PYX Resources Limited / EPIC: PYX / Market: Standard Listing / Sector: Mining

16 March 2022

PYX Resources Limited

2021 Full Year Results and Publication of Annual Report

Strong Revenue Growth, Debt Free with Solid Fundamentals

HIGHLIGHTS

- Strong revenue growth on the back of solid business fundamentals
- Year ended with PYX's zircon prices at US$2,465 per tonne
- Premium zircon revenue growth of 39% amid price and volume increase
- 2% zircon sales volume growth and strong production increase (10% year on year)
- Robust customer demand across PYX's end markets
- Limited negative operating cash flow as a result of tight control on general and administrative expenses (Underlying EBITDA negative US$794k)
- Debt free, with a closing cash position of US$6.6 million
- 2022 is projected to be another very strong commodity up-cycle. This represents a great opportunity for PYX to boost capacity and grow market share.

PYX Resources Ltd (PYX or the Company) (NSX: PYX | LSE: PYX) the second-largest publicly listed zircon producing mining company globally by zircon resources, announces its full-year results for 12 months ending 31 December 2021 (Financial Year 2021).

It has been a truly transformational year for the Company. In 2021, PYX delivered on its ambitious plans to expand - and meet increasing customer demand - by boosting capacity at its strategically located projects.

At the beginning of the year, PYX completed the acquisition of a second deposit in Indonesia, the Tisma tenement. Following the acquisition, PYX became the 2nd largest publicly traded producing mineral sands company by zircon resources globally. In June, the Company completed a successful placement raising AU$11.2m/£6.1m (gross of expenses), with the goal of accelerating production growth, it subsequently increased capacity at its Mandiri's Minerals Separation Plant (MSP) by 33% to 24,000 tpa, allowing also for future production of rutile, leucoxene and ilmenite.

In November PYX successfully dual-listed on the Main Market of the London Stock Exchange, a move that was strategically timed given the strong upcycle premium zircon is experiencing. The LSE is a leading destination for natural resources companies and has a strong network of brokers, analysts and institutional investors with a deep knowledge of the global mineral sands market. Accordingly, the LSE listing will provide a platform to broaden our investor base to include institutional and other mining focused investors, while increasing the liquidity of the Company's shares.

Triggered by increased demand, lack of supply and low inventories, PYX delivered four premium zircon price rises during 2021, with the latest pricing exceeding US$2,800 per tonne. The Australian Critical

Minerals Prospectus 2021 publication classified zircon and titanium (rutile and ilmenite) as vital for the economic well-being of the world's major and emerging economies - the supply of which, is at risk due to geological, geopolitical issues, trade policy or other factors.1 The Company also signed a third offtake agreement with Indian based Microtech for 3,600 tonnes per annum and started supplying the fused zirconia industry for high tech applications.

Full year 2021 sales increased 2% to 6,855 tonnes from 6,737 tonnes in 2020 and production volumes rose by 10% to 7,233 tonnes from 6,555 tonnes with a goods inventory of just 18 days.

PYX also performed strongly in the final quarter thanks to an uplift in premium zircon production and sales volume growth, supported by ongoing price increases. In Q4 2021, PYX produced 2,192 tonnes and sold 2,105 tonnes of premium zircon - resulting in a year-on-year increases of 33% and 13%, respectively.

Production wise, the year also ended on a very positive note, with December achieving a step-changing 1,219 tonnes, representing a very impressive year on year production growth of 124%. This major growth spurt was attributable to the higher feed of heavy mineral concentrate, in combination with the expanded processing capacity during the reporting period.

The Company also recorded strong revenue growth of 39% to US$12.4 million resulting from a steady production ramp-up. This was accompanied by sales volume growth of 7k tonnes during FY21, thanks to improved workforce productivity and our expanded customer base.

Zircon demand remained strong during 2021 with PYX's order book reaching the highest levels since production started in 2015, as a result of PYX's superior quality, the unique whiteness of Kalimantan zircon, and rapid growth in the Chinese market.

PYX's underlying EBITDA was negative US$794k, compared to a negative of US$1.2 million in FY20, marking a significant achievement considering the jump in in general administrative costs resulting from growing the Company.

The Company's net loss after tax for the period totalled US$4.3million compared to US$13.8 million in 2020, mainly as a result of an improved operations result and less non-recurring items.

The resulting cash and cash equivalent balance for the period was US$6.6 million, up from US$3.5 million in the previous year. The increase was due mainly to June's fundraise less expenses related to the acquisition of Tisma, LSE listing costs plus the CAPEX required to bring the installed plant capacity at Mandiri up to 24kt per annum. PYX remains debt free, as planned.

The Company also continued with its PYX Cares program, approaching sustainability with five overarching principals: people, planet, prosperity, peace and partnership. During 2021, PYX focused on contributing to quality education, clean water and sanitation, decent work, responsible consumption and production, climate action, and building partnerships to furthering these goals.

PYX's total recordable injury frequency rate since 24 January 2020 is zero. Sadly, we reported some COVID-19 cases among our personnel during FY'21. Our staff were all cared for during their recovery from the illness and we reported no COVID-19 fatalities. In partnership with the local health authorities

PYX took the initiative in October 2021 of leading a vaccination campaign to protect all staff employed at all levels of the company including the office, factory and mine in Kalimantan. 100% of PYX employees have now received their second dose of the COVID-19 vaccine.

Commenting on the Company's achievements in FY21, PYX Resources' Chairman and Chief Executive Officer, Oliver B. Hasler, said: "I am very pleased with the strong progress made in such a challenging year as 2021, setting the base for strong growth in the coming years. Set against the ongoing challenges of a global pandemic, everyone in the Company has worked tirelessly, and I would like to sincerely thank our shareholders for their continuous support.

The Annual Report and Financial Statements for the year ended 31 December 2021 has been published today and is available for inspection at https://pyxresources.com/investors-reports.

1 Australian Critical Minerals prospectus 2021 (https://www.austrade.gov.au/news/publications/australian-critical-minerals-prospectus-2021)

2021 Full Year Results Conference Call

A conference call for equity market participants will take place on Friday 18 March 2022 at 7pm AEDT / 8am GMT. All participants wishing to listen in to the call must pre-register at https://bit.ly/3I4aFTv before they can receive the dial-in number.

**** ENDS *****

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

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

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

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

The accompanying notes form part of these financial statements.

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

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

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

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

The accompanying notes form part of these financial statements.

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

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

The accompanying notes form part of these financial statements.

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

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

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

Going Concern

During the year ended 31 December 2021 the Group incurred a loss after tax of US$4,321,230 and had negative cash flows from operations of US$2,283,174.

Management has considered it is appropriate to prepare the financial statements on a going concern basis. The year-end net cash position of the Group was US$6,624,364. The losses were partly because of the non-operating and non-cash items of US$3,536,315. The major non-operating item in the period were non-capitalized listing expenses of US$928,147 of which US$895,461 was paid during the year. The main non-cash item was an accrual of management's share-based payments of US$2,061,607. Therefore, the underlying EBITDA for the period was negative US$793,628. Management has a detailed plan to increase the mining and production capacity which is expected to generate profit and positive cash flows from operations in the forthcoming years.

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

a. **Principles of Consolidation**

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

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

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

Business combinations

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

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

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

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

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

Goodwill

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

(i) the consideration transferred at fair value;

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

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

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

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

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

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

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

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

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

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

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

Prior Year Reverse Acquisition Accounting

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

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

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

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

Asset Acquisition Accounting

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

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

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

Statement of financial position

The consolidated statement of financial position as at 31 December 2021 represents the consolidated financial position of Pyx Resources Limited and its controlled entities as at 31 December 2021.

Statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss for the year ended 31 December 2021 represents the consolidated results of PYX and Takmur and its controlled entities for the year ended 31 December 2021 and the consolidated results of Tisma and its controlled entities, PT Tisma Investasi Abadi and PT

Tisma Global Nusantara, for the period from 16 February 2021 (date of the asset acquisition) to 31 December 2021. The comparative information for the period ended 31 December 2020 represents the consolidated results of Takmur and its controlled entities for the period from 1 January 2020 to 31 December 2020 and the consolidated results of PYX for the period from 1 February 2020 (date of the RTO) to 31 December 2020.

b. **Income Tax**

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

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

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

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

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

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

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

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

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

c. **Inventories**

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

d. **Property, Plant and Equipment**

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

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

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

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

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

Depreciation

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

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

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

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

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

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

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

The Group as lessee

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

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

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

– fixed lease payments less any lease incentives;

– variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

– the amount expected to be payable by the lessee under residual value guarantees

– the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;

– lease payments under extension options if lessee is reasonably certain to exercise the options; and

– payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

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

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

f. **Financial Instruments**

Initial recognition and measurement

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

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

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

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

– amortised cost; or

– fair value through profit or loss.

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

– a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;

- held for trading; or
- initially designated as at fair value through profit or loss.

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

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

A financial liability is held for trading if:

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

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

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

A financial liability cannot be reclassified.

Financial guarantee contracts

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

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

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

Financial assets

Financial assets are subsequently measured at:

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

Measurement is on the basis of two primary criteria:

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

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

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

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

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

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

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

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

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

Equity instruments

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

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

Derecognition

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

Derecognition of financial liabilities

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

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

Derecognition of financial assets

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

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

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

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

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

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

Impairment

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

– financial assets that are measured at amortised cost or fair value through other comprehensive income;

– lease receivables;

– contract assets (e.g. amounts due from customers under construction contracts);

– loan commitments that are not measured at fair value through profit or loss; and

– financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

– financial assets measured at fair value through profit or loss; or

– equity instruments measured at fair value through other comprehensive income.

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

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

– the general approach

– the simplified approach

General approach

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

– the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or

– there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

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

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

– lease receivables.

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

Recognition of expected credit losses in financial statements

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

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

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

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

g. **Impairment of Assets**

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

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

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

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

h. **Foreign Currency Transactions and Balances**

Functional and presentation currency

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

Transactions and balances

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

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

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

Group companies

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

– assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;

– income and expenses are translated at exchange rates on the date of transaction; and

– all resulting exchange differences are recognised in other comprehensive income.

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

i. **Employee Benefits**

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Equity-settled compensation

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

j. **Provisions**

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

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

k. **Cash and Cash Equivalents**

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

l. **Revenue and Other Income**

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

Interest income is recognised using the effective interest method.

j. **Borrowing Costs**

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

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

k. **Comparative Figures**

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

l. **Segment Information**

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

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

m. **Critical Accounting Estimates and Judgements**

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

Key estimates

(i) *Impairment*

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

Key judgements

(i) *Performance obligations under AASB 15*

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

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

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

(iii) Impact of COVID-19 on the Group

Demand remained strong during the year of 2021, with our order book reaching the highest level since production in 2015 and exceeding our maximum operation capacity. Even with the global economic fallout caused by the COVID-19 outbreak, prices in 2021 have so far been higher than the 2020 average pricing. The reasons are: (i) zircon is a concentrated industry with a few suppliers accounting for a large share of the supply base (ii) expectations that a structural supply deficit would persist, buoying zircon prices.

NOTE 2: PARENT INFORMATION

	2021 US$	2020 US$
The following information has been extracted from the books and records of the financial information of the Parent Entity set out below and has been prepared in accordance with Australian Accounting Standards.		
Statement of Financial Position		
ASSETS		
Current assets	12,335,955	6,133,005
Non-current assets	78,058,861	4,917,856
TOTAL ASSETS	90,394,816	11,050,861
LIABILITIES		
Current liabilities	1,093,863	1,162,006
Non-current liabilities	-	-
TOTAL LIABILITIES	1,093,863	1,162,006
EQUITY		
Issued capital	103,921,565	22,143,644
Accumulated losses	(18,866,644)	(15,398,389)
Share-based payment reserve	4,246,032	3,143,600
Non-controlling interest	-	-
TOTAL EQUITY	89,300,953	9,888,855
Statement of Profit or Loss and Other Comprehensive Income		
Net loss	(3,468,255)	(8,841,676)
Total comprehensive income	-	-

NOTE 3: REVENUE AND OTHER INCOME

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

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

a. Revenue from contracts with customers

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

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

NOTE 4: LOSS FOR THE YEAR

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

NOTE 5: ASSET ACQUISITION

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

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

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

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

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

NOTE 6: TAX EXPENSE

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

NOTE 6: TAX EXPENSE (CONTINUED)

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

NOTE 7: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 31 December 2021. The total remuneration paid to KMP of the Company and the Group during the year are as follows:

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

NOTE 8: AUDITOR'S REMUNERATION

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

NOTE 9: LOSS PER SHARE

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

NOTE 10: CASH AND CASH EQUIVALENTS

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

Reconciliation of cash

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	6,624,364	3,509,395
	6,624,364	3,509,395

NOTE 11: TRADE AND OTHER RECEIVABLES

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

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

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

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

NOTE 11: TRADE AND OTHER RECEIVABLE (CONTINUED)

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2021 is determined as follows; the expected credit losses also incorporate forward-looking information.

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

Credit risk

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

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

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

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

b. **Collateral Held as Security**

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

c. **Financial Assets** Measured at Amortised Cost

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

d. **Collateral Pledged**

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

NOTE 12: INVENTORIES

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

NOTE 13: INTERESTS IN SUBSIDIARIES

a. **Information about Principal Subsidiaries**

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

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

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

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

The non-controlling interests in PT Andary Usaha Makmur and PT Tisma Investasi Abadi are not material to the Group.

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

NOTE 13: INTEREST IN SUBSIDIARIES (CONTINUED)

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

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

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

NOTE 13: INTEREST IN SUBSIDIARIES (CONTINUED)

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

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

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

NOTE 14: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

a. **Movements in Carrying Amounts**

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

	Freehold Land	Buildings	Construction in Progress	Plant and Equipment	Motor Vehicles	Furniture and Fittings	Total
	US$	US$	US$	US$	US$	US$	US$
Consolidated Group:							
Balance at 1 Jan 2020	57,053	505,998	48,047	43,653	-	-	654,751
Additions	137,489	22,152	118,598	417,122	22,894	30,668	748,923
Depreciation expense	-	(31,486)	-	(47,077)	(3,816)	(3,461)	(85,840)
Balance at 31 Dec 2020	194,542	496,664	166,645	413,698	19,078	27,207	1,317,834
Balance at 1 Jan 2021	194,542	496,664	166,645	413,698	19,078	27,207	1,317,834
Additions	2,447	191111	645,702	298,471	56,864	-	1,041,853
Transfer			(152,742)				
Depreciation expense	-	(37,381)	-	(77,216)	(11,961)	(4,757)	(131,315)
Balance at 31 Dec 2021	196,989	650,394	659,605	634,953	63,981	22,450	2,228,372

NOTE 15: INTANGIBLE ASSETS

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

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

NOTE 16: RIGHT OF USE ASSETS

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

i) AASB 16 related amounts recognised in the balance sheet

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

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

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

NOTE 17: TRADE AND OTHER PAYABLES

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

NOTE 18: LEASE LIABILITIES

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

NOTE 19: TAX

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

NOTE 20: ISSUED CAPITAL

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

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

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

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

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

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

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

b. **Capital Management**

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

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

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

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.

NOTE 20: ISSUED CAPITAL

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

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

NOTE 21: CASH FLOW INFORMATION

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

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

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

c. **Non-cash Financing and Investing Activities**

(i) Share issue:

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

(ii) Asset acquisition:

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

NOTE 22: RELATED PARTY TRANSACTIONS

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

NOTE 23: FINANCIAL RISK MANAGEMENT

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

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

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

Financial Risk Management Policies

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

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

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

Specific financial risk exposures and management

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

a. **Credit risk**

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

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

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

b. **Liquidity risk**

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

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

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

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

c. (i) *Other price risk*

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

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

(ii) *Foreign currency risk*

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

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

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

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

Fair Values

Fair value estimation

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

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

		2021		**2020**	
Consolidated Group	**Note**	**Carrying Amount US$**	**Fair Value US$**	**Carrying Amount US$**	**Fair Value US$**
Financial assets					
Financial assets at amortised cost:					
Cash and cash equivalents[(i)]	10	6,624,364	6,624,364	3,509,395	3,509,395
Trade and other receivables[(i)]	11	968,915	968,915	368,627	368,627
Total financial assets		7,593,279	7,593,279	3,878,022	3,878,022
Financial liabilities at amortised cost					
Trade and other payables[(i)]	17	1,758,140	1,758,140	1,626,802	1,626,802
Lease liabilities[(i)]	18	1,759	1,759	18,553	18,553
Total financial liabilities		1,759,899	1,759,899	1,645,355	1,645,355

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

NOTE 24: RESERVES

a. **Share-Based Payment Reserve**

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

b. **Foreign Currency Translation Reserve**

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

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

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

NOTE 25: EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

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