset equal to the amount of franking credits attached to the dividend.

Generally, to be eligible for the franking credit or franking offset, the Shareholder must have held the shares at risk for 45 days (not counting the day of acquisition or disposal). However, this rule should not apply where an individual taxpayer did not have total franking tax offsets exceeding A$5,000 during the income year in which the dividend is received.

Individual Shareholders and complying superannuation funds may receive a tax refund to the extent the franking tax offset exceeds their tax liability for the income year. A corporate entity with franking tax offsets greater than the tax payable by the company in an income year will not receive a refund of the balance. Rather, the excess franking tax offset should be grossed up and carried forward as a tax loss that can be used to reduce the company's taxable income in future years, subject to satisfying company loss rules. The receipt of a franked dividend will also generally give rise to a credit in the corporate entity's franking account to the extent the dividend is franked.

Non-Australian Resident Shareholders

Fully franked dividends paid to Non-Australian resident Shareholders are generally not subject to withholding tax. Dividends that are not fully franked dividends are subject to withholding tax on the unfranked portion except to the extent that the dividend is declared to be "conduit foreign income" (in essence income and gains that have a foreign source from an Australian perspective, which includes dividends received from Non-Australian resident subsidiaries).

To the extent unfranked dividends are not paid out of conduit foreign income, dividend withholding tax will apply at the rate of 30 per cent unless the rate is reduced under a double tax treaty. For example, the Australia – UK tax treaty generally reduces the dividend withholding tax rate to 15 per cent, noting that this rate may differ in certain circumstances.

The Company will send shareholders statements that indicate the extent to which dividends are franked, paid out of conduit foreign income, and the amount of tax (if any) withheld.

A Non-Australian resident holder of ordinary shares (who is not also a tax resident of Australia and who does not hold ordinary shares as a business asset through a permanent establishment in Australia) with no other Australian source income is not required to file an Australian tax return.

AUSTRALIAN STAMP DUTY

While the Ordinary Shares remain quoted on the NSX or LSE, the acquisition or disposal of Ordinary Shares will not have any stamp duty implications in Australia.

Australian stamp duty however may arise if a person, together with related persons, acquires a significant interest in the company (90 per cent or greater interest) while the company is listed on the NSX or the LSE and exceeds the landholder threshold in any relevant Australian State or Territory. If landholder duty applies it will apply at the sliding scale which applies in the relevant State or Territory.

GOODS AND SERVICES TAX ("GST")

The acquisition or disposal of Ordinary Shares should not have any direct GST implications in Australia other than in respect of GST incurred on expenses related to acquiring or disposing of Ordinary Shares (e.g. GST on brokers' commissions).

Australian resident Shareholders who are registered for GST will need to consider their individual circumstances as to whether they are entitled to claim input tax credits for GST incurred on expenses related to acquiring or disposing of Ordinary Shares.

OTHER MATTERS

Australian resident Shareholders will generally be required to notify the Company of their tax file number (or Australian Business Number if carrying on an enterprise) in respect of Ordinary Shares held. Failure to do so may result in the Company being required to withhold tax at the top marginal individual rate including Medicare levy (currently 47 per cent). The Shareholder will however be entitled to a credit or refund in their tax returns to the extent of the tax withheld.

TAXATION IN THE UNITED KINGDOM

The following information is based on UK tax law and HMRC practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional advisor immediately.

TAX TREATMENT OF THE COMPANY

The following information is based on the law and practice currently in force in the UK.

Provided that the Company is not resident in the UK for taxation purposes and does not carry out any trade in the UK (whether or not through a permanent establishment situated there), the Company should not be liable for UK taxation on its income and gains, other than in respect of interest and other income received by the Company from a UK source (to the extent that it is subject to the withholding of basic rate income tax in the UK).

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the UK in order that the Company does not become resident in the UK for taxation purposes. The Directors intend, insofar as this is within their control, that the affairs of the Company are conducted so the Company is not treated as carrying on a trade in the UK through a permanent establishment.

TAX TREATMENT OF UK INVESTORS

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent., of any of the classes of shares in the Company; or

- who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

DIVIDENDS

Where the Company pays dividends, no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received by UK tax resident individuals will have a £2,000 annum dividend tax allowance. Dividend receipts in excess of £2,000 will be taxed at 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers, and 38.1% for additional rate taxpayers.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax.

DISPOSALS OF ORDINARY SHARES

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10%, and for upper rate and additional rate taxpayers, is 20%.

For Shareholders within the charge to UK corporation tax, indexation allowance up until 1 January 2018 may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently 19%. However, in the Budget on 3 March 2021, it was announced that the rate would increase to 25% after 1 April 2023.

FURTHER INFORMATION FOR SHAREHOLDERS SUBJECT TO UK INCOME TAX AND CAPITAL GAINS TAX

"Transactions in Securities"

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HMRC to raise tax assessments so as to cancel "*tax advantages*" derived from certain prescribed "*transactions in securities*".

STAMP DUTY AND STAMP DUTY RESERVE TAX

No UK stamp duty or stamp duty reserve tax will be payable on the issue of the Ordinary Shares. UK stamp duty will be payable on any instrument of transfer of the Ordinary Shares that is executed in the UK or that relates to any property situate, or to any matter or thing done or to be done, in the UK. Shareholders holding paper Ordinary Shares will not be able to use the CREST clearance system and, in some circumstances, may find it necessary or desirable to pay stamp duty or stamp duty reserve tax at 0.5%.

However, most investors will trade the Ordinary Shares as dematerialised Depositary Interests using the CREST settlement system. Such trading in Depositary Interests in the Ordinary Shares is not subject to stamp duty. Transfer of these Depositary Interests though CREST will also be exempt from stamp duty reserve tax for a company incorporated abroad so long as its central management and control is not exercised in the United Kingdom, there is no register for the Ordinary Shares in the UK, the Ordinary Shares not paired with any Ordinary Shares issued by a UK incorporated company and the Ordinary Shares remain registered on the London Stock Exchange or another recognised stock exchange.

The above comments are intended as a guide to the general stamp duty and stamp duty reserve tax position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.

Part 13
Additional Information

1 RESPONSIBILITY

The Directors, whose names appear on page 62, and the Company accept responsibility for the information contained in this Document. To the best of the knowledge of the Directors and the Company, the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 CONTINENTAL RESOURCE MANAGEMENT RESPONSIBILITY STATEMENT

Continental Resource Management accepts responsibility for the CPR contained in Part 16 "*Competent Person's Report*". To the best of the knowledge of Continental Resource Management, the information contained in the CPR including estimates of Mineral Reserves and Mineral Resources contained therein, as well as references to them, and statements and information attributed to Continental Resource Management or extracted from the CPR and included in this Document, is in accordance with the facts and contains no omissions likely to affect the import of such information. All information contained in the Competent Person Report is effective as of 30 June 2021.

3 THE COMPANY

3.1 The Company is an Australian public company limited by shares that was incorporated on 19 March 1996 and was admitted to the official list of the ASX in October 1998. The Company has since delisted from ASX on 11 February 2020 and was admitted to the official list of the NSX on 25 February 2020. The Company is incorporated and registered in Australia under the Australian Corporations Act 2001 with an Australian Company Number of 073 099 171. The Company's LEI is 529900A5IPGY4VFL4E45.

3.2 The Company's legal and commercial name is Pyx Resources Limited.

3.3 The principal legislation under which the Company operates, and pursuant to which the Ordinary Shares have been allotted and issued, is the Australian Corporations Act 2001 and the regulations made thereunder.

3.4 The Company is domiciled in Australia. The Company's registered office is at Level 5, 56 Pitt Street, Sydney NSW 2000 and the Company's telephone number is +612 8823 3132. The website of the Company is http://pyxresources.com/. The information on the website does not form part of the prospectus.

4 SHARE CAPITAL

4.1 As at the Last Practicable Date, the Company has an issued share capital of 429,520,222 Ordinary Shares.

4.2 On Admission, it is expected that approximately 32.8% of the Ordinary Shares will be held in public hands (within the meaning of Listing Rule 14.2.2(4)).

4.3 Ordinary Shares have no nominal or par value and are recorded at their issue price less any costs associated with issuing the shares. All Ordinary Shares are fully paid. Ordinary Shares issued pursuant to the exercise of Unlisted Options are recorded at their exercise price less any costs associated with issuing the shares. Ordinary Shares issued pursuant to the conversion of Performance Rights are recorded at their fair value of the grant date (being A$0.4).

4.4 Under the Australian Corporations Act 2001, the Company does not have an authorised share capital and there is generally no limit under the Australian Corporations Act 2001 or the Constitution on the power of the Directors to issue Shares or other securities. NSX Listing Rule 6.25(1) provides that a company must not, subject to specified exceptions, issue or agree to issue equity securities during any 12 month period greater than an amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period without first obtaining shareholder consent ("**15% Limit**"). However, shareholder consent will not be required in certain circumstances, including where:

(a) the allotment, grant or issue of securities is made to the security holders of the Company pro rata to their existing holdings;

(b) the issue is pursuant to a dividend or distribution plan or an employee incentive scheme, and the plans or schemes were disclosed prior to the listing of the securities or approved by shareholders; and

(c) the issue is to fund the cash consideration of a takeover offer, provided that the takeover offer discloses the terms of the issue.

Where the Company seeks shareholder approval to issue securities above the 15% Limit, NSX will expect disclosure from the Company to shareholders on:

(a) the names of persons who will receive the securities or the basis on which those persons will be selected;

(b) the number and class of securities the company will issue;

(c) a summary of the material terms of the securities;

(d) the date on which the company will issue the securities;

(e) the price or consideration the company will receive for the securities;

(f) the purpose of the issue, including the intended use of any funds raised by the issue; and

(g) if the securities are being issued under an agreement, a summary of the material terms of the agreement.

4.5 The Ordinary Shares will be registered and may be held, in either certificated from or uncertificated form (by way of Depositary Interests on the London Stock Exchange).

4.6 During the period covered by the historical financial information and the Last Practicable Date, there have been the following changes to the Company's issued share capital:

Date	Details	Issue Price or Consideration (AU$)	Number of Shares
1 January 2018	**Opening Balance**	**N/A**	**165,515,311**
30 June 2018	**Balance at 30 June 2018**	**N/A**	**165,515,311**
31 December 2018	**Balance at 31 December 2018**	**N/A**	**165,515,311**
30 June 2019	**Balance at 30 June 2019**	**N/A**	**165,515,311**
29 August 2019	Shares issued in payment of trade creditors and convertible notes outstanding	$0.015	200,178,900
13 December 2019	A 20 to 1 consolidation of existing capital.	N/A	18,284,582
31 December 2019	**Balance at 31 December 2019**	**N/A**	**18,284,582**
11 February 2020	Issue of Shares under a public offer to raise AU$14,000,000.00	$0.40	35,000,000
11 February 2020	Share issue as consideration for acquisition of 100% of the shares in Takmur Pte Ltd	N/A	210,274,171
6 April 2020	Shares issued on conversion of Performance Rights	N/A	4,218,284
30 June 2020	**Balance at 30 June 2020**	**N/A**	**267,777,037**
31 December 2020	**Balance at 31 December 2020**	**N/A**	**267,777,037**
16 February 2021	Share issue as consideration for acquisition of 100% of the shares in Tisma Development (HK) Ltd.	N/A	147,277,370
25 March 2021	Shares issued on conversion of Performance Rights	N/A	1,627,477
9 April 2021	Shares issued on conversion of Performance Rights	N/A	1,940,350
23 June 2021	Issue of Shares under a public offer to raise AU$11,224,928	$1.03	10,897,988
Latest Practicable Date	**Closing Balance**		**429,520,222**

4.7 Save as disclosed in this Part 13:

(a) the Company does not have in issue any securities not representing share capital;

(b) no shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived;

(c) the Company does not hold any treasury shares and no Ordinary Shares are held by, or on behalf of, any member of the Group;

(d) no Ordinary Shares have been issued otherwise than as fully paid;

(e) no share or loan capital of the Company has, since 31 December 2020 to the Last Practicable Date, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash, to any person;

(f) the Company has no outstanding convertible securities, exchangeable securities or securities with warrants;

(g) no commissions, discounts, brokerages or other special terms have been granted by the Company or any other member of the Group in connection with the issue or sale of any share or loan capital of any such company; and

(h) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

5 SUMMARY OF THE CONSTITUTION RELATING TO THE ORDINARY SHARES

The articles of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and Directors, including provisions, inter alia, to the following effect (when read in conjunction with the Australian Corporations Act and NSX Listing Rules).

5.1 Objects

The Constitution does not contain any limitations on the Company's objects and purposes.

5.2 Voting Rights

(a) Any holder of Ordinary Shares in the Company shall be entitled to be present at any Meeting and to vote in respect of Ordinary Shares held by the holder. Any Member present at any Meeting may decline to vote on any question put to that Meeting, but shall not by so doing, be considered absent from the Meeting.

(b) Unless otherwise provided in the Constitution, every Member present in person or by proxy or by attorney or (in the case of a body corporate) by Corporate Representative shall be entitled on a show of hands, to one vote and if a poll is demanded, to one vote for each share of which the Member is the holder.

(c) If a poll is demanded pursuant to the Constitution, each Member shall have one vote for each Share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

(d) Where any persons are registered as Joint Holders of a Share any one of such persons may vote at any Meeting either personally or by proxy or Corporate Representative in respect of such Share as if the person was solely entitled and if more than one Joint Holder is present at any Meeting personally or by proxy, attorney or Corporate Representative the senior of such persons shall alone be entitled to vote in respect of the jointly held Share.

5.3 **Restrictions on Voting**

(a) In the event of a breach of any escrow or restriction agreement entered into by the Company under the NSX Listing Rules in relation to Shares which are Restricted Securities, the Member holding the Restricted Securities shall, to the extent permitted by law while the breach continues, cease to be entitled to any voting rights in respect of those shares

(b) Preference shareholders shall have no voting rights at any Meeting of the Company other than:

(i) during a period when all or part of a Dividend in respect of the preference Share is in arrears;

(ii) on a proposal to reduce the capital of the Company;

(iii) on a resolution to approve the terms of a buy-back agreement;

(iv) on a proposal that affects rights attaching to preference Shares;

(v) on a proposal to wind up the Company;

(vi) on a proposal sanctioning a sale of the undertaking of the Company; or

(vii) during the winding up of the Company.

(c) A Member holding Shares in respect of which all sums due and payable to the Company have not been paid, shall not be entitled to attend and vote at Meetings in respect of such Shares. However, the Member shall be entitled to attend Meetings and vote in respect of all other Shares held in respect of which no sums are due and payable to the Company.

5.4 **Dividends**

(a) Subject to the Constitution, the Corporations Act and the special conditions or rights as to Dividends attaching to any Shares, the Directors shall be entitled to distribute the Equity of the Company by way of Dividend. Payment of Dividends on the Shares must be in proportion to the amounts paid up on such Shares respectively at the date of declaration of the Dividend. A declaration by the Directors as to the amount of Equity available for Dividend shall be conclusive and binding on all Members of the Company.

(b) Subject to the Constitution and the Corporations Act, the Directors may from time to time declare and pay to the Members such final and interim Dividends as appear to the Directors to be justified by the Equity of the Company.

(c) No Dividend shall be paid otherwise than out of the Equity or bear interest against the Company.

(d) All Dividends shall be apportioned and paid proportionately to the amounts paid on the Shares during any portion or portions of the period in respect of which the Dividend is declared. An exception to this is where a Share is issued on terms providing that it shall rank for Dividend as from a particular date in which case it shall only rank for Dividend from that date.

(e) The Board may, at its discretion and subject to the Constitution, adopt a Dividend reinvestment plan under which the Board may decide that each holder of Ordinary Shares, to the extent that the holder's Ordinary Shares are fully paid, has the option to elect to forego the holder's right to share in such Dividend and to receive instead an issue of Ordinary Shares credited as fully paid on the terms and conditions in the Dividend reinvestment plan.

5.5 **Return of Capital**

(a) The Company at a Meeting may, on the recommendation of the Directors, resolve that any part of the undivided profits of the Company which are available for distribution shall be distributed as capital among such of the Members as would be entitled to receive the same if distributed as Dividends and in the same proportions. The Directors may also resolve that all or any part of these profits be appropriated in or towards payment of the uncalled liability of such Members on issued Shares or Debentures held by them, or be applied in paying up in full previously unissued Shares or Debentures all of which shall be distributed to the Members entitled according to their respective rights, or partly in one way and partly in the other.

(b) A capital redemption reserve fund may be applied only in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus Shares.

5.6 **Variation of Rights**

If at any time the share capital is divided into different classes of Shares, preference capital (other than redeemable preference capital) shall not be repaid, and the rights attached to any class of Shares (unless otherwise provided by the terms of issue of the Shares of that class) shall not be varied without the consent in writing of the holders of 75% of the issued Shares of that class or by a special resolution of the holders of the Shares of that class.

5.7 **Issue of Shares**

(a) Subject to the articles of the Constitution and any resolution passed, the Directors may issue new Shares with or without any special conditions, preferences or priority either as to Dividends or capital or both and with any other special rights or advantages. In the absence of any special conditions or rights, such new Shares when issued shall be held on the same conditions as if they had been Ordinary Shares in the original capital and shall be subject to the articles of the Constitution that relate to Ordinary Shares in the Company.

(b) Since the Company is listed, the Company is only entitled to issue such Securities as permitted under the NSX Listing Rules.

5.8 **Transfer of Shares**

(a) The Company may participate in any computerised or electronic system for market settlement, securities transfer and registration in accordance with the Corporations Act, the NSX Listing Rules and the ASTC Settlement Rules.

(b) Subject to the articles of the Constitution and the Corporations Act, in the case of an ASTC – Regulated Transfer, securities may be transferred in any manner required or permitted by the NSX Listing Rules or the ASTC Settlement Rules. Article 17.4 of the Constitution also sets out the manner required for transfers other than ASTC – Regulated Transfers.

(c) Since the Company is listed, it shall not refuse, prevent, delay or in any way interfere with the registration of a Proper ASTC Transfer or seek to apply a holding lock to prevent a Proper ASTC Transfer unless permitted to do so by the NSX Listing Rules or the ASTC Settlement Rules, as the case may be.

(d) If, when permitted to do so, the Directors refuse to register a transfer of Shares or apply a holding lock, the Company shall give the lodging party written notice of the refusal and the precise reasons for such action.

5.9 **Reduction of Capital and Purchase of Own Shares**

(a) In accordance with the Corporations Act, the Company may reduce its share capital or any capital account in any manner and with, and subject to, any incident, authority or consent required by law.

(b) The Directors may do all the things necessary and expedient to obtain the confirmation of a reduction of capital which the Company desires to effect.

(c) The Company may buy back shares in itself and shall be entitled to give financial assistance to any entity for the purpose of the same to the extent and in the manner permitted by law, the Corporations Act and the NSX Listing Rules.

5.10 **Alteration in Capital**

The Company may by ordinary resolution:

(a) increase the share capital;

(b) consolidate all or any of its share capital into Shares of smaller number;

(c) subdivide its Shares or any of them into Shares of a larger number; or

(d) cancel Shares.

5.11 **Conversion**

The Directors may create and issue any Convertible Securities (being, any Equity Securities or Debt Securities) on the following terms:

(a) they are or may become convertible into Ordinary Shares;

(b) the Directors may issue Ordinary Shares to the holder of Convertible Securities under the terms of issue; and

(c) such other terms as the Directors may decide.

5.12 **Redemption**

(a) Any preference Share may be issued on the terms that it is or at the option of the Company is liable to be redeemed.

(b) Any Debentures, Debt Securities, and other Securities or obligations may be issued at a discount, premium or otherwise and with any special privileges as to, for example, redemption, surrender or drawings included in such securities.

5.13 **Disposal of Less than Marketable Parcel**

The Constitution contains articles enabling the Board to require all of the Members holding less than a Marketable Parcel of Securities in the Company to elect whether they wish to remain as holders of the Securities of that class in the Company registered in their name by completing a Continuation Election Notice.

5.14 **Proportional Takeover**

(a) A proportional takeover bid is one in which the offer or offers only to buy a specified proportion of each Members' shares.

(b) Subject to the Corporations Act, where offers have been made for Shares in the Company under a Takeover Bid and each such offer relates to a proportion of these Shares in the Company included in a class of Shares being a proportion that is the same in respect of each offer, the Directors shall refuse to register a transfer giving effect to a contract resulting from the acceptance of any offer under the Takeover Bid unless:

(i) the Directors convene a Meeting of the Company (not less than 15 days prior to the end of the period during which the offers made under the Takeover Bid remain open); and

(ii) at the Meeting the Members entitled to vote pass a resolution approving the Takeover Bid.

5.15 **Power of Company and Directors**

(a) **General Powers**

(i) The Directors have the power to manage and control the business and affairs of the Company.

(ii) The Directors may exercise all of the powers and do all acts and things that the Company has power and authority to do, except those powers, acts or things which may only be done by the Company in a general meeting. These powers, however, are subject to any contract which may be made with a Managing Director in which the Directors delegate certain powers and the Corporations Act, this Constitution and any regulations made by the Company.

(b) ***Borrowing Powers of Directors***

The Directors may, at their discretion, raise or borrow money or other financial accommodation of any kind whatever on behalf of the Company and do not require the consent of the Members to exercise these powers ("**Borrowing Powers**").

The Borrowing Powers include power to raise or borrow money either alone or jointly with another or others and secure the payment or repayment of such money on such terms and conditions they may think fit. The Directors may offer as security any part of the Company's property and assets including its future property and uncalled capital for the time being.

(c) ***Execution of Documents***

The Company may execute any agreement, deed, share certificate or other document in any manner permitted by law including with or without the use of a common seal. Every document which is executed must be signed by either two Directors, a Director and the Secretary or a Director and another authorised signatory appointed for that purpose by the Directors.

5.16 **General Meetings**

(a) ***Annual general meetings***

(i) The Company must hold an annual general meeting in accordance with the Corporations Act.

(ii) The Directors may call a Meeting of the Company on the requisition of a majority of Directors, on the requisition of such other person who is entitled to requisition such a Meeting under the law or on the Board so resolving.

(iii) The Company must provide Members with 28 days' notice unless a shorter period of time is permitted under the Corporations Act. The notice must specify the place, the day and the hour of the Meeting. It is not necessary for the notice to state that the business to be transacted at the Meeting includes the declaring of a Dividend, the consideration of Financial Statements and the reports of the Directors and Auditors, the election of Directors in the place of those retiring by rotation or otherwise or the appointment and fixing of the remuneration of the Auditors.

(b) ***Orderly conduct of meetings***

(i) The Chairman of a Meeting is responsible for the conduct of the Meeting, the security arrangements to apply to the Meeting and the procedures to be adopted at the Meeting. The Chairman may:

(A) stop debate or discussion on any business, resolution, motion or question and require the business, resolution, motion or question to be voted on by the Members;

(B) require any person wishing to attend to comply with any search or other security arrangements;

(C) refuse access to the Meeting to any person who does not comply with the security arrangements, who possesses a recording or broadcasting device or who possesses any item or chattel considered to be dangerous, offensive or disruptive to the Meeting.

(c) Notice of general meetings

The Company must provide Members with 28 days' notice of any general Meeting, unless a shorter period of time is permitted under the Corporations Act. The notice must specify the place, the day and the hour of the Meeting and the general nature of the business of the Meeting.

(d) Quorum

(i) The Company may hold a Meeting at two or more venues in Australia or at such other place as may be determined by the Directors using any form of technology which gives the members a reasonable opportunity to participate.

(ii) A quorum for a Meeting of Members is three members present in person.

(e) Chairman

The Chairman of Directors or, in the absence of the Chairman of Directors, the Deputy Chairman, must be entitled to take the chair at every Meeting. The Directors may elect a Director or any other person as Chairman for all or part of any Meeting. If:

(i) a Meeting has no Chairman or Deputy Chairman or no Chairman has been appointed by the Directors;

(ii) the Chairman is not present within 15 minutes after the time appointed for holding the Meeting; or

(iii) the appointed Chairman is not willing to chair the Meeting,

the Members present must elect another person to act as Chairman of the Meeting.

(f) Directors entitled to attend and speak

All Directors are entitled to attend and speak at all Meetings.

(g) Adjournment

(i) The Chairman, with the consent of any Meeting at which a quorum is present, may adjourn the Meeting from time to time and from place to place.

(ii) The Chairman, without the consent of any Meeting, may adjourn the Meeting from time to time and from place to place where it appears the facilities are inadequate to enable all persons to attend and be heard at the Meeting or it is impossible for the Chairman to maintain order or to enable the conduct of a poll.

(iii) Business must not be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place.

(iv) Where a Meeting is adjourned for 14 days or more, seven days' notice must be given of the place, date and time of the adjourned Meeting. It is not necessary to specify in such notice the nature of the business to be transacted at the adjourned Meeting. Conversely, where a Meeting is adjourned for less than 14 days, it is not necessary for notice to be given of the adjournment or of the business to be transacted at the adjourned Meeting.

(h) Method of voting and demand for poll

(i) Unless a poll is requested, a resolution put to vote at a Meeting of Members must be decided on a show of hands.

(ii) The Chairman has the power to demand a poll at any time. A poll may also be demanded by:

(A) five or more Members who have the right to vote in the resolution present in person or by proxy, attorney or Corporate Representative; or

(B) any Member present in person or by proxy, attorney or Corporate Representative who holds Shares conferring a right to vote on the resolution, being Shares on which an aggregate sum has been paid up of at least 5% of the total sum paid up on all Shares.

(iii) The Chairman at a Meeting must not, in the case of an equality of votes on a show of hands or on a poll, have a casting vote.

(iv) A demand for a poll may be withdrawn before the poll is conducted.

(i) Taking a poll

Polls must be taken at such time and place and in such manner as the Chairman of the Meeting directs. Polls must be taken either at once, or after an interval or adjournment, and the result of the polls shall be deemed to be the resolution of the Meeting at which the poll was demanded. The exception to this is any poll demanded on the election of a Chairman of a Meeting, or on any question of adjournment, which must be taken at the Meeting without adjournment.

(j) Postponement

The Directors may postpone any Meeting by giving notice to all Members of the place, date and time of the postponed Meeting. It is not necessary to specify in such notice the nature of the business to be transacted at the postponed Meeting.

(k) Proxies

Eligible Members may appoint a proxy to attend and vote at the Meeting on their behalf. The Constitution contains articles specifying the manner of lodgement of proxy instruments and the rights of proxies.

(l) ***Form of proxy***

Article 30.11 of the Constitution specifies the form of proxy. An appointment of a proxy is valid if it is signed by the Member making the appointment and contains:

(i) the name and address of the Member;

(ii) the Company's name;

(iii) the proxy's name or the name of the office held by the proxy; and

(iv) the meeting of Members at which the proxy may be used.

(m) ***Deposit of proxy***

The appointment of a proxy is effective only if the instrument effecting the appointment is received by the Company at its registered office or at such place as specified for that purpose:

(i) not less than 48 hours before the time for holding the Meeting or adjourned Meeting; or

(ii) in the case of a poll, not less than 48 hours before the time appointed for taking of the poll.

(n) ***Notice of revocation of proxy***

Unless notice in writing of the revocation of the instrument appointing the proxy is received at the place for deposit for proxies or by the Chairman before the Meeting or adjourned Meeting or the poll is taken, the Member who appointed the proxy is not entitled to vote.

5.17 **Directors**

(a) ***Number***

The Company may decide the number of Directors but that number must be at least three and no more than nine.

(b) ***Appointment of Directors***

(i) The Directors may appoint any person as a Director at any time.

(ii) Subject to the Corporations Act and the maximum numbers of Directors (being, nine), the Company may, by resolution, appoint any person as a Director.

(iii) A Director need not be a shareholder.

(c) ***Retirement of Directors***

(i) A Director must retire from office once the Director has held the position for a period in excess of three consecutive years or until the third annual general meeting following the Director's appointment, whichever is the longer. In the case of a Director appointed by the Directors, the Director must retire on the following annual general meeting of the Company.

(ii) At each annual general meeting, one third of the Directors (if not a multiple of three then the greater of one or the number nearest to but not exceeding one third) who are not the Managing Director or Directors required to retire by rotation, must retire.

(iii) A Managing Director or Assistant Managing Director are subject to the same provisions as to resignation and removal as the other Directors of the Company and must immediately cease to be a Managing Director or Assistant Managing Director on ceasing to hold the office of Director from any cause, provided that:

(A) where there is only one Managing Director, the Managing Director is not subject to the article of this Constitution relating to retirement by rotation, and the Managing Director is not taken into account when determining the rotation or retirement of Directors; and

(B) where there is more than one Managing Director, only one Managing Director is entitled to be exempt from the article of this Constitution relating to retirement by rotation and is not taken into account when determining the rotation or retirement of Directors.

(d) ***Position of returning Directors***

All retiring Directors are eligible for re-election.

(e) ***Removal of Directors***

(i) Subject to the Corporations Act and the minimum numbers of Directors (being, three), the Company may, by resolution, remove any Director before the expiration of the Director's term of office.

(ii) A Director may resign from office on giving one month's notice in writing. The resignation shall take effect on the expiration of the notice, or its earlier acceptance by the Board.

(f) ***Vacation of office of Director***

A Director automatically ceases to be a Director if the Director:

(i) ceases to be a Director by virtue of the Corporations Act or by order of any court of competent jurisdiction;

(ii) becomes prohibited from being a Director by reason of any order made under the Corporations Act;

(iii) becomes bankrupt or suspends payment or makes any arrangement or composition with his creditors generally;

(iv) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;

(v) resigns his office under article 36.2 of the Constitution provided that in the case of an Executive Director holding office as such for a fixed term such resignation and vacation of office shall be without prejudice to any claims that the Company may have against the Executive Director for any breach of any contract service between the Executive Director and the Company;

(vi) for a continuous period of more than six months is absent without the permission of the Directors from meetings of the Directors held during the period, that attendance by the Alternate for the Director shall be deemed to be attendance by the Director;

(vii) is removed from office under article 37 of the Constitution; or

(viii) where the Director is a shareholder, fails to pay any call within four weeks from the date such call is made payable.

(g) Managing Director

(i) The Directors may appoint one or more Directors as Managing Director on such terms and they think fit. The Directors may delegate any of the powers of the Directors to a Managing Director on the terms and conditions and with such restrictions they think fit.

(ii) A Managing Director is subject to the same articles as to resignation and removal as the other Directors of the Company and shall immediately cease to be a Managing Director on ceasing to hold the office of Director. Please note that article 44.2 of the Constitution sets out exceptions.

(h) Power to appoint Alternative Directors

(i) Any Director (other than an Alternate Director) may appoint any person to act as an Alternate Director in the Directors place, whether for a stated period or periods or until the happening of a specified event or from time to time, where the Director is unable to attend to the Director’s duties.

(ii) Appointment is through approval of a resolution of the Board or with the approval of a majority of the other Directors.

(iii) The instrument of appointment is specified in article 42.3 of the Constitution.

(iv) Any appointment of an Alternate Director ceases if the appointer ceases to be a Director.

(i) ***Directors' interests***

(i) A Director may be or become a director of any other company and no Director who is or becomes a director in another company shall be accountable for any benefits received as a director or Member of such other company. However, except with the approval of the Board, a Director must not be a director of any other company which in the opinion of the other directors is for the time being in active competition with the Company.

(ii) Subject to the Corporations Act, any Director may hold any other office or place of profit under the Company or in connection with the Company's business other than that of Auditor.

(iii) Directors may acquire or have the following interests:

(A) an interest of the kind set out in Chapter 2E of the Corporations Act;

(B) an interest of the kind set out in section 191 of the Corporations Act; and

(C) an interest of any other kind whatever permitted or authorised by law.

(j) ***Benefits and remuneration***

(i) The remuneration of the Executive Directors shall be determined by the Board and since the Company is listed, must not include a commission on or percentage of operating revenue.

(ii) The remuneration of non-Executive Directors must be a fixed sum for each non-Executive Director. The total amount of Director's fees payable by the Company to non-Executive Directors must be set by resolution of the Company and can only be increased by resolution of the Company.

(k) ***Powers of the Board***

(i) The business of the Company shall be managed by or under the direction of the Directors. The Directors may exercise every right, power or capacity of the Company except those that the Corporations Act, NSX Listing Rules or the Constitution requires the Company to exercise in a general meeting.

(ii) In accordance with the Corporations Act, the Constitution provides for execution of documents by the Company without the use of the Company's seal.

(l) ***Indemnity of officers***

To the extent permitted by law, the Company shall indemnify a person who is or has been an Officer of the Company against:

(i) liability incurred by the person as such as Officer to another person (other than the Company or a Related Body Corporate); and

(ii) liability for costs and expenses incurred by the person in defending proceedings, whether civil or criminal, in which judgment is given in favour of the person or in which the person is acquitted or in connection with an application in relation to such proceedings, in which the court grants relief to the person under the Corporations Act.

The Company may also pay the premiums on Directors' and Officer's liability insurance.

(m) Committees and delegates

The Directors may delegate any of their powers to committees consisting of such Director or Directors of their body as they think fit and may revoke or vary any delegation whenever they think fit.

(n) Board meetings

(i) A Director may at any time and the Secretary on the request of a Director must convene a meeting of Directors.

(ii) A meeting of Directors at which a quorum is present shall be competent to exercise all or any of the powers and discretions vested in or exercisable by the Directors generally.

(o) Notice of board meetings

Notice of every meeting of Directors must be given to each Director then in Australia, but failure to give or receive that notice shall not invalidate the meeting.

(p) Quorum

The quorum is two directors, unless the Directors decide otherwise.

(q) Voting

Questions arising at meetings shall be decided by a majority of votes of Directors present and voting. If there is an equality of votes, the Chairman of the meeting shall have the casting vote on the resolution (unless only two Directors are entitled to vote or the Chairman of the meeting is not entitled to vote).

(r) Telephone and video conference meetings

A meeting of Directors may be held by telephone, audio-visual linkup or by any other instantaneous communications medium for conferring. If a meeting is held in two or more places linked together by technology, the meeting shall be deemed to be held at the place agreed upon by the Directors attending that meeting, provided that at least one of the Directors present at the meeting was at that place for the duration of the meeting. Meetings may be held outside of Australia.

(s) *Resolutions in writing*

The Directors may pass a resolution in writing signed by the majority of Directors entitled to attend and vote at meetings of Directors. The resolution may consist of several documents in like form each signed by one or more of the Directors.

(t) *Pre-emptive rights*

(i) There are no provisions in the Constitution that require new Ordinary Shares to be issued on a pre-emptive basis to existing Shareholders.

(ii) NSX Listing Rule 6.25(1) provides that a company must not, subject to specified exceptions, issue or agree to issue equity securities during any 12 month period greater than an amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period without first obtaining shareholder consent ("**15% Limit**").

However, shareholder consent will not be required in certain circumstances, including where:

(A) the allotment, grant or issue of securities is made to the security holders of the Company pro rata to their existing holdings;

(B) the issue is pursuant to a dividend or distribution plan or an employee incentive scheme, and the plans or schemes were disclosed prior to the listing of the securities or approved by shareholders; and

(C) the issue is to fund the cash consideration of a takeover offer, provided that the takeover offer discloses the terms of the issue.

Where the Company seeks shareholder approval to issue securities above the 15% Limit, NSX will expect disclosure from the Company to shareholders on:

(A) the names of persons who will receive the securities or the basis on which those persons will be selected;

(B) the number and class of securities the company will issue;

(C) a summary of the material terms of the securities;

(D) the date on which the company will issue the securities;

(E) the price or consideration the company will receive for the securities;

(F) the purpose of the issue, including the intended use of any funds raised by the issue; and

(G) if the securities are being issued under an agreement, a summary of the material terms of the agreement.

6 SETTLEMENT IN THE UK

6.1 CREST

(a) CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument.

(b) The Company has entered into depositary arrangements to enable investors to settle and pay for interests in Ordinary Shares through the CREST system. Pursuant to arrangements put in place by the Company, the Depositary will hold the Ordinary Shares on trust for the investors and will issue dematerialised Depositary Interests to CREST accounts representing the underlying Ordinary Shares.

6.2 Depositary Interest Arrangements

(a) The Depositary Interests are independent securities constituted under English law and are held on a register maintained by the Depositary. The Depositary Interests have the same ISIN number as the Ordinary Shares which they represent and do not require a separate listing on the Official List of the London Stock Exchange.

(b) The Depositary Interests were created pursuant to and issued on the terms of the Deed Poll. Prospective holders of Depositary Interests should note that they will have no rights in respect of the underlying Ordinary Shares, or the Depositary Interests representing them, against CREST or its subsidiaries. The Deed Poll also sets out the procedure for holders of Depositary Interests to vote at general meetings of the Company and to exercise their rights as Shareholders. Each Depositary Interest will be treated as one Share for the purposes of determining, for example, eligibility for any dividends.

(c) Ordinary Shares will be transferred to the Custodian and the Depositary will issue Depositary Interests to participating Shareholders and provide the necessary custodial services.

(d) In relation to those Ordinary Shares held by Shareholders in uncertificated form, although the Company's register shows the Custodian as the legal holder of the Ordinary Shares, the beneficial interest in the Ordinary Shares remains with the Depositary Interest Holder (the "**Shareholder**"), who has the benefit of all the rights attaching to the Ordinary Shares as if the Depositary Interest Holder were named on the certificated share register itself.

(e) Each Depositary Interest will be treated as one Share for the purposes of determining, for example, eligibility for any dividends. The Depositary Interests have the same ISIN number as the underlying Ordinary Shares. The Depositary Interests can then be traded and settlement will be within the CREST system in the same way as any other CREST securities.

7 DIRECTORSHIPS AND PARTNERSHIPS

7.1 The Directors and Senior Managers, their functions within the Group and brief biographies are set out in Part 8 "*Directors and Corporate Governance*" of this Document.

7.2 In addition to their directorships of the Group, the Directors and Senior Managers are, or have been, members of the administrative, management or supervisory bodies ("**directorships**") or partners of the following companies or partnerships, at any time in the five years prior to the date of this Document:

Name	**Position**	**Current directorships or partnerships**	**Past directorships or partnerships**
		DIRECTORS	
Oliver Hasler	Chairman, CEO	Phoenician Management Services Limited	—
Gary Artmont	Non-executive Director	Tempus Resources Limited	—
George Bakhos	Non-executive Director	Anjotan, Pty, Ltd.	—
Alvin Tan	Non-executive Director	ART Outsource Services Sdn Bhd	Advanced Share Registry Limited
		BKM Management Limited	
		Tan Swi Chay & Company Berhad	
		Foremost Dynamic Berhad	
		Yew Watt Hin Berhad	
		Tan Hin Chiang Holding Sdn Bhd	
		AT Growth Equities Sdn Bhd	
		TCT Investment Management Pte Ltd	
		TCT Investment Pte Ltd	
		APEZO Pty Ltd	
		Ostle Investments Pty Ltd	
		Scene Model Management Pty Ltd	
		Python Resources Pty Ltd	

Name	Position	Current directorships or partnerships	Past directorships or partnerships
SENIOR MANAGERS			
Choi Wan Tsang	Senior Financial Controller	—	—
Louisa Martino	Company Secretary	Oklo Resources Limited*	Skyland Petroleum Limited*
		Vital Metals Limited*	
		Jadar Resources Limited*	
		ORH Limited*	
		Australasian Resources Limited*	
		Jimbaran Investments Pty Ltd	
		Youens Family Office Pty Ltd	

7.3 As at the date of this Document none of the Directors or Senior Managers:

(a) have any convictions in relation to fraudulent offences for at least the previous five years;

(b) have been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of senior manager of any company for at least the previous five years; or

(c) have been subject to any official public incrimination and/or sanction of him by any statutory or regulatory authority (including any designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

7.4 No Director or senior manager has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Group and which were effected by any member of the Group in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.

7.5 Save as disclosed, there are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Director or Senior Manager was selected.

* Acting as company secretary

7.6 Save as disclosed, there are no restrictions agreed by any Director or Senior Manager on the disposal within a certain period of time of their holdings in the Company's securities.

7.7 Save as disclosed, there are no outstanding loans or guarantees provided by any member of the Group for the benefit of any of the Directors or senior managers nor are there any loans or any guarantees provided by any of the Directors or senior managers for any member of the Group.

7.8 There are no family relationships between any of the Directors or Senior Managers.

7.9 Save as set out below, there are no potential or actual conflicts of interest between any duties owed by the Directors or the Senior Managers to the Company and their private interests and/or other duties, save for their interest as holders of securities of the Company

7.10 Gary Artmont is a director of Tempus Resource Limited, an ASX listed mineral exploration company with projects in Canada and Ecuador and Alvin Tan is a director of Python Resources Pty Ltd, a newly formed private company with plans to acquire mineral projects (gold and quartz) in Australia and Central Vietnam. Louisa Martino also serves as Company Secretary for various resource companies involved in mineral exploration and/or development. It may occur from time to time that, as a consequence of this activity in the mineral industry and serving on such other boards, either of them may become aware of potential resource property opportunities which are of interest to more than one of the companies on whose boards they serve. Situations may therefore arise in the ordinary course which involve them in an actual or potential conflict of interest, such as the obligation of a director to make corporate opportunities available to the company whose board the director serves. In any such events, a director is required to disclose a financial interest in a contract or transaction by virtue of their office, employment or security holdings or other such interest in another company or in a property interest under consideration by the Board, and is obliged to abstain from voting as a director of the Company in respect of any transaction involving that other company or in respect of any property in which an interest is held by them. The Directors will use their best business judgement to help avoid situations where conflicts or corporate opportunity issues might arise and they must at all times fulfil their duties to act honestly and in the best interests of the Company as required by law.

8 DIRECTORS' AND OTHER INTERESTS

8.1 Save as disclosed in this paragraph 8.1, none of the Directors or Senior Managers nor any member of their immediate families has or will have on or following Admission any interests (beneficial or non-beneficial) in the Ordinary Shares of the Company:

Name of shareholder	No. of Ordinary Shares following Admission	Percentage of ordinary shares following Admission
Directors		
Oliver Hasler	7,786,111*	1.81%
Gary Artmont	—	—
George Bakhos	—	—
Alvin Tan	759,798**	0.18%
Senior Management		
Choi Wan Tsang	—	—
Louisa Martino	62,500	0.01%

8.2 Save as disclosed in paragraph 12, the Directors and their respective connected persons (within the meaning of section 252 of the Companies Act) do not hold any options or warrants or other rights over any unissued Ordinary Shares of the Company.

8.3 Save as disclosed in paragraph 8.1, immediately following Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

8.4 Save for the Directors and their connected persons (within the meaning of section 252 of the Companies Act), at the date of this Document, so far as the Directors are aware, no person is interested in more than 5% of the issued Ordinary Shares other than as set out below.

Shareholder	No. of Ordinary Shares	Percentage of issued ordinary share capital on Admission
Phoenix Fund Solutions	92,520,635	21.54
Takmur SPC Limited*	84,109,669	19.58
Tisma (HK) Limited	51,638,685	12.02
TGN Holdings (HK) Limited	51,638,685	12.02

* Takmur SPC Limited shares are held through Cedrus Investments Ltd

8.5 Save as disclosed in paragraph 8.4 above, as at the Last Practicable Date, the Company was not aware of any person or persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

8.6 Those interested, directly or indirectly, in 5% or more of the issued Ordinary Shares of the Company do not now, and, following Admission, will not, have different voting rights from other holders of Ordinary Shares.

9 DIRECTORS' LETTERS OF APPOINTMENT AND SERVICE AGREEMENTS

Chief Executive Officer

9.1 The Company has engaged Mr. Oliver Hasler as an executive Chairman and chief executive officer of the Company through a management and services agreement and an engagement letter.

9.2 On 1 May 2019, PT IM entered into a Management and Services Agreement ("**Management and Services Agreement**") with Phoenician Management Services Limited ("**PMS**") for the provision of management, technical, administrative, and advisory services in relation to the production of mineral sands. More specifically, the Management Services Agreement provides the terms of employment of Mr. Hasler in his provision of management services to PT IM.

9.3 Under the Management and Services Agreement, PMS is obliged to use all reasonable endeavours to promote and protect the interests of PT IM, use reasonable endeavours to ensure the management services are performed with reasonable skill and care, and procure that management employees will attend and act at any premises of PT IM. PT IM may terminate this agreement with PMS by notice with immediate effect if Phoenician becomes unable to pay its debts or if PMS becomes bankrupt, takes any corporate action or has any legal proceedings started or threatened against it for winding up, or re-organisation or the appointment of an administrator of all or any of its assets.

9.4 Under the Management and Services Agreement, Mr. Hasler is currently entitled to receive a base annual salary of US$650,000 for the performance of his duties.

9.5 On 21 November 2019, Mr. Hasler also agreed to the terms of an engagement letter from the Company which appointed Mr. Hasler as director and Chairman of the Company. The letter of appointment is in standard form and details his appointment, duties and terms and conditions of engagement.

9.6 The appointment will cease if Mr. Hasler:

(a) is terminated in accordance with the terms of his employment arrangements;

(b) resigns; or

(c) ends their term otherwise in accordance with the Constitution.

There are no significant termination payments that the Company may become liable for in the event of any termination.

Non-Executive Directors

9.7 Each of the non-executive Directors, being Mr. Alvin Tan, Mr. Bakhos Georges and Mr. Gary J Artmont has a letter of appointment with the Company signed 21 November 2019 confirming the terms of their appointment. The letters of appointment are each in standard form and detail each of the non-executive director's appointments, duties and remuneration entitlements.

9.8 Each of the non-executive directors are entitled to a base fee of AU$40,000 per annum. Fees may be adjusted at any time by the Board and are paid at the conclusion of each quarter in arrears. Directors are also entitled to be reimbursed reasonable expenses incurred in performing their duties, including the cost of attending Board meetings, travel, accommodation and entertainment where agreed to by the Board.

9.9 The appointment of the non-executive directors is subject to the provisions of the Constitution and will cease if the non-executive director:

(a) is not re-elected as a Director by the shareholders of the Company at any meeting;

(b) resigns; or

(c) ends their term otherwise in accordance with the Constitution.

Each non-Executive Director has also agreed to submit their resignation as a director if they become disqualified or prohibited by law from being or acting as a director or from being involved in the management of a company.

10 SUMMARY OF REMUNERATION AND BENEFITS

10.1 A summary of the amount of remuneration paid by the Group to the Directors and Senior Managers (including any contingent or deferred compensation) and benefits in kind for the financial year ended 31 December 2020 for their services, in all capabilities, to the Group is set out below:

	Stock Incentive Plan Compensation				
Name	**Basic Salary & Fees (US$)**	**Ordinary Shares (US$)**	**Options (US$)**	**Performance Rights (US$)**	**Total (US$)**
Directors					
Oliver Hasler	550,000	—	—	3,938,575	4,488,575
Gary Artmont	25,872	—	—	—	25,872
George Bakhos	25,872	—	—	—	25,872
Alvin Tan	25,872	—	—	—	25,872
Senior Management					
Choi Wan Tsang	124,360	—	—	—	124,360

10.2 Other than the benefits set out in paragraph 10.1 of this Part 13, neither the Directors nor the Senior Managers are entitled to any benefits upon termination of their service agreements or letters of appointment, as relevant.

10.3 The Group paid US$38,027 (AUS$55,000) to Indian Ocean Corporate Pty Ltd for the company secretarial services provided by Ms. Martino for the year ended 31 December 2020.

11 PENSION ARRANGEMENTS

The Group does not provide pension, retirement or similar benefits to the Directors or Senior Managers with the exception of standard statutory leave which personnel engaged under employment contracts are entitled to.

12 OPTION AND INCENTIVES

12.1 As at the Last Practicable Date, the following Options were outstanding:

Expiry date	Exercise price	Number of options
22 February 2023	$1.00	537,500
Total number of share options outstanding at the Last Practicable Date		537,500

12.2 **Performance Rights**

As at the Last Practicable Date, 14,771,331 Performance Rights are convertible into a maximum of 19,349,303 Ordinary Shares for no additional consideration and on the occurrence of certain specified performance conditions with various expiry dates being 30 June 2022, 31 December 2022, 30 June 2023, 30 June 2024 and 30 September 2024. These Performance Rights are held by Mr. Oliver Hasler (14,691,331) and Queenie Tsang (80,000).

12.3 **Stock Incentive Plan**

The Stock Incentive Plan intends to align employees' interest with those of the Company's Shareholders by making offers of Awards to reward and retain certain employees, consultants, and directors of the Company and to attract future talent.

(a) Offers to eligible participants

The Board may in its absolute discretion make a written offer to any Eligible Participant (including an eligible participant who has previously received an offer) to apply for Awards under the Stock Incentive Plan. The persons eligible to participate in the Stock Incentive Plan are:

(i) directors (whether executive or non-executive) of any Group Company;

(ii) full or part time employees of any Group Company;

(iii) casual employees or contractors of a Group Company to the extent permitted by ASIC Class Order 14/1000 (as amended or replaced); or

(iv) prospective participants, being persons to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a Participant.

The Board holds the absolute discretion to make an Award to any Eligible Participant. In exercising that discretion, the Board may have regard to factors including the length of service of the Eligible Participant, their contribution or potential contribution to the Company, and any other matter the Board considers relevant.

When making an offer in reliance on ASIC Class Order 14/1000 (as amended or replaced) ("**Class Order**"), the Company must have reasonable grounds to believe that the number of Shares to be received on exercising the Awards, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.

(b) Basis of Awards

Awards granted under the Stock Incentive Plan may be Options or Performance Rights. An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer of the Awards. Awards will not be quoted on the NSX except as provided for under the Stock Incentive Plan or unless the Offer of the Award provides otherwise.

Performance Rights granted under the Stock Incentive Plan will be issued for nil cash consideration.

Unless quoted on the NSX, Options issued under the Stock Incentive Plan will be issued for no more than nominal cash consideration. To the extent the NSX Listing Rules specify or require a minimum price, the exercise price in respect of an Option offered under an Offer of Awards must not be less than any minimum price specified in the NSX Listing Rules.

All grants of Awards will be compliant with all applicable legislation and NSX Listing Rules and conditional on all necessary approvals required under applicable legislation and the NSX Listing Rules.

(c) Vesting

An Award may be made subject to vesting conditions determined by the Board in its discretion. Such vesting conditions will be specified in the offer for the Awards. Awards will not vest and will not be exercisable unless the vesting conditions attaching to that Award have been satisfied and the Board has notified the Participant of that fact within ten (10) business days.

The Board may resolve to waive any vesting condition applying to the Awards due to special circumstances, a change of control occurring, or the winding up of the Company.

On exercising the Award, the Company will, within ten (10) business days, issue to the Participant the Shares credited as being fully paid in respect of which the Awards are exercised. Shares resulting from the exercise of the Awards shall rank on equal terms with all other Shares on issue, subject to any sale restrictions from the date of issue.

(d) ***Disposal restrictions on Shares***

Subject to the provisions of the constitution, there will be no transfer restrictions on Shares issued under the Stock Incentive Plan unless the sale, transfer or disposal by the Participant of the Shares (or any interest in them) would require the preparation of a disclosure document as required pursuant to the Corporations Act. If a disclosure document is required, the Participant and Company will enter into appropriate arrangements to prevent the sale, transfer or disposal of the relevant Shares in a manner that would require a disclosure document to be prepared.

(e) ***Dealing restrictions on Shares***

The Board may determine that a restriction period applies to some or all of the Shares issued to a Participant on exercise of those Awards. Any such restriction period may be up to a maximum of five (5) years from the date of grant of the Awards. Participants must not dispose of or otherwise deal with any Shares issued to them under the Stock Incentive Plan while they are restricted shares.

(f) ***Change of control***

If a company (**Acquiring Company**), obtains control of the Company as a result of a Change of Control, the Participant may be provided with shares of the relevant Acquiring Company, or its parent, in respect of any vested Awards in lieu of Shares on substantially the same terms and subject to substantially the same conditions as the Shares.

(g) ***Participation rights***

There are no participation rights or entitlements inherent in the Awards. Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards without exercising the Award.

An Award does not confer any rights to:

(i) any change in exercise price or in the number of underlying Shares over which the Award can be exercised; or

(ii) any change in the number of underlying Shares over which the Award can be exercised.

(h) ***Lapse of Awards***

An Award will lapse on the earlier to occur of:

(i) an unauthorised dealing in, or heading of, the Award;

(ii) a Vesting Condition in relation to the Award not being satisfied by the due date or becoming incapable of satisfaction;

(iii) in respect of an unvested Award, where the relevant person ceases to be an Eligible Participant;

(iv) in respect of a vested Award, the relevant person ceases to be an Eligible Participant and, where required by the Board, the vested Performance Right is not exercised within a one (1) month period (or such other period as the Board determines) as notified by the Board to the Participant;

(v) the Board deems than an award lapses due to fraud, dishonesty or other improper behaviour of the relevant person;

(vi) the Company undergoes a change of control or winding up resolution or order is made, and the Award does not vest; and

(vii) the expiry date of the Award.

(i) Reorganization

In the event the issued capital of the Company is reorganized (including consolidation, subdivision, reduction or return) all rights of a Participant will be changed in a manner consistent with the Corporations Act and the NSX Listing Rules at the time of the reorganization. Where the exercise price of an Option or number of Shares to be issued on exercise of an Award is adjusted pursuant to the Stock Incentive Plan Rules, the Company will give notice of the adjustment to the Participant and NSX together with calculations on which the adjustment is based.

(j) Non-residents of Australia

The Board may adopt additional rules for the Stock Incentive Plan applicable in any jurisdiction outside Australia. Rights offered under the Stock Incentive Plan may be subject to additional or modified terms, having regard to any securities laws or regulations or similar factors which may apply to the Participant in relation to the rights.

When an Award is granted to a person not a resident of Australia the provisions of the Stock Incentive Plan apply subject to such alterations or additions as the Board determines having regard to any securities laws or similar which may apply.

(k) Amendment

The Board may amend or add to all or any of the provisions of the Stock Incentive Plan, an Offer or the terms or conditions of any Award granted under the Stock Incentive Plan. Any amendment may be given retrospective effect.

No adjustment or variation of the terms of an Award will be made without the consent of the Participant who holds the Award if such adjustment or variation would have a materially prejudicial effect on the Participant, unless the adjustment or variation was introduced primarily:

(i) for the purpose of complying with or conforming to legislation;

(ii) to correct any manifest error or mistake;

(iii) to enable a member of the Group to comply with the Corporations Act, the NSX Listing Rules, applicable foreign law, or a requirement policy or practice of ASIC or other regulatory body; or

(iv) to take into consideration possible adverse taxation implications of the Stock Incentive Plan.

13 THE COMPANY AND ITS SUBSIDIARIES

13.1 The Company is the holding company of the Group and has the following principal subsidiaries:

Name	**Country of registration or incorporation**	**Principal activity**	**Percentage of issued share capital held by the Company and voting power**
Takmur Pte Ltd	Singapore	Group holding company	100%
PT Andary Usaha Makmur	Indonesia	Mineral exploration	99%
Tisma Development (HK) Ltd	Hong Kong	Group holding company	100%
PT Tisma Investasi Abadi	Indonesia	Mineral exploration	99%

Please also see the Group structure chart in Part 6 "The Business" of this Document which includes PT Tisma Golbal Nusantra and PT Investasi Mandiri which are each controlled pursuant to their respective Exclusive Operation and Management Agreement.

14 WORKING CAPITAL

The Company is of the opinion, that the working capital available to the Group is sufficient for the Group's present requirements, that is for at least the 12 months from the date of this Document.

15 SIGNIFICANT CHANGE

There has been no significant change in the financial position or financial performance of the Group since 30 June 2021, being the end of the last financial period of the Group for which historical information has been published.

16 LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which the Company is aware) which may have, or have had during the 12 months prior to the date of this Document, a significant effect on the Company and/or the Group's financial position or profitability.

17 TAKEOVER CODE

17.1 Legislation

(a) Takeovers in Australia are regulated by a combination of legislation and regulatory policy. The Company is subject but not limited to the following regulatory framework:

(i) Part 5.1 and Chapter 6 of the Corporations Act 2001 (Cth) ("**Corporations Act**");

(ii) ASIC Regulatory Guide (RG) 5, 6 and 9;

(iii) Foreign Acquisitions and Takeovers Act 1975 (Cth) ("**FATA**"); and

(iv) the NSX Listing Rules.

(b) The Australian Securities and Investments Commission ("**ASIC**") is a statutory body that regulates Australia's corporate, markets and financial services. ASIC administers the Corporations Act and regulations made under it and is the regulatory body responsible for supervising trading on Australian licensed financial markets. The Australian Takeovers Panel is another statutory body which regulates transactions affecting the control of Australian public companies. It is concerned with ensuring that the aims of Chapter 6 of the Corporations Act are met.

(c) Broadly speaking, the takeover rules set out in the United Kingdom ("**UK**") City Code on Takeovers and Mergers ("**City Code**") have a statutory basis, under sections 942 to 965 of the Companies Act 2006, in the UK, the Isle of Man, Jersey and Guernsey. The City Code applies to all offers for companies which have their registered offices in the UK, the Channel Islands or the Isle of Man if any of their securities are admitted to trading on a UK regulated market or a UK multilateral trading facility.

(d) Subject to section 3 of the City Code, transactions involving the Shares are not bound by the City Code if a takeover or Admission were to occur. On Admission, the Company would be subject to provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules ("**DTR**").

17.2 Takeover Principles under Australian law

(a) In Australia, Chapter 6 of the Corporations Act regulates the acquisition and control of listed Australian companies, managed investment schemes and unlisted Australian companies with more than 50 members. Given the Company is a listed public company, the scope of these regimes will focus on the rules attached to such structures.

(b) Subject to certain exceptions, the Corporations Act adopts several basic concepts that apply to the three main principles underpinning Australian takeover laws, being:

(i) the 20% rule;

(ii) voting power; and

(iii) relevant interest.

17.3 **20% Rule**

Section 606 of the Corporations Act prohibits the acquisition of a relevant interest in voting shares if, because of that transaction, a person's voting power in the company:

(a) increases from under 20% to over 20%; or

(b) increases from a starting point that is above 20% and below 90%,

unless the acquisition occurs via a specified exception discussed further below ("**20% Rule**").

(c) However, it is not mandatory for a person who exceeds these thresholds to make a takeover bid for all the Shares.

17.4 **Voting Power**

(a) In accordance with section 610 of the Corporations Act, a person's voting power includes the total number of votes attached to all of the voting shares in the company in which that person or an associate has a relevant interest.

(b) The concept of 'associates' endeavours to identify all persons who should be grouped together in determining which persons have interests which are aligned and which shares should be treated as a forming a single block. Generally, the following entities will be 'associates' of a body corporate:

(i) a person with whom the other person is acting, or proposing to act in concert in relation to the company's affairs;

(ii) persons with whom they have entered or propose to enter into an agreement for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; and

(iii) companies that the person controls or that control the person.

(c) A person's voting power for these purposes is equal to the aggregate relevant interest of the person and their associates in the voting shares of the relevant company. In relation to the Company, the Shares are the only class of voting shares in the Company.

17.5 **Relevant Interest**

(a) In accordance with section 608 and 609 of the Corporations Act, a person will have a relevant interest in voting securities if they have some form of direct or indirect control over voting or disposing of those securities, including if they:

(i) own the securities;

(ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(iii) have the power to dispose of or control the exercise of a power to dispose of, the securities.

(b) A person also has a relevant interest in any share held by a body corporate or managed investment scheme they control or in which they have voting power above 20%. These concepts are broad. For example, a person can have a relevant interest and voting power in a share as a result of an agreement to purchase the share (even a conditional agreement) or a call option to acquire the share.

(c) To establish this type of association, there must at least be an understanding between the persons as to their common purpose or object. It is not essential that the parties are committed to the plan or be bound to support it.

(d) Notwithstanding the above, there are certain exemptions which permit parties to enter into certain discussions and agree a course of action without creating an 'association' or obtaining illegal control over each other's shares

17.6 **Exceptions**

There are several exceptions set out in section 611 of the Corporations Act which allow acquisitions which would otherwise be prohibited by the 20% Rule from taking place. The most important takeover exceptions are:

(a) **An off-market takeover bid**: this is an offer made to every securityholder for all, or a proportionate part, of their holdings. The offer can be for cash, securities (sometimes referred to as "scrip") or a mixture of both. Offer conditions are allowed provided they are not in the control of the bidder.

(b) **An on-market takeover bid**: this is an offer in which a bidder instructs a stockbroker to stand in the market and to purchase all securities tendered through the market at a particular price. Such offers are by their nature unconditional and must be for cash.

(c) **A court approved scheme of arrangement**: this involves an arrangement between a company and its members and/or creditors. The arrangement often involves the cancellation or transfer of the target shareholders' shares in return for the issue of securities or cash by the bidder. This type of acquisition is highly regulated as it involves two court hearings and ASIC's vetting of the information memorandum sent to shareholders.

(d) **A securityholder-approved transaction**: this type of arrangement is approved by the target in general meeting. The approval required is that of 50.1% of the votes cast on the resolution (the vendor, the purchaser and their associates may not vote).

(e) **A 3% creep rule**: under this provision a securityholder may increase its voting power by up to 3% in every six months (provided that the acquirer has had voting power of at least 19% in the company at all times during the six-months prior to the acquisition).

(f) **A selective reduction of capital**: this is where a target company cancels shares other than those held by the bidder. The target typically drives this process. There is a degree of risk with this approach.

17.7 **Compulsory Acquisition (Minority Squeeze-Out)**

An on-market or off-market bid will rarely be accepted by 100% of the target securityholders. A bidder who wants to achieve 100% ownership of the target entity has four options:

(a) compulsory acquisition of outstanding securities following an on-market or off-market takeover bid. In order to do this:

(i) the bidder and its associates must have a relevant interest in at least 90% of those securities; and

(ii) the bidder must have acquired at least 75%, by number, of the outstanding securities bid for under the bid;

(b) compulsory acquisition independent of a bid, at a fair cash value determined by an independent expert. The person making the acquisition must have a full beneficial interest in at least 90% of a class of securities in a company to compulsorily acquire the remaining securities in that class;

(c) a scheme of arrangement; or

(d) a reduction of capital.

17.8 **Takeover Bid**

(a) A takeover bid involves the making of individual offers to purchase target securities at a specified bid price. There are two types of takeover bids: an off-market bid and a market bid.

(b) Generally, takeover bids are subject to the following key rules:

(i) all offers must be the same;

(ii) the minimum bid price rule requires a bidder to offer consideration at least equal to the maximum consideration that the bidder or associate provided for a bid class security during the fourth months before the date of the bid (pre-bid purchase);

(iii) the offer period to be no less than one month and no more than 12 months;

(iv) offers under an off-market bid must not be subject to a maximum acceptance conditions being a condition that allows a bidder to generally avoid its obligations under the offer or reduce the maximum consideration payable under the bid, if acceptances exceed a certain level;

(v) discriminatory conditions are not allowed for off-market bids, being conditions that allow a bidder to acquire securities from some but not all people who accept the offer;

(vi) the bidder must issue a "bidder's statement" containing the offer terms and other information; and

(vii) the target must issue a "target's statement" containing the target board's recommendation.

(c) The bidder may offer any form of consideration under an off-market bid including a cash sum, securities (including shares, debentures, interests in a managed investment scheme or options) or a combination of cash and securities. The value of consideration offered to the target's securityholders will depend on a number of factors including (without limitation), market capitalisation, asset valuation, control premium and market perception.

(d) The bidder must pay the consideration to shareholders within one month after the offer is accepted or becomes unconditional, whichever occurs later, but in any event no later than 21 days after the end of the offer or bid period.

17.9 **Scheme of Arrangement**

(a) In general terms, a scheme of arrangement is a shareholder and court-approved statutory arrangement between a company and its shareholders that becomes binding on all shareholders by operation of Part 5.1 of the Corporations Act. The scheme structure can be used to reconstruct a company's share capital, assets or liabilities and can be used to effect a takeover of the company by a third party. The structure can also be used to effect a compromise between a company and its creditors (which includes option holders).

(b) Schemes are becoming increasingly popular in agreed mergers and acquisitions. They are not usually conducted in hostile circumstances in Australia due to the requirement to obtain the co-operation of the scheme company's board in preparing the scheme documentation and in supporting the two court hearings and the voting at the scheme meeting(s).

17.10 **Cancellation or Transfer Schemes**

Typically all shares in the 'target' company, other than those held by the bidder, will be cancelled (pursuant to a separate reduction of capital) or transferred to the bidder in return for an allotment of shares by the bidder or the payment of cash, or a combination of cash and scrip. The cash may be ultimately sourced from the target or the bidder. In a cancellation scheme, depending on the need to restore capital in the target, new shares or subordinated debt will be issued to the bidder out of the reserve arising on cancellation.

17.11 **Meetings Convened by Court**

(a) The first formal step in a scheme of arrangement is an application to the Court to convene meetings of members or creditors for the purpose of considering the proposal. The Court must also approve the explanatory statement sent to members/creditors with the notice of meeting.

(b) 14 days' notice of the proposal must be given to ASIC; the Court must be satisfied that ASIC has been given a reasonable opportunity to examine the proposal and the draft explanatory memorandum, and to make submissions to the Court.

17.12 **Majority Required**

(a) Unlike a takeover bid, a scheme of arrangement is a legal process involving the target company and its shareholders consenting to a proposal that will bind all shareholders. For the scheme to be binding on the company and its members/creditors it must be approved at the relevant court-ordered meeting of members/creditors (or class of members/creditors) by a "special majority". That 'special majority' is:

(i) a 50% majority in number of members/creditors of the company present and voting in person or by proxy at the meetings; and

(ii) in the case of a members' meeting, 75% of the votes cast at the meeting;

(iii) in the case of a creditors' meeting, 75% of the total value of the debts/claims of the creditors of the company present and voting in person or by proxy at the meeting.

(b) While not required by law, it is universal practice for a bidder and target to enter into an implementation agreement in respect of a scheme. This is because the proposal and implementation of a scheme requires a joint bidder-target effort. In contrast, a takeover bid involves the bidder and target undertaking discrete roles with specific areas of responsibility.

(c) The scheme of arrangement must also be approved by an Australian court, having regard to whether the majority approvals for shareholders have been achieved. The advantage of a scheme of arrangement compared to a takeover bid is that a change of control of the company can be effected by achieving the above majority approvals, which does not require the unanimous agreement of all shareholders.

17.13 **Second Court Meeting**

(a) After the scheme meetings have been held and the requisite approvals obtained, the scheme company returns to the Court to obtain its confirmation. The Court will be concerned to establish whether what the scheme proposes is something which might reasonably be supposed to be for the financial benefit of the classes of the persons concerned (although it will be substantially influenced by the approvals obtained at the scheme meetings), and to ensure that what is proposed is not unlawful or an attempt to evade other provisions of the Corporations Act.

(b) Shareholders of the target company may appear at the second hearing and petition the Australian Court to not approve the proposed scheme of arrangement if they believe prejudices their interests or that it has not met legal requirements.

(c) ASIC will ordinarily not appear at the second hearing if there are no objections to the scheme. However, if they consider that further matters have arisen that should be raised in court ASIC will be present for the second hearing.

(d) The bidder's role in a scheme of arrangement is generally confined to:

(i) making the proposal to acquire all the shares in the target company by scheme of arrangement;

(ii) negotiating and entering into a scheme implementation agreement setting out the obligations of the target and bidder to co-operate to give effect to implementation of the scheme of arrangement; and

(iii) providing input into the target company's explanatory statement to shareholders which explains why the target company is proposing the scheme of arrangement.

17.14 **Outcomes**

(a) Once the scheme of arrangement is approved by the Australian Court, it becomes legally binding on all shareholders of the target company, including those who voted against the scheme or omitted to vote as soon as the Court's order is lodged with ASIC. Following which, the scheme will be implemented according to its terms.

(b) The use of a scheme may offer more flexibility in terms of structuring the takeover transaction. It may also give greater flexibility in terms of what might be agreed between the parties to the merger implementation agreement.

(c) While a scheme of arrangement in the takeover context typically involves the target entering into an arrangement with its shareholders under which each shareholder's shares are transferred to the bidder or cancelled in return for cash or the issue of shares in the bidder, the concept of a scheme of arrangement is potentially much wider than this.

(d) One of the principal advantages of a scheme of arrangement over a takeover bid is the all-or-nothing outcome of a scheme. Once the Court has approved the scheme, the bidder acquires 100% of the company.

17.15 **FATA**

(a) Australia has a foreign investment approval regime that regulates acquisitions by foreign persons of equity securities in Australian companies and unit trusts, and of Australian businesses and Australian real property assets. The regime is set out in the Foreign Acquisitions and Takeovers Act 1975 (Cth) ("**FATA**") and accompanying regulations.

(b) A transaction that is subject to the mandatory approval requirements in the foreign investment approval regime should not be implemented unless the Australian Treasurer has 'approved' the transaction via the issuance of a no-objection notice. Therefore, a transaction that needs approval should be conditional upon the receipt of that approval. Notifications are made through the Foreign Investment Review Board ("**FIRB**").

(c) A foreign person is generally:

   (i) an individual that is not ordinarily resident in Australia;

   (ii) a foreign government or foreign government investor;

   (iii) a corporation, trustee of a trust or general partner of a limited partnership where an individual not ordinarily resident in Australia, foreign corporation or foreign government holds an equity interest of at least 20%; or

   (iv) a corporation, trustee of a trust or general partner of a limited partnership in which two or more persons, each of which is an individual not ordinarily resident in Australia, a foreign corporation or a foreign government, hold an aggregate equity interest of at least 40%.

(d) From 1 January 2021, a person will no longer be considered by FIRB to control an entity if the person is one of two or more persons holding an aggregate substantial interest in the entity.

17.16 Treasurer Powers

(a) Whether prior notification of an investment by a foreign person is required is determined by reference to the type of investor, the type of investment, the nature of the underlying investment and the value of the proposed investment.

(b) The thresholds depend on the type of investor and the action proposed to be taken by that investor. Generally, foreign persons other than foreign government investors not from a certain FTA partner have monetary threshold of $281 million. The United Kingdom is not considered an FTA partner.

(c) Once a FIRB application has been lodged (and FIRB confirms that the relevant application fee has been paid) there is a statutory time period for the Treasurer to make a decision and, if no decision is made, then no further orders can be made (that is, the Treasurer cannot prohibit or unwind a transaction if a decision is not made in time). The need for FIRB approval may involve some delay. The general rule is that the Treasurer has 30 calendar days to make a decision and a further ten days to notify the applicant.

(d) The Treasurer can extend the 30 day decision making period to 120 days. Alternatively, FIRB and the Treasurer may request the applicant to withdraw its formal application (pending consideration of the proposal) and then re-lodge it, thereby restarting the 30 day time clock.

(e) FIRB usually consults with other interested government departments including the anti-trust regulator to ascertain their views to the acquisition. The approval process in this case is, at the minimum, likely to take the whole of the 30 day period, and a final decision will not be made until after the proposed transaction has been publicly announced.

(f) In addition, the Company has reporting and consultation requirements with the NSX pursuant to Listing Rules 6.13 and 6.23.

17.17 Notifications of Shareholdings

(a) United Kingdom

(i) The provisions of DTR 5 will apply to the Company and its Shareholders once its shares are admitted to the Official List. DTR 5 sets out the notification requirements for Shareholders and the Company where the voting rights of a Shareholder exceed, reach or fall below the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.

(ii) DTR 5 provides that disclosure by a Shareholder to the Company must be made within four trading days of the event giving rise to the notification requirement and the Company must release details to a regulatory information service as soon as possible following receipt of a notification and by no later than the end of the trading day following such receipt.

(b) Australia

(i) Under section 671B of the Corporations Act, a person must give certain information about their relevant interests, and the interests of any associates, in voting shares in a listed company or body, or voting interests in a listed registered managed investment scheme, to the entity and to each relevant market operator.

(ii) Whilst the Company remains listed on NSX, the Corporations Act requires Shareholders to notify the Company and NSX if they acquire voting power in 5% or more of the issued share capital of the Company, of any changes of 1% or more in their holding while they have a voting power of 5% or more, and if they cease to have voting power of 5% or more. See NSX Listing Rule 6.23.

(iii) Chapter 6C of the Corporations Act sets out disclosure requirements for persons who have or cease to have a substantial holding in a listed company or the responsible entity for a listed registered managed investment scheme.

18 MATERIAL CONTRACTS

In addition to the Mining Licences set out in Part 6 *"The Business"* the following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by members of the Group in the two years immediately preceding the date of this Document or which are expected to be entered into prior to Admission and which:

(a) are, or may be, material to the Company; or

(b) contain obligations or entitlements which are, or may be, material to the Company as at the date of this Document:

18.1 Deed Poll

The Deed Poll executed by the Depositary prior to Admission contains the following provisions:

(a) The Depositary will hold (itself or through the Custodian), as bare trustee, the underlying Ordinary Shares and all and any rights and other securities, property and cash attributable to the underlying Ordinary Shares pertaining to the Depositary Interests for the benefit of the holders of the relevant Depositary Interests as tenants in common. The Depositary will re-allocate securities or Depositary Interests distributions allocated to the Depositary or Custodian pro rata to the Ordinary Shares held for the respective accounts of the holders of Depositary Interests, but will not be required to account for fractional entitlements arising from such re-allocation.

(b) Holders of Depositary Interests agree to give such warranties and certifications to the Depositary as the Depositary may reasonably require. In particular, holders of Depositary Interests warrant, inter alia, that the securities in the Company transferred or issued to the Depositary or Custodian on behalf of the Depositary for the account of the Depositary Interest holder are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's constitutional documents or any contractual obligation, or applicable law or regulation binding or affecting such holder, and holders of Depositary Interests agree to indemnify the Depositary against any liability incurred as a result of any breach of such warranty.

(c) The Depositary and any Custodian shall pass on to the Depositary Interest holders and, so far as they are reasonably able, exercise on behalf of the Depositary Interest holders all rights and entitlements received or to which they are entitled in respect of the underlying Ordinary Shares which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information to make choices and elections and to call for, attend and vote at general meetings shall, subject to the Deed Poll, be passed on in the form in which they are received, together with amendments and additional documentation necessary to effect such passing-on, or, as the case may be, exercised in accordance with the Deed Poll. If arrangements are made which allow a holder to take up rights in the Company's securities requiring further payment, the holder must put the Depositary in cleared funds before the relevant payment date or other date notified by the Depositary if it wishes the Depositary to exercise such rights.

(d) The Depositary will be entitled to cancel Depositary Interests and treat the holders thereof as having requested a withdrawal of the underlying securities in certain circumstances, including where a Depositary Interest holder fails to furnish to the Depositary with such certificates or representations as to material matters of fact, including his identity, as the Depositary deems appropriate.

(e) The Depositary warrants that it is an authorised person under the FSMA and is duly authorised to carry out custodian and other activities under the Deed Poll. It also undertakes to maintain that status and authorisation.

(f) The Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not be liable to any Depositary Interest holder or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or fraud or that of any person for whom it is vicariously liable, provided that the Depositary shall not be liable for the negligence, wilful default or fraud of any Custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian or agent. Except in the case of personal injury or death, any liability incurred by the Depositary to a holder under the Deed Poll is limited to the lesser of:

    (i) the value of the Ordinary Shares that would have been properly attributable to the Depositary Interests to which the liability relates; and

    (ii) that proportion of £5 million which corresponds to the portion which the amount the Depositary would otherwise be liable to pay to the holder bears to the aggregate of the amounts the Depositary would otherwise be liable to pay to all such holders in respect of the same act, omission or event which gave rise to such liability or, if there are no such amounts, £5 million.

(g) The Depositary is entitled to charge holders of Depositary Interests fees and expenses for the provision of its services under the Deed Poll.

(h) Each holder of Depositary Interests is liable to indemnify the Depositary and any Custodian (and their agents, officers and employees), and hold each of them harmless, from and against all liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the property held for the account of that holder, other than those caused by or resulting from the wilful default, negligence or fraud of: (i) the Depositary; or (ii) the Custodian or any agent if such Custodian or agent is a member of the Depositary's group or if, not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use of such Custodian or agent.

(i) The Depositary is entitled to make deductions from the deposited property or any income or capital arising therefrom, or to sell such deposited property and make deductions from the sale proceeds thereof, in order to discharge the indemnification obligations of Depositary Interest holders.

(j) The Depositary may terminate the Deed Poll by giving not less than 30 days' notice. During such notice period, Depositary Interest holders may cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination, the Depositary shall, as soon as reasonably practicable and amongst other things: (i) deliver the deposited property in respect of the Depositary Interests to the relevant Depositary Interest holder; or at the Depositary's discretion; (ii) sell all or part of such deposited property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll, pro rata to the Depositary Interest holders in respect of their Depositary Interests.

(k) The Depositary or the Company may require from any holder: (i) information as to the capacity in which Depositary Interests are owned or held by such holders and the identity of any other person with any interest of any kind in such Depositary Interests or the underlying Ordinary Shares and the nature of such interests; (ii) evidence or declaration of nationality or residence of the legal or beneficial owner(s) of Depositary Interests and such information as is required to transfer the relevant Depositary Interests or Ordinary Shares to the holder; and (iii) such information as is necessary or desirable for the purposes of the Deed Poll or CREST system, and holders are bound to provide such information requested. The holders of Depositary Interests consent to the disclosure of such information by the Depositary, Custodian or Company to the extent necessary or desirable to comply with their respective legal or regulatory obligations.

(l) Furthermore, to the extent that the Company's Constitution, applicable laws or regulations or any court or legal or regulatory authority may require or the Company deems it necessary or desirable in connection therewith (including in response to requests for information), the disclosure to the Company of, or limitations in relation to, beneficial or other ownership of, or interests of any kind whatsoever in the Company's securities, the Depositary Interest holders are to comply with such provisions and with the Company's instructions with respect thereto, and consent to the disclosure of such information for such purposes.

(m) It should also be noted that holders of Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of Ordinary Shares, including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of Depositary Interests to give prompt instructions to the Registrar or its nominated Custodian, in accordance with any voting arrangements made available to them, to vote the underlying Ordinary Shares on their behalf or, to the extent possible, to take advantage of any arrangements enabling holders of Depositary Interests to vote such Ordinary Shares as a proxy of the Registrar or its nominated Custodian.

18.2 **Depositary Agreement**

The Depositary Agreement entered into between the Company and the Depositary prior to Admission contains the following provisions:

(a) Under the Depositary Agreement, the Company appoints the Depositary to constitute and issue from time to time, upon the terms of the Deed Poll, a series of Depositary Interests representing Ordinary Shares and to provide certain other services (including depositary services, custody services and dividend services) in connection with such Depositary Interests.

(b) The Depositary agrees that it will comply with the terms of the Deed Poll and that it will perform its obligations with reasonable skill and care. The Depositary assumes certain specific obligations, including, for example, to arrange for the Depositary Interests to be admitted to CREST as participating securities and provide copies of, and access to, the register of Depositary Interests.

(c) The Company acknowledges that it shall be its responsibility and undertakes to advise the Depositary promptly of any securities laws or other applicable laws, rules or regulations in Australia with which the Depositary must comply in providing the services.

(d) The Company agrees to provide such assistance and information and to the Depositary as is reasonably requested by the Depositary for the purposes of performing its duties, responsibilities and obligations under the Depositary Agreement.

(e) The Depositary is to indemnify the Company and its officers and employees from and against any loss (excluding indirect, consequential or special loss) which any of them may incur in any way as a result of or in connection with the fraud, negligence or wilful default of the Depositary (or its officers, employees, agents or sub-contractors).

(f) Subject to earlier termination, the appointment of the Depositary shall continue for a fixed period of one year and thereafter until terminated in accordance with the terms of the Depositary Agreement. Should the Depositary Agreement be terminated for any reason, other than arising from the Depositary's fraud, negligence, wilful default or material breach of a term of the Depositary Agreement, the Company shall within 30 days of termination pay to the Depositary the Depositary's reasonable costs and expenses of transferring the Depositary Interest register to its new registrar. Either party may terminate the Depositary Agreement by giving not less than 6 months' notice in writing. Either party may terminate the Depositary Agreement with immediate effect by notice in writing if the other party: (i) shall be in persistent or material breach of any term (of the Depositary Agreement) and such breach is not remedied within 21 days of notice of such breach and a request for such remedy; (ii) goes into insolvency or liquidation (not being a members' voluntary winding up) or administration or a receiver is appointed over any part of its undertaking or assets, subject to certain provisos; or (iii) shall cease to have the appropriate authorisations which permit it lawfully to perform its obligations under the Depositary Agreement.

(g) The Depositary will be entitled to employ agents for the purposes of carrying out certain of its obligations under the Depositary Agreement which the Depositary reasonably considers to be of a specialist nature.

(h) The Company is to pay to the Depositary an annual fee for the services. The Company shall pay a fixed fee for the deposit, cancellation and transfer of the Depositary Interests and the compilation of the initial Depositary Interests register. The Company shall in addition reimburse the Depositary within 30 days of the Depositary's invoice for all network charges, CREST charges, money transmission and banking charges and other out-of-pocket expenses incurred by it in connection with the provision of the services under the Depositary Agreement.

(i) The Company will indemnify the Depositary from and against all loss suffered by the Depositary as a result of or in connection with the performance of its obligations under the Depositary Agreement.

(j) The aggregate liability of the Depositary to the Company over any 12-month period under the Depositary Agreement will not exceed twice the amount of the Fees (as defined in the Depositary Agreement) payable in any 12-month period in respect of a single claim or in the aggregate.

18.3 **Divestment Agreement**

(a) The Company (then known as South Pacific Resources Limited) previously entered into an agreement for the sale of shares with Ana and Bella Pty Ltd on 31 January 2020 ("**Divestment Agreement**"). Under the terms of the Divestment Agreement, the Company agreed to dispose of its interest in:

(i) Indo Pacific Energy Pty Ltd (Australia);

(ii) Pacific Shale Gas Ltd (Papua New Guinea); and

(iii) South Pacific Resources Ltd (Papua New Guinea),

(collectively, the "**Companies**").

(b) Ana and Bella Pty Ltd agreed to purchase the Company's interest in the Companies for $1,000.00 cash consideration. The Divestment Agreement was subject to certain conditions precedent, being shareholders passing a resolution at a general meeting for the Company to approve disposing of its interest in the Companies, and the Company paying outstanding Papua New Guinea ("**PNG**") tax, PNG legal and PNG audit fees.

(c) There are no continuing obligations of the parties to the Divestment Agreement.

(d) The Divestment Agreement is governed by the laws of New South Wales, Australia.

18.4 **Tisma Share Exchange Agreement**

(a) The Company entered into a formal share exchange agreement with Tisma (HK) Limited, TGN Holdings (HK) Limited, Jura Ventures Limited, Zurich Capital Partners Limited and Edelweiss Partners Limited ("**Vendors**") dated 13 January 2021 ("**Tisma Share Exchange Agreement**") whereby the Vendors agreed to sell to the Company all the issued shares in Tisma Development (HK) Limited ("**Tisma**") for the consideration being, the issue of 147,277,370 shares ("**Tisma Acquisition Shares**") in the Company.

(b) The Company purchased 1,000,000 shares of HK$0.00001 each in Tisma and the issue and allotment of the Tisma Acquisition Shares to each Vendor are allocated as follows:

Vendor	**Number of Tisma Acquisition Shares issued**	**Subsequent percentage shareholding in the Purchaser**
Tisma (HK) Ltd	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	**147,277,370**	**35.5%**

(c) As a result of the acquisition, the Company holds 100% of the shares in Tisma and the Vendors, at the time of the acquisition held 35.5% of the Company and are subject to escrow restrictions pursuant to the NSX Listing Rules.

(d) The completion of the Tisma Share Exchange Agreement was conditional upon appropriate due diligence by the Company in respect of Tisma, all corporate approvals and third-party consents being received, approval from the NSX and execution and delivery of all relevant share transfers ("**Conditions Precedent**").

(e) The Tisma Share Exchange Agreement contains customary undertakings, representations and warranties from the Vendors together with provisions that terminate the agreement if any of the Conditions Precedent are not satisfied unless the relevant party waives the condition or by mutual agreement by the parties to have effect on 30 June 2021 at 6:00pm or such late time and date agreed in writing by both parties.

(f) The Tisma Share Exchange Agreement and acquisition of Tisma completed on 15 February 2021. The Tisma Share Exchange Agreement remains in full force after completion.

(g) The Tisma Share Exchange Agreement is governed by the laws of New South Wales, Australia.

18.5 **Exclusive Operation and Management Agreement between PT TIA and PT TGN**

(a) On 15 January 2019, PT TIA, PT TGN and PT TGN's existing shareholders entered into an exclusive operation and management agreement ("**Tisma Operation and Management Agreement**").

(b) The operation and management agreement will continue unless all parties agree to mutually terminate the agreement or if PT TIA unilaterally terminates the agreement in the event that PT TGN is guilty of any serious negligence, omission or default in the discharge of its duties and fails promptly to comply with a notice served upon it calling for rectification thereof; or, bankruptcy. PT TGN is unable to terminate the Tisma Operation and Management Agreement unilaterally under the terms of the Tisma Operation and Management Agreement.

(c) Under the terms of the Tisma Operation and Management Agreement:

  (i) PT TGN must appoint PT TIA as the exclusive operator and management services provider for PT TGN; and

  (ii) PT TIA has agreed to invest in PT TGN 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.

(d) The services that will be provided by PT TIA include, but are not limited to, providing advice which may be required by PT TGN 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.

(e) In the event of non-compliance by PT TIA in relation to the investment commitment over the prescribed 10-year period, PT TGN would be entitled to seek legal remedy from PT TIA to enforce compliance, but non-compliance with the investment commitment will not entitle PT TGN to unilaterally terminate the Tisma Operation and Management Agreement. The Directors consider the risk of non-compliance being assessed by a court to be minimal.

(f) In consideration for PT TIA's services to PT TGN, PT TGN will pay service fees to PT TIA equal to 95% of its annual net profit per annum for the term of the Tisma Operation and Management Agreement.

(g) During the period of the Tisma Operation and Management Agreement, PT TGN and the existing shareholders of PT TGN warrant that, amongst other things:

  (i) the board of directors of PT TGN shall consist of three members, and two of them will be approved and appointed by PT TIA;

  (ii) PT TIA may request the existing shareholders replace the PT TGN directors with new candidates appointed by PT TIA during the period of the Tisma Operation and Management Agreement;

  (iii) any change in the formation of the board of directors shall be approved by PT TIA in advance; and

  (iv) each of the existing shareholders of PT TGN has pledged the shares they hold in PT TGN to PT TIA.

(h) The obligations of PT TGN and its shareholders under the Tisma Operation and Management Agreement will remain enforceable and survive any share restructuring, corporate reorganisation or change of control implemented by PT TGN.

(i) The Tisma Operation and Management Agreement is governed by the laws of Indonesia.

18.6 **Takmur Share Exchange Agreement**

(a) On 30 July 2019, the Company entered into a share exchange agreement with the Takmur Vendors ("**Takmur Share Exchange Agreement**"). Under the terms of the Takmur Share Exchange Agreement, the Takmur Vendors sold the entire issued share capital of Takmur in consideration for 210,274,171 shares in the Company at an issue price of AU$0.40 per share ("**Takmur Acquisition Shares**"). The total consideration value of the Takmur Share Exchange Agreement was approximately AU$84,109,668.

(b) The Takmur Acquisition Shares were issued to each of the Vendors free of any charges, liens, or any other encumbrances but could be subject to escrow restrictions.

(c) The Takmur Share Exchange Agreement included standard warranties, including that:

(i) the agreement and other documents referred to in it constitute valid, legal and binding obligations on the Takmur Vendors;

(ii) the 2,500 Takmur shares being purchased from the Takmur Vendors constitute the whole of the allotted and issued share capital of Takmur;

(iii) the 2,500 Takmur shares being purchased from the Takmur Vendors constitute the whole of the allotted and issued share capital of Takmur;

(iv) the Takmur Vendors are the legal and beneficial owners of the Takmur shares;

(v) Takmur is the registered owner of 99% of the share capital in PT AUM;

(vi) PT AUM is entitled to control 75% of the voting rights and to receive 95% of the economic benefits of PT IM;

(vii) PT IM is the sole legal owner and beneficiary of IUP 16/DPE/IX/2010; and

(viii) that Takmur's interests in PT AUM, PT IM and IUP 16/DPE/IX/2010 are in good standing.

(d) The Takmur Share Exchange Agreement is governed under the laws of New South Wales, Australia.

18.7 **Exclusive Operation and Management Agreement between PT AUM and PT IM**

(a) On 24 January 2019, PT AUM, PT IM and PT IM's existing shareholders entered into an exclusive operation and management agreement ("**Mandiri Operation and Management Agreement**"). The Mandiri Operation and Management Agreement commenced on 24 January 2019 and will continue unless all parties agree to mutually terminate the agreement or if PT AUM unilaterally terminates the agreement on in the event that PT IM is guilty of any serious negligence, omission or default in the discharge of its duties and fails promptly to comply with a notice served upon it calling for rectification thereof; or, bankruptcy. PT IM may not unilaterally terminate the agreement.

(b) Under the terms of the Mandiri Operation and Management Agreement:

   (i) PT IM must appoint PT AUM as the exclusive operation and management services provider for PT IM; and

   (ii) PT AUM will invest in PT IM up to US$15,000,000 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.

(c) The services that may be provided by PT AUM include, but are not limited to, providing advice which may be required by PT IM for the conduct of the business and international marketing of the business, and providing assistance that the general manager may require to recruit, employ, train and direct employees for the safe and proper conduct of the business.

(d) In return for PT AUM services to PT IM, PT IM will pay service fees to PT AUM equal to 95% of its annual net profit per annum for the term of the agreement.

(e) During the period of the agreement, PT IM and the existing shareholders of PT IM warrant that, amongst other things:

   (i) the board of directors of PT IM shall consist of three members, and two of them shall be approved by PT AUM;

   (ii) PT AUM may request the existing shareholders to replace the PT AUM directors with new candidates appointed by PT AUM during the period of the agreement;

   (iii) any change in the formation of the board of directors shall be approved by PT AUM in advance; and

   (iv) each of the existing shareholders of PT IM shall pledge the shares he holds in PT IM to PT AUM.

(f) The obligations of PT IM and its shareholders under the agreement will remain enforceable and survive any share restructuring, corporate reorganisation or change of control implemented by PT IM.

(g) The Mandiri Operation and Management Agreement is governed by the laws of Indonesia.

18.8 **Share Pledge Agreements between Shareholders of PT IM and PT AUM**

(a) Pursuant to the Mandiri Operation and Management Agreement, each of PT IM's three shareholders entered into separate share pledge agreements with PT AUM and PT IM ("**Share Pledge Agreements**").

(b) Under the Share Pledge Agreements each of the shareholders have pledged all of their shares in PT IM to PT AUM to secure the obligations, warrants and representations made by the shareholder under the Mandiri Operation and Management Agreement. The Share Pledge Agreements each continue in full force and effect until terminated be written mutual consent of the parties.

(c) Where the shareholder acquires any additional shares in PT IM, those share certificates will be delivered to PT AUM. Where there is an event of default under this agreement, PT AUM may take any action necessary to protect its rights.

(d) The Share Pledge Agreements are governed by the laws of Indonesia.

18.9 **Zircon Sands Offtake Agreement (Qingyuan Jinsheng ZR&TI Resources Co., Ltd.)**

(a) The Company and Qingyuan Jinsheng ZR&TI Resources Co. Ltd. ("**Qingyuan**") entered into a Zircon Sands Offtake Agreement dated 15 July 2020 ("**Qingyuan Offtake Agreement**"). In accordance with the Qingyuan Offtake Agreement, the Company agrees to sell and deliver to Qingyuan, for 2 years, proposed 250 tons per month of zircon sand. The actual quantity will be fixed when both parties come to the monthly contracts. The price for the zircon sand will be the prevailing US$ market price and the exact number for the zircon sand price will be determined by the parties during the order placing process and the payment term is determine by both parties when signing the monthly contracts.

(b) The parties agree that an order shall be placed by Qingyuan and accepted by the Company 60 days before each delivery. The term of the agreement commences on the 15 July 2020 ("**Effective Date**") and ends on the second anniversary of the Effective Date or the termination of the Agreement, whichever comes earliest. The Qingyuan Offtake Agreement may be terminated by mutual consent or by either party providing 60 days prior written notice.

(c) The Qingyuan Offtake Agreement is binding on the parties and their respective successors and permitted assigns. The Offtake Agreement is governed by Hong Kong Law.

18.10 **Zircon Sands Offtake Agreement (Euronics Ltd)**

(a) The Company and Euronics Ltd ("**Euronics**") entered into a Zircon Sands Offtake Agreement dated 1 November 2020 ("**Euronics Offtake Agreement**"). In accordance with the Euronics Offtake Agreement, the Company agrees to sell and deliver a committed quantity of 4,000 tons of Product per annum for two years to Euronics. The price for the product shall be the prevailing US$ market price and the exact number for the Product Price shall be determined by Parties during the order placing process.

(b) The parties agree that an order shall be placed by Euronics and accepted by the Company 60 days before each delivery. The term of the agreement commences on the 1 November 2020 ("**Effective Date**") and ends on the second anniversary of the Effective Date or the termination of the Agreement, whichever comes earliest. The Euronics Offtake Agreement may be terminated mutual consent or by either party providing 60 days prior written notice.

(c) The Euronics Offtake Agreement is binding on the parties and their respective successors and permitted assigns and is governed by Hong Kong law.

18.11 **Zircon Sands Offtake Agreement (Microtech Zircon)**

(a) PT IM, and Microtech Zircon, India ("**Microtech**") entered into a Zircon Sands Offtake Agreement dated 1 February 2021 ("**Microtech Offtake Agreement**"). In accordance with the Microtech Offtake Agreement, PT IM agrees to sell and deliver to Microtech, for 2 years, a committed quantity of 150 tons of zircon sand per month.

(b) The price for the zircon sand will be the prevailing US$ market price and the exact number for the zircon sand will be determined by the parties during the order placing process. The payment terms include 40% advance, 60% against original scanned documents.

(c) The parties agree that an order shall be placed by Microtech and accepted by PT IM 60 days before each delivery. The term of the agreement commences on the 1 February 2021 ("**Effective Date**") and ends on the second anniversary of the Effective Date or the termination of the Agreement, whichever comes earliest. The Microtech Offtake Agreement may be terminated by mutual consent or by either party providing 60 days prior written notice.

(d) The Microtech Offtake Agreement is binding on the parties and their respective successors and permitted assigns and governed by Indonesian law.

18.12 **Phoenician Advisory Services Engagement Letter**

(a) On 18 December 2020, the Company commenced an engagement ("**Engagement**") with Phoenician Advisory Services ("**Phoenician Advisory**") for Phoenician Advisory to provide the Company with financial advisory services in relation to a transaction involving the acquisition of all or part of the Tisma Development (HK) Limited shares ("**Tisma Transaction**").

(b) For providing services under the Engagement, Phoenician Advisory will receive fees equal to USD 950,000 payable in cash on a date agreed in writing by both parties, following the completion of the Tisma Transaction, exclusive of tax.

(c) The minimum term of the Engagement will be 12 months. The Engagement will be automatically renewed at the end of the minimum term. The Engagement is subject to termination by either the Company or Phoenician Advisory at any time for any reason upon prior 3 months written notice to the other. Phoenician Advisory's right to terminate may be limited by rules of professional conduct.

(d) The Company agrees to indemnify Phoenician Advisory, its related bodies corporate, the respective agents from and against all losses, claims, actions, demands, proceedings, judgments, costs, expenses, damages, penalties or liabilities of whatever nature which any of them may suffer or incur, relating to or arising out of the engagement. No indemnified party shall have any liability to the Company or its security holders or creditors in connection with the agreement unless the loss is found to have resulted from Phoenician Advisory's bad faith or gross negligence.

(e) The indemnity shall remain in effect indefinitely, notwithstanding completion, modification or termination of the Engagement.

(f) Each party agrees that, except as may be required by law, a court of competent jurisdiction, or other governmental or regulatory authorities, each shall at all times keep confidential any information given or received by the other. Each party agrees that it will be sufficient compliance with its duty of confidence to take such steps as the parties, in good faith, think fit to preserve confidential information from misuse both during and after termination of the engagement.

(g) The Engagement is governed by Hong Kong law.

18.13 **Deeds of Indemnity, Insurance and Access**

(a) The Company has also entered into deeds of indemnity, insurance and access with each of the Directors.

(b) The Company entered into deeds of indemnity, insurance and access with non-executive directors Bakhos Georges, Gary Artmont and Oliver Hasler on 21 November 2019 and with Alvin Tan on 7 June 2021 and the deeds provided, amongst other things, that:

(i) the Director shall be indemnified against any liability that the Director incurs to another person as an officer of the Company; and

(ii) the Company must keep set of all written material provided by the Board of the Company while the Director is an officer and until the later of the date which is 7 years after the Director ceases to be an officer of the Company, or the date of any Relevant Proceedings have been resolved.

(c) These deeds of indemnity, insurance and access are governed by the laws of New South Wales, Australia law.

18.14 **Introduction Agreement**

On or around the date of this Document, the Company and VSA entered into an introduction agreement in relation to the Company seeking Admission ("**Introduction Agreement**").

The Introduction Agreement contains customary warranties from the Company (in relation to amongst other things, the accuracy of the information in this Document and certain other matters relating to the Group and business) and indemnities from the Company in favour of VSA, together with provisions which enable VSA to terminate the Introduction Agreement in certain circumstances before Admission, including circumstances where any of the warranties are found to be untrue, inaccurate or misleading in any material respect. The liability of the Company for breach of warranty or indemnity is unlimited.

18.15 **VSA Engagement Letter**

(a) Pursuant to the VSA Engagement Letter, the Company has appointed VSA to act as financial adviser and broker to the Company.

(b) The Company has agreed to pay VSA an annual fee for its services as broker under the engagement letter, together with all reasonable expenses and VAT. Furthermore, the Company has agreed to pay a corporate finance advice fee, together with all reasonable expenses and VAT.

(c) The agreement contains certain undertakings and indemnities given by the Company.

(d) Either party may terminate the VSA Engagement Letter with immediate effect if the other party has materially failed to comply with its obligations and failed to rectify the non-compliance within seven days of being given notice of the non-compliance. Either party may also terminate the VSA Engagement Letter at any time on three months' notice to the other party.

19 RELATED PARTY TRANSACTIONS

Except as outlined in the Company's Historical Financial Information, no related party transactions have taken place during the 12-month period prior to the date of this Document.

20 CPR

The Company confirms that no material changes have occurred since the date of the CPR the omission of which would make the CPR misleading.

21 STATUTORY AUDITORS

21.1 The auditors of the Company for the financial years ended on 31 June 2018 and 31 June 2019 have been Pitcher Partners BA&A Pty Ltd, whose registered address is at Level 11, 12-14 The Esplanade, Perth, Western Australia 6000.

21.2 The auditors of the Company for the period 1 July 2019 to 31 January 2020, the financial years ended on 30 June 2020 and 31 December 2020 and the auditors of Takmur and its subsidiaries for the financial years ended 31 December 2018 and 31 December 2019 have been Hall Chadwick Pty Ltd, whose registered address is at Level 40, 2 Park Street, Sydney, NSW 2000, Australia.

21.3 Hall Chadwick Pty Ltd have audited the annual consolidated financial statements for the Company, which have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

21.4 The auditors of PT AUM for the financial year ended 31 December 2018 and the period 1 – 9 January 2019 have been Hall Chadwick Pty Ltd, whose registered address is at Level 40, 2 Park Street, Sydney, NSW 2000, Australia .

21.5 The auditors of PT IM for the financial year ended 31 December 2018 and the period 1 – 23 January 2019 have been Hall Chadwick Pty Ltd, whose registered address is at Level 40, 2 Park Street, Sydney, NSW 2000, Australia.

21.6 The auditors of Tisma Group for the financial years ended 30 June 2020 and 30 June 2019 and for PT TGN for January 2018 until 15 February 2019 have been T K Lo & Company, whose registered address is at Room 2002, 20/F, 101 King's Road, Fortress Hill, Hong Kong.

22 CONSENTS

22.1 Crowe U.K LLP of 55 Ludgate Hill, London EC4M 7JW, United Kingdom, Chartered Accountants, has given and not withdrawn its written consent to the inclusion in this Document of its report on the Pro Forma Financial Information included in Section (A) *"Accountant's Report on the Unaudited Pro Forma Financial Information"* of Part 10 *"Unaudited Pro Forma Financial Information"* of this Document, and has authorised the contents of those parts of the Prospectus which comprise its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules. In addition, Crowe U.K. LLP has given and not withdrawn its consent to the issue of this Document with the inclusion herein of the references to its name.

Its consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

22.2 Hall Chadwick Pty Ltd of Level 40, 2 Park Street, Sydney NSW 2000, Australia, Chartered Accountants, has given and not withdrawn its written consent to the inclusion in this Document of:

(a) its unaudited report issued with respect to PYX Resources Ltd Financial Information included in Part 9 *"Historical Financial Information"*, Sections A1 of the Document;

(b) its statutory audit reports issued with respect to PYX Resources Ltd Financial Information included in Part 9 *"Historical Financial Information"*, Sections A2, A3 & A4 of the Document;

(c) its statutory audit reports issued with respect to Takmur Pte Limited Financial Information included in Part 9 *"Historical Financial Information"*, Sections B1 & B2 of the Document;

(d) its statutory audit reports issued with respect to PT Andary Usaha Makmur Financial Information included in Part 9 *"Historical Financial Information"*, Sections C1 & C2 of the Document; and

(e) its statutory audit report issued with respect to PT Investasi Mandiri Financial Information included in Part 9 *"Historical Financial Information"*, Sections D1 & D2 of the Document,

and has authorised the contents of those parts of the Prospectus which comprise its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules. In addition, Hall Chadwick Pty Ltd has given and not withdrawn its consent to the issue of this Document with the inclusion herein of the references to its name.

Its consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation. Hall Chadwick Pty Ltd has no material interest in the Company or any other member of the Group.

22.3 Pitcher Partners BA&A Pty Ltd of Level 11, 12-14 The Esplanade, Perth, Western Australia 6000, has given and not withdrawn its written consent to the inclusion in this Document of its statutory audit reports issued with respect to South Pacific Resources Ltd Financial Information included in Part 9 *"Historical Financial Information"*, Sections A5 & A6 of the Document, and has authorised the contents of those parts of the Prospectus which comprise its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules. In addition, Pitcher Partners BA&A Pty Ltd has given and not withdrawn its consent to the issue of this Document with the inclusion herein of the references to its name.

Its consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation. Pitcher Partners BA&A Pty Ltd has no material interest in the Company or any other member of the Group.

22.4 TK Lo & Co of Room 2002, 20/F, 101 King's Road, Fortress Hill, Hong Kong, Certified Public Accountant, has given and not withdrawn its written consent to the inclusion in this Document of:

(a) its statutory audit reports issued with respect to Tisma Development (HK) Limited and its Subsidiaries Financial Information included in Part 9 *"Historical Financial Information"*, Sections E1, E2 & E3 of the Document; and

(b) its audited financial statements with respect to PT Tisma Global Nusantara for the period 1 January 2018 to 15 January 2019 included in Part 9 *"Historical Financial Information"*, Section F of the Document,

and has authorised the contents of those parts of the Prospectus which comprise its report for the purposed of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules. In addition, TK Lo & Co has given and not withdrawn its consent to the issue of this Document with the inclusion herein of the references to its name.

Its consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation. TK Lo & Company have no material interest in the Company or any other member of the Group.

22.5 Dr. John Chisholm of 10 Hehir St, Belmont WA 6104, Australia , an independent CP, has given and not withdrawn its written consent to the inclusion in this Prospectus of and has authorised for the purpose of PRR 5.3.9R (i) its report set out in Part 16 *"Competent Person's Report* and estimates of mineral reserves and resources contained therein; (ii) references to them; and (iii) statements and information attributed to them or extracted from the Report and included in this Prospectus. Dr. John Chisholm does not have a material interest in the Company or any other member of the Group.

22.6 VSA Capital Limited of New Liverpool House, 15-17 Eldon Street, London EC2M 7LD, United Kingdom, Financial Adviser, has given and not withdrawn its written consent to the inclusion of references to its name in this Document. VSA Capital Limited does not have a material interest in the Company or any other member of the Group.

23 GENERAL

23.1 The total costs (including fees and commissions, but exclusive of VAT) payable by the Company in connection with Admission are estimated to be £739,985 million.

23.2 Where third party information has been referenced in this Document, the source of that third party information has been disclosed. All information in this Document that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

23.3 The Ordinary Shares are currently listed on NSX and traded on NSX in accordance with the NSX Listing Rules, the ASX Settlement Operating Rules and the Australian Corporations Act 2001.

24 DOCUMENTS FOR INSPECTION

24.1 Copies of the following documents may be inspected at the registered office of the Company, Level 5, 56 Pitt Street, Sydney NSW 2000, during usual business hours on any day (except Saturdays, Sundays and public holidays) at the Company's website www.pyxresources.com for the period of 12 months following Admission:

(a) the Constitution;

(b) the Competent Person's Report set out in Part 16 *"Competent Person's Report"* of this Document;

(c) the letters of consent referred to in paragraph 22 of this Part 13 *"Additional Information"*; and

(d) this Document.

The date of this Document is 8 November 2021.

Part 14
Definitions

In this Document, unless the context requires otherwise the words and expressions set out below shall bear the following meanings.

"AASB"	Australian Accounting Standards Board;
"ACN"	Australian Company Number;
"Admission"	admission of the Ordinary Shares to the standard segment of the Official List of the FCA by way of Standard Listing and to trading on the London Stock Exchange's main market for listed securities;
"Alternate Director"	any person that is appointed by any Director to act as an Alternate Director in the Director's place, whether for a stated period or periods or until the happening of a specified event from time to time, whenever by absence or illness or for any other reasons the Director is unable to attend to the Director's duties as a Director as follows: (a) with approval of a resolution of the Board; or (b) with the approval of a majority of other Directors;
"AMDAL"	Environmental Impact Analysis, known in Indonesia as the Analisis Mengenai Dampak Lingkungan, that every mining company is required to have on their application in order to be eligible to be granted an IUP;
"Article"	with respect to the Constitution, means an article of the Company's Constitution as amended or added to from time to time;
"ASIC"	the Australian Securities and Investments Commission;
"ASTC – Regulated Transfer"	has the meaning given in section 9 of the Corporation Act;
"ASTC Settlement Rules"	the settlement rules of the SCH;
"ASX"	ASX Limited ACN 008 624 691 trading as the 'Australian Securities Exchange' or the financial market operated by it as the context requires;
"ASX Corporate Governance Council"	an independent Australian body that develops recommendations on the corporate governance practices to be adopted by ASX listed entities;
"ASX Principles"	the 4th Edition Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council in February 2019;
"ASX Settlement"	means ASX Settlement Pty Limited (ACN 008 504 532);
"ASX Settlement Operating Rules"	means the rules of ASX Settlement;

"Audit Committee"	the committee of the Board monitoring and reviewing any matters of significance affecting financial and reporting compliance;
"Auditor"	the auditor of the Company from time to time;
"Award"	Options or Performance Rights, as the context requires, granted under the Stock Incentive Plan;
"Board"	the board of directors of the Company from time to time;
"CCOW"	a contract of work for coal mining, granted by the Government of Indonesia;
"certificated" or "in certificated form"	in relation to an Ordinary Share, warrant or other security, an Ordinary Share, warrant or other security, title to which is recorded in the relevant register of the Ordinary Share, warrant of other security concerned as being held in certificated form (that is, not in CREST);
"Change of Control"	for the purposes of the Stock Incentive Plan, means circumstances where: (a) a bona fide Takeover Bid is declared unconditional and the bidder has acquired a Relevant Interest in at least 50.1% of the Company's issued Shares; (b) a court approves, under section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or (c) in any other case, a person obtains Voting Power in the Company that the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring that Voting Power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.
"Chess"	the Clearing House Electronic Subregister System operated by ASX Settlement in accordance with the ASX Settlement Rules;
"City Code"	The City Code on Takeovers and Mergers issued and administered by the United Kingdom Panel on Takeovers and Mergers (as amended from time to time);
"Class Order"	for the purposes of the Stock Incentive Plan, means ASIC Class Order 14/1000 (as amended or replaced);
"Companies Act"	the Companies Act 2006 of the United Kingdom (as amended from time to time);

“Company” or “PYX Resources”	Pyx Resources Limited ACN 073 099 171 of Level 5, 56 Pitt Street, Sydney NSW 2000;
“Concession Holders”	PT IM and PT TGN together;
“Continuation Election Notice”	a notice by a Small Holder in the form contained on or enclosed with a Continuing Member Notice and completed and signed in accordance with the instructions on the Continuing Member Notice, notifying the Company that this Rule is not to apply to that Small Holder so that that Small Holder may remain as the holder of the Securities registered in its name;
“Continuing Member Notice”	a notice issued under Article 73.3 of the Constitution.
“Constitution”	the constitution of the Company from time to time;
“Continental Resource Management”, “CRM” or “Competent Person”	Continental Resource Management Pty Ltd, a private company limited by shares incorporated in Australia with registered office at 10 Hehir St, Belmont WA 6104;
“Corporate Representative”	an individual appointed as a representative of a body corporate member of the Company under section 250D of the Corporations Act;
“Corporations Act”	the Australian *Corporations Act 2001* (Cth);
“Corporations Regulations”	the Australian *Corporations Regulations 2001* (Cth) as made under the Corporations Act as amended or replaced from time to time;
“CPR” or “Competent Person’s Report”	the competent persons reports prepared in respect of the Group’s Projects at 30 June 2021;
“CREST”	the relevant system (as defined in the CREST Regulations) operated by Euroclear in accordance with which securities may be held and transferred in uncertificated form;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended from time to time);
“Custodian”	Computershare Investor Services PLC, or a subsidiary or third party appointed by Computershare Investor Services PLC to provide custody services;
“Debenture”	debenture stock, bonds, notes and other securities and obligations of a corporation whether constituting a charge on its assets or not;
“Debt Securities”	includes bonds, unsecured notes, unsecured deposit notes, mortgage, debentures, mortgage debenture stock, debentures, debenture stock and convertible unsecured notes as those terms are defined from time to time in the NSX Listing Rules;

"Deed Poll"	means the deed poll entered into by the Company on 1 November 2021 connection with the Depositary Interest arrangements, details of which are set out in Part 13 of this Document "*Additional Information*";
"Depositary"	Computershare Investor Services Plc, a private company incorporated in England and Wales with company number 3498808 and whose registered office is at The Pavilions, Bridgewater Road, Bristol, BS13 8AE, United Kingdom;
"Depositary Agreement"	the agreement entered into between the Company and the Depositary on 3 November 2021 appointing the Depositary, details of which are set out in Part 13 of this Document "*Additional Information*";
"Depositary Interest Holder"	a holder of Depositary Interests from time to time;
"Depositary Interests"	means a dematerialised depositary interest which represents an entitlement to Ordinary Shares;
"Directors"	the directors of the Company from time to time, and each a "**Director**";
"Disclosure Guidance and Transparency Rules"	the Disclosure Guidance and Transparency Rules issued by the FCA;
"Dividend"	includes distribution of profit by way of a bonus issue of Shares;
"Document"	this prospectus relating to PYX Resources Ltd, prepared in accordance with the Prospectus Regulation Rules;
"EEA"	the European Economic Area;
"EEA Member States"	the member states of the EEA;
"Eligible Participant"	for the purposes of the Stock Incentive Plan, means: (a) a Director (whether executive or non-executive) of any Group Company; (b) a full or part time employee of any Group Company; (c) a casual employee or contractor of a Group Company to the extent permitted by the Class Order; or (d) a prospective participant, being a person to whom the Offer is made but who can only accept the Offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under Rules (a), (b) or (c) above, who is declared by the Board to be eligible to receive grants of Awards under the Plan;

"Equity"	for the purposes of the Company declaring a dividend, means the amount by which the Company's assets exceed the Company's liabilities in accordance with section 254T of the Corporations Act;
"Equity Securities"	shares (including preference shares), stock, stock units, and right to or options to subscribe for any of the foregoing;
"Euroclear"	Euroclear UK & Ireland Limited;
"EU"	the European Union;
"EU IFRS"	International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
"EUWA"	means the European Union Withdrawal Act 2018, as amended by the European Union (Withdrawal) Act 2020;
"Exclusive Operation and Management Agreements"	the agreement defining the contractual rights of PT AUM in PT IM and the agreement defining the contractual rights of PT TIA in PT TGN;
"Executive Director"	includes any Director of the Company or of a subsidiary of the Company who is retained or otherwise acts in an executive capacity;
"FCA"	the Financial Conduct Authority of the United Kingdom (or any such body appointed in replacement thereof);
"Financial Adviser" or "Broker"	VSA Capital Limited;
"Financial Statements"	has the meaning given in the section 9 of the Corporations Act;
"FSMA"	the Financial Services and Markets Act 2000 (as amended from time to time);
"General Meeting"	a meeting of the Shareholders of the Company or a class of Shareholders of the Company (as the context requires);
"Group"	the Company and its Subsidiaries from time to time;
"Group Company"	any company in the Group;
"GST"	Goods & Services Tax;
"Group's Historical Financial Information"	the audited historical financial information for the years ended 31 December 2020, 30 June 2020, 30 June 2019 and 30 June 2018;
"HMRC"	Her Majesty's Revenue and Customs of the United Kingdom;
"IASB"	International Accounting Standards Board;

"IFRS"	International Financial Reporting Standards as adopted by the European Union;
"Inferred" or "Inferred Resources"	that part of a Mineral Resource for which tonnage, grade, and mineral content can be estimated with a low level of confidence;
"ITAA 1997"	the Australian *Income Tax Assessment Act 1997* (Cth);
"ISIN"	International Securities Identification Number;
"IUP"	Izin Usaha Pertambangan, or Mining Business Permit granted by the Government of Indonesia;
"IUPK"	Izin Usaha Pertambangan Khusus, or Special Mining Business Permit granted by the Government of Indonesia;
"IUP-OP"	Izin Usaha Pertambangan Operasi Produksi, or Mining Business Permit for Production Operations granted by the Government of Indonesia;
"Joint Holders"	two or more persons holding any Share in the capital of the Company, whatever their interest may be in that Share;
"JORC Code"	the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012) produced by the Australasian Joint Ore Reserves Committee;
"June Fundraise"	the AU$11.2m fundraise undertaken by the Company on NSX in June 2021;
"Last Practicable Date"	5 November 2021, being the last practicable date prior to publication of this Document;
"LEI"	Legal Entity Identifier;
"Listing Rules"	the Listing Rules made by the FCA under Part VI of the FSMA (as amended from time to time);
"London Stock Exchange" or "LSE"	London Stock Exchange plc;
"Main Market"	the main market for listed securities of the LSE;
"Managing Director"	any person appointed as such under article 44 of the Constitution and includes any acting Managing Director;
"Mandiri Operation and Management Agreement"	the Exclusive Operation and Management Agreement between PT AUM and PT IM, dated 24 January 2019;

"Mandiri Project"	the mineral sands project, located at the Mandiri Tenement including the Mandiri Tenement, Mandiri mineral separation plant and the operations of Mandiri;
"Mandiri Tenement"	the area as stated in the IUP-OP 545/244/KPTS/VIII/2012;
"Market Abuse Regulation"	means the EU Market Abuse Regulation as implemented in the UK by EUWA;
"Marketable Parcel"	means marketable parcel as defined in the NSX Listing Rules;
"Meeting"	a duly constituted meeting of Members, or a class of Members, and being either: (a) an annual general meeting; or (b) a general meeting;
"Member"	a person who is registered for the time being as a shareholder or stockholder in the Register of the Company, including the person's personal representatives and assigns;
"MEMR"	the Indonesian Ministry of Energy and Mineral Resources;
"Mineral Resource or "Resource"	as defined in the JORC Code, a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling;
"Mining Licences"	IUP-OP 545/244/KPTS/VIII/2012 and IUP-OP 16/DPE/IX/2010, details of which are set out in paragraphs 18.5 & 18.7 of Part 13 "*Additional Information*" of this Document;
"Month"	means calendar month;
"Net June Fundraise Proceeds"	the funds received on closing of the June Fundraise less any expenses paid in connection with the June Fundraise;
"NJOP"	Sale Value of the Tax Object, Nilai Jual Objek Pajak, the average price of the sale and purchase transactions that are reasonably occurred;

"Nominee"	means a nominee of an Eligible Participant that is one of the following: (a) an immediate family member of the Eligible Participant or (subject to Board approval) a trustee of an Eligible Participant's family trust whose beneficiaries are limited to the Eligible Participant and/or the Eligible Participant's immediate family members; (b) a company whose members comprise no persons other than the Eligible Participant or immediate family members of the participant; or (c) a corporate trustee of a self-managed superannuation fund (within the meaning of the Australian *Superannuation Industry (Supervision) Act 1993* (Cth)) where the Eligible Participant is a director of the trustee.
"NSX"	National Stock Exchange of Australia;
"NSX Business Rules"	the official business rules of the NSX to be used by NSX member brokers while participants of NSX;
"NSX Listing Rules"	the official listing rules of the NSX as in operation from time to time;
"NSX Rules"	the NSX Business Rules and NSX Listing Rules;
"Offer"	an offer made to an Eligible Participant to be granted one or more Awards under the Plan as set out in the Offer Document;
"Offer Document"	an offer document in substantially the same form as set out in Schedule 1 of the Stock Incentive Plan Rules or such other form as approved by the Board from time to time consistent with the Corporations Act and the Class Order 14/1000 (as amended or replaced);
"Officer"	has the meaning given in section 9 of the Corporations Act;
"Official List"	the Official List of the FCA;
"Offtake Agreements"	the existing selling agreements of the Company;
"Options"	an option granted pursuant to the Stock Incentive Plan Rules to subscribe for a Share and subject to the terms of the Stock Incentive Plan Rules and the terms of any applicable Offer;
"Ordinary Shares"	the 417,983,423 ordinary shares of no-par value each in the capital of the Company;

"Ore Reserve" or "Reserve"	as defined in the JORC Code, the economically mineable part of a Measured and/or Indicated Mineral Resource. It included diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of modifying factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified;
"Participant"	an Eligible Participant to whom an Award has been granted under the Stock Incentive Plan or a Nominee of the Eligible Participant to whom an Award has been granted under the Stock Incentive Plan;
"Performance Rights"	with respect to the Stock Incentive Plan, means a right to acquire a Share, subject to satisfaction of any Vesting Conditions, and the corresponding obligation of the Company to provide the Share, under a binding contract made by the Company and an Eligible Participant in the manner set out in the Stock Incentive Plan and any applicable Offer;
"Phoenician Advisory"	Phoenician Advisory Services Limited Company Number 2399747 of 6th Floor, 8 Queen's Road Central, Hong Kong, Hong Kong SAR;
"PMS"	Phoenician Management Services Limited Company Number 2556758 of 5th Floor, 8 Queen's Road Central, Hong Kong, Hong Kong SAR;
"PR Regulation"	the UK version of Regulation number 2019/980 of the European Commission, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018;
"Premium Listing"	a premium listing under Chapter 6 of the Listing Rules;
"Pro Forma Financial Information"	the unaudited pro forma Statement of Comprehensive Income for the year ended 30 June 2020;
"Projects"	means the Mandiri Project and the Tisma Project;
"Proper ASTC Transfer"	has the meaning given in regulation 1.0.02 of the Corporations Regulations;
"Prospectus Regulation"	Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018;
"Prospectus Regulation Rules"	the prospectus regulation rules made by the FCA pursuant to section 73A of FSMA, as amended on the 1 January 2021 to incorporate references to EU Regulation and Commission Delegated Regulation being to the versions which are part of UK domestic law by virtue of the EUWA, and as amended by relevant statutory instruments;

"PT AUM" or "PT Andary Usaha Makmur"	PT Andary Usaha Makmur, NIB: 8120103901691, of Jl. Teuku Umar No. 48, Palangka Raya, Kalimantan Tengah, Kode Pos 73111 Republic of Indonesia;
"PT AUM's Historical Financial Information"	the audited historical financial information for the year ended 31 December 2018;
"PT TGN" or "PT Tisma Global Nusantara"	PT Tisma Global Nusantara, NIB: 8120317112126, Jl. Temanggung Jayakarti II No.15, Kel. Langkai, Kec. Pahandut, Kota Palangkaraya, Kalimantan Tengah, Republic of Indonesia, controlled by PT TIA through the Tisma Operation and Management Agreement;
"PT TGN's Historical Financial Information"	the audited historical financial information for the 12.5 months January 2018 – 15 February 2019;
"PT TIA" or "PT Tisma Investasi Abadi"	PT Tisma Investasi Abadi, NIB: 8120017160385, of Jl. Temanggung Jayakarti II No.15, Kel. Langkai, Kec. Pahandut, Palangka Raya, Kalimantan Tengah, Republic of Indonesia;
"PT IM" or "PT Investasi Mandiri"	PT Investasi Mandiri, NIB: 9120000382283, of Jl. Teuku Umar No. 48, Palangka Raya, Kalimantan Tengah, Kode Pos 73111 Republic of Indonesia, controlled by PT AUM through the Mandiri Operation and Management Agreement;
"PT IM's Historical Financial Information"	the audited historical financial information for the year ended 31 December 2018;
"PYX Resources' Historical Financial Information"	the audited historical financial information for the years ended 31 December 2020 and 30 June 2020;
"Qualified Investors"	persons who are 'qualified investors' within the meaning of Article 2(e) of the Prospectus Regulation;
"Registrar"	Advanced Share Registry Pty Ltd or any other registrar appointed by the Company from time to time;
"Related Body Corporate"	has the meaning given in section 50 of the Corporations Act;
"Relevant Interest"	has the meaning given in the Corporations Act;
"Restricted Jurisdiction"	the United States, Canada, Japan, Australia and the Republic of South Africa;
"Restricted Securities"	has the meaning given in the NSX Listing Rules;
"Secretary"	any person appointed to perform the duties of the Secretary of the Company and includes the acting Secretary where appropriate;
"Securities"	has the meaning given in section 9 of the Corporations Act;

"Securities Clearing House" or "SCH"	means any securities clearing house approved by the ASIC in Australia;
"Senior Managers"	Queenie Tsang and Louisa Martino;
"Shareholders" or "Shareholder"	holder or holders of Ordinary Shares;
"Shares"	means shares in the capital of the Company and includes stock except where a distinction between shares and stock is expressed or implied;
"Small Holder"	person registered, either alone or jointly with any other persons, as the holders of less than a Marketable Parcel of a class of Securities in the Company;
"SPB" or "South Pacific Resources Ltd"	South Pacific Resources Limited (ARBN 613 928 671), the Company's prior name;
"Standard Listing"	a Standard Listing under Chapter 14 of the Listing Rules;
"South Pacific Resources' Historical Financial Information"	the audited historical financial information for the two years ended 30 June 2019 and 30 June 2018;
"Stock Incentive Plan" or "Plan"	the plan as set out in Stock Incentive Plan document, adopted by Shareholders on the Company's General Meeting held on 13 December 2019;
"Subsidiaries"	the Takmur Group and Tisma Group;
"Takeover Bid"	has the meaning given in section 9 of the Corporations Act;
"Takmur"	Takmur Pte. Ltd. a company incorporated in Singapore with company number: 20181911Z and registered address: #14-02, The Arcade, 11 Collyer Quay, Downtown Core, 049317, Singapore;
"Takmur Group"	Takmur Pte Ltd and its subsidiaries, PT AUM and PT IM;
"Takmur Group's Historical Financial Information"	the audited historical financial information for the two years ended 31 December 2019 and 31 December 2018;
"Takmur Vendors"	the shareholders of Takmur, being Phoenix Fund Solutions Limited, Takmur SPC Limited, Sinowide International Limited, Sino Ventures Limited and Unico Holdings Limited;

"Tisma"	Tisma Development (HK) Limited (Company Number 2749676), a limited liability company incorporated under the laws of Hong Kong SAR;
"Tisma Group"	Tisma Development HK Ltd and its subsidiaries, PT TIA and PT TGN
"Tisma Group Historical Financial Information"	the audited historical financial information for the two years ended 30 June 2019 and 30 June 2020 and the unaudited historical financial information for the six months July 2020 – 31 December 2020;
"Tisma Operation and Management Agreement"	the exclusive operation and management agreement between PT TIA and PT TGN, dated 15 January 2019;
"Tisma Project"	the mineral sands project located at the Tisma Tenement including the Tisma Tenement, Tisma plant and the operations of Tisma;
"Tisma Tenement"	the area as stated in the IUP-OP 16/DPE/IX/2010;
"Transparency Rules"	the transparency rules and corporate governance rules made by the FCA under Part VI of FSMA;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"uncertificated" or "in uncertificated form"	means Ordinary Shares recorded on the Company's share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"US" or "United States"	United States of America, its territories and possessions, any state or political sub-division of the United States of America, the District of Columbia and all other areas subject to the jurisdiction of the United States of America;
"US Securities Act"	the US Securities Act of 1933;
"Vesting Condition"	means, in respect of an Award, any condition set out in the Offer which must be satisfied (unless waived in accordance with the Stock Incentive Plan) before that Award can be exercised or any other restriction on exercise of that Award specified in the Offer or in the Stock Incentive Plan;
"Voting Power"	has the meaning given to that term in section 9 of the Corporations Act;
"VSA" or "VSA Capital"	VSA Capital Limited, Financial Advisor and Broker to the Company;
"VSA Engagement Letter"	the VSA engagement letter dated 03 March 2021, details of which are set out in paragraph 18.15 of Part 13 of this Document "*Additional Information*";

"AUD" or "AU$"	Australian Dollar, the lawful currency of Australia;
"£" or "GBP"	United Kingdom pounds and pence sterling respectively the lawful currency of the UK; and
"$" or "USD"	United Stated Dollars, the lawful currency of the United States.

In this Document words denoting any gender include all genders and the singular includes the plural (and vice versa).

All references to legislation in this Document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

PART 15
GLOSSARY

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.
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 analysed.
Cut-off grade	The lowest grade of mineralised material that qualifies as ore or resource in a given deposit.
Gneiss	High-grade metamorphic rock composed of alternating bands respectively rich in light and dark coloured minerals
Grade	Expression of relative quality of mineralisation (e.g. high-grade) or of numerical quality (e.g. 1.2% Ni).
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 ($FeTiO_3$)	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 ($FeTiO_3.TiO_2$)	A titanium oxide-rich heavy mineral formed by the alteration of ilmenite.
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.
Monazite (Ce,La,Nd,Th)(PO_4,SiO_4)	A rare phosphate mineral with a chemical composition of (Ce,La,Nd,Th)(PO_4,SiO_4). 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.
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.
Royalty	A payment to the owner of mineral rights for the privilege of extracting the mineral from the ground based on a lease agreement. The royalty payment is based on a portion of earnings from production and varies depending on the type of mineral and the market conditions.
Rutile (TiO_2)	A mineral containing titanium dioxide (TiO_2).
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.
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.
Zircon ($ZrSiO_4$)	A mineral belonging to the group of nesosilicates. Its chemical name is zirconium silicate and its corresponding chemical formula is $ZrSiO_4$.

COMPETENT PERSON'S REPORT ON THE MANDIRI AND TISMA PROJECTS CENTRAL KALIMANTAN REPUBLIC OF INDONESIA

Prepared for

PYX Resources Limited

CRM Report No WA21/201

AUTHOR: Dr J.M. Chisholm

DATE: 30 June 2021

TABLE OF CONTENTS

Figures

Tables

1 EXECUTIVE SUMMARY

1.1 Introduction

PYX Resources Limited (PYX, or Company) requested that Continental Resource Management Pty Ltd (CRM) provide a Competent Persons Report (CPR) also referred to as an Independent Technical Assessment Report (ITAR or Report) on the Mandiri and Tisma Heavy Mineral Sand Projects located in Central Kalimantan, Indonesia. The report is for inclusion in a Prospectus for the Admission of the Company on the Standard Market segment of the London Stock Exchange (LSE), successful admission will result in a dual listing of the Company which is currently listed on the National Stock Exchange of Australia. All information contained in this report is effective as of 30 June 2021.

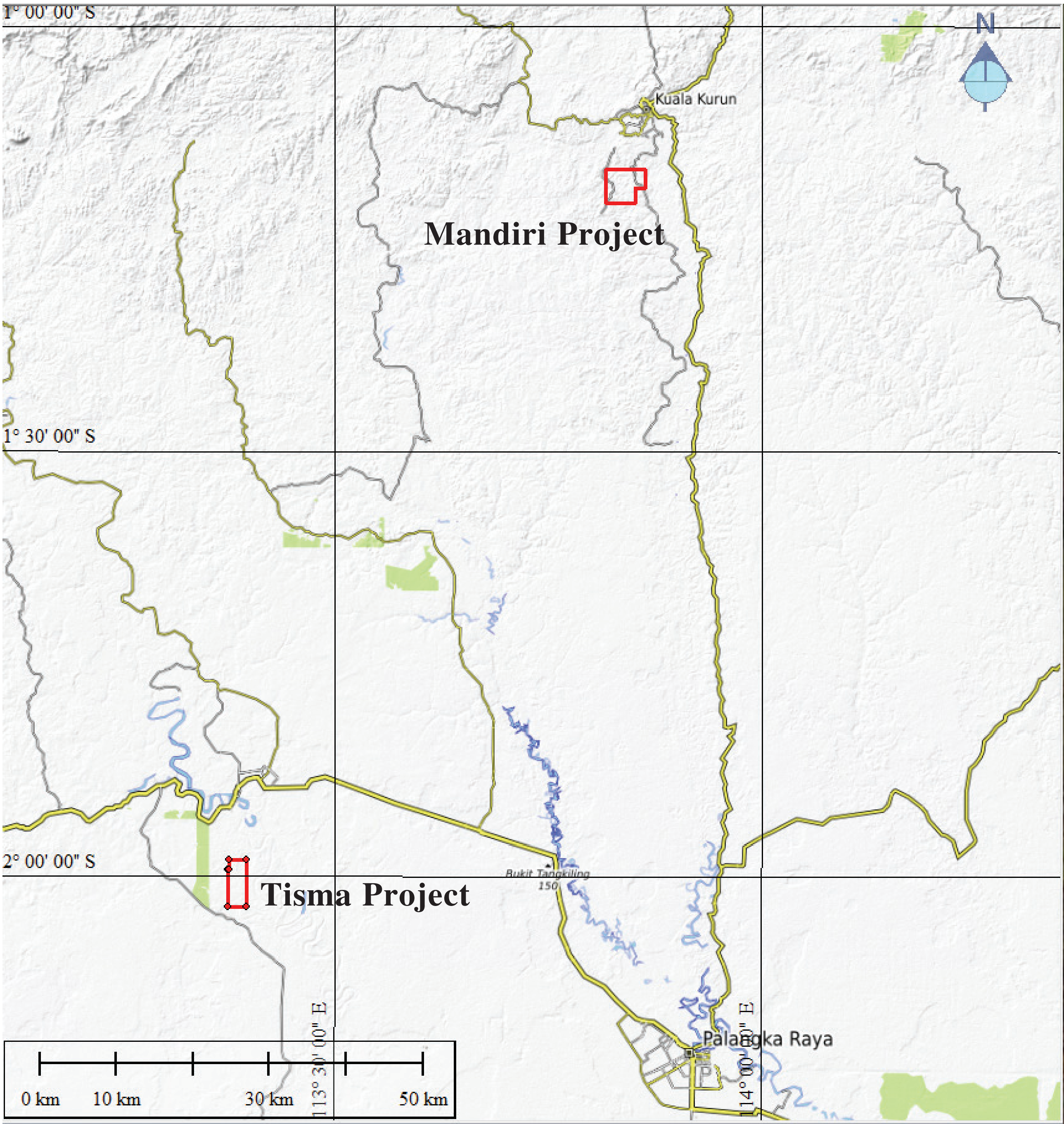


Figure 1-1 Mandiri and Tisma Project location plan

1.2 Tenure

1.2.1 Mandiri Project

PT. Investasi Mandiri (PTIM) was granted mining permit Izin Usaha Pertambangan-Operasi Produksi (IUP-OP) for a total area of 2,032 ha, by Bupati Gunung Mas, No. 16/DPE/IX/2010, on 2nd September 2010. A five-year extension of term was granted in 2020 by decree number 570/35/DESDM-IUPOP/V/DPMPTSP-2020[7] and can be extended under statutory provisions.

The conditions of grant including Indonesian taxes and other financial obligation of PTIM are set out in Section 1.2.

1.2.2 Tisma Project

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.

1.3 Mineral assemblage

The mineral assemblage of the product from the Mandiri project is well established by laboratory analysis of concentrate from the processing plant and confirmed by the certified laboratory analyses required by legislation for export product (Table 0-1).

The mineralogical content of a 551-t batch of dry zircon concentrate processed through the PTIM processing plant provides an indication as to the mineral assemblage of the HMS. This table does not provide the relative proportions of the minerals present in the Mandiri HMS as it is for the zircon concentrate after separation of the titanium minerals.

Table 1-1 Mineralogical composition of a 551 t dry weight sample from the Mandiri Tenement processed through the PTIM plant

Mineral	Weight	Relative %
Zircon	358 t	64.97 %
Mixed ilmenite	104 t	18.87 %
Rutile	13 t	2.36 %
Monazite mix	4 t	0.73 %
Trash	72 t	13.07 %
Gold	1041 g	1.89 g/t
Total	551 t	100.00 %

Note: The artisanal miners were mining and processing the HM sand principally for gold and the 1.89 g/t Au represents the unrecovered portion.

The relative percentage of the minerals comprising the mineral assemblage for the Mandiri HMS deposit (Table 0-2) based on actual production data[8] for a 12 months period from the PTIM processing plant and supported by chemical analyses is consistent with the results of the mineralogical composition of the 551 t sample referred to in Table 1-1.

[7] NSX/PYX Announcement dated 29 June 2020.

[8] Production data supplied by PTIM during the site visit.

Table 1-2 Mineral assemblage for the Mandiri HMS deposit

Component	Zircon	Ilmenite	Rutile	Other	Waste + H_2O	Total
Relative %	68%	9.5%	8.5%	1%	13%	100%

The mineral assemblage of the Tisma mineralisation is less well known and based on visual identification. It is mostly zircon with very minor rutile, and ilmenite. 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 by XRF.

1.4 Sampling

Sampling of the HM was by auger at Mandiri and modified air-core at Tisma.

1.4.1 Mandiri sampling

A programme of auger drilling and surface geological mapping was conducted in November to December 2018 with a second phase of auger drilling completed during January 2019 and a third phase completed during February 2019.

The initial auger drilling was undertaken at 200 m spacing and covered an area of 470 ha, or 12.5% of the total concession area of 2,032 ha. A total of 18 hand powered auger holes were completed and all holes intersected the target alluvium bed. Based on the surface geological mapping it is estimated that the tenement contains about 1,100 ha of mineralised alluvium bed. About 60% of the mineralised area has been disturbed by artisanal mining activity but it is noted that this activity was only over shallow depths and the recovery was very poor.

A second and third phase of auger drilling used a motorised auger to get samples at greater depth and many of the holes collapsed below the water table similar to the phase 1 auger drilling and the holes were terminated. The holes located further to the west were deeper and contained thicker intersections of alluvium. The spacing of the holes were increased to 400 m by 800 m to get samples over the entire area of the HMS layer.

The auger samples were collected in 1 m intervals and placed in core trays prior to being placed in plastic bags for storage. Sub-samples were sub-sampled using cone and quartering. A composite sample was prepared for the interval and analysed by the Uptd Laboratorium Energi Dan Sumber Daya Mineral in Banjarbaru. A suite of 14 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.

Composite samples of the alluvium were submitted to the above laboratory for determination of the HM, slimes (-45 micron) and oversize (+1 mm) content.

1.4.2 Tisma sampling

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. The drilling method was essentially air-core.

1.5 Mineral Resources

The resource estimate employed Inverse Distance modelling method to produce an ore block model (OBM) of the mineralisation within the deposit. A single, 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 X-Y block size at was 100 m by 100 m at Mandiri and 200 m by 200 m at Tisma with the Z axis being the thickness of the alluvium. A spherical search distance of 550 m was used with an inverse distance cubed interpolation for the grade, density and mineralised interval.

An Inferred Mineral Resource was estimated as the exploration data available and the QA/QC protocol was not sufficient for a higher resource category.

Table 1-3 Mineral Resources above 2% HM lower block cut-off grade (unrounded)

Area	Category	Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
Mandiri	Inferred	126.3	7.43	8.98	16.14
Tisma	Inferred	137.2	3.99	14.75	24.90

The Inferred Mineral Resources for the Mandiri HMS deposit are defined as 126 Mt containing 7%, HM 9% slimes and 16% oversize at a lower cut-off grade of 2%. The estimated contained zircon is 6 Mt[9].

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.

1.6 Mineral assemblages

The mineral assemblage of the product from the Mandiri project is well established based on production records from the PTIM processing plant and confirmed[10] by the certified laboratory analyses required by legislation for export product.

Table 1-4 Mandiri Mineral assemblage and contained tonnes of the components (unrounded)

Component	Zircon	Ilmenite	Rutile	Other	Waste +H_2O	Total
Relative %	68%	9.5%	8.5%	1%	13%	100%
Contained mineral	6.00 Mt	0.84 Mt	0.75 Mt	0.09 Mt	1.15 mt	8.82 Mt

The HM assemblage at Tisma appears to be simple with the predominant mineral being zircon at an estimated unrounded content of 3.27%. 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.

[9] The Statement of Resources are rounded in accordance with the JORC Code and consequently unrounded totals in the associated table may not agree.

[10] Based on the known chemical composition of each mineral present in the assemblage.

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.

The Mandiri Mineral Resources information contained in this report is effective as of 30 June 2021. The Company has confirmed that it is not aware of any new information or data that would materially affect the resources inventory and consequently the Mandiri Mineral Resources at the date of this report remain as stated in Table 0-3.

While the JORC classification of the Mandiri Mineral Resources remains as Inferred, the Company has reported combined production of 8,382 t of zircon in the 2020 Annual Report and Report for 2021 Q1. In terms of the contained zircon estimated to be within the Mandiri deposit the production of 8,382 t of zircon is not considered to be material and has not been depleted from the total resource inventory. The reason for not depleting the inventory is that the production is 0.01 Mt in rounded terms and the zircon content in the Mineral Resource Statement is rounded to 6 Mt.

The Tisma Mineral Resources information contained in this report is effective as of 30 June 2021. The Company originally announced this resource in an Announcement dated 13 January 2021 and confirmed that it was not aware of any new information or data that materially affects the information included in the Announcement and that all material assumptions and technical parameters disclosed in the Announcement that underpin the estimates continued to apply and had not materially changed. CRM has received written confirmation from the company that there have been no material changes to the Mineral Resource inventory for the Tisma Project.

1.7 Potential for additional resources

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. In the case of the Mandiri tenement the Exploration Target has been conservatively estimated as potential HMS mineralisation extending a further 25% in depth below the water table beneath the Inferred Mineral Resources at a grade not exceeding the grade of the Inferred Mineral Resources.

1.7.1 Mandiri

As a result of many of the auger holes being unable to penetrate below the water table there remains considerable potential for mineralisation to be present below the water table. The currently defined Inferred Mineral Resources are only for the alluvial zone above the water table. The deepest auger hole that intersected bedrock was 11 m in depth which is considerably more than the 3.68 m average thickness of the alluvial material within the Inferred Resource. It is most likely that additional mineralisation will be located below the currently defined resource and these additional resources are referred to as Exploration Targets. Testing this zone will require drilling using an air-core mechanised drilling rig.

In addition to the Exploration Target below the water table there is the potential for additional HMS mineralisation to be located to the northwest of the current resources below the younger Werukin Formation.

In the case of the Mandiri tenement the Exploration Target for HMS within the Mandiri tenement is in the order of 25-30 Mt of sand containing 4-7 % heavy minerals. Mineralisation expressed as Exploration Targets are in addition to Mineral Resources.

In addition to the HMS the tenement is known to contain alluvial gold and platinum which is currently being exploited by artisanal miners. It is not known how much gold the artisanal miners are producing but significant quantities of gold are being recovered by the PTIM processing facility which purchases heavy mineral concentrate from the artisanal miners. In the course of panning samples during the auger drilling the site geologists reported small gold grains in auger hole DA-206R.

Laboratory analysis of concentrate from the processing plant reports gold grades of 5-37 g/t Au in concentrate but this is from concentrate purchased from contract miners who have already worked the material for gold. Platinum has also been reported in laboratory analysis of rutile concentrate at levels of 215 and 101 g/t.

While there is insufficient analytical data to estimate Mineral Resources for gold the Exploration Target for gold mineralisation at Mandiri is estimated to be 30-50 Mt of sand at a grade -1 -5 g/t Au.

1.7.2 Tisma

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.

2 GENERAL INTRODUCTION

PYX Resources Ltd (PYX or the Company) commissioned Continental Resource Management Pty Ltd (CRM) to prepare a Competent Persons Report (CPR) also referred to as an Independent Technical Assessment Report (ITAR) on the Mandiri and Tisma Heavy mineral Sand Projects. The Report is to be included in a Prospectus for the Admission of the Company on the Standard Market segment of the London Stock Exchange (LSE).

The Mandiri and Tisma Projects each comprise a single tenement and the Mandiri Project includes an established mineral processing plant.

2.1 Compliance with Codes, Regulatory Guidelines and Stock Exchange Listing Rules

The CPR has been prepared in accordance with the European Securities and Markets Authority (ESMA) update of the CESR recommendations on the consistent implementation of Commission Regulation (EC) No.809/2004 implementing the Prospectus Directive (the CESR Guidance) and the listing rules of the UK Financial Conduct Authority.

CRM accepts responsibility for this report and all scientific and technical information contained therein as well as references and statements of information attributed to them or extracted from the report and included in the Prospectus in the form and context they appear. To the best of the knowledge of CRM, the information in this report is in accordance with the facts and contains no omission likely to affect its import.

In consideration of all legal aspects relating to the Exploration Assets, CRM has placed reliance on the representations by the Company that the following are correct as of 30 June 2021 and remain correct until the date of the Prospectus submitted to the LSE:

- That, save as disclosed in the Prospectus submitted to the LSE, the Directors of the Company are not aware of any legal proceedings that may have any influence on their rights to explore for minerals;
- That the legal owners of all mineral and surface rights have been verified; and
- That save as disclosed in the Prospectus submitted to the LSE, no significant legal issue exists which would affect the likely viability of the exploration as reported herein.

The legal representatives of the Company in Indonesia are Sholeh, Adnan & Associates.

Dr. John Chisholm, an independent CP, has given and not withdrawn its written consent to the inclusion in this Prospectus of and has authorised for the purpose of PRR 5.3.9R (i) its report set out in Part 16 "Competent Person's Report" and estimates of mineral reserves and resources contained therein; (ii) references to them; and (iii) statements and information attributed to them or extracted from the Report and included in this Prospectus in the form and context in which they appear.

This CPR has also 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 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 are estimated to be $3,000.

2.3 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 to compile the geology, exploration history, Mineral Resources and potential of the Mandiri and Tisma Projects. 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.

2.4 Principal Sources of Information and Reliance on Experts

CRM has previously prepared technical reports on the Mandiri and Tisma Projects. In 2018 South Pacific Resources Limited (SPB) commissioned CRM to prepare an ITAR on the Mandiri HMS Project.

In 2019 Tisma Development (Hong Kong) Ltd (TDL) commissioned CRM to prepare a Mineral Resource Estimation report in accordance with the Australian JORC Code for the Tisma Project.

The statements and opinions contained in this report are given in good faith. This report is based on information provided by PYX, SPB and TDL, along with technical reports prepared by consultants, and other relevant published and unpublished information. PYX, SPB and TDL provided CRM with details of the tenement details, 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.

2.5 Site Inspection

Two site visits to the Mandiri Project were conducted by Dr Chisholm on the 24 September 2018 and 22 January 2019. A single sire visit to the Tisma Project area was conducted by Dr Chisholm on the 16 March 2020.

2.6 Mineral Assets

The Mineral Assets[11] that are included in this report are:

- The Mandiri Project that comprises one tenement and associated mineral processing plant, situated in the Gunung Mas Regency of the Central Kalimantan, Indonesia. Under Indonesian Mineral Legislation it is a requirement that a production facility be established as part of the licence approval procedure for the export on minerals from the tenement. A mineral processing facility that forms part of the Mandiri tenement is located 23.3 km to the south of the tenement.

[11] Mineral assets are inclusive of exploration assets.

The Tisma Project comprised of a single tenement (N0. 545/244/KPTS/VIII/2012) held by PT Tisma Global Nusantara totalling 1,500 ha.

Both the Mandiri and Tisma Projects contains Inferred Mineral Resources that were estimated in accordance with the 2012 JORC Code. There are currently no defined Ore Reserves.

2.7 Coordinate System

The coordinate system used is the Universal Transverse Mercator (UTM) Zone 49 (49M) south coordinate system under WGS 1984 spheroid, the local benchmark networking is measured or linked to the National Geospatial Informatics Biro (BIG) reference point, situated on Kuala Kurun district office. The BM survey complied with Indonesia National Standard (SNI) 19-6724-2002.

2.8 Tenure

CRM has not verified the ownership status or good standing of the tenements and has relied upon documentation supplied by PYX.

2.8.1 Tenure – Mandiri Project

PTIM was granted mining permit Izin Usaha Pertambangan-Operasi Produksi (IUP-OP) for a total area of 2,032 ha, by Bupati Gunung Mas, No. 16/DPE/IX/2010, on 2nd September 2010.

An extension to the term of the permit was granted for a period of 5 (five) years from September 2, 2020, to September 1, 2025 by decree of the head of the one stop integrated investment and capital services number 570/35/DESDM-IUPOP/V/DPMPTSP-2020and can be extended under statutory provisions.

The conditions of grant including Indonesian taxes and other financial obligation of PTIM are set out in the IUP. A summary of some of the key provision is as follows.

- Dead rent is payable to Government of Indonesia at rate of US$4 per hectare per annum,
- Royalty on thermal Heavy Mineral Sand produced is 3% by April 2015,
- Corporate tax of 25 % is set by Government of Indonesia,
- A withholding tax is payable on interest and dividends. This is set at 5% to 30% for non-resident foundation shareholder, but will increase to 20% for non-resident shareholders who are not foundation shareholders,
- PTIM shall collect, remit and report VAT on the delivery of taxable goods and or service at a rate of 10%,
- Land and building taxes payable to the local government are applicable, at rate of US$0.53 per hectare,
- Environmental obligations including reclamation bonding and plans have been approved by local government as part of the mine approval process in the term of reclamation bank guarantee,

2.8.2 Tenure – Tisma Project

The Tisma Project is comprised of a single tenement (N0. 545/244/KPTS/VIII/2012) held by PT Tisma Global Nusantara.

- Date granted 1 August 2012
- Area 1,500 ha
- Minerals included in the grant – zircon

2.9 Agreements

CRM is not aware of any formal agreements, past or present, relating to the Mandiri tenement. There are believed to be a number of informal understandings between PTIM and local artisanal miners who are mining the HMS for gold within the tenement and selling HMC to PTIM for processing through the plant.

2.10 Environment, Social and Culture Factors

PTIM has advised CRM that it is currently not facing any environmental or social litigation and has commenced exploration activities and feasibility studies in accordance with applicable regulations. The tenement is situated in a production forest area. Some areas are overlapping with community rice farming and traditional hunting grounds. The community which is of multi-ethnic backgrounds appears to be supportive of PTIM's plans to develop the project.

The Mandiri deposit is situated on the flood plain of the Kahayan river, legally classified into production forest area and conversion production forest area, but with tribal land ownership also established on it. The land has recently been used for traditional plantations, rice farming and gold mining, which covers most of the concession area.

2.10.1 Climate

The project area[12] has an average annual temperature of 26 to 32.5 ºC. 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).

[12] Palankaraya is located 170 km south and 60 km southeast of the Mandiri and Tisma project areas respectively.

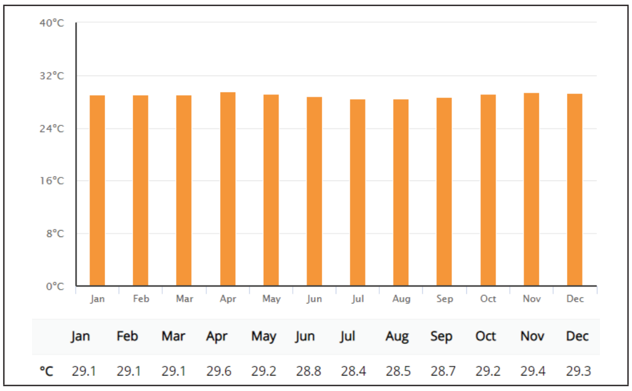


Figure 2-1 Annual temperature chart for Palankaraya

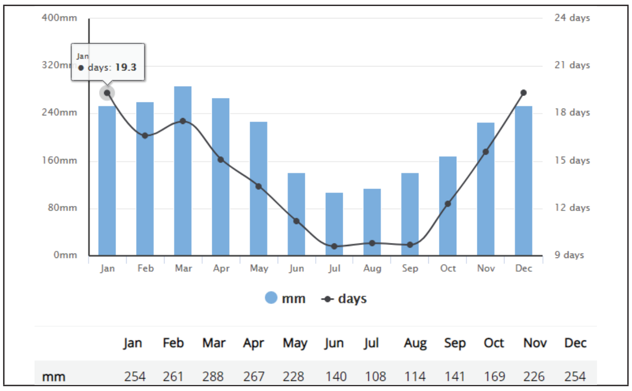


Figure 2-2 Annual rainfall and days of rain chart for Palankaraya

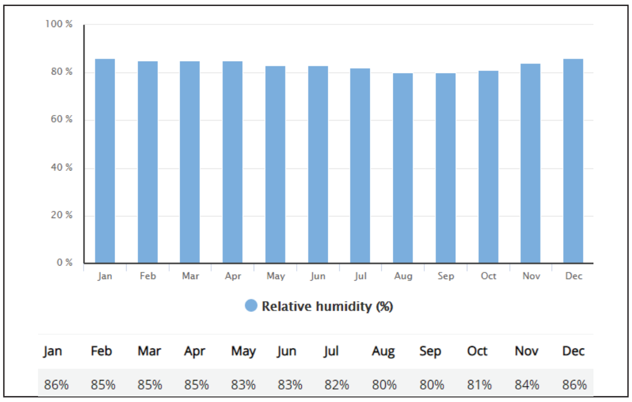


Figure 2-3 Annual humidity chart for Palankaraya

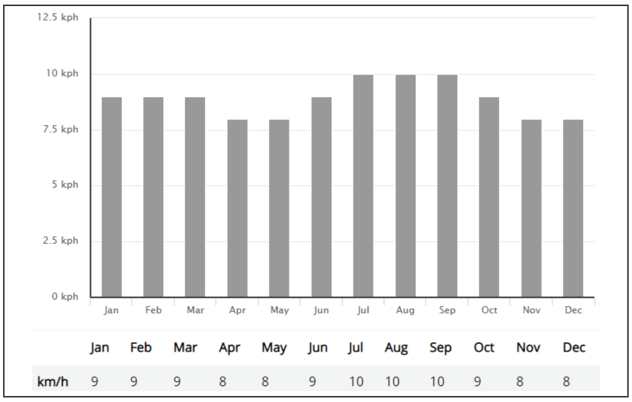


Figure 2-4 Annual wind speed chart for Palankaraya

Data source:https://www.weather2visit.com/asia/indonesia/palangkaraya.htm

2.10.2 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.

2.10.3 Regional Geology

The Mandiri tenement is situated on the anticlinorium complex within Barito Basin with a pull apart sedimentary basin, occurring in Paleogene age, in Central Kalimantan. Mandiri syncline stratigraphy consists of Tertiary sedimentary rocks sequences; Middle Miocene to Holocene age.

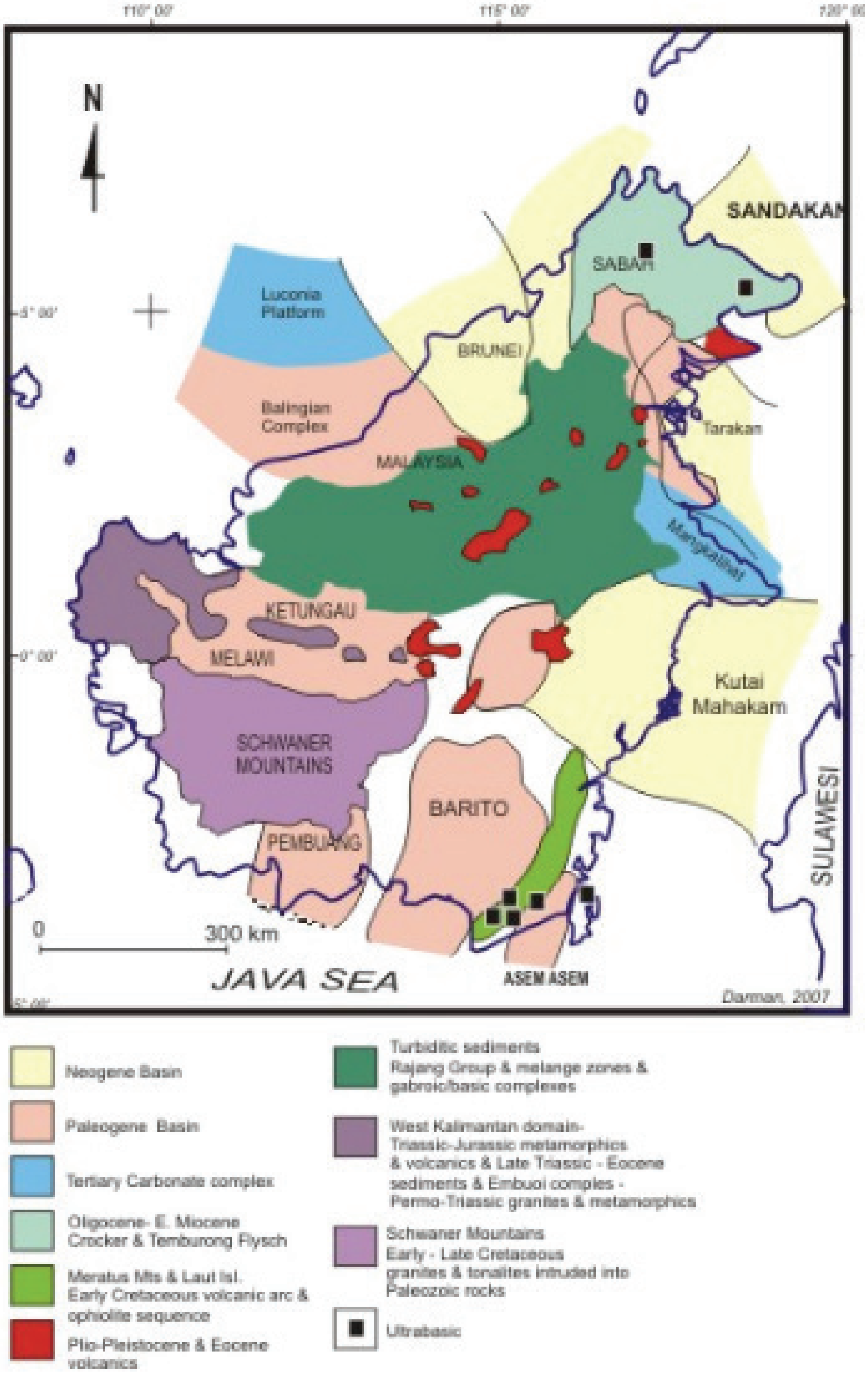


Figure 2-5 Simplified geological plan of Kalimantan Island

3 MANDIRI PROJECT

3.1 Location and Access

The Mandiri deposit is located in the Kuala Kurun administration area, within the Gunung Mas Regency in Central Kalimantan and is approximately 170 km north of the provincial capital city Palangkaraya.

The tenement can be accessed by commercial flights from Jakarta to Palangkaraya in 1 hours and 20 minutes. From the airport, the drive to the tenement area takes about 4½ hours.

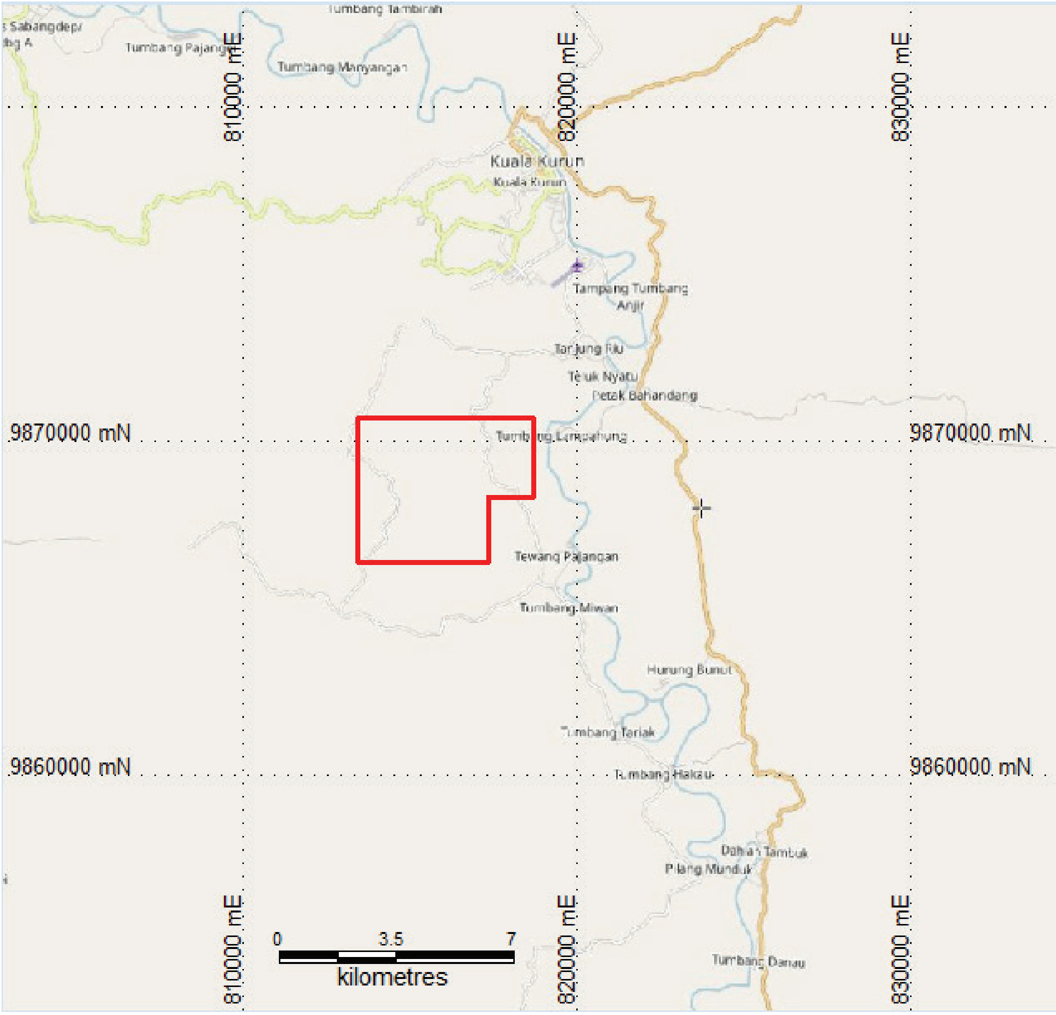


Figure 3-1 Mandiri Project location plan

3.2 Tenure and Agreements

PTIM was granted mining permit Izin Usaha Pertambangan-Operasi Produksi (IUP-OP) for a total area of 2,032 ha, by Bupati Gunung Mas, No. 16/DPE/IX/2010, on 2nd September 2010.

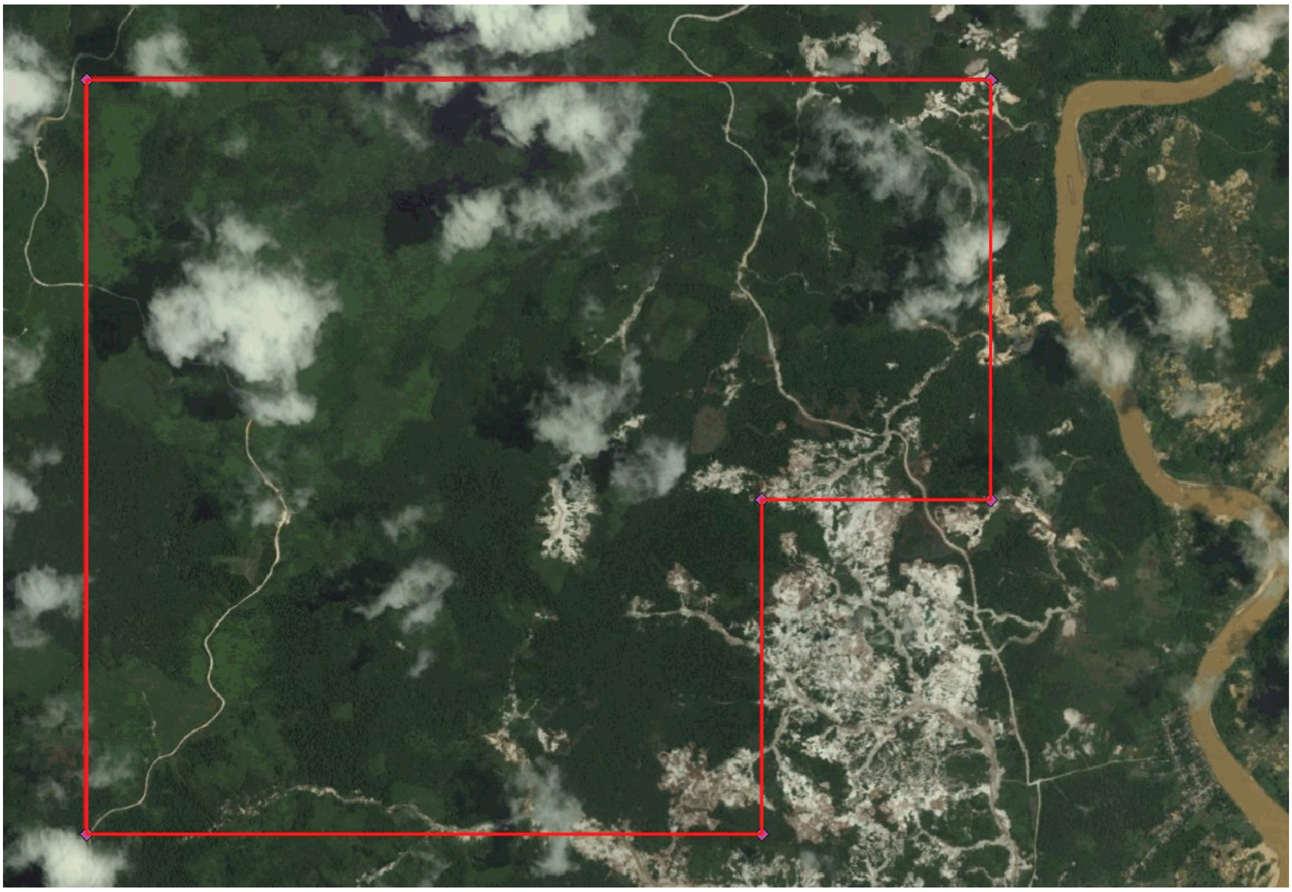


Figure 3-2 PTIR Mandiri tenement

The tenement is defined by the geographic coordinates is presented by Table 0–1 below.

Table 3-1 Mandiri tenement coordinates

Point Number	Longitude	Latitude
1	113° 48' 59"	01° 10' 5"
2	113° 51' 49"	01° 10' 5"
3	113° 51' 49"	01° 11' 24"
4	113° 51' 6"	01° 11' 24"
5	113° 51' 6"	01° 12' 26.90"
6	113° 48' 59"	01° 12' 26.90"
7	113° 48' 59"	01° 10' 5"

The conditions of grant including Indonesian taxes and other financial obligation of PTIM are set out in the IUP. A summary of some of the key provision is as follows.

- Dead rent is payable to Government of Indonesia at rate of US$4 per hectare per annum,
- Royalty on thermal Heavy Mineral Sand produced is 3% by April 2015,
- Corporate tax of 25 % is set by Government of Indonesia,
- A withholding tax is payable on interest and dividends. This is set at 5% to 30% for non-resident foundation shareholder, but will increase to 20% for non-resident shareholders who are not foundation shareholders,
- PTIM shall collect, remit and report VAT on the delivery of taxable goods and or service at a rate of 10%,
- Land and building taxes payable to the local government are applicable, at rate of US$0.53 per hectare,
- Environmental obligations including reclamation bonding and plans have been approved by local government as part of the mine approval process in the term of reclamation bank guarantee,

The development of HMS occurrences in Indonesia consists of obtaining approval from the central government for three progressive stages of status.

- Exploration stage – to obtain approval for detail exploration work comprising drilling, sampling, Heavy Mineral Sand grade analysis, geophysical logging, topography survey and bulk sampling.
- Feasibility study stage – to obtain approval for advance exploration and technical constraint work comprising mine method and design, geotechnical constraint, capex – opex study, financial model, HMS beneficiation study, market analysis, social – culture – environment study. This stage is based on findings from the exploration stage. An environment impact analysis document is also required in the stage as a step towards the production stage.
- Production stage – to obtain approval in principal for executing HMS mining operation based on feasibility report and impact analysis document. The IUP-OP was granted to PTIM in March 2010.

3.3 Exploration History

There is no record of any systematic exploration having been conducted over the Mandiri tenement area.

Artisanal miners have been active within the concession area for many years extracting gold and zircon using sluice boxes. The artisanal miners usually us a diesel pump to suck sand from shallow ponds to riffle boxes where the valuable components are recovered. Recovery is generally low, and the depth of workings rarely exceed 4 m.

Figure 3-3 Area of previous artisanal workings at Mandiri

Figure 3-4 Artisanal miners panning for gold within the Mandiri tenement in January 2019

Figure 3-5 Gold tail in the pan from the Mandiri tenement

3.4 Geology

The HMS bearing strata of the Mandiri 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 are reproduced from Nila, Rustandi and Heryanto (1995)

Alluvium, 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 soft, locally containing plant remains (tidal area); kaolinite clay. The thickness of this unit ranges from 50 to 100 m.

Werukin Formation (Tmw), 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 yellowist 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 the one of main coal bearing Formation in Barito Basin.

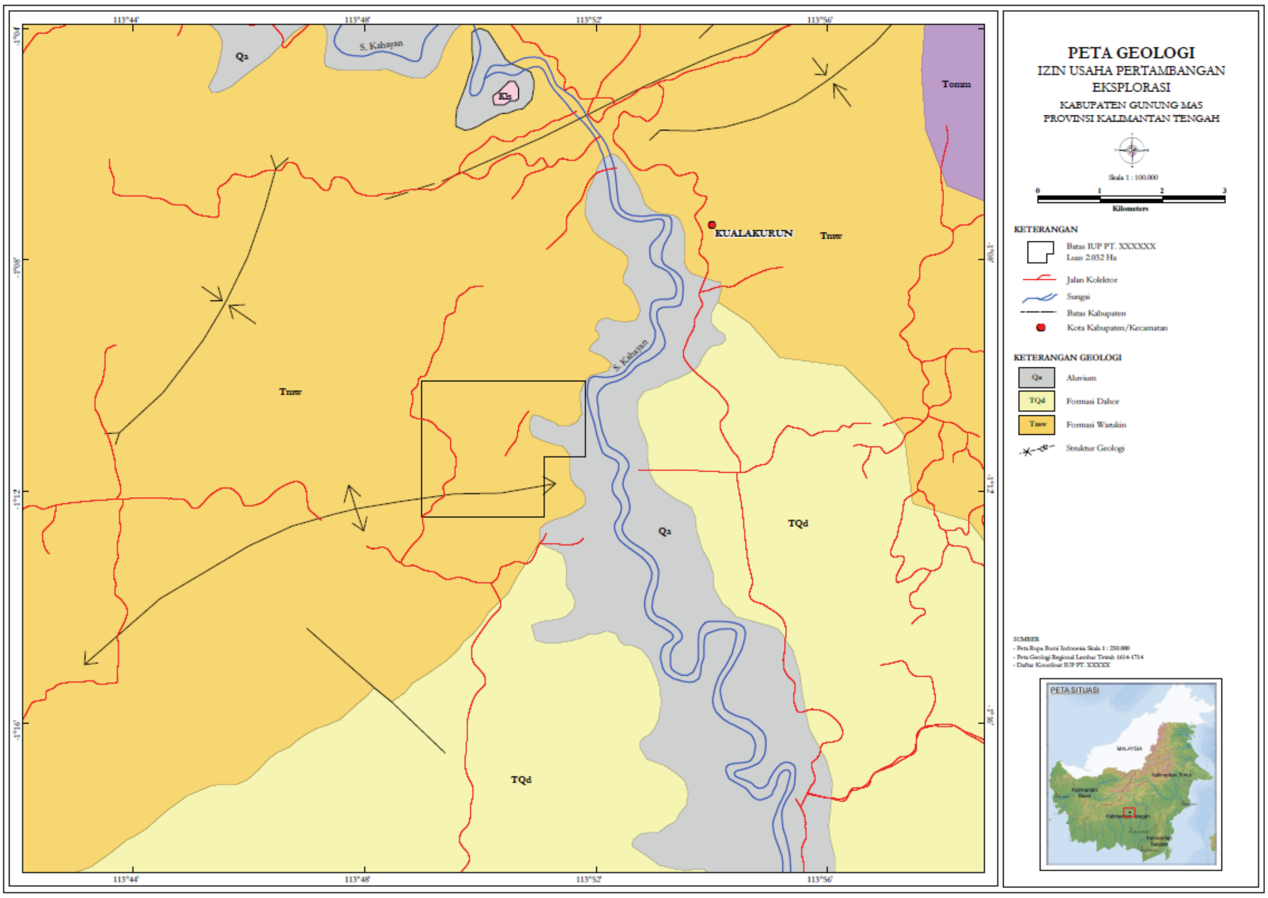


Figure 3-6 Geological map of the Mandiri tenement area

3.5 Database

The technical database for the project is very scant consisting of 52 auger drill holes, XRF analyses, HM content, slimes content and oversize content determinations and mineral assemblage data.

While the exploration database might be small a large quantity of material from the tenement area has been processed through the plant owned by PTIM providing valuable information regarding the mineralogy and characterisation of the heavy mineral assemblage.

3.6 Mineralisation

Geologically the HMS deposit at Mandiri is a placer deposit formed in a flood plain environment by concentration of heavy minerals, mostly zircon ($ZrSiO_4$), rutile (TiO_2), leucoxene ($FeTiO_3$, TiO_2) and ilmenite ($FeTiO_3$)). Zircon is the most valuable component followed by rutile, leucoxene and ilmenite in terms of value given to the ore. Gold, platinum and cassiterite have also been identified in the concentrate with gold recovered from the processing plant. The deposit is overlain by the Werukin Formation. 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. It is for this reason that alluvial placer deposits are often referred to as "strand-line deposits". The deposits are found in unconsolidated sand strata.

3.7 Geometry of the Mineralisation

The mineralisation occurs as a tabular body within alluvium as a layer of between 2 m to around a maximum of 11.5 m.

3.8 Drilling Methods

A programme of auger drilling (phase 1) and surface geological mapping was conducted in November to December 2018 with a second and third phase of auger drilling completed during January and February 2019.

The phase 1 auger drilling was undertaken using a 55 mm blade barrel auger at 200 m spacing and covered an area of 470 ha, or 12.50 % of the total concession area of 2,032 ha. A total of 18 hand powered auger holes were completed and all holes intersected the target alluvium bed. Based on the surface geological mapping it is estimated that the tenement contains about 1,100 ha of mineralised alluvial sand. About 60% of the mineralised area has been disturbed by artisanal mining activity but it is noted that this activity was only over shallow depths and the recovery was very poor.

Figure 3-7 Mechanical auger drill used during phase 2

The phase 2 auger drilling used a motorised auger in an attempt to get samples at greater depth but most of the holes collapsed below the water table and the holes were terminated. The spacing of the holes were increased to 400 m by 800 m in an effort to get samples over the entire area of the HMS layer.

A total of 52 holes were completed

For the phase 1 and 2 drilling 35 holes intersected alluvium but only 5 holes reached the basement with a maximum thickness of 11.5 m.

Figure 3-8 Cone and quartering of samples

The auger samples were collected in 1 m intervals and placed in core trays prior to being placed in plastic bags for storage. Sub-samples were sub-sampled using the cone and quartering method.

3.8.1 Recovery

During auger drilling, core logging was undertaken by the site geologist with the details of the core recovery recorded for each run. Core recovery was generally high for samples above the water table. Once the water table was reached the holes generally collapsed and the hole was abandoned.

3.8.2 Sampling

The HMS core samples were carefully recovered and placed in open PVC trays and sampled at 1 m sample spacing which was then delivered for storage at Palangkaraya by the site geologist. The down-hole alluvial strata and sedimentary rocks were logged by the site geologist.

Features recorded during logging included lithology, colour, grain size, boundary contact with adjacent lithologies and a general description of the material.

Figure 3-9 Core from auger hole DA-229 laid out for logging

The samples were delivered to PTIM's office in Palangkaraya where the samples were analysed for Zr, Ti, Th & Fe using an Olympus portable XRF unit. Sub-samples were prepared by cone and quartering and submitted for HM%, slime% and oversize% in addition to a range of elemental analyses as a check to the Olympus analyses.

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 samples dried under the sun,
8. The dried sample was sub-sampled using the cone and quarter method,
9. Pack sample (weight 1 kg per sample) in plastic bags and assigned a unique sample number and sent to Palangkaraya office,

3.9 Survey Control

All auger holes and sample sites were recorded using a Garmin 60cs hand held GPS unit. The estimated error is in the order of ±15 m.

RLs were not recorded as the tenement area is relatively flat. The mineralised horizon either outcrops or at most is beneath a 1 m soil horizon. The mineralised intersection was composited over the length of the alluvium intersection and the unit was continuous over the area sampled with no evidence of structural disruption.

3.10 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.

3.11 Analyses

Analyses for Zr, Ti & Fe were made on individual 1 m samples in the field using an Olympus portable XRF unit. A composite sample for each hole was prepared and submitted to the UPTD Laboratorium Energi Dan Sumber Daya Mineral for analysis by XRF.

Table 3-2 Basic statistics for mineralised intervals for the laboratory analyses

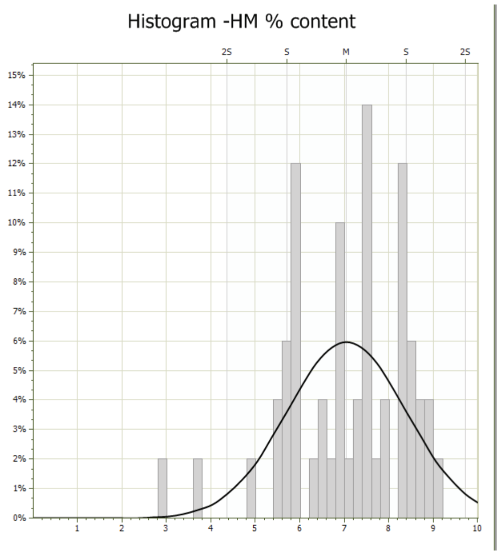
Item	Minimum	Maximum	Mean
Zirconium %	0.93	1.65	1.26
Titanium %	0.43	1.21	0.91
Iron%	0.78	1.90	1.30
Zircon% — calculated	1.86	3.32	2.53
Rutile% — calculated	0.08	0.22	0.17
Ilmenite% — calculated	1.22	3.40	2.57
HM% — calculated	3.96	6.52	5.26

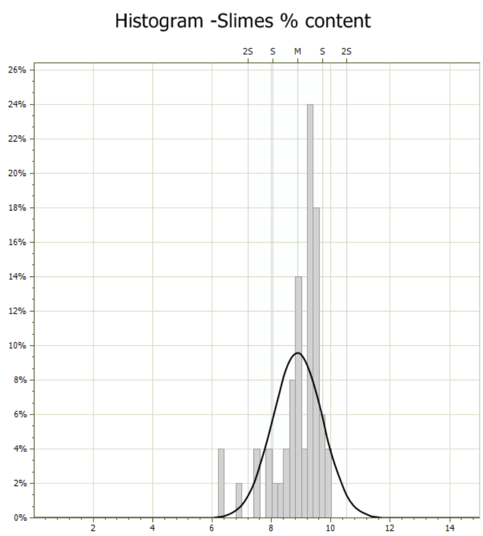
Note: zircon, ilmenite and rutile content was calculated from elemental Zr,& Ti. The ratio of rutile to ilmenite was based on production data from the plant.

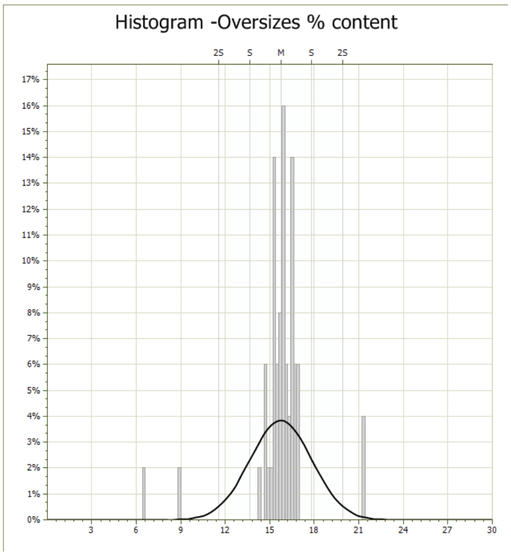
Table 3-3 Basic statistics for the HM, slime, oversize and mineralised intervals

Item	Minimum	Maximum	Mean
HM%	2.94	9.10	6.91
Slimes5	6.24	9.85	8.70
Oversize%	6.42	21.23	15.44
Interval (m)	0.3	11.5	3.68

The distribution of the analyses for HM, slimes and oversize in percent and mineralised interval in metres are shown in the figures below.







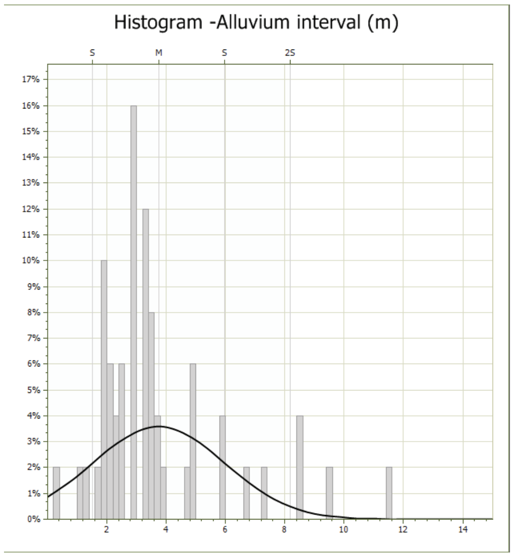


Figure 3-10 Histograms of the distribution of HM%, Slimes%, Oversize% & alluvium thickness (m)

A composite sample from which a concentrate was prepared was submitted for analysis of major and minor components commonly found in HMS deposits (Table 0-4).

Table 3-4 Analysis of HM composite sample concentrate from auger drilling at Mandiri

LABORATORIUM PUSAT SURVEI GEOLOGI
(*GEOLOGY LABORATORIES*)
Jl. Diponegoro No. 57, Bandung, 40122, Indonesia
Telp: 022-7203205, 6032207 Fax: 022-7202669, 6127941 E-mail: labgeologi@grdc.esdm.go.id

HASIL UJI KIMIA METODE XRF
(*XRF METHOD CHEMISTRY ANALYSIS RESULT*)
Nomer lab. (*lab. number*) : 089/L/GL/2.2/12/2018
Tanggal (*date*) : 20 Desember 2018

Kode sampel (*sample code*)	: IM.01	Tanggal diterima (*received date*)	: 17 Desember 2018
Kode lab. (*lab. code*)	: 291/2.2/18/1352	Tanggal diuji (*analyzed date*)	: 19 Desember 2018
Lokasi (*location*)	: Kalimantan Tengah	Metode uji (*method*)	: GL-MU-2.2
Kedalaman (*depth*)	: -	Metode preparasi (*preparation method*)	: *Pressed Pellet*
Pemilik (*property*)	: **PT. INVESTASI MANDIRI**		

Compound	m/m%	StdErr	El	m/m%	StdErr
ZrO_2	**42.09**	**0.25**	**Zr**	**31.16**	**0.18**
SiO_2	**27.18**	**0.22**	**Si**	**12.71**	**0.10**
TiO_2	**21.68**	**0.21**	**Ti**	**13.00**	**0.12**
Fe_2O_3	**3.97**	**0.10**	**Fe**	**2.77**	**0.07**
Al_2O_3	1.55	0.06	Al	0.821	0.033
Cr_2O_3	1.09	0.05	Cr	0.748	0.036
HfO_2	**0.581**	**0.029**	**Hf**	**0.493**	**0.025**
MgO	0.292	0.015	Mg	0.176	0.009
MoO_3	0.202	0.012	Mo	0.135	0.008
MnO	0.147	0.007	Mn	0.114	0.006
V_2O_5	0.126	0.006	V	0.0703	0.0035
SnO_2	0.104	0.005	Sn	0.0816	0.0041
Y_2O_3	0.102	0.005	Y	0.0804	0.0040
CaO	0.0608	0.0030	Ca	0.0435	0.0022
K_2O	0.0273	0.0014	K	0.0227	0.0012
U_3O_8	**0.0195**	**0.0034**	**U**	**0.0165**	**0.0029**
Nb_2O_5	0.0188	0.0034	Nb	0.0131	0.0024
La_2O_3	0.0177	0.0027	La	0.0151	0.0023
Yb_2O_3	0.0153	0.0028	Yb	0.0134	0.0024
ZnO	0.0135	0.0013	Zn	0.0108	0.0010
OsO_4	0.0134	0.0029	Os	0.0100	0.0022
Sc_2O_3	0.0100	0.0012	Sc	0.0065	0.0008
Ga_2O_3	0.0049	0.0007	Ga	0.0036	0.0005
GeO_2	0.0029	0.0007	Ge	0.0020	0.0005

REST= 0.61 LOI

Kepala Subbidang Geologi Dasar dan Terapan
selaku Manajer Teknis,

Aries Kusworo, S.T., M.T.
NIP. 197203112006041001.

Catatan (*notes*):
Hasil pengujian ini hanya berlaku untuk sampel yang diuji (*this analysis result is only valid for the tested sample*).

3.12 QA/QC

Some basic QA/QC work was carried out to confirm the accuracy and precision of the sampling work. This included twinned auger holes, Certified Reference Material and duplicate sample analyses.

3.12.1 Twinned Auger Holes

Two auger holes were twinned by a second hole drilled approximately 3 m apart. The holes are designated with a suffix "R". The second twinned hole was only 1.2 m in depth and no samples were collected. The results for auger holes DA-206 & DA-206R are presented in Table 0–5.

Table 3-5 Results of twinned auger drilling

Hole-ID	East-	North-	Depth	Interval	HM%
DA-206	818591	9869569	4	4	8.45
DA-206R	818611	9869571	4.6	3.6	8.22

Hole-ID	Zr (%)	Ti (%)	FE (%)	Zircon (%)	Rutile (%)	Ilmenite (%)	HM (%)
DA-206	1.66	1.07	1.6	3.47	0.19	2.93	6.59
DA-206R	1.80	1.08	2.03	3.62	0.20	3.05	6.86

3.12.2 Standards

A set of six standards were purchased to test the accuracy of the Olympus portable XRF unit. The results (Table 0-6) are equivocal and probably due to the different matrix of the samples relative to HMS material.

Table 3-6 Results of testing certified reference material

Standard	Reading 1		Reading 2		Reading 3		Reading 4		Reading 5	
	Zr (%)	Ti (%)	Zr (%)	Ti (%)	Zr (%)	Ti (%)	Zr (%)	Ti (%)	Zr (%)	Ti (%)
OREAS 461	656	2.75	633	2.68	641	2.73	669	2.73	686	2.7
Certified value	603	1.84								
AMIS 0304	1135	1.39	1193	1.36	1154	1.35	1190	1.39	1112	1.38
Certified value	1002	1.08								
OREAS 465	1703	9.74	1665	9.72	1676	9.59	1676	9.45	1657	9.58
Certified value	1879	6.30								
OREAS 98	212	2863	225	3009	228	3128	212	3079	208	3014
Certified value	67	2398								
OREAS 045e	363	8645	368	8632	361	8803	371	9257	358	9115
Certified value	242	5840								

The standard OREAS-461 was analysed after approximately every 10 sample readings with a mean value of 660 ppm Zr.

Table 3-7 Results of routine analysis of standard OREAS-461 for Zr

Zr ppm	Zr ppm	Zr ppm	Zr ppm
668	655	672	668
645	664	644	
664	664	644	
672	668	664	

3.12.3 Duplicates

No duplicates were specifically collected as part of the QA/QC which is an item that will need to be changed for future drilling programmes.

One composite sample previously laboratory analysed was recovered from the laboratory and analysed by the Olympus XRF unit (Table 0-8). Similarly, samples analysed in the field by the Olympus XRF unit were submitted for laboratory analysis (Figure 0-11 to Figure 0-14) at UPTD Laboratorium Energi Dan Sumber Daya Mineral.

Table 3-8 Results of Olympus XRF compared to Bandung Laboratory – Composite HM concentrate

Oxide	Bandung Laboratory XRF results	Olympus XRF	
		Reading 1	Reading 2
ZrO_2	42.09	41.96	40.47
TiO_2	21.68	23.52	21.63
Fe_2O_3	3.97	6.12	5.47
SiO_2	27.18	14.82	17.41
Al_2O_3	1.55	1.73	2.07

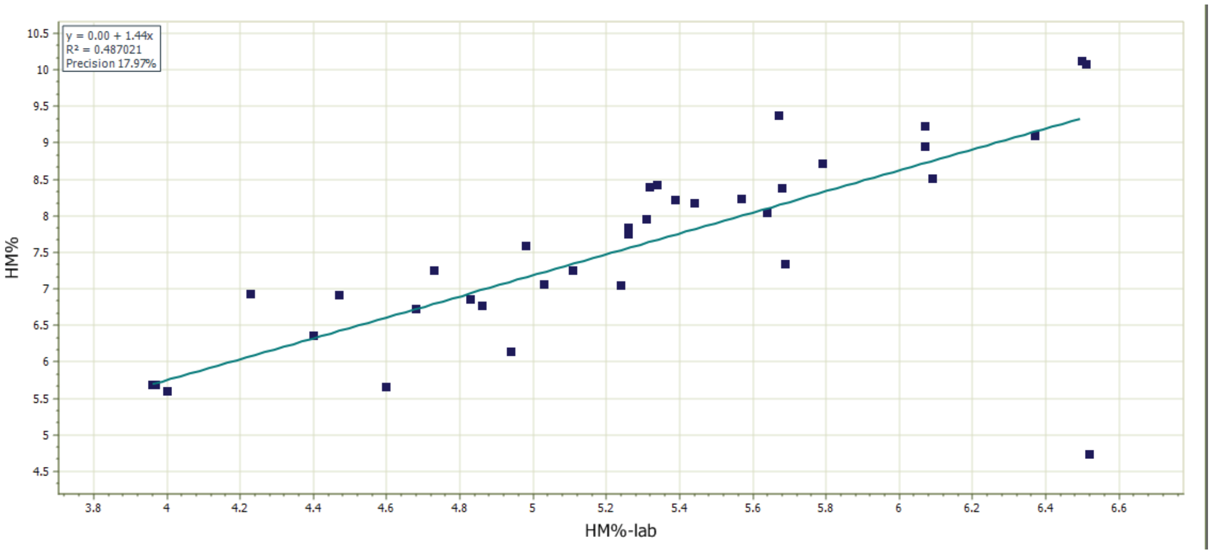


Figure 3-11 HM% Plot of field analyses (y-axis) relative to laboratory XRF results

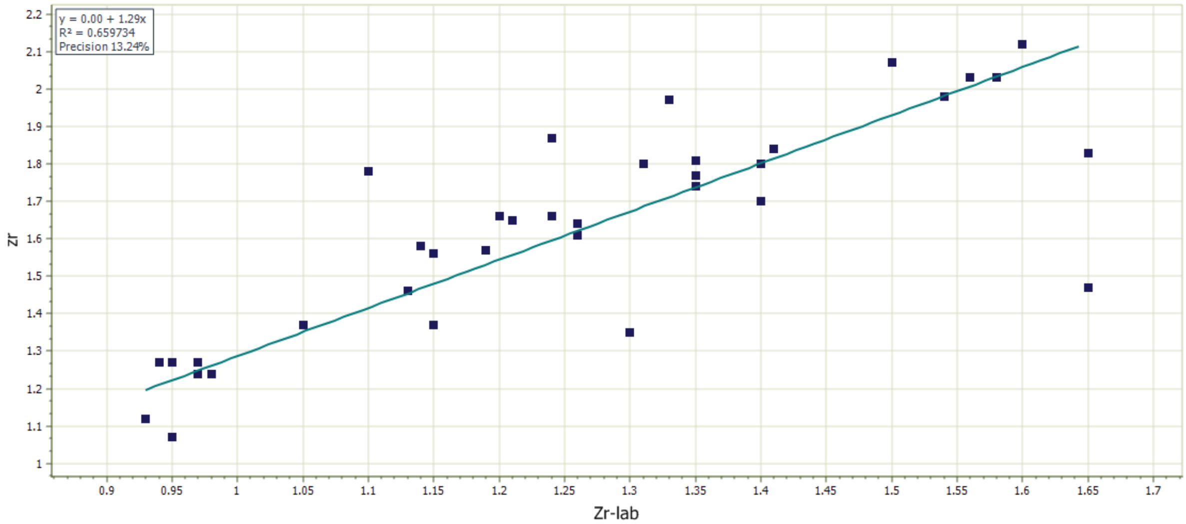


Figure 3-12 Fe% Plot of field analyses (y-axis) relative to laboratory XRF results

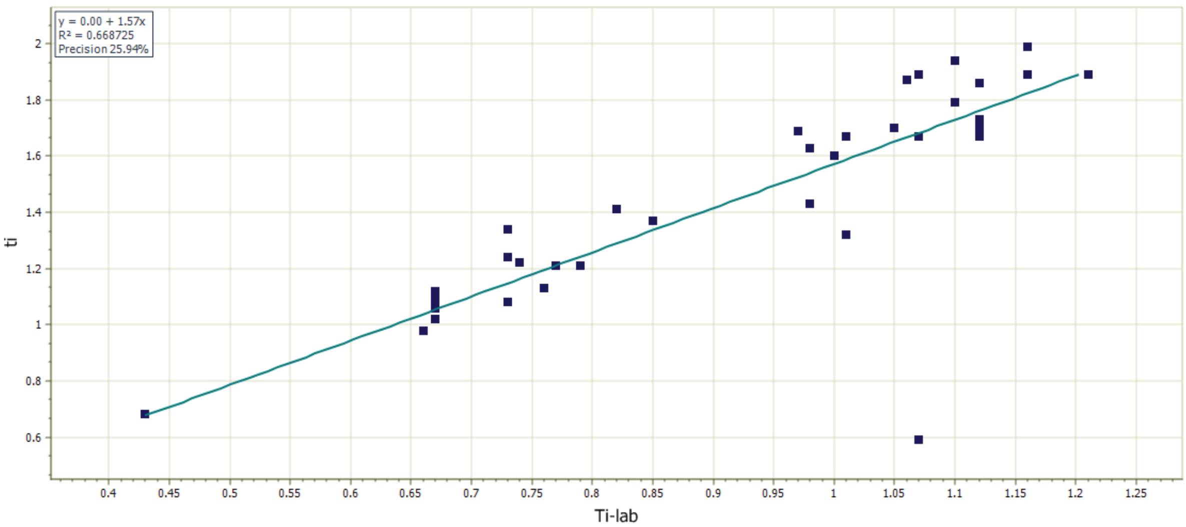


Figure 3-13 Ti% Plot of field analyses (y-axis) relative to laboratory XRF results

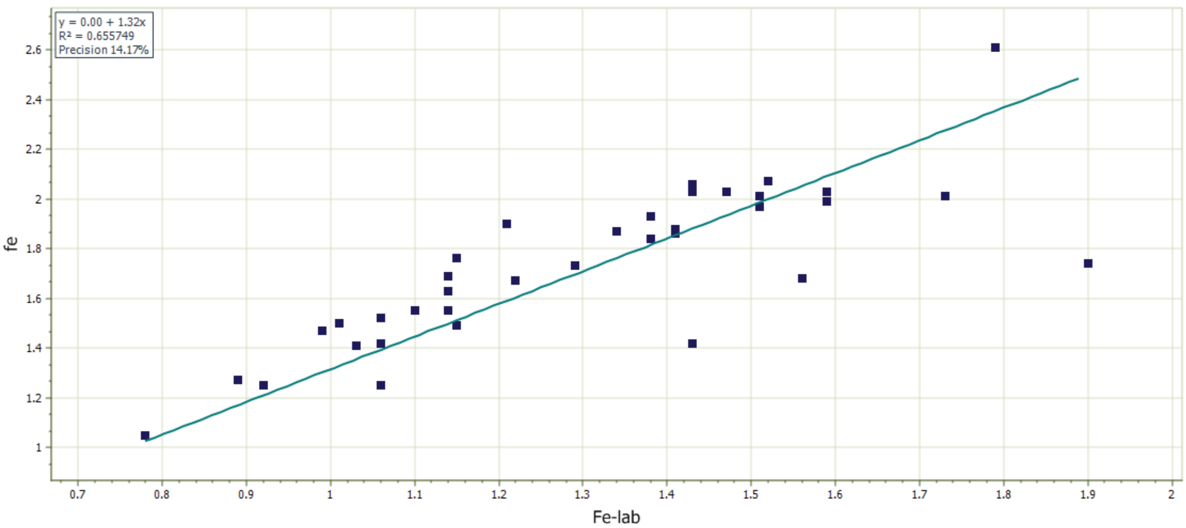


Figure 3-14 HM% Plot of field analyses (y-axis) relative to laboratory XRF results

3.13 Mineral Resource Estimation Methodology

3.14 Estimate Procedure

CRM carried out this resource estimate for Mandiri 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.

3.15 Upper Cuts

Based on the distribution of the analytical results no upper cuts were applied.

3.16 Previous Mineral Resource Estimates

CRM is not aware of any previous mineral resource estimates for the Mandiri Project.

3.17 Ore Reserves

There are no Ore Reserves current for the Mandiri Project.

Notwithstanding the fact that there are no defined Ore Reserves there is current production from the tenement by artisanal miners. Production of HMC from the tenement is available for the past year (Figure 0-15). a total of 7,269 t of HM concentrate was purchased from the artisanal miners.

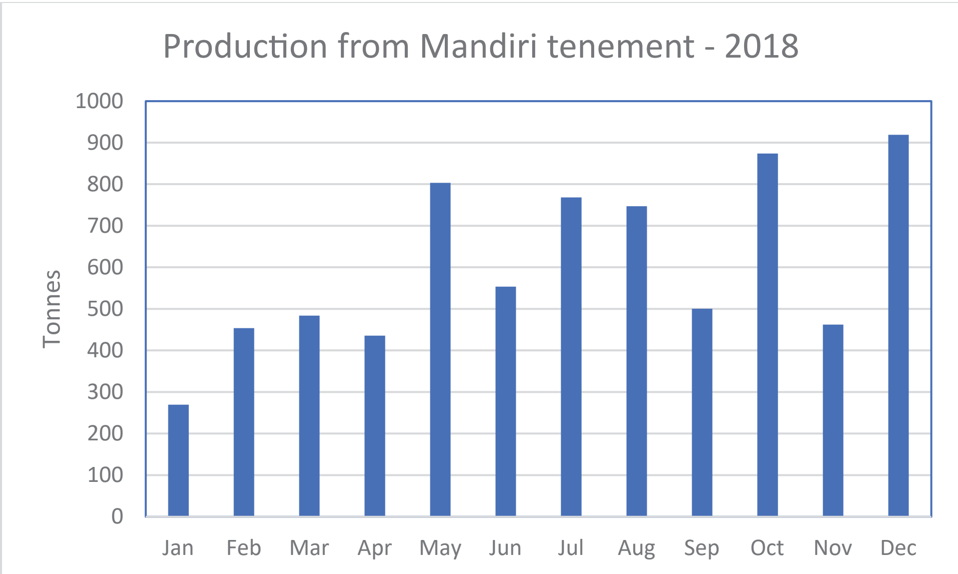


Figure 3-15 Monthly HMC production from the Mandiri tenement during 2018

It is not possible to determine the grade of the Mandiri HMS on the basis of the mined material as the artisanal miners do not record the volume of sand processed and modify their recovery process to maximise recovery of zircon at the expense of reduced ilmenite and rutile recovery. The artisanal miners are paid for concentrate produced based on the zircon content which is variable.

Information regarding the mineralogy is provided by the mineralogical content of a 551 t batch of dry high grade zircon concentrate which does not reflect the ratio of rutile to ilmenite in the deposit as most of the rutile and ilmenite has been reported to the rutile/ilmenite product during the beneficiation process.

Table 3-9 Mineralogical composition of a 551 t dry weight sample of high grade zircon concentrate from the Mandiri Tenement

Mineral	Weight	Relative %
Zircon	358 t	64.97 %
Mixed ilmenite	104 t	18.87 %
Rutile	13 t	2.36 %
Monazite mix	4 t	0.73 %
Trash	72 t	13.07 %
Gold	1041 g	1.89 g/t
Total	551 t	100.00 %

Note: The artisanal miners were mining and processing the HM sand principally for gold and the 1.89 g/t Au represents the unrecovered portion.

The relative percentage of the minerals comprising the mineral assemblage for the Mandiri HMS deposit (Table 0-2) based on actual production data[13] for a 12 months period from the PTIM processing plant and supported by chemical analyses is consistent with the results of the mineralogical composition of the 551 t sample referred to in Table 3-1.

Table 3-10 Mineral assemblage for the Mandiri HMS deposit

Component	Zircon	Ilmenite	Rutile	Other	Waste + H_2O	Total
Relative %	68%	9.5%	8.5%	1%	13%	100%

3.18 Mineral Resource Estimation Parameters

3.18.1 Input data

Each auger hole was logged and the interval of alluvium recorder (Int). A composite sample was prepared for the interval and analysed by the Uptd Laboratorium Energi Dan Sumber Daya Mineral in Banjarbaru. HM%, slimes% and oversize% and a suite of 14 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.

[13] Production data supplied by PTIM during the site visit.

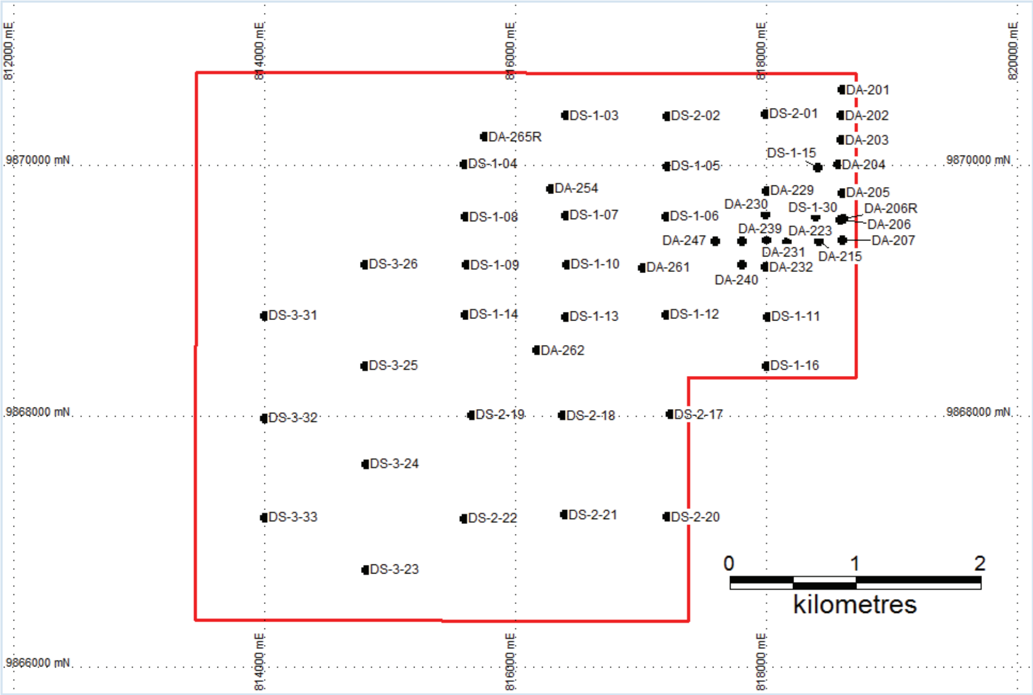


Figure 3-16 Drill hole location plan

Table 3-11 Drill hole and mineral data used in the resource estimation

Hole-ID	East-UTM49M	North-UTM49M	From (m)	Interval (m)	Lab-HM%	Slimes%	Oversize%
DA-201	818600	9870600	0	5.00	7.45	9.74	15.58
DA-202	818597	9870398	0	6.00	8.32	8.94	14.99
DA-203	818599	9870200	0	3.00	5.72	9.36	16.23
DA-204	818573	9870005	1	2.00	5.94	9.21	15.65
DA-205	818600	9869782	2	3.00	6.54	9.45	14.73
DA-206	818591	9869569	1	3.00	8.45	9.45	14.76
DA-206R	818611	9869571	1	2.60	8.22	9.21	15.94
DA-207	818600	9869401	1	3.60	7.35	9.22	15.05
DA-215	818413	9869396	1	3.00	7.2	6.97	8.95
DA-223	818165	9869384	1	3.50	6.89	9.74	15.58
DA-229	817998	9869796	1	2.40	8.9	9.45	16.75
DA-230	817988	9869605	1	3.00	9.1	7.45	16.2
DA-231	818002	9869403	0	3.40	8.35	8.24	15.8
DA-232	817995	9869191	0	3.40	6.26	7.85	15.35
DA-239	817802	9869396	1	3.40	8.37	9.35	16.55
DA-240	817803	9869207	1	5.00	5.93	8.1	15.98
DA-247	817595	9869400	1	2.40	6.94	9.22	16.45
DA-254	816284	9869813	3	2.00	5.46	8.98	14.65
DA-261	817011	9869184	0	3.00	8.28	9.42	16.85
DA-262	816169	9868526	1	3.40	6.64	7.84	15.32
DA-265R	815751	9870226	1	1.40	5.52	8.73	15.92
DS-1-03	816403	9870398	3	2.00	5.62	9.47	15.83

Hole-ID	East-UTM49M	North-UTM49M	From (m)	Interval (m)	Lab-HM%	Slimes%	Oversize%
DS-1-04	815597	9870009	2	2.00	5.94	8.64	15.32
DS-1-05	817208	9869995	1	3.35	7.59	9.22	15.96
DS-1-06	817198	9869595	4	3.00	5.86	8.74	15.26
DS-1-07	816399	9869603	1	3.80	7.42	9.13	15.74
DS-1-08	815605	9869590	0	3.25	7.54	8.94	16.43
DS-1-09	815610	9869207	2	2.00	7.38	9.04	15.34
DS-1-10	816408	9869210	1	3.50	7.64	9.63	16.34
DS-1-11	818007	9868793	4.5	2.50	6.84	8.64	15.28
DS-1-12	817198	9868810	4.45	0.30	2.94	7.52	6.42
DS-1-13	816405	9868795	1	3.60	7.42	9.31	15.42
DS-1-14	815605	9868810	1	2.20	7.52	8.93	16.42
DS-1-15	818406	9869981	0	4.65	8.42	9.53	16.65
DS-1-16	818001	9868403	0	3.00	5.98	8.98	15.84
DS-1-30	818393	9869595	1	3.70	8.73	8.43	16.2
DS-2-01	817995	9870409	0	2.60	5.75	6.24	21.23
DS-2-02	817212	9870393	0	4.00	6.84	8.85	16.57
DS-2-17	817234	9868017	0	1.80	4.82	9.5	15.8
DS-2-18	816379	9868007	0	8.60	7.89	8.45	15.21
DS-2-19	815656	9868011	0	1.20	3.72	9.85	14.36
DS-2-20	817207	9867200	0	2.20	6.42	9.23	16.54
DS-2-21	816393	9867216	0	7.35	8.94	9.24	16.89
DS-2-22	815594	9867188	0	6.00	8.62	9.22	16.85
DS-3-23	814810	9866776	0	11.50	7.42	9.35	16.04
DS-3-24	814809	9867620	0	6.70	6.85	9.42	15.88
DS-3-25	814804	9868403	0	5.00	7.96	9.45	16.75
DS-3-26	814798	9869211	0	0.00	0	0	0
DS-3-31	813999	9868803	0	9.60	8.24	8.95	15.94
DS-3-32	813998	9867985	0	8.50	8.52	9.82	16.52
DS-3-33	814004	9867194	0	2.15	5.84	6.24	21.23

3.18.2 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 cubed interpolation for the grade, density and mineralised interval.

3.18.3 Block Dimensions

OBM block dimensions for the Mandiri deposit were 100 m EW, 100 m NS, and the mineralised composite interval for the vertical dimension. Discretisation was not employed

Table 3-12 OBM block definitions

Area	Dimension	Min Centre	Block Size	Max Centre	Blocks
Mandiri	East	813400	100 m	818700	54
	North	9866400	100 m	9870700	44
	Z	0	1 m	20	1

Note: For the resource reporting the 1 m Z value was replaced with the interpolated interval thickness for each block.

3.18.4 Ore Block Models

A single, 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.

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 shoe considerably less variability in grade than one formed as strandlines in a marine environment.

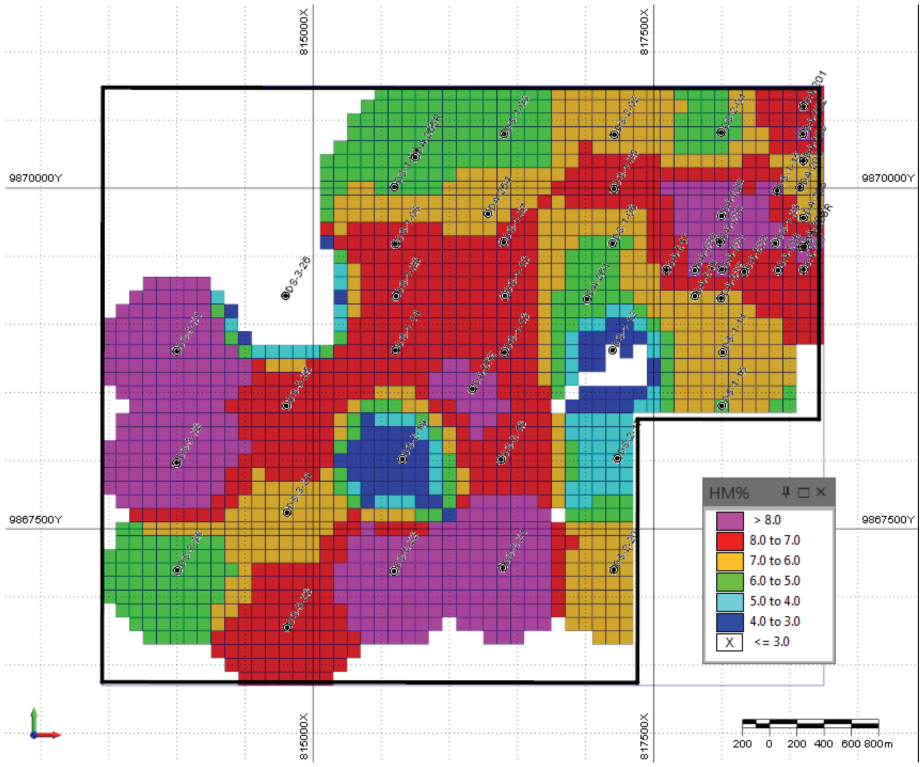


Figure 3-17 Mandiri deposit – Locations of OBMs relative to auger holes

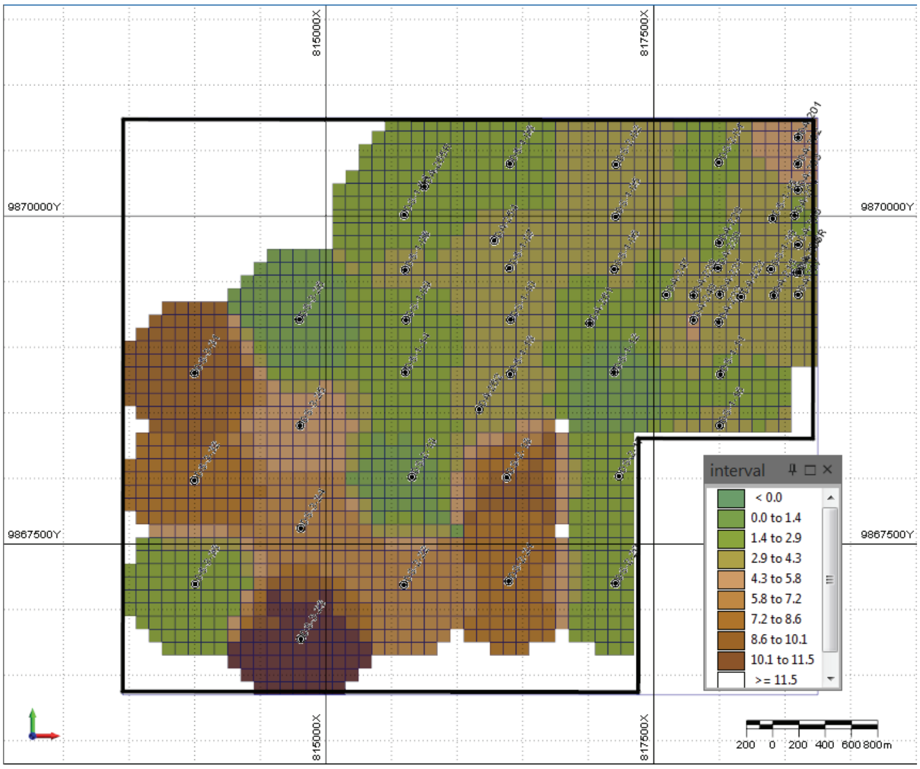


Figure 3-18 Mandiri deposit – Alluvium thickness (m) relative to auger holes

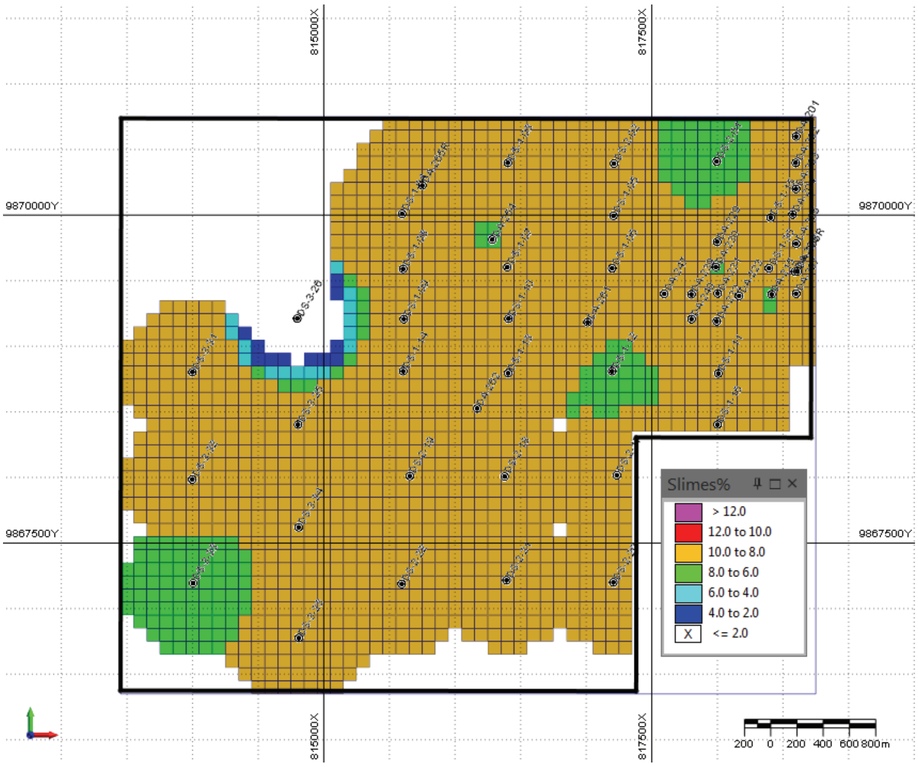


Figure 3-19 Mandiri deposit – Slimes % relative to auger holes

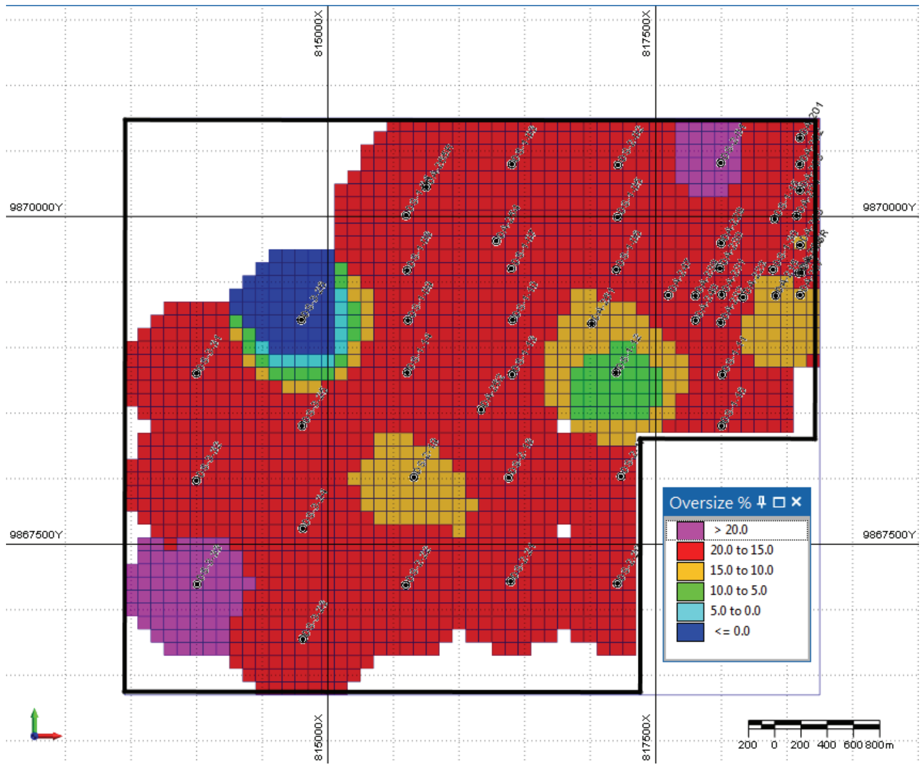


Figure 3-20 Mandiri deposit – Oversize % relative to auger holes

3.19 Mineral Resource Statement

As at the date of this report the Inferred Mineral Resources for the Mandiri HMS deposit are defined as 126 Mt containing 7%, HM 9% slimes and 16% oversize at a lower cut-off grade of 2%. The estimated contained zircon is 6 Mt[14].

Resources are reported only for those portions of the OBMs that are within the Mandiri tenement. Resources were estimated and reported for zircon, rutile, ilmenite and HM.

3.20 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.).*

3.21 Resource Tables

Mineral Resources (unrounded) for the Mandiri Heavy Mineral Deposit within mining permit Izin Usaha Pertambangan-Operasi Produksi are set out in Table 0-13. The resources are reported at a lower block cut-off grade of 2% HM. As the mineral assemblage for the Mandiri tenement is well established the valuable heavy mineral (VHM) content represents approximately 86% of the HM content in the Mineral Resource estimate.

[14] The Statement of Resources are rounded in accordance with the JORC Code and consequently unrounded totals in the associated table may not agree.

Table 3-13 Mineral Resources above 2% HM lower block cut-off grade (unrounded)

Area	Category	Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
Mandiri	Inferred	126.3	7.43	8.98	16.14

The Inferred Mineral Resources for the Mandiri HMS deposit are defined as 126 Mt containing 7% HM including 9% slimes and 16% oversize at a lower cut-off grade of 2%. The estimated contained zircon is 6 Mt

The mineral assemblage of the product from the Mandiri project is well established based on production records from the PTIM processing plant and confirmed[15] by the certified laboratory analyses required by legislation for export product.

Table 3-14 Mineral assemblage and contained tonnes of the components (unrounded)

Component	Zircon	Ilmenite	Rutile	Other	Waste + H_2O	Total
Relative %	68%	9.5%	8.5%	1%	13%	100%
Contained mineral	6.00 Mt	0.84 Mt	0.75 Mt	0.09 Mt	1.15 mt	8.82 Mt

Note: Total may not agree due to rounding.

Based on the data available, the tonnage of contained zircon, ilmenite and rutile which together comprise the VHM is 7.59 Mt.

Resources are given in Table 0-15 at various lower block cut-off grades of contained HM.

Table 3-15 Inferred Resources by lower block cut-off grade (unrounded)

Category	Cut-off Grade (% HM)	Cumul. Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
Inferred	8	43.3	8.47	9.23	16.42
	7	88.4	7.99	9.18	16.19
	6	112.2	7.70	9.10	16.18
	5	125.0	7.53	9.01	16.25
	4	126.1	7.48	8.99	16.20
	3	126.1	7.44	8.99	16.16
	2	126.3	7.43	8.98	16.14

There is only minor material less than 2% HM.

3.22 Resource Validation

3.22.1 Input-Output Comparison

Comparisons between mean input analyses and estimated grades are given in Table 0-11 for each wireframe.

Table 3-16 Comparison of Input and Output Grades

Model	Input HM %	Estimate HM %
Mandiri	6.91	7.43

There is good agreement between input and output grades.

[15] Based on the known chemical composition of each mineral present in the assemblage.

3.23 Previous Estimate Comparison

There are no known mineral resource estimates.

3.24 Exploration potential

3.24.1 Heavy Mineral Sands

The main area for potential mineralisation is below the water table as the auger drilling only tested the alluvial zone above the water table. The deepest auger hole that intersected bedrock was 10 m in depth. It is most likely that an additional mineralisation will be located below the currently defined resource. Testing this zone will require drilling using an air-core mechanised drilling rig.

In addition to the Exploration Target below the water table there is the potential for additional HMS mineralisation to be located to the northwest of the current resources below the younger Werukin Formation.

In the case of the Mandiri tenement the Exploration Target for HMS within the Mandiri tenement is in the order of 25–30 Mt of sand containing 4–7% heavy minerals. Mineralisation expressed as Exploration Targets are in addition to Mineral Resources.

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. In the case of the Mandiri tenement the Exploration Target has been conservatively estimated as potential HMS mineralisation extending a further 25% in depth below the water table beneath the Inferred Mineral Resources at a grade not exceeding the grade of the Inferred Mineral Resources.

3.24.2 Gold and precious metal potential

The tenement is known to contain alluvial gold which is being exploited by artisanal miners. It is not known how much gold the artisanal miners are producing but significant quantities of gold are being recovered by the PTIM processing facility which purchases heavy mineral concentrate from the artisanal miners. In the course of panning samples during the auger drilling the site geologists reported small gold grains in auger hole DA-206R.

Two analytical certificates accompanying rutile concentrate for export report gold values of 17 g/t and 37 g/t. In addition, platinum is reported at levels of 215 g/t and 101 g/t.

Laboratory analysis of concentrate from the processing plant reports gold grades of 5–7 g/t Au in concentrate but this is from concentrate purchased from artisanal miners who have already worked the material for gold.

The Exploration Target for gold mineralisation is 30-50 Mt of sand at a grade – 1 – 5 g/t Au.

3.25 Mineral processing

PTIM has constructed a processing plant located 23 km to the south of the Mandiri Project area. The plant incorporates the standard HM processing equipment in the form of dryers, gravity shaking tables, electro-static separators and electro-magnetic separators.

The current production capacity is in the order of 500 tpm with plans to increase the production rate to 1,000 t by March of 2019.

Figure 3-21 Shaking table at the PTIM plant

Figure 3-22 Electrostatic and electromagnetic separators installed at the PTIM plant

The separation process currently in operation at the PTIM processing plant is illustrated in Figure 0-23 and is as follows:

- HM feed material is passed over gravity shaking tables in a process that increases the zircon concentrate up to between 55% to 60%. At this stage, all waste sand is separated. Higher zircon concentrates can be achieved with the tables but at the cost of losing other mineral such as ilmenite and rutile.

- After the gravity shaking tables the concentrate is dried through a rotary dryer then cooled.

- The dried and cooled concentrate is then passed through an electro-static separation unit that separates metallic from non-metallic or non-conductive minerals. Zircon is separated from the ilmenite and rutile, and also precious metals such as gold and platinum.

- The final stage in the process is passing the zircon concentrate through an electro-magnet separation unit to produce a very high-grade zircon product of between 66 to 68% zircon. At this stage the TiO_2 and FeO_2 will be very low (<0.1%) and the zircon product is classified as high-grade premium zircon sand.

- The black heavy minerals separated from the zircon during the electro-static separation is passed through the electro-magnet separation unit using different settings to separate ilmenite and rutile products. The rutile product will contain high grade TiO_2, variable quantities of gold and platinum and small quantities of other non-magnetic minerals.

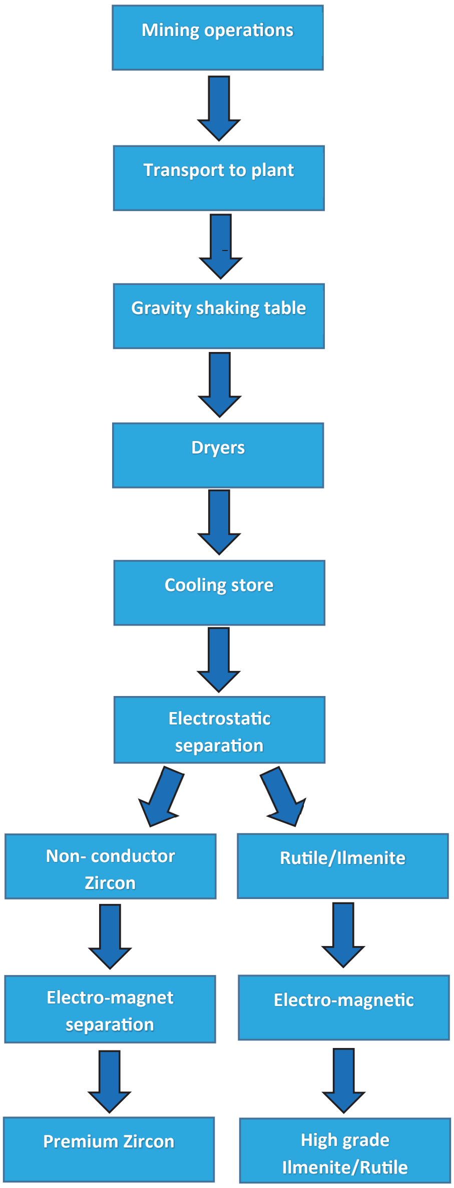


Figure 3-23 Schematic processing scheme at the PTIM plant

3.26 Merit

It is the Competent Person's view that the Mandiri tenement is highly prospective for heavy minerals and gold.

4 TISMA HMS PROJECT

4.1 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 0-1).

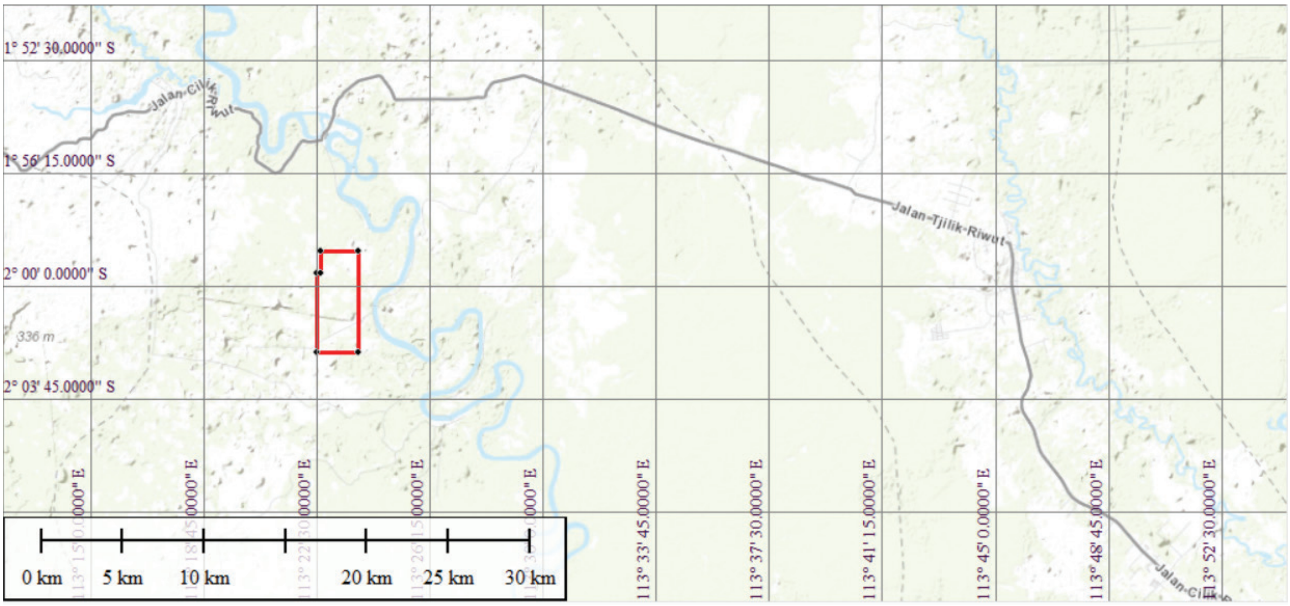


Figure 4-1 Location of the Tisma tenement

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 4-2 Access for drilling was difficult due to thick vegetation and boggy ground conditions

4.2 Coordinate System

The coordinate system used is the Universal Transverse Mercator (UTM) Zone 49 (49M) south coordinate system under WGS 1984 spheroid

4.3 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 0-3).

- Date granted 1 August 2012
- Area 1,500 ha
- Minerals included in the grant – zircon

The coordinates defining the tenement are shown in Figure 0-4 reproduced from the licence document.

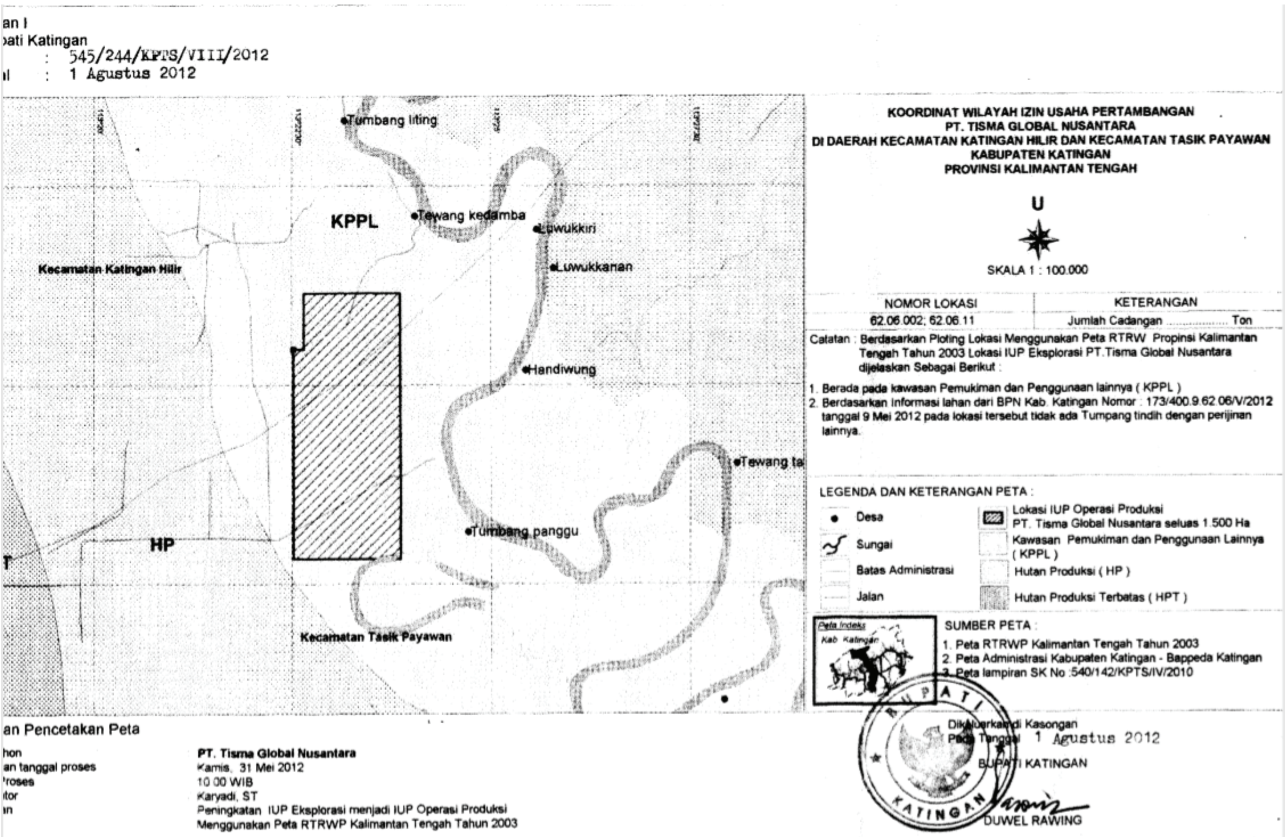


Figure 4-3 Tenement location diagram reproduced from the licence document

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

Figure 4-4 Defined geographic coordinates for the Tisma tenement

4.4 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 0-5).

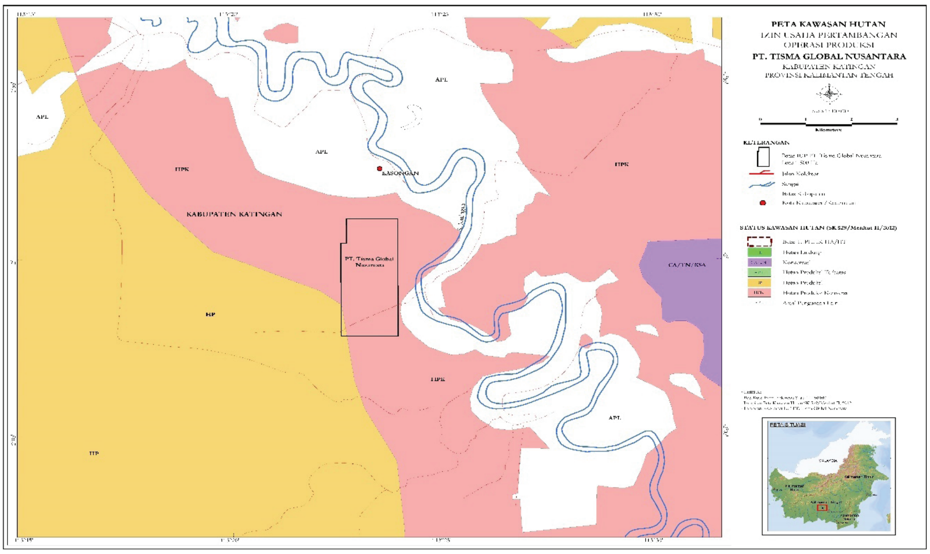


Figure 4-5 Land use map of the Tisma Project area

4.5 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.

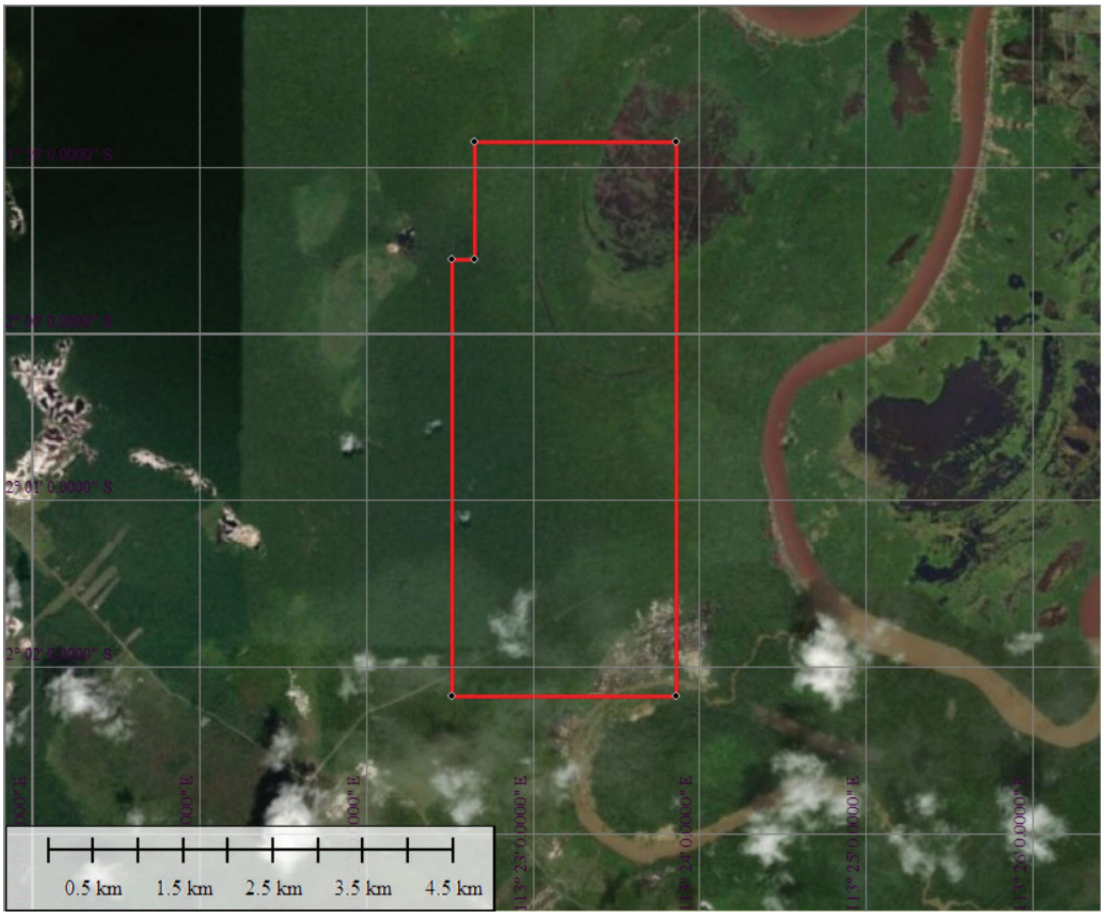


Figure 4-6 Satellite imagery of the Tisma tenement

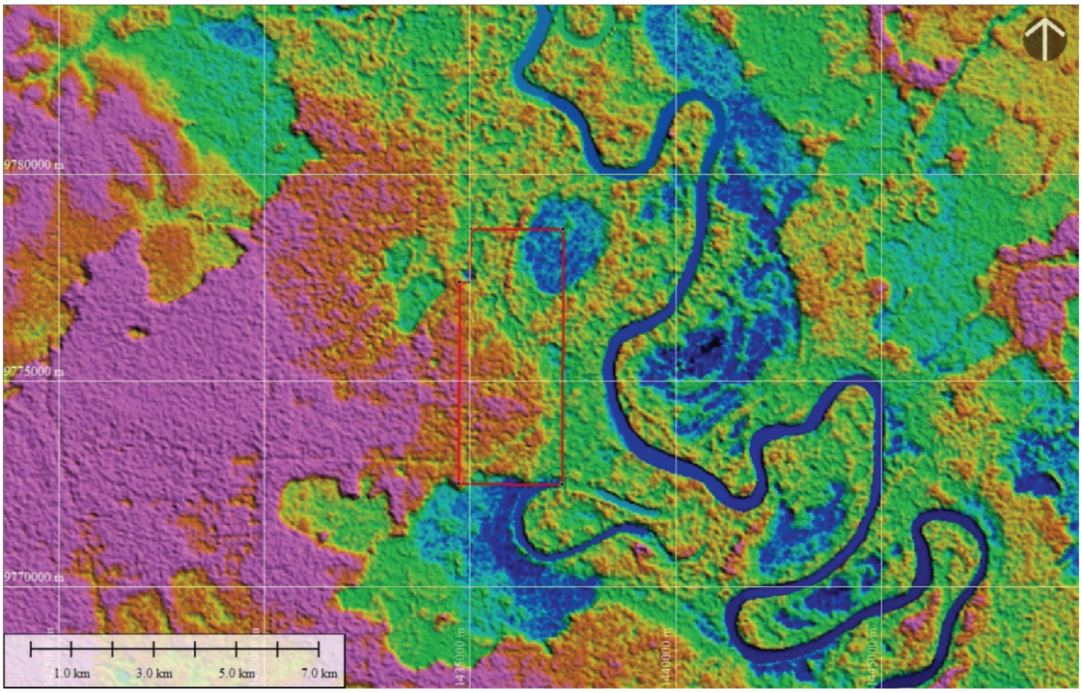


Figure 4-7 SRTM 30 m topographic data plan

4.6 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.

4.7 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.

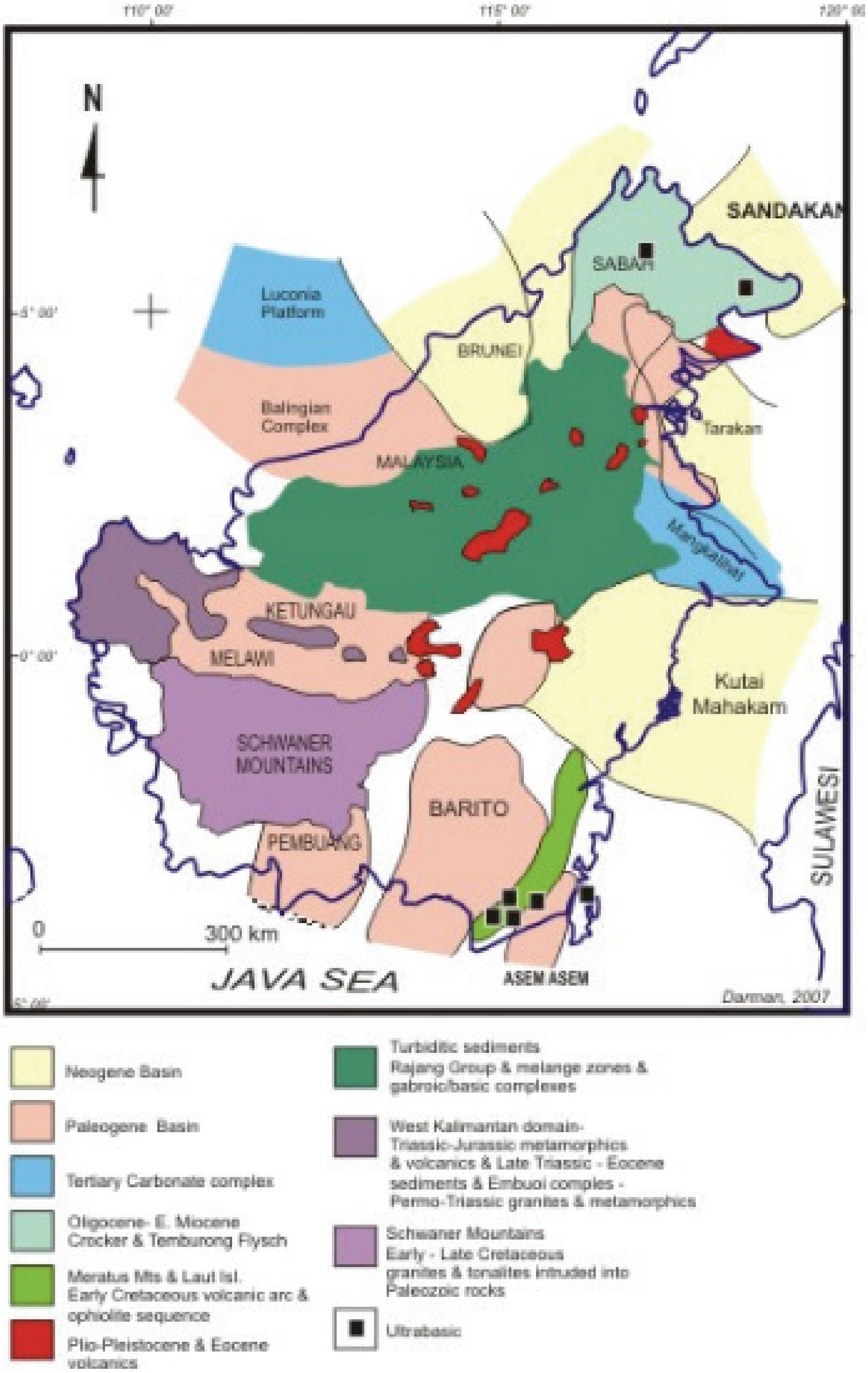


Figure 4-8 Simplified geological plan of Kalimantan Island

4.8 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 0-9).

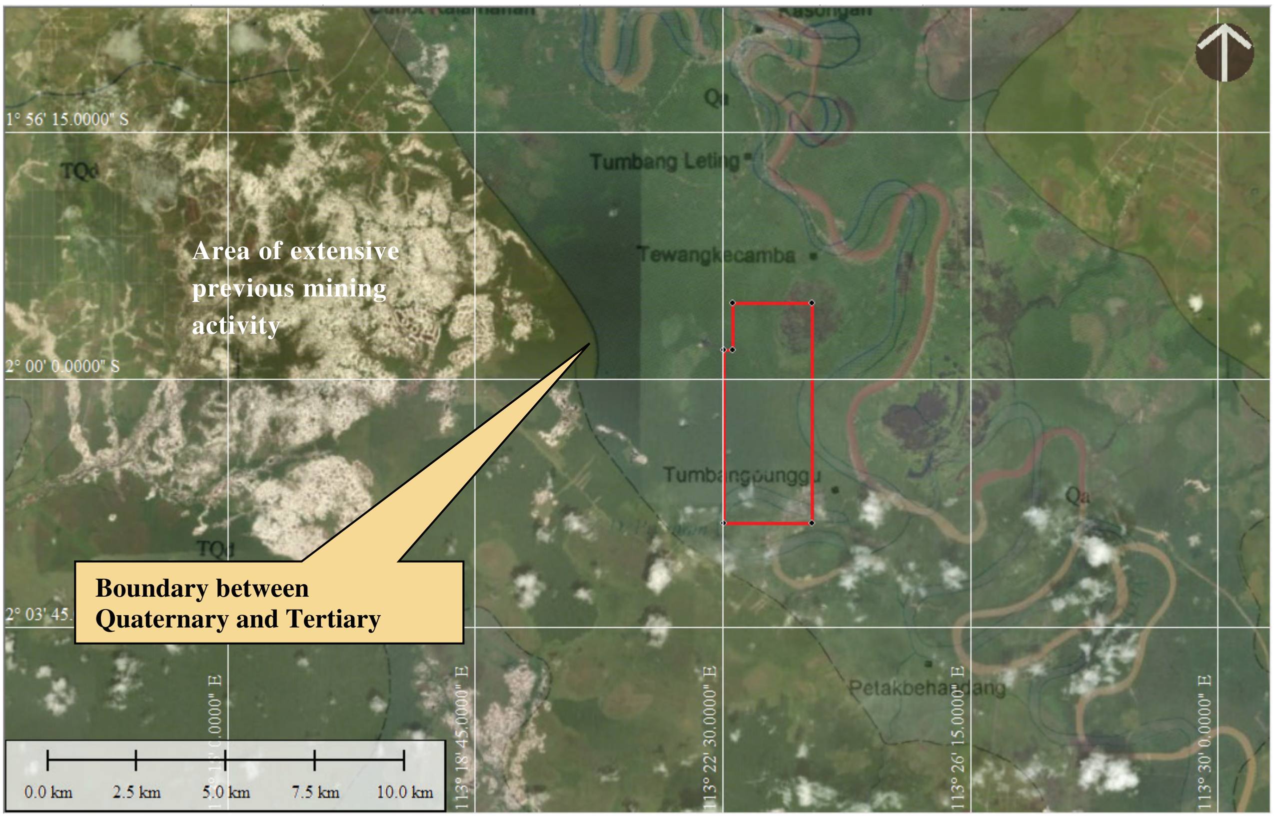


Figure 4-9 Geological plan superimposed over the satellite image showing the extensive workings located to the west

4.9 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)[16]

Alluvium, 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 soft, locally containing plant remains (tidal area); kaolinite clay. The thickness of this unit ranges from 50 to 100 m.

Werukin Formation (Tmw), 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.

[16] E S Nila, E Rustandi, R Heryanto – Pusat Penelitian dan Pengembangan Geologi, 1995.

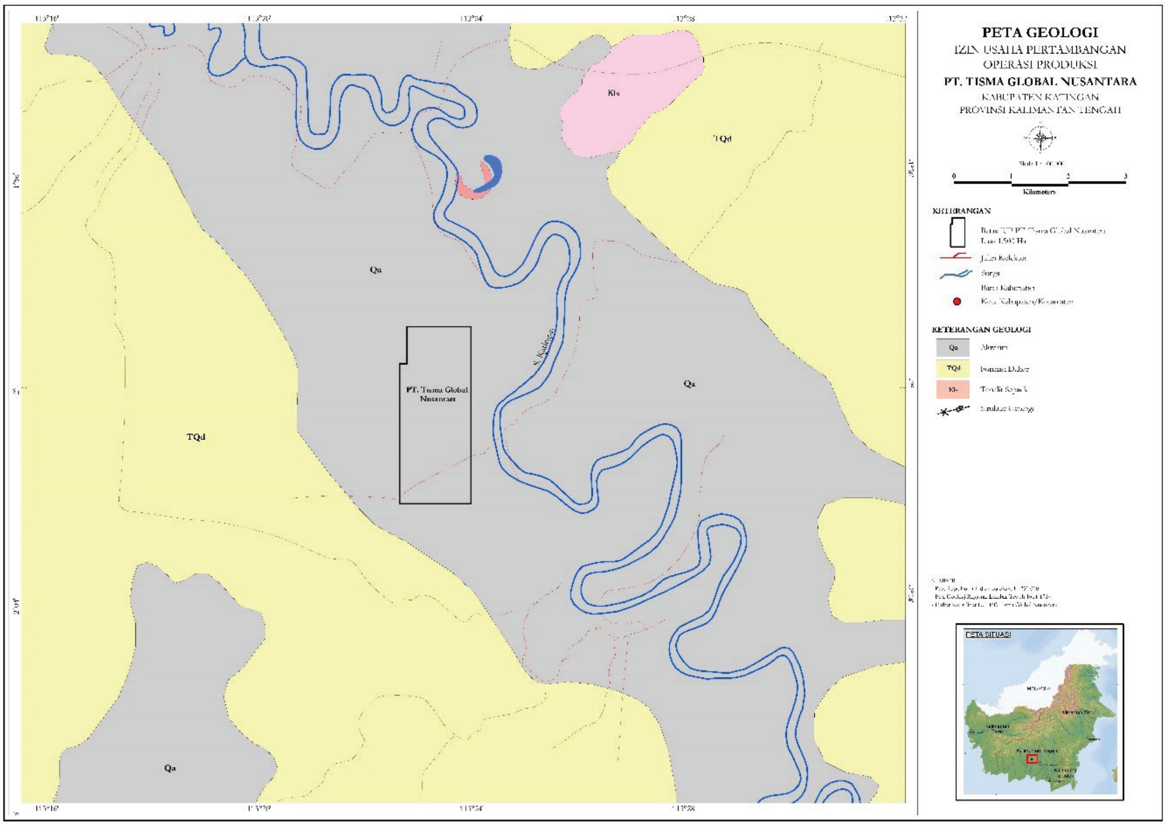


Figure 4-10 Geological plan of the Tisma Project area

4.10 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.

4.11 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.

4.12 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.

4.13 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 0-11). To date, a total of 36 vertical holes (Table 0-1).

Figure 4-11 DP-180YY Drilling rig used for the resource drilling

Table 4-1 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)

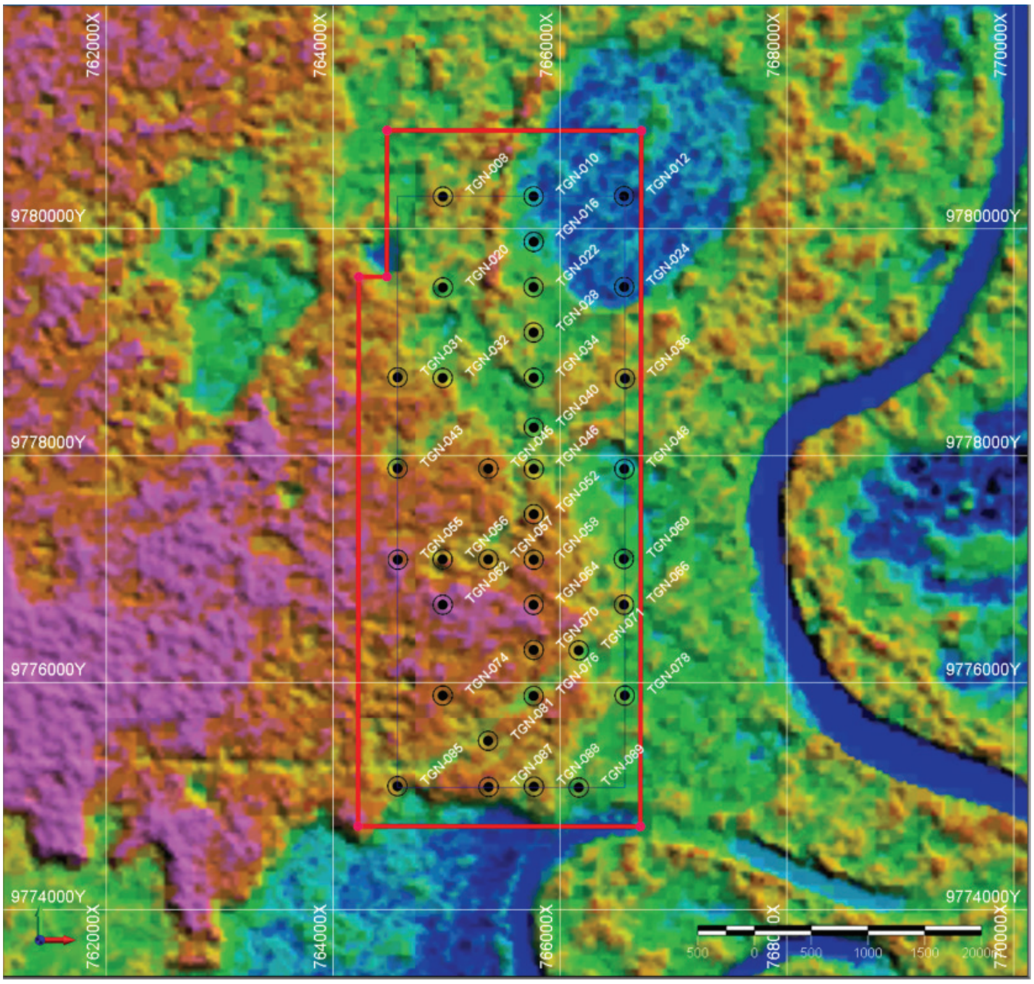


Figure 4-12 Tisma Project drill hole location plan on SRTM image

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 occasionally by tape measure from a nearby drillhole or targeted hole.

Figure 4-13 Typical set-up for the drilling

4.13.1 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 4-14 Photographic records of the recovered core

4.13.2 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 0-15 Small gold grain noted during the logging).

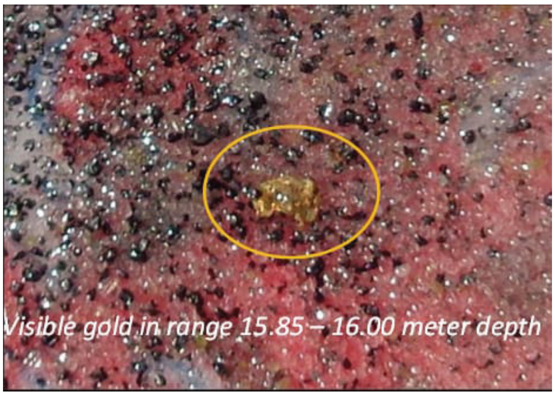


Figure 4-15 Small gold grain noted during the logging

Figure 4-16 Samples prepared in the field

4.13.3 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

4.13.4 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 4-17 Drying and pulverising the samples

Figure 4-18 Example of cone and quartering

Figure 4-19 Prepared duplicate samples

4.13.5 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 0-5 & Table 0-6.

4.13.6 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) was 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 4-20 Sample storage at the Palangkaraya office

4.14 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.

4.15 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.

4.16 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 4-2 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 4-3 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.

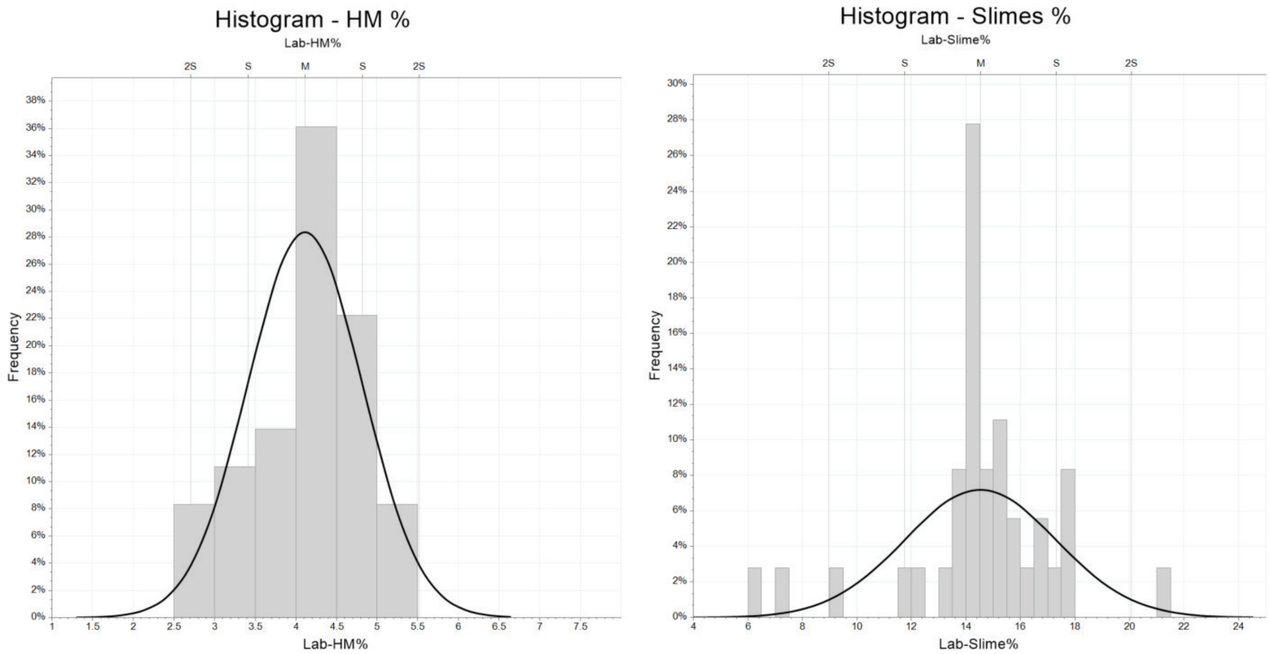


Figure 4-21 Histograms of the distribution of HM%, Slimes%

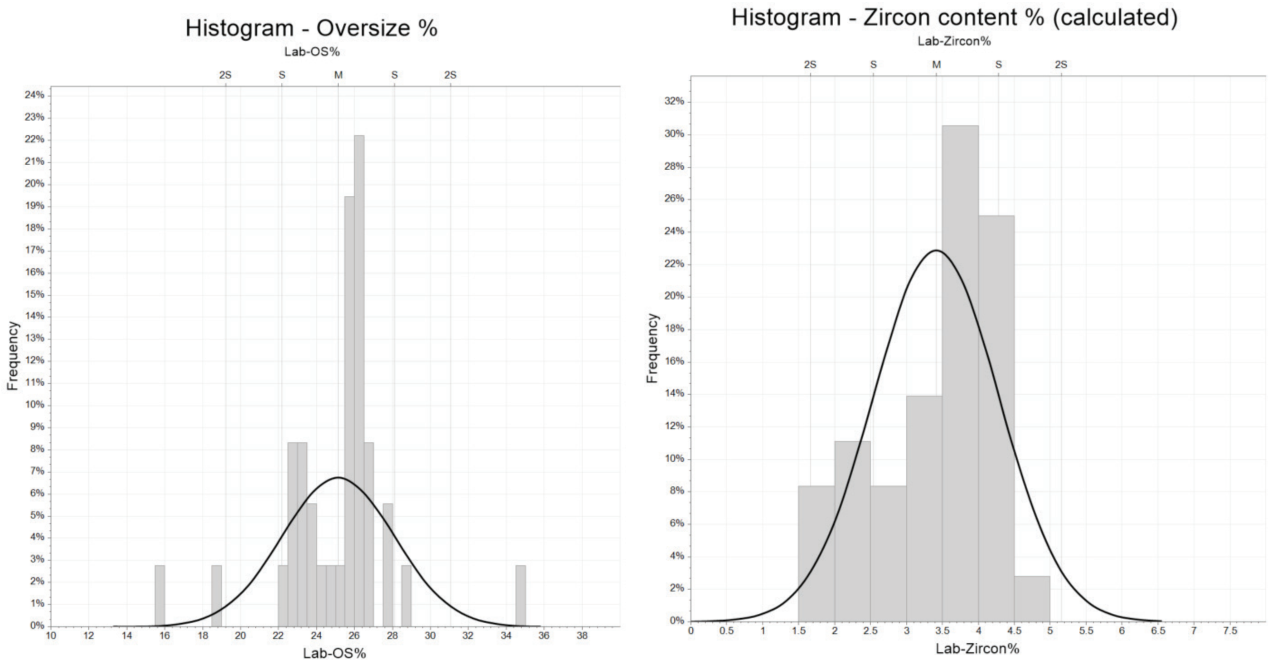


Figure 4-22 Histograms of the distribution of Oversize% & Calculated zircon%

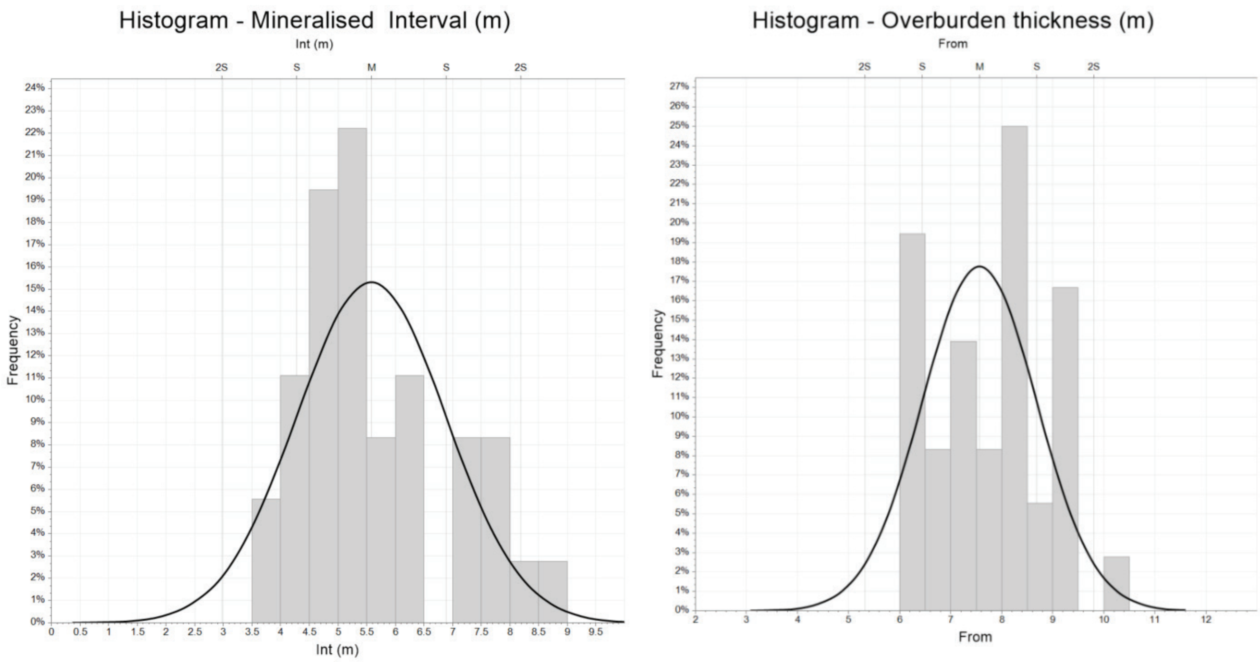


Figure 4-23 Histograms of mineralised interval (m) and overburden thickness (m)

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 0-24).

The predominant valuable mineral in the assemblage is zircon and its content can be quite accurately calculated from the zirconium analyses using zircon's formulae of $ZrSiO_4$. The UBPT laboratory analyses were used to calculate the zircon content in the resource estimate. The correlation between the UPTD Laboratory zirconium assays and the corresponding PXRF zirconium results are considered to be sufficiently robust (Figure 0-25) for the PXRF results to be used in the resource estimation considering that it is at the Inferred level.

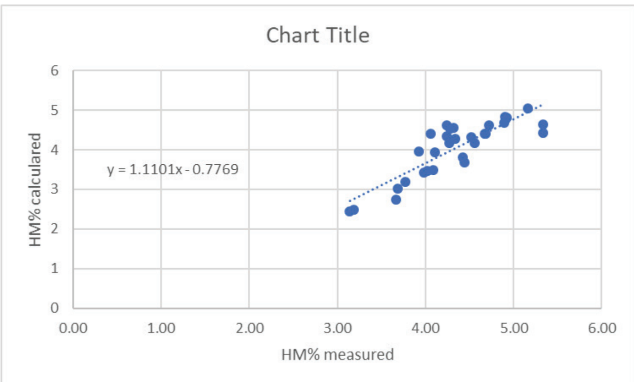


Figure 4-24 Plot of measured HM% Vs calculated from elemental analysis

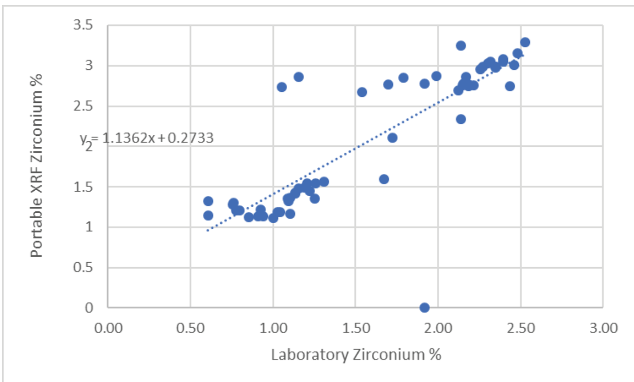


Figure 4-25 Plot of UPTD Zr Vs PXRF Zr

4.17 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.

4.17.1 Duplicates

Nine duplicate samples were submitted to the UPTD laboratory for duplicate analysis. The results are presented in table and figures.

Table 4-4 Results of duplicate sampling

Sample	HM%		Slimes%		Oversize%		Zr_2O_3		TiO_2	
	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

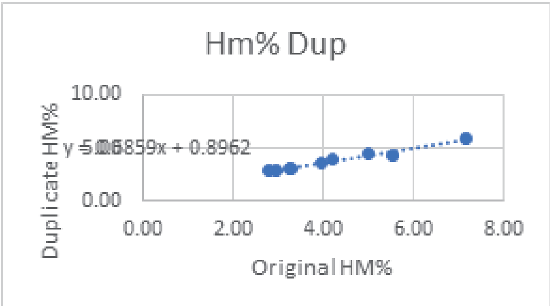


Figure 4-26 Plot of HM% original Vs duplicate

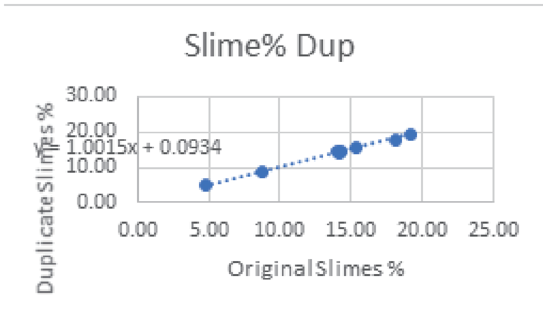


Figure 4-27 Plot of Slimes% original Vs duplicate

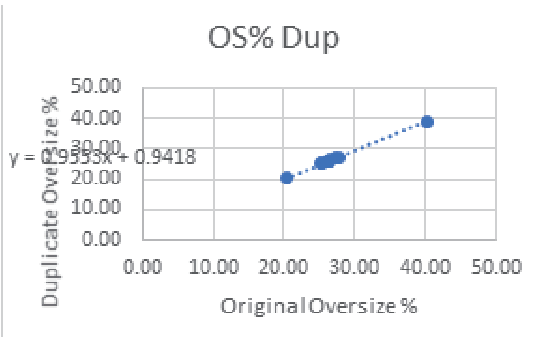


Figure 4-28 Plot of OS% original Vs duplicate

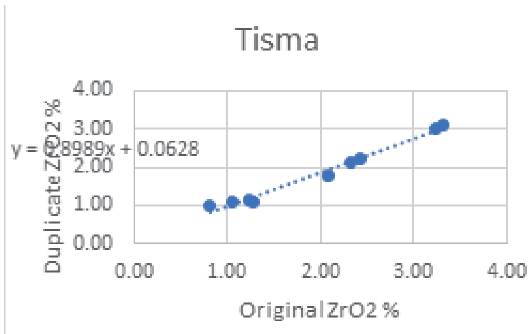


Figure 4-29 Plot of ZrO_2% original Vs duplicate

4.17.2 Standards

Table 4-5 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 4-6 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

4.18 Mineral Resource Estimation Methodology

4.19 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.

4.20 Upper Cuts

Based on the distribution of the analytical results no upper cuts were applied.

4.21 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.

4.22 Previous Mineral Resource Estimates

CRM is not aware of any previous mineral resource estimates for the Tisma Project.

4.23 Ore Reserves

There are no Ore Reserves current for the Tisma Project.

4.24 Mineral Resource Estimation Parameters

4.24.1 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.

4.24.2 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.

4.24.3 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 4–7 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 4-8 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

Hole-ID	From	To	Int (m)	HM%	Slime%	OS%
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 4-9 Input data – Composite UPTD analyses and calculated mineral content for drill holes

Hole-ID	Lab-HM%	Lab-ZrO_2%	Lab-Zircon%	Lab-TiO_2%	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

4.24.4 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.

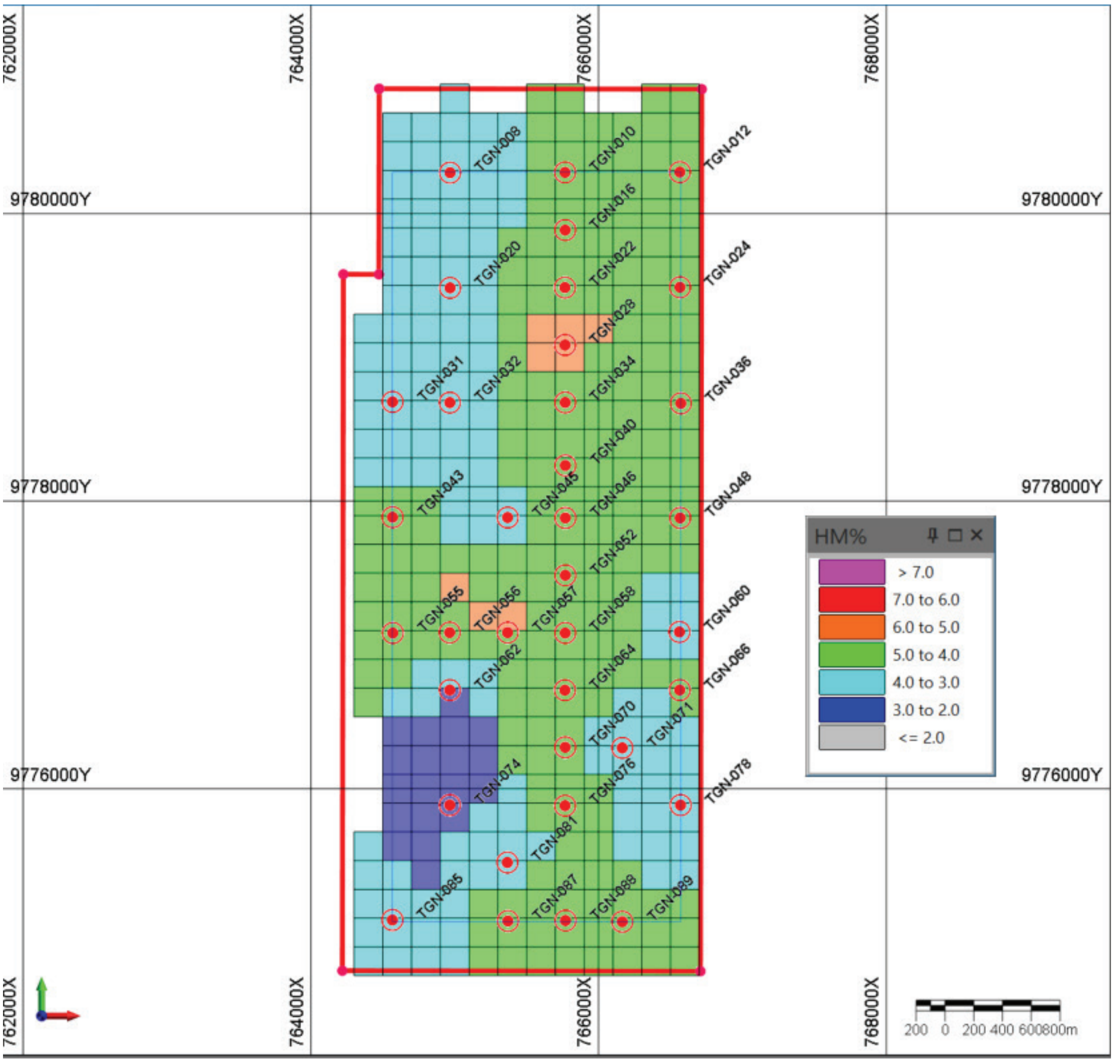


Figure 4-30 Tisma deposit – Locations of HM grade % relative to drill holes

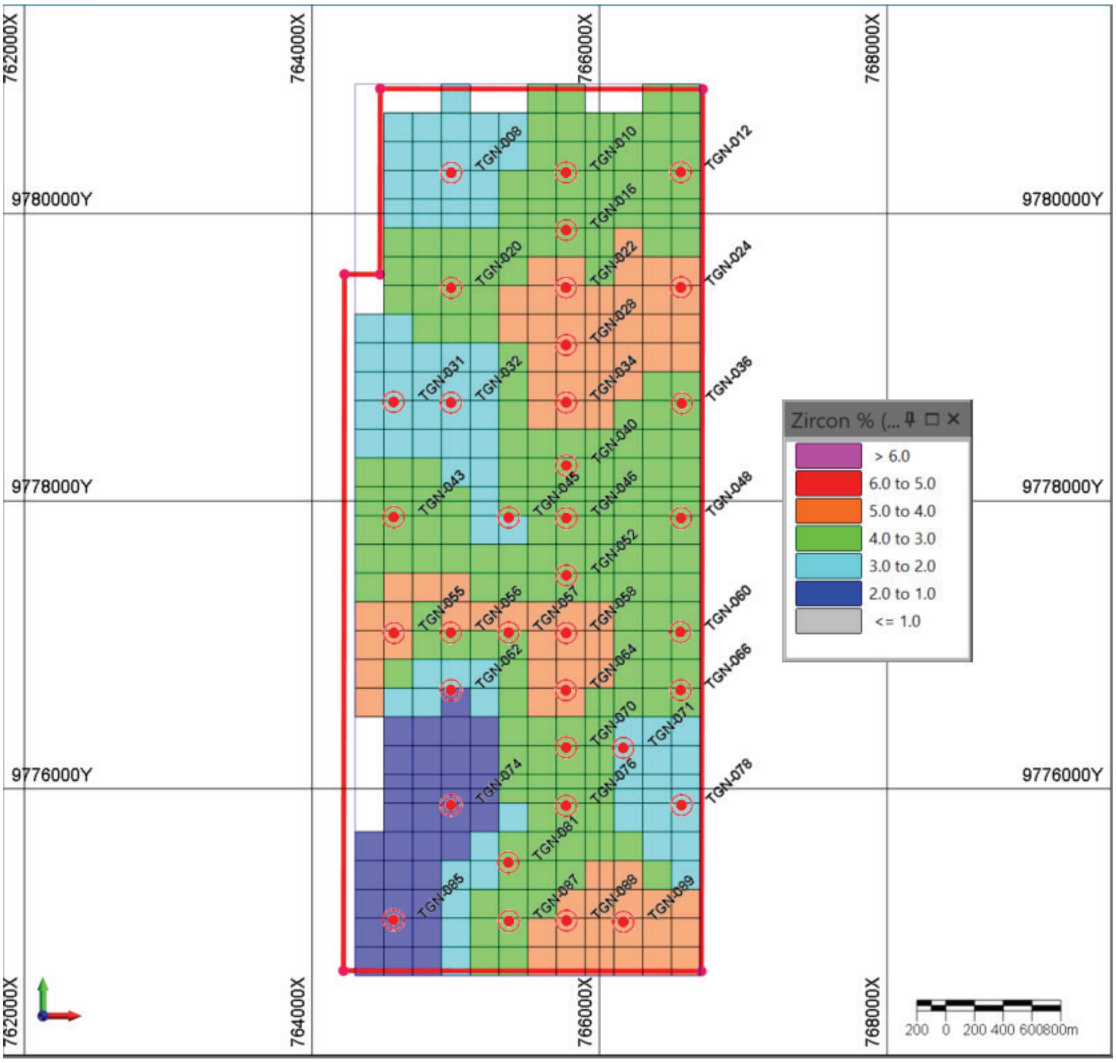


Figure 4-31 Tisma deposit – Locations of Zircon grade % relative to drill holes

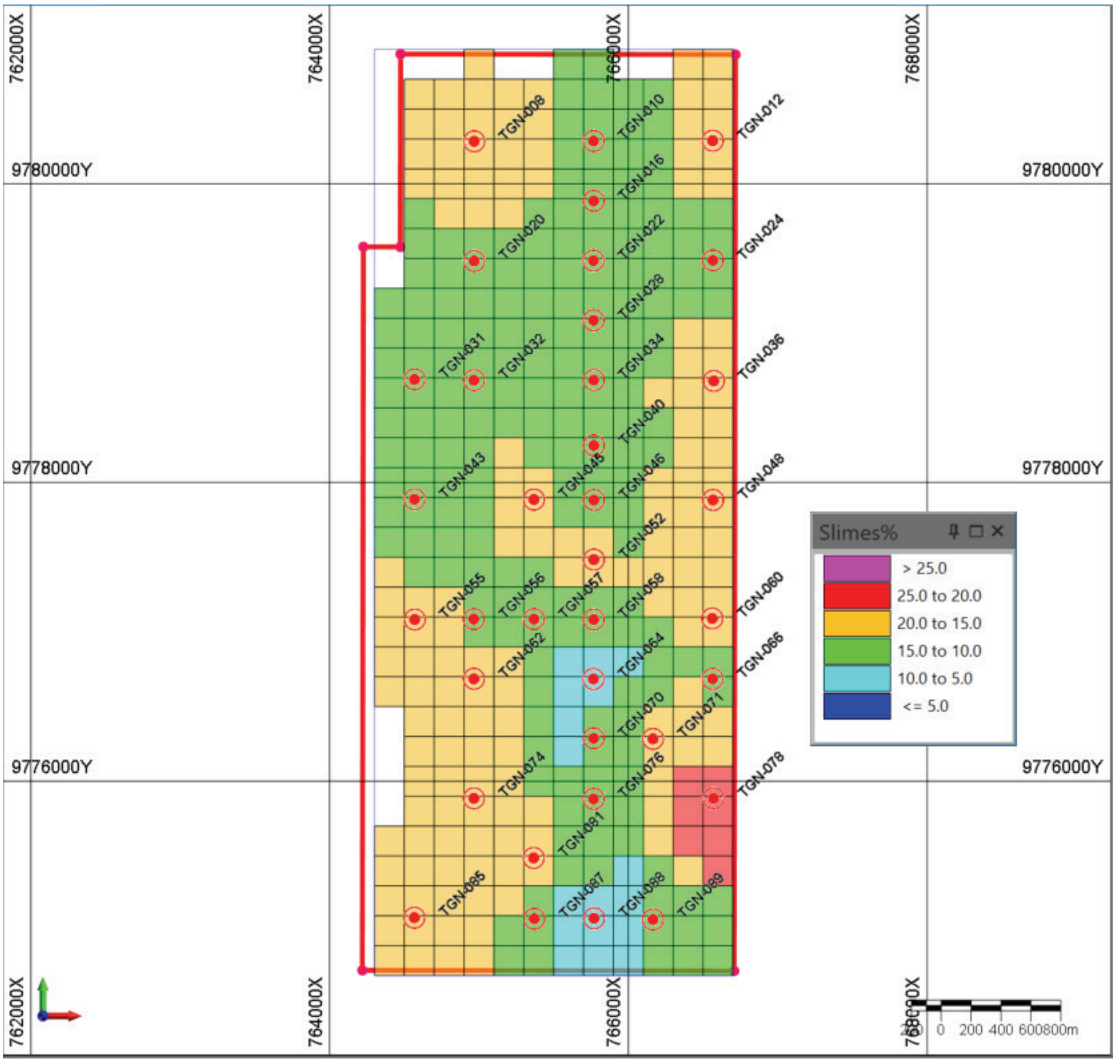


Figure 4-32 Tisma deposit – Slimes % relative to drill holes

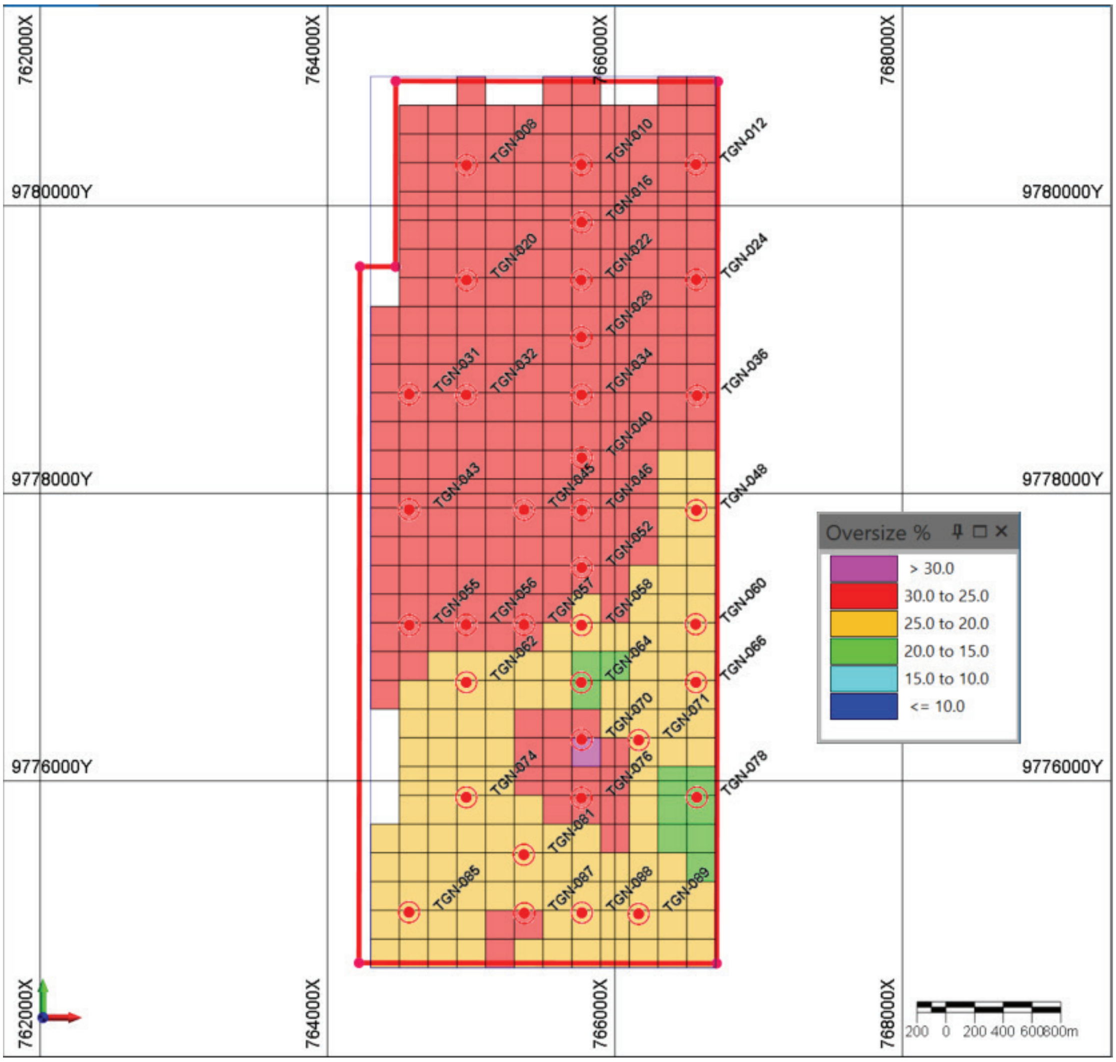


Figure 4-33 Tisma deposit – Oversize % relative to drill holes

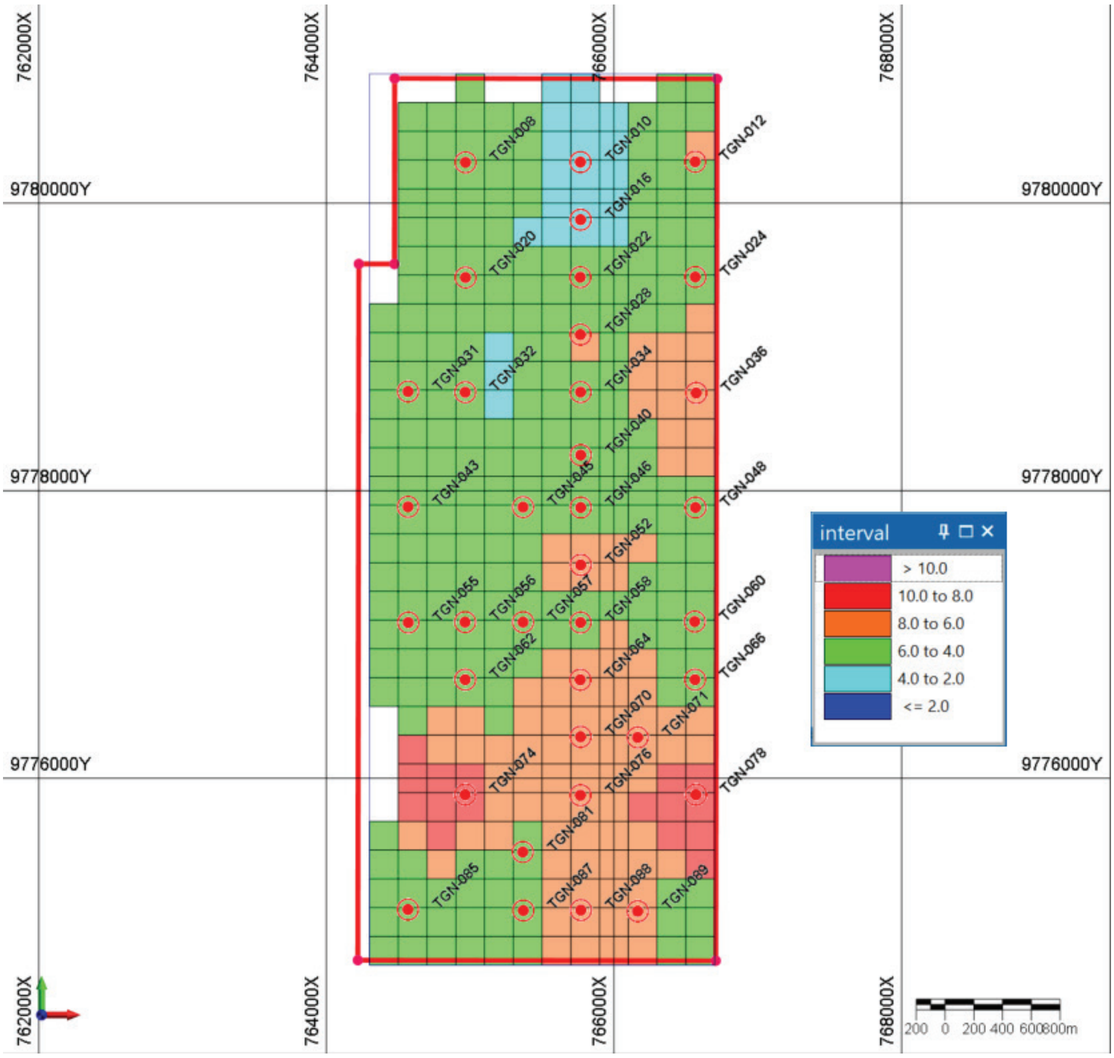


Figure 4-34 Tisma deposit – Alluvium thickness (m) relative to drill holes

4.25 Mineral Resource Statement

As at the date of this report 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.

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.

4.26 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.)*

4.27 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 0-10 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 4-10 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.

4.28 Resource Validation

Comparisons between mean input analyses and estimated OBM grades are given in Table 0-11 for the global resource.

Table 4-11 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.

4.29 Previous Estimate Comparison

There are no known previous mineral resource estimates.

4.30 EXPLORATION POTENTIAL

The drilling to date has covered most of the tenement leaving little possibility of additional mineralisation outside of the drilled area.

4.30.1 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.

4.30.2 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 0-35). 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.

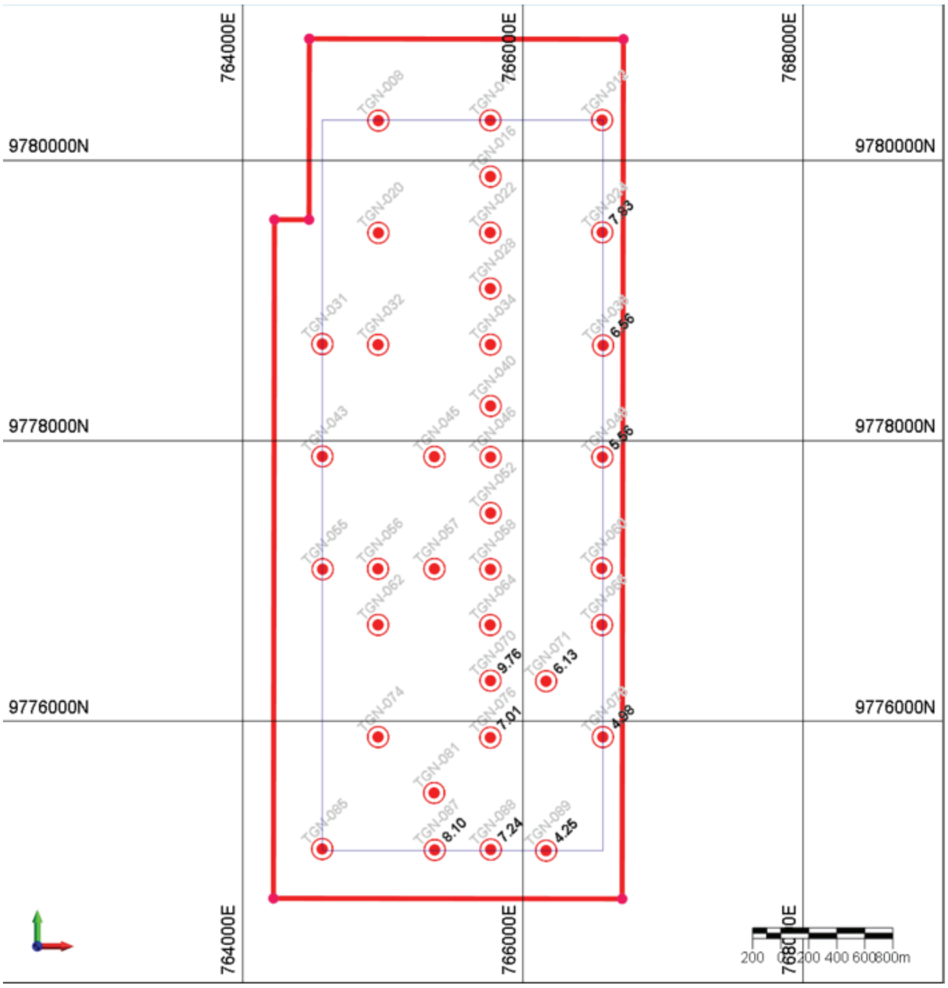


Figure 4-35 Plan of the Tisma drilling showing holes containing gold (g/t)

4.31 Merit

It is the Competent Person's view that the Tisma tenement is highly prospective for heavy minerals and gold.

5 RECOMMENDATIONS

5.1 Mandiri Project

5.1.1 Proposed Exploration

It is recommended that exploration should focus on both the Mandiri tenement and on looking for additional resources within the region. The Mandiri tenement has demonstrated HMS resources which can be readily expanded by drilling below the water table. The region is well endowed with HMS potential as testified by the extensive areas of artisanal workings.

The current auger drilling did not test for potential mineralisation below the water table. The testwork to date has relied upon chemical analyses to estimate the quantities of minerals present which is not unreasonable given the information provided by the production of HMC sourced from within the tenement and treated through the PITM processing plant. This level of information is the minimum acceptable for an Inferred Mineral Resource as defined by the JORC Code.

It is recommended that all the current auger holes be re-drilled using an air-core rig to test the entire thickness of alluvial sands down to the bedrock and extending the distribution of holes to cover the entire tenement area. Samples are to be submitted for determination of HM%, slimes%, oversize%, gold and platinum.

The drilling at Mandiri was mostly on an 800 m x 400 m spacing and needs to be reduced to at least 200 m and possibly 100 m spacing for confidence in the continuity of the mineralisation. The aim of this work is to increase the Inferred Mineral Resources to the Indicated mineral Resource category and hence ultimately convert to Probable Ore Reserve status once the modifying factors have been taken into account.

Mineral assemblage characterisation needs to be undertaken in order to optimise the mineral processing and determining the valuable heavy mineral component (VHM) relative to the total heavy mineral (THM) component. A selected number of samples should be submitted for analysis by QEMSCAN technology or similar technology. This method uses electron microscopy to scan and identify the individual grains in samples providing information regarding grain size, grain shape and chemical composition.

5.1.2 Regional exploration

The inclusion of an existing HM processing plant within the Mineral Asset gives the company a great advantage in the area in that it can purchase HMC from artisanal miners as well as other small tenement holders. It provides the company with an incentive to acquire additional exploration tenements located within a reasonable transport distance from the PTIM plant.

The areas of artisanal workings can easily be recognised using satellite images. Recent cloud-free satellite imagery can be purchased, and the location of working plotted with respect to the regional geology and cadastral information.

5.1.3 Potential for future development

Production from the Mandiri project is in the order of 8,000 t for the last two years even though the Mineral Resources are classified as Inferred. The Inferred classification is principally due to the wide spacing of the drilling. The recommended work programme is designed to infill the current drilling allowing the classification of the resources to be updated then converted to Ore Reserve status which is the normal process for a mineral deposit. It is usual for the number of Ore Reserve tonnes to be less than the Mineral Resource tonnes as some of the mineralisation will not meet the parameters for Ore Reserve classification. A very conservative estimate for HMS deposits would be a 50% conversion.

On the basis that the Mandiri deposit contains a mineable resource of 3 Mt (50% of 6 Mt) of zircon then at the current rate of production would have a mine life in excess of 300 years. In reality, the production rate would be substantially increased once the resources are converted to Ore Reserve status subsequent to the proposed drilling in order to increase the profitability of the project..

5.2 Tisma Project

5.2.1 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 with the aim of increasing the Inferred Mineral Resources to the Indicated mineral Resource category and hence ultimately convert to Probable Ore Reserve status once the modifying factors have been taken into account.

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.

5.2.2 Potential for future development

The Tisma Project is at the early stage of exploration and requires additional drilling and mineralogical testwork. The deposit is similar in setting and mineralogy to the Mandiri deposit and there is every expectation that the deposit will be eventually exploited. Unlike the Mandiri deposit there has been no significant previous mining activity and it would not be prudent to forecast a mine life based on Inferred Mineral Resources.

This might be in the form of trucking the ore to the Mandiri processing plant or constructing a concentrating plant at the site then trucking the concentrate to Mandiri. The various options will be the subject of a feasibility study with the aim of maximising the profitability of the project. Tenure of the project is currently to August 2022 after which an extension for a further five years will be applied for.

6 REFERENCES

Chambers, J. L. C., I. Carter, I. R. Cloke, J. Craig, S. J. Moss, and D. W. Paterson, 2004, Thin-skinned and thick-skinned inversion-related thrusting — A structural model for the Kutai Basin, Kalimantan, Indonesia, in K. R. McClay, ed., Thrust tectonics and hydrocarbon systems: AAPG Memoir 82, p.614–634

Chisholm, J.M. 2019. Independent Technical assessment Report — Mandiri Project, Central Kalimantan, Republic of Indonesia. Report prepared for South Pacific Resources Limited. CRM Report No. WA19/05

Chisholm, J.M. 2020. Independent Technical assessment Report — Tisma Project, Central Kalimantan, Republic of Indonesia. Report prepared for Tisma Development (Hong Kong) Limited. CRM Report No. WA20/27

Moss, S & L. C Chambers, J. (1999). Tertiary facies architecture in the Kutai Basin, Kalimantan, Indonesia. Journal of Asian Earth Sciences — J ASIAN EARTH SCI. 17. P 157–181.

Nila, E. S. Rustandi, E. Heryanto R — Pusat Penelitian dan Pengembangan Geologi, 1995

7 DECLARATION

7.1 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).

7.2 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 $3,000.

7.3 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.

Dr John M. Chisholm BSc. Hons., PhD. FAusIMM
30 June 2021

8 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.
Backshore	The zone of the shore or beach above the high-water line, acted upon only by severe storms or exceptionally high tides.
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).
Foreshore	The seaward-sloping area of a shore that lies between the average high tide mark and the average low tide mark.
GIS	Geographic information system. It is a system designed to capture, store, manipulate, analyse, manage, and present spatial or geographic data.
Gneiss	High-grade metamorphic rock composed of alternating bands respectively rich in light and dark coloured minerals
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.
Lithified	The process by which a sediment composed of individual particles is converted into a coherent rock through cementation or compaction.
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)(PO_4,SiO_4). 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.
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.
Royalty	A payment to the owner of mineral rights for the privilege of extracting the mineral from the ground based on a lease agreement. The royalty payment is based on a portion of earnings from production and varies depending on the type of mineral and the market conditions.
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.
TPM	Tonnes per month
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 $ZrSiO_4$.

9 JORC TABLES 1 FOR THE MANDIRI AND TISMA PROJECTS

9.1 JORC Table 1 – MANDIRI For Resource Estimation

9.1.1 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.*	• Auger samples were collected over 1m intervals and cone and quartered, bagged and dispatched to the laboratory
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Continuous core was collected
	• *Aspects of the determination of mineralisation that are Material to the Public Report.*	• Samples were panned onsite to identify the presence of HMS
	• *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.*	• Standard auger 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).*	• auger drilling was undertaken using 55 mm blade barrel
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• The HMS core samples were recovered and placed in open PVC trays and sampled by 1 m sample spacing
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• The work proceeded slowly in order to maximise recovery.
	• *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.*	• No relationship was noted.

Criteria	JORC Code explanation	Commentary
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 in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All auger samples were geologically logged in sufficient detail, recording all significant properties. • All core logged and photographed. • 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. • Duplicate holes were drill and duplicate samples collected.
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 • Two auger holes were twinned. • 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.*	• Collars located by handheld GPS

Criteria	JORC Code explanation	Commentary
	• *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• UTM 49M • Adequate for Inferred Resources.
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 400m to 200m x 50m. • 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.

9.1.2 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 mining permit Izin Usaha Pertambangan – Operasi Produksi (IUP-OP) No. 16/DPE/IX/2010 issued by Bupati Gunung Mas on 2nd Sepetember 2010. • The tenement is held by held by PT. Investasi Mandiri • The Mandiri 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

Criteria	JORC Code explanation	Commentary
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:* ◦ *easting and northing of the drill hole collar* ◦ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ◦ *dip and azimuth of the hole* ◦ *down hole length and interception depth* ◦ *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 52 auger 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. • 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 stated.*	• 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.
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').*	• Auger 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

Criteria	JORC Code explanation	Commentary
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. • Diagrams showing potential extensions included.

9.1.3 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.* • *Data validation procedures used.*	• Standard validation techniques have been applied to the data. • The current database was complied and validated in Micromine 2018.
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.*	• Two site visits were conducted by Dr Chisholm on the 24th September 2018 and 22nd January 2019.
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.

Criteria	JORC Code explanation	Commentary
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 Mandiri HMS deposit occurs over an area of 16 km^2. • Dips are flat • The width of mineralised zones varies from 0.35m to 5 m with an average of 3.06 m. • The mineralised zone tested is restricted to above the water table.
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 data if available.*	• 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.
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 Mandiri deposit will be mined by dredging. • No dilution has been built into the resource model.

Criteria	JORC Code explanation	Commentary
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 production records for material produced from the Mandiri project area 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 48% and 52%.
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 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.*	• 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 1.75 which was used as a global 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: ◦ Geological and grade continuity ◦ Data quality. ◦ Drill hole spacing. • The Competent Person is in agreement with this classification of the resource.

Criteria	JORC Code explanation	Commentary
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 the exact location of the plant feed is varied.

9.2 JORC Table 1 – TISMA For Resource Estimation

9.2.1 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

Criteria	JORC Code explanation	Commentary
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 in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All core samples were geologically logged in sufficient detail, recording all significant properties. • All core logged and photographed. • 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

Criteria	JORC Code explanation	Commentary
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.
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.

Criteria	JORC Code explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Internal company audit and review only.

9.2.2 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:* ◦ *easting and northing of the drill hole collar* ◦ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ◦ *dip and azimuth of the hole* ◦ *down hole length and interception depth* ◦ *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 30 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 stated.*	• 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
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

9.2.3 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.* • *Data validation procedures used.*	• Standard validation techniques have been applied to the data. • The current database was complied and validated in Micromine 2018.
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 data if available.*	• 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
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.

Criteria	JORC Code explanation	Commentary
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 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.*	• 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 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: ◦ Geological and grade continuity ◦ Data quality. ◦ 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