Annual Report

Jan - Dec 2022

PYX Resources Limited - ABN 30 073 099 171

Due to PYX's commitment to the environment, printed copies of the Annual Report are only posted to shareholders who have requested to receive a physical copy

PYX RESOURCES

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Forward Looking Statements

Cautionary Note Regarding Forward-looking Information

This Annual Report contains forward-looking statements and forward-looking information within the meaning of applicable Australian and UK securities laws, which are based on expectations, estimates and projections as of the date of this Report.

Forward-looking information includes, or may be based upon, without limitation, estimates, forecasts and statements as to management's expectations with respect to, among other things, the timing and amount of funding required to execute the Company's exploration, development and business plans, capital and exploration expenditures, the effect on the Company of any changes to existing legislation or policy, government regulation of mining operations, the length of time required to obtain permits, certifications and approvals, the success of exploration, development and mining activities, the geology of the Company's properties, environmental risks, the availability of labour, the focus of the Company in the future, demand and market outlook for precious metals and the prices thereof, progress in development of mineral properties, the Company's ability to raise funding privately or on a public market in the future, the Company's future growth, results of operations, performance, and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend", "may" and similar expressions have been used to identify such forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the information is given, and on information available to management at such time. Forward looking information involves significant risks, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors, including, but not limited to, fluctuations in currency markets, fluctuations in commodity prices, the ability of the Company to access sufficient capital on favourable terms or at all, changes in national and local government legislation, taxation, controls, regulations, political or economic developments in Indonesia and Australia or other countries in which the Company does business or may carry on business in the future, operational or technical difficulties in connection with exploration or development activities, employee relations, the speculative nature of mineral exploration and development, obtaining necessary licenses and permits, diminishing quantities and grades of mineral reserves, contests over title to properties, especially title to undeveloped properties, the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drill results and other geological data, environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding, limitations of insurance of project cost overruns or unanticipated costs and expenses and should be considered carefully. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Prospective investors should not place undue reliance on any forward-looking information.

Although the forward-looking information contained in this Report is based upon what management believes, or believed at the time, to be reasonable assumptions, the Company cannot assure prospective purchasers that actual results will be consistent with such forward-looking information, as there may be other factors that cause results not to be as anticipated, estimated or intended, and neither the Company nor any other person assumes responsibility for the accuracy and completeness of any such forward-looking information. The Company does not undertake, and assumes no obligation, to update or revise any such forward-looking statements or forward-looking information contained herein to reflect new events or circumstances, except as may be required by law.

No stock exchange, regulation services provider, securities commission or other regulatory authority has approved or disapproved the information contained in this Report.

Competent Person Statement

The information in this Report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr. John Chisholm, a Competent Person who is a Fellow of AusIMM (Australian Institute of Mining and Metallurgy). Dr. Chisholm is engaged by PYX and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Dr. Chisholm consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

The Mandiri mineral sands deposit hosts a 6 Mt Inferred Mineral Resource of Zircon. The Company originally announced this resource in its Prospectus released on 20 February 2020 and confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus. All material assumptions and technical parameters disclosed in the Prospectus that underpin the estimates continue to apply and have not materially changed.

The Tisma mineral sands deposit hosts a 4.5 Mt Inferred Mineral Resource of Zircon. The Company originally announced this resource in its Announcement "PYX Resources Limited Agrees to Acquire Tisma Development (HK) Limited, a World-Class, Fully Licensed Mineral Sands Deposit" on NSX on 13 January 2021 and confirms that it is not aware of any new information or data that materially affects the information included in the Announcement. All material assumptions and technical parameters disclosed in the Announcement that underpin the estimates continue to apply and have not materially changed.

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

About PYX Resources

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

PYX Resources Limited (NSX: PYX | LSE: PYX) is a leading producer of premium zircon, rutile, and ilmenite, dual listed on the National Stock Exchange of Australia (NSX) and on the Main Market of the London Stock Exchange (LSE). With two large-scale deposits with exploration, Mandiri and Tisma, located in the alluvium-rich region of Central Kalimantan, Indonesia, PYX is the 2nd largest publicly traded producing mineral sands company by zircon resources globally (10.5 Mt of inferred resources). While its Mandiri deposit has been in production since 2015, PYX is focused on fully developing both deposits to increase asset valuation and production and drive shareholder value. Additionally, it aims to acquire other mineral sands assets in Asia and beyond and build the Group into one of the most prominent mineral sands producers globally to take advantage of the strong mineral sands market dynamics, which increasingly supports high-tech applications that assist in the green transition.

With a holistic approach to sustainability and inspired by the Sustainable Development Goals of the United Nations ('UNSDG'), which the Company joined in August 2022, PYX has implemented several environmental and community projects under its "PYX Cares" programme, a blueprint for making a difference and achieving sustainable growth.

FY 2022 Highlights

Avg Dec 2022 Zircon Prices

US$2,457/t

36% YoY INCREASE

Tonnes Sold

9,462

38% YoY INCREASE

Tonnes Produced

16,551

129% YoY INCREASE

Revenue

US$22,703k

83% YoY INCREASE

Net Cash Position

US$7,221k

9% YoY INCREASE

Finished Goods Zircon Inventory

17.5 Days

4% YoY DECREASE

Zero Total recordable Injury Frequency Rate

Female Employment 23%

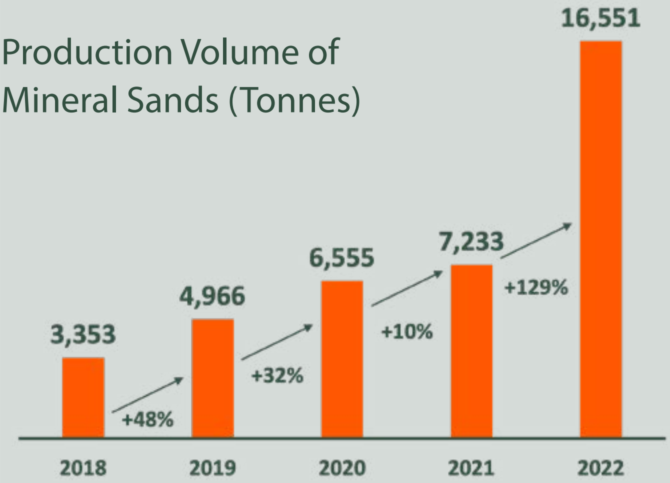
Indigenous Employment 45%

Became Member of United Nations Global Compact Programme 2 August 2022

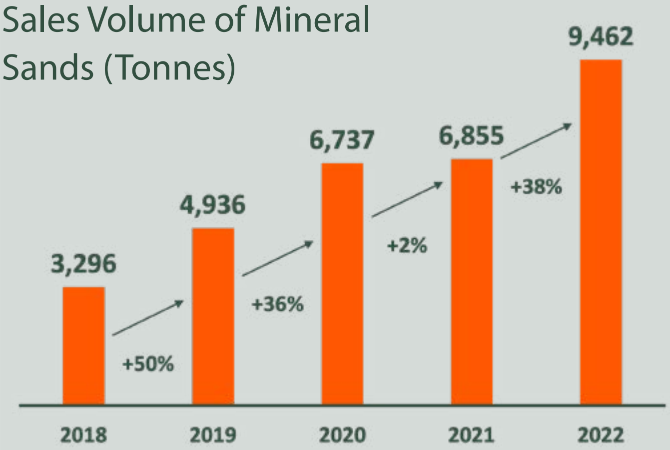
PYX's Inaugural Sustainability Report 1 November 2022

Year in Review

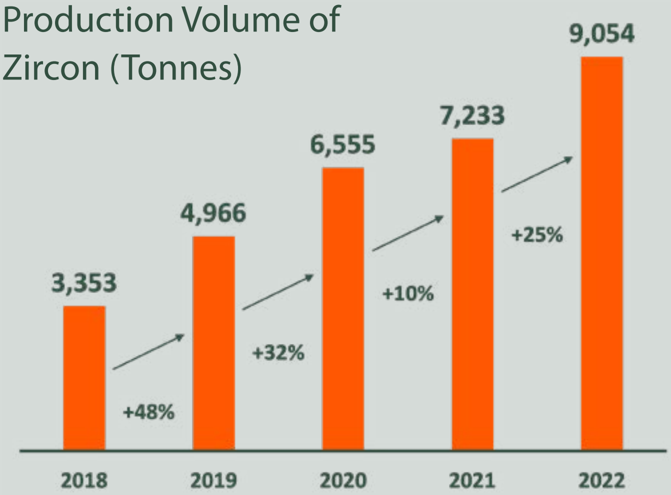
Production Volume of Mineral Sands (Tonnes)



Sales Volume of Mineral Sands (Tonnes)



Production Volume of Zircon (Tonnes)



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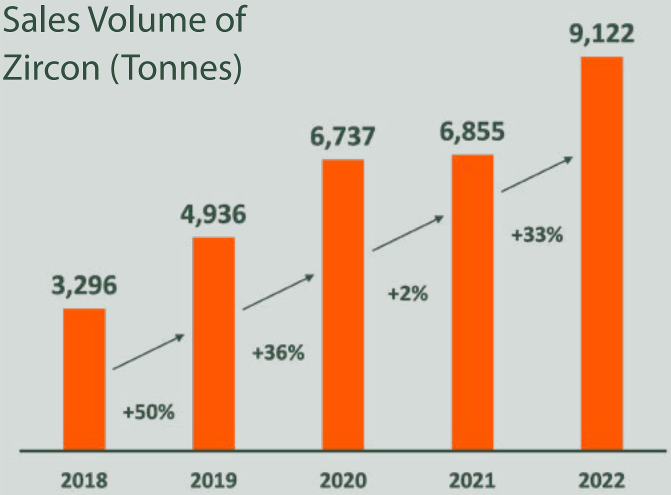
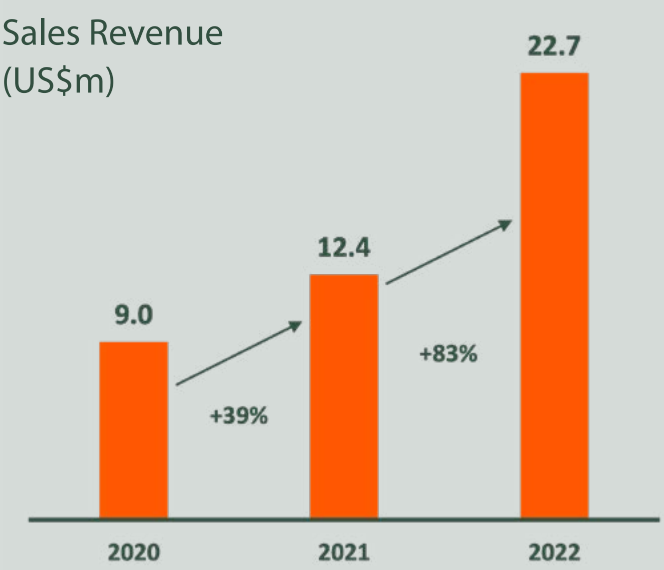
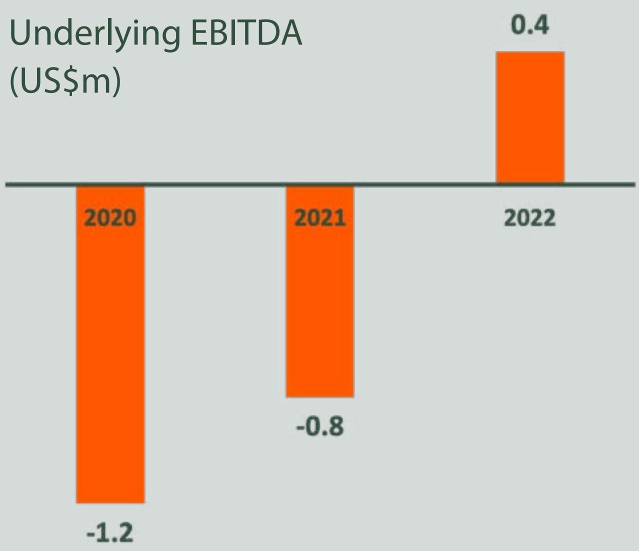






Financial Summary

US$m	FY2022	FY2021	FY2020
Sales Revenue	22.7	12.4	9.0
EBITDA	(9.3)	(4.3)	(13.9)
EBIT	(9.5)	(4.5)	(14.1)
Net Loss Before Tax	(9.5)	(4.5)	(14.1)
Net Loss After Tax (NLAT)	(9.4)	(4.3)	(13.8)
Underlying EBITDA	0.4	(0.8)	(1.2)
Total Assets	89.1	84.8	6.2
Total Liabilities	(5.6)	(1.8)	(1.6)

Mineral Sands Process

Mineral Sands

The term "Mineral Sands" refers to concentrations of heavy minerals (HM) in an alluvial environment. Mineral sands are sands from an ancient seashore, riverbed, or wind alluvial deposits that include high amounts of zircon ($ZrSiO_4$), rutile ((TiO_2), leucoxene ($FeTiO_3$ and TiO_2), ilmenite ($Fe.TiO_3$) and monazite (Ce, La, Th, Nd, Y)PO_4. Monazite comes in five distinct species, based on the relative proportions of valuable earth elements in the mineral (Ce, La, Th, Nd, Y) bonded to phosphate or silica. The specific gravity of these substances range from 3.5 to 5.3 g/cm^3, which is significantly higher than that of typical sands like quartz, that has a specific gravity of 2.65 g/cm^3. Some mineral sand deposits also provide valuable minerals, such as pseudorutile, anatase, xenotime, garnet, kyanite, sillimanite, staurolite.

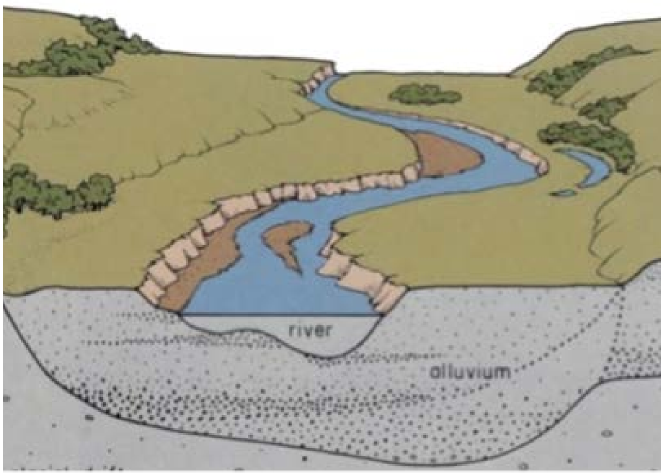
Mineral Sands Formation

Sometimes these deposits are referred to as "beach deposits" or "dunal sands" depending if they were originated by old beach or river systems of large aeolian sand systems.

There are two main forms of mineral sands, Placer and Primary sediments, both of which have a unique method of formation.

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

The composition of mineral sand deposits reflects the type of rocks or provenance from which the



sands containing the heavy minerals are derived. For example, granite and gneissic source rocks principally provide ilmenite and zircon and metamorphic rocks provide ilmenite and rutile.

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

Mineral Sands Uses

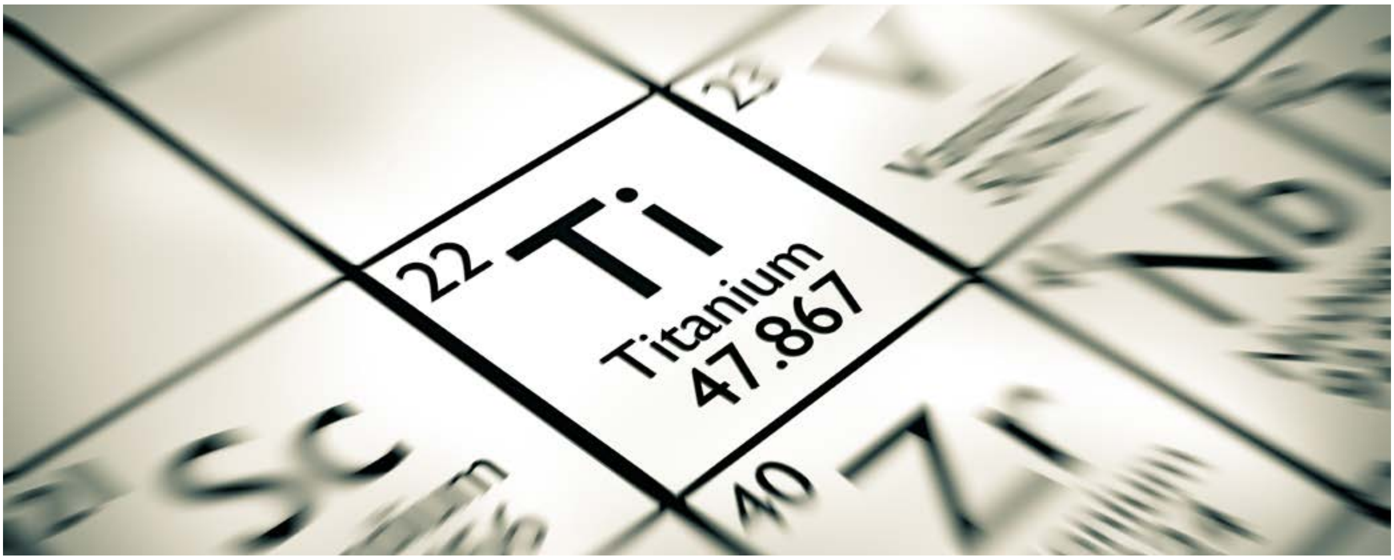
Titanium is a lighter coloured mineral, which has a white silver metallic appearance. It has a tough, glossy and corrosion-proof surface that gives it great durability and hardness. When titanium is subject to extreme thermal energy, it generates a shielding oxide layer to prevent corrosion, however,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

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

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

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

Zircon is a major product of the Mineral Sands industry and has been used as a gemstone for over 2,000 years. Today, it is widely used to manufacture cubic zirconia, fibre-optic components, refractory coatings, ceramics, dentures and other dental products. Zircon also serves as the primary ore of Zirconium metal.



Main Uses

Zirconia is a key element in doping Solar Panels for maximum efficiency

Titanium dioxide adds opaqueness and toughness to paint pigment extending the paint's life

The Ceramics industry consumes over 50% of all the Zircon produced

Addition of titanium dioxide to polymers and plastics helps minimize brittleness, discoloration and fracturing

Catalysts with Zircon used as supportive substrate can operate in harsher conditions

Cosmetics utilise titanium dioxide to help hide imperfections and enhance the complexion

Zircon is an essential substance used to manufacture protective shielding for fuel rods in nuclear power plants

Titanium dioxide is used as nanoparticle catalysts in the automotive and manufacturing industry

Zircon has grown in usage for endosseous implants, implant abutments and crowns in dentistry

Nanoparticles made of titanium dioxide can be used to block harmful UV sun rays

Zircon sand is commonly used in refractories and casting industries

Paper is coated with titanium dioxide to make it lighter, sharper and opaquer

Importance of Zircon

- Zircon adds brightness to modern interiors, and scratch and chemical resistance to surfaces of white ceramic tiles.
- Zircon has low solubility to molten metal, chemical inertness, and resistance to corrosion making it ideal refractory material in glass and steel furnaces.
- Advanced coatings of zirconia on turbine engines allow them to run at higher temperatures with higher efficiency.
- Zirconia helps to reduce air pollution and provides high temperature structural support for catalytic converters.
- Zirconium alloys have low thermal neutron absorption, critical in nuclear reactors as it helps generate energy more efficiently.
- Zirconia ceramics in joint implants are biologically inert, strong and wear resistant.
- Zirconia is used in many medical areas, such as ultrasound, medical imaging, hearing enhancement, dental implants and many more.
- Zirconia provides specialized functions in consumer and digital electronics.
- Zircon plays a critical part as a refractory material in glass screens for smartphones.

Mineral Sands Mining

Mining of mineral sands is conducted either wet or dry. Wet methods are generally preferred for large tonnage, low clay orebodies. A dredge scoops mineral deposits from the bed of an artificial reservoir, that is built atop low-grade deposits to facilitate quick transportation of massive volumes of sand, and transports it to a separation facility via a suction pipe. Dredging with a bucket wheel and suction is one of the lowest cost options for this method.

Dry methods employing earth moving equipment are used to excavate and transport the sand to a filtering facility, where tailings and extra clay particles are eliminated. The filtered material goes through a complex series of spirals.

Hydraulic mining with high pressure water is also employed as a variation on both methods, being used in dredging and in dry mining to slurry sand, clay and heavy minerals.

Mineral Sands Deposits

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

Mineral Sands Process

Mandiri Deposit Processing

At PYX, the mineral sands are processed into two main products, premium zircon, and titanium dioxide (rutile and ilmenite). After the heavy mineral concentrate has been removed, its zircon concentration is increased through gravity separation.

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

The main separation procedure at the Mandiri Mineral Separation Plant ('MSP') involves wet processing (Wilfley tabling), succeeded by a dry batch mineral processor (electrostatic separation).

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

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

Mine Rehabilitation

Mine rehabilitation is part of responsible mining. Through rehabilitation, the mining pit will be recovered to a condition similar to its pre-mining stage to ensure mining's compatibility with future land uses such as farming.

Chairman's Letter

Dear Shareholders,

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

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

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

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

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

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

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

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

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

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

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

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

Last but not least, PYX has continued to put the message of sustainability at the heart of its operations in Indonesia. Having joined the UN Global Compact Initiative to align our strategies with universal principles focused on preserving the environment and benefiting communities for generations to come, we have been involved in several major community programs: we successfully vaccinated 100% of our employees against Covid-19; started planting 10,000 Bengkirai trees in our mining tenement; oversaw blood donation efforts in Kalimantan; and supported both the local school and the Borneo Orangutans Survival Foundation. A comprehensive analysis of our measurable impact on ESG matters can be found in our Sustainability Report.

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

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

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

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

Oliver Hasler
Chairman and Chief Executive Officer

Palangkaraya, Kalimantan Indonesia
15 March 2023

Management Analysis Discussion

Sustainability Report

Over the past years, PYX has been making significant efforts to develop a sustainability programme which supports and benefits the environment and communities in which it operates.

To this end, the Company launched its "PYX Cares" programme which is inspired by the United Nations' Sustainable Development Goals ("SDGs") and categorised by five core elements that encompass the Planet, People, Prosperity, Peace, and Partnership, while also serving local communities.

PYX Cares is a blueprint for making meaningful and environmentally sustainable contributions to the communities in which the Company operates. PYX dedicates its platform to advocating for making environmentally conscious decisions in the Kalimantan area and for the greater good. At PYX, it is fundamentally understood that long-term goals will flourish only if mutually beneficial relationships are established with local people and if operations are carried out responsibly.

Sustainable Development Project

The inspiration for PYX Cares, a philanthropic programme, comes from the United Nation's Sustainable Development Goals. The Company's goal is aligned to the 2030 Agenda for Sustainable Development. The United Nations established the 17 Sustainable Development Goals (SDGs) to flourish their Agenda for sustainability.

The Company founded PYX Cares because it recognises that businesses have a duty to partake in the efforts for ending poverty while simultaneously finding innovative mechanisms for reducing the environmental impacts of daily operations. In PYX's 2022 Sustainability Report, the Company outlines its strategic commitment to the UNSGs.

PYX Cares programme has adopted the following 12 goals mainly focused on the Central Kalimantan surroundings of its operations:

1. End poverty in all its forms.
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
3. Ensure healthy lives and promote well-being for all at all ages.
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
5. Achieve gender equality and empower all women and girls.
6. Ensure the availability and sustainable management of water and sanitation for all.
7. Ensure access to affordable, reliable, sustainable, and modern energy for all.
8. Promote inclusive and sustainable economic growth, full and productive employment and decent work for all.
9. Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.
10. Reduce inequality.
11. Make cities and human settlements inclusive, safe, resilient and sustainable.
12. Ensure sustainable consumption and production.

PYX Cares acts as the Company's framework for targeting sustainability goals and promoting sustainable growth in the Company and neighbouring communities. In essence, PYX Cares has adopted specific goals towards sustainable development which align with the SDGs. Accordingly, PYX is committed to operating in an environmentally safe manner and in providing employees with a safe workplace. People, planet, prosperity, peace, and partnership are the five elements that encompass PYX Cares.

The Company is mindful of its responsibility as a leading international producer of premium zircon, rutile, and ilmenite. The minerals mentioned are vital for sustainable development growth, including environmentally friendly operations.

During 2022 PYX continued to prioritise environmental sustainability alongside partnerships with the local communities pursuing similar goals. PYX is committed to making strides towards adhering to Goal 15 (Life on Land) and Goal 17 (Building partnerships to promote the SDGs objectives) in the near future. The Company placed equal significance on attending to any employee, Dayak and community concerns. In looking forward to the future, PYX pledges to promote economic growth through meaningful investments to continue the positive economic and industrial development in Kalimantan.

In 2022, PYX focused on the following United Nations Sustainability Goals:

Goal 3
Good health and well-being

Goal 8
Decent work and economic growth

Goal 9
Industry, innovation, and infrastructure

Goal 10
Reduced inequalities

Goal 12
Responsible consumption and production

Goal 13
Climate action

PYX also supports the Ten Principles of the United Nations Global Compact ("UNGC") which affirms that companies need to align their operations with ten universally established principles on human rights, labour, environment, and anti-corruption.

United Nations Global Compact: Communication on Progress

Dear Stakeholders:

I am pleased to reaffirm that PYX Resources supports the ten principles of the Global Compact, specifically concerning human rights, environment, and anti-corruption.

As of 2 August 2022, PYX was admitted, under Participant ID #152927, to the United Nations Global Compact Programme to further the Company's commitment to sustainable and equitable business practices. The United Nations Global Compact (UNGC) framework is built on the foundation that corporate sustainability begins with a company's value system. The initiative affirms that companies need to align their operations with the UNGC's ten universally established principles in human rights, labour, environment and anti-corruption sectors. The UNGC is the largest international sustainability initiative in the world, with over 15,000 companies and 3,000 non-business signatories based in over 160 countries, with more than 70 local networks.

PYX is continually improving its integration of the Global Compact into the Company's daily operations, culture and business strategy while simultaneously engaging in collaborative projects to advance broader development goals of the United Nations, particularly the Sustainable Development Goals.

In the Annual Communication on Progress, we outline our continuous commitment to the Global Compact in daily and future operations.

Oliver Hasler
Chairman and Chief Executive Officer

Palangkaraya, Kalimantan, Indonesia
15 March 2023

United Nations Global Compact: Progress Report

Human Rights

1. Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Principle 2: Make sure that they are not complicit in human rights abuses.

Labour

3. Principle 3: Businesses should uphold the freedom of association and effective recognition of the right to collective bargaining;
4. Principle 4: The elimination of all forms of forced and compulsory labour;
5. Principle 5: The effective abolition of child labour; and
6. Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

7. Principle 7: Businesses should support a precautionary approach to environmental challenges;
8. Principle 8: Undertake initiatives to promote greater environmental responsibility; and
9. Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Principle 10: Businesses should work against corruption in all its forms including extortion and bribery.

Actions for Implementing the 10 Principles

PYX monitors and follows the ten United Nations Global Contact principles through:

- Company Rules and Regulations
- Employee Handbooks
- Anti-bribery and corruption policy
- Anti-slavery and human trafficking policy
- Disclosure policy
- Diversity policy
- Health, Safety and Environment policy
- Whistle-blower policy
- Code of Conduct
- Supplier Ethical Data Exchange Members Audit (SEDEX)
- SEDEX Members Ethical Trade Audit (SMETA)

Measurement of Outcomes

PYX contributes to the Global Reporting Initiative (GRI) by reporting PYX's impact on matters like climate change, human rights and corruption. The Company will include the GRI findings in future reports.

Short and Long-Term Goals

PYX Resources is committed to fostering growth to further support the ten principles of the Global Compact. Below are the Company's long and short-term goals for promoting the elements of the Global Compact.

Human Rights (Principles 1-2)

Short-Term

- To provide bi-yearly medical checks for all PYX employees
- Accessible mental health resources for all PYX employees
- Improving the health of employees through training, medical check-ups and access to adequate medical care and hospitals to all PYX employees
- Improve access to education tools for the community through investing in the local schools

Long-Term

- Assist in expanding the local school with three new classrooms by 2025
- Promoting partnership through making meaningful contributions for the local Kalimantan community and employees who reside in the local Kalimantan and Dayak communities
- To continue fostering existing partnerships with the local community to further sustainable

Labour (Principles 3-6)

Short-Term

- Offer 10 local internships per year by 2025
- Gaining the attention of skilled workers by offering internships at the local and international level

Long-Term

- Grow female employment by 35% by 2030
- For the composition of employees to remain, comprising of (50%) Dayak employees

Environment (Principles 7-9)

Short-Term

- Continuing reforesting efforts, planting 5,000 trees in 2023
- In 2023, PYX will continue to invest in the Borneo Orangutan Survival Foundation (BOS), the local orangutan sanctuary to promote the conservation effort
- To contribute to the Global Reporting Initiative (GRI) by reporting PYX's impact on categories including climate change, human rights, and corruption. The GRI findings will be included in future sustainability reports

Long-Term

- To decrease the Company's environmental footprint for all operations with the goal of being net carbon zero by 2040
- Zero environmental accidents
- Increase investment in sustainable energy solutions, beginning with installing the first solar energy source at the Mandiri tenement by 2030

Anti-Corruption (Principle 10)

Short-Term

- Complying under the Supplier Ethical Data Exchange Members Audit (SEDEX)
- Complying under the SEDEX Members Ethical Trade Audit (SMETA)

Long-Term

- To publish yearly SMETA audits

Safety

The Company continues to prioritise supporting employee empowerment in and outside of the workplace. PYX participates in the SEDEX Members Ethical Trade Audit (SMETA). SMETA provides the Company with international standards for auditing health, safety protocols and employment standards. In adhering to these standards, PYX provides ongoing safety training to all employees, including evacuation plans and fire brigades. PYX's last audit took place on 16th August 2022.

Respecting employee well-being, PYX facilitates access to affordable medical care for all employees and their families through a collaborative agreement the Company has with a local Kalimantan hospital.

Additionally, all employees are provided with nutritious meals on all workdays to promote accessibility to healthy eating.

Within the Company, all female employees are eligible for 3-month full-wage maternity leave. PYX provides paid three-day leave to employees who are getting married. Regarding annual leave, PYX employees qualify to take 12 days of leave from January 1 to December 31 of each year. The Company also recognises Hajj leave for employees who perform the pilgrimage, which entitles them to a maximum of 40 calendar days of leave for regular Hajj or a maximum of 30 days for special Hall or other national holidays, omitting annual leave.

In 2022, there were no environmental accidents, nor fatal injuries. PYX would also like to report that there were zero work related injuries with lost time. Lastly, PYX reports zero Covid-19 fatalities for 2022.

Stakeholders

PYX values the involvement of its stakeholders at multiple levels of the Company because their engagement is critical for the Company to uphold to the SDGs. Within PYX, this includes individual stakeholders, the local community, employees, investors, regulatory agencies, consultants, government and domestic agencies, customers, and other related parties.

PYX prioritises consistent communication between the stakeholders and senior management to facilitate collaborative discourse during all discussions respecting advancing the Company. Accordingly, PYX illustrates to their stakeholders the Company's commitment to environmental sustainability and corresponding social responsibility through programmes like PYX Cares that facilitates multiple philanthropic projects.

Community

The Company is committed to positively impacting locations where it operates to foster sustainable growth, as outlined in the United Nations framework for the Sustainable Development Goals. At PYX, safe operations and partnerships with the local population are essential for achieving long-term objectives. To accomplish the ideological framework that PYX is built on, the Company is promoting economic growth through investments to positively advance Kalimantan's financial and industrial sectors.

In 2022, PYX Cares made a donation of school supplies to a local Kalimantan elementary school named SDN Tumbang Lampung. The local elementary school has a total of 110 students that range of the ages of 7 to 10. There are six classes in a total of three classrooms at the SDN Tumbang Lampung elementary school, due to limited access to resources and funds. The Company strongly believes that no child should worry about accessing basic classroom necessities, correspondingly PYX donated classroom supplies for the students. Further, in response to these accessibility to education issues, PYX Resources is developing a strategy to support building more facilities in the school with the goal being that each teacher would have a designated classroom.

Environment

PYX has been making significant efforts to develop sustainable programming within the communities in which the Company operates. Accordingly, the Company founded the PYX Cares programme, to facilitate these efforts by categorizing the following five core-elements: **planet, people, prosperity, peace, and partnership** which are all aimed at conserving the environment as well as serving the local communities.

In 2020, the PYX Environmental Plan was introduced to mitigate environmental harm and increase sustainable operations. PYX diligently meets and surpasses domestic and international environmental standards, furthering its commitment to sustainable operations. The Company recognises the social and moral responsibility to consider preserving the environment. PYX is currently taking steps towards discovering options and avenues for introducing renewable energy to decrease its environmental footprint.

Zircon and Titanium Dioxide

Zircon and Titanium Dioxide (rutile and Ilmenite) can be employed to decrease the Global Footprint while accelerating the transition towards carbon zero. For instance, Zircon and TiO_2 feedstock are known as foundational for sustainable development and vital for neutralising carbon transmission. The Australian Critical Minerals Prospectus 2021 publications recognised that zircon and titanium dioxide

are critical for the economic well-being of the world's major and emerging economies, for which, the supply is at risk because of geological, geopolitical issues, trade policy or other factors. Respecting Titanium Dioxide, it is known in the field of sustainability as being an environmentally friendly metal given its ability to be 100% recyclable. Given that titanium does not rust, it can be easily recycled. Titanium Dioxide can also neutralise air pollutions because of the metal's ability to absorb ultraviolet light and then, reflect the whole total spectrum.

For further information on the sustainability of the above-noted materials, please refer to PYX's 2022 Sustainability Report.

The Borneo Orangutan Survival Foundation

In 2022, the PYX Cares programme made a novel donation to the Borneo Orangutan Survival Foundation (BOS). The BOS Foundation is a non-profit organisation, and its mission is to conserve orangutans as well as their habitats in the region of Kalimantan in Indonesia. The foundation works alongside the Indonesian Government for safeguarding the surrounding habitats. The BOS Foundation has released 450 orangutans to date from their rehabilitation centres to their reintroduction sites in Central and East Kalimantan. PYX's donation will be used to provide conservation care for 30 orangutans through the Borneo Orangutan Survival Foundation. For instance, the conservation care funds will be utilized for purchasing essential items such as diapers, milk bottles, sleeping baskets, blankets, and rattan baskets. Currently, the BOS Foundation is caring for in excess of 400 orangutans in their two rehabilitation centres. The vitality of these conservation efforts is because the Bornean Orangutan species has seen a 60% decline in their population over the past 60 years. Equally alarming is that the species' habitat is decreasing at an alarming rate in which, there has been a 55% reduction in the past 20 years. Given these factors, the Borneo Orangutan is currently classified on the Red List of the International Union for Conservation of Nature because the species has been identified as critically endangered.

Bengkirai 'Yellow Balu' Tree Planting Ceremony

On July 20, 2022, PYX Resources, alongside four representatives of the Department of Environment, Forestry and Transportation of Gumas Regency, conducted a symbolic planting ceremony of 10,000 Bengkirai trees, also known as the Yellow Balau tree. The PYX mine in Tumbang Lampung hosted the event and represented the Company's commitment to complying with the advice of the Department and, on a larger scale, to the social responsibility of environmental safeguarding. During the event, the Company's management and staff planted 40 Bengkirai trees to aid in preserving nature in the surrounding area. The Bengkirai tree is often found in the tropical forests of Borneo, the Philippines and Malaysia. Trees increase the absorption of carbon emissions, which contributes to reducing the impacts of global warming.

People, Planet, Prosperity, Peace & Partnership

People

PYX continues to promote the well-being of its employees by investing in their well-being through implementing various safety measures as well as, vocational and educational opportunities.

Planet

PYX is continuing to make sustainable efforts to promote environmentally friendly operations in Kalimantan to mitigate the risk of biodiversity loss. The PYX Management Plan tracks the Company's environmental footprint in Kalimantan and provides pathways for sustainable operations. The Company complies with domestic and international environmental standards. Lastly, in furthering its commitment to ecological diversity, PYX has pledged to re-fill mining pits and plant natural flora in the surrounding areas.

Prosperity

The Company takes meaningful strides to support the local communities in Kalimantan. PYX fosters economic growth through meaningful investments and volunteer work to participate in fostering economic and industrial growth in Kalimantan.

Peace

PYX fosters peace within the workplace, through diversity and equal opportunities for its employees. Additionally, the Company focuses on offering employment to the local Dayak population.

Partnership

As a global leader in the Zircon industry, the Company's ideological framework is built on building relationships and partnerships within the community it operates.

Mineral Sand: Downstream Industries

Solar Panels

Zircon is an essential material used to dope the titanium dioxide semiconductors. The doped semiconductor allows the conductivity to be modulated, optimising the efficiency of solar panels.

Nuclear Industry

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

Ceramics

The ceramics industry is the largest consumer of **zircon**, using more than half of all zircon mined worldwide. Beside tile manufacture, accounting for over 85% of Zircon's utilisation in the ceramics market, Zircon may also be utilised in high-stress components, abrasive and cutting machines, medical implants, and other electro ceramic conductors in the automotive, aerospace, and telecommunications sectors because of its characteristics.

Catalysts

Employed at greater temperatures and in harsher environments, **zirconia** is used as a supportive substrate and amplifier for other catalysts and as a catalyst in and of itself, while **titanium dioxides (TiO_2)** have been widely studied for photocatalysis.

Consumer Electronics

Products like mobile phone, electric automobiles, laptops, and cameras all contain **zircon** through electro ceramics, a class of ceramic material, due to their special electrical, visual, and magnetic properties.

3D Printing

3D printing requires **zirconium oxide** to obtain cost-effective net-shape production with minimal material waste. By using an acrylic resin, the structure possesses a remarkable thermal stability, excellent hardness, and chemical and abrasion resistance.

Household Essentials

Zircon is also commonly found in most household essential products such as glass panes, induction cookers, light bulbs, jewellery, cutlery, cooking pans, toothpaste and reading glasses.

Castings

Zircon is commonly utilised in the production process as milled sand within casting and refractory operations, used as a casting covering in die casting and in refractory paints and washes. This is to minimise the water solubility of other foundry sands, as well as for use as a mould coating in sand casting and investment casting.

Medical Implants

Zirconia is increasingly used in the medical field due to its favorable mechanical, biochemical, aesthetic, and corrosion qualities.
Titanium alloys is also widely used in medical field as surgical implants due to its good biocompatibility to human tissues and no toxic side effects.

Pigment

Majority of **titanium dioxide** (TiO_2) is used as pigment for various end uses such as paints & coatings, plastics, paper and inks. **Zircon** pigments are also synthesised to develop new colors.

Zircon is Key to Innovation

As the world accelerates toward decarbonisation and Net-Zero emissions, various technologies are becoming critical components of industrial policies worldwide, including solar cells, nuclear energy, and catalysis. Given many of these technologies utilise zircon, demand for the mineral is expected to continue increasing.

Indeed, the Australian Government considers zirconium to be a crucial mineral vital for the economic well-being of the world's major and emerging economies, as per the latest publication on critical minerals.

Furthermore, zircon is increasingly used in other high-tech applications such as a casing material for 5G smartphones and as a framework material for 3D printing.

Solar Cells

Currently, there is a push to implementing zircon derivatives into the promising dye sensitised cell technology, which can be used in architecture as coloured glass windows doubling as solar panels. Zirconium oxide is not only a cheaper but a more efficient alternative to the current semiconductor doping technology. This would radically transform home energy systems and solve the current problem of limited roof space.

Batteries

Zirconium oxide is the most promising solution to the industry. The Emerging Force in the Premium Zircon Industry intermittency of most renewable power sources, especially for home energy systems. Essentially, these energy storage systems can provide energy at times when renewable sources cannot and therefore fossil fuels can be eliminated entirely from home power sources.

Nuclear Reactors

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

Hydrogen Storage

Practical, large scale deployment of hydrogen storage technology has been proven to rely heavily on the zircon derivative, $ZrMn_2$. Green hydrogen produced using renewable electricity is stated to be critical in the goal to Net-Zero by the UK government. With increasing research into applying hydrogen energy to areas such as the automotive industry by Japan, and into the hydrogen storage industry by Mitsubishi Power, it could potentially see the market for this Zircon derivative to grow substantially.

Fuel Cells

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

Smartphones

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

3D Printing

As a result of its intrinsic properties, zirconium oxide (ZrO_2) has the best mechanical properties of all the ceramic framework materials for 3D printing of dense and precise ceramics.

Zero Carbon Transition to Substantially Increase Zircon Demand

Zircon and Titanium are increasingly seen as critical minerals to achieve carbon economies. Zircon in particular plays a crucial role in supporting industrial re-alignment toward Zero Carbon Transition.

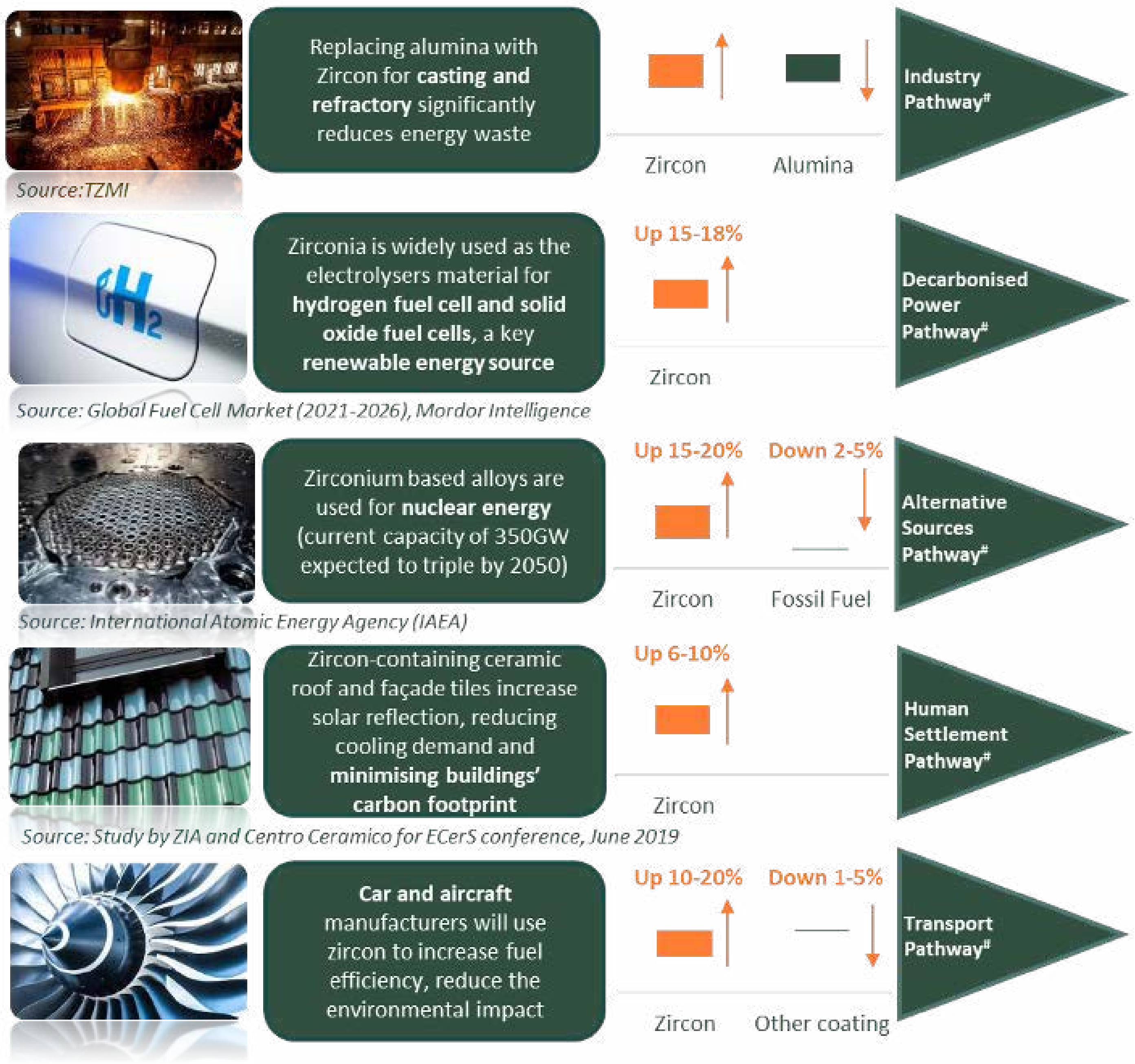
It is an important contributor towards both producing and adopting cleaner energy as well as improving energy efficiency in other applications.

Based on various studies made by academic and industry researchers, it is estimated that the Zero Carbon Transition could potentially increase Zircon demand by 56-88% over the next 20 years.

Research commissioned by the Zircon Industry Association (ZIA) and Praxair Technology showed that compared to alumina, using zircon could potentially reduce Global Warming Potential (GWP) by some 16% while using Zircon as thermal barrier coating could potentially increase energy efficiency of jet turbine engines by 12%.

Forming an integral part of the zero carbon transition, Zircon also plays a critical role in the manufacture of solar cells with Zirconium-doped electrodes.

Some of the most significant changes and effects on Zircon demands can be depicted below, categorized under the United Nation's (UN) Climate Action Pathways (CAP) as per Marrakech Partnership for Global Climate Action, which is an important plan for energy systems worldwide to be decarbonised by 2050.



High Tech Applications of Titanium Oxide

Photocatalysts

Photo-catalysis is the composing of photochemistry and catalysis with both light and a catalyst being desired to onset or precipitate a chemical conversion with important daily live applications. TiO_2 nanoparticles leveraging the photocatalysis process include air purification, water purification, decontamination, antibacterial sterlisation, UV protection, photocatalysis, sensing, photocatalytic pollutant degradation, and carbon dioxide reduction.

Medical Implants

Titanium is similar to human bones, with good biocompatibility to human tissues and no toxic side effects, ideal for human implants. The amount of titanium alloys used in surgical implants is increasing at a rate of 5%-7% per year, due to advantages including: 1) light weight; 2) low elastic modulus; 3) non-magnetic; 4) non-toxic; 5) corrosion resistance; and 6) high strength and good toughness.

Nanomaterial Products

Titanium dioxide is a popular material for nanomaterial products; its transparency and maximum ultraviolet light absorption make it suitable for specialty chemicals, cosmetics and sunscreens.

Titanium Metal in Aviation & Military

High strength to weight ratio is a key characteristics of titanium metal; with fuel efficiency and corrosion resistant benefits, it is widely used in aviation (aircraft engines and frame), military applications, chemical and desalination plant components, medical and sporting equipment.

Green Energy Transition Initiative

With its unique thermal and optical characteristics, titanium dioxide is gaining significance as a potential candidate for green energy transition initiatives.

High tech application for TiO_2 is low but is poised to experience dramatic growth.

Nanomaterial Products

Titania has been utilised for various thermal applications such as heat relieving, photoprotection, storing heat, heat transportation, solar thermal energy cultivation.

Utilisation of titania has been carried out in the form of bulk titania, titania nanoparticles, titania-based nanofluids, and titania nanoparticle enhancement phase change heat storage materials.

Energy Harvesting

Titania is used for harvesting photoelectric and photothermal energy in various energy harvesting applications.

Dye-sensitised TiO_2 is used in Grätzel photoelectric solar cells, known as dye sensitised solar cells (DSSC), to generate electricity from solar energy. Titania is the essential element of these solar cells. These modules are cheaper and produce good efficiency.

Thermal Energy Storage

Titania is extensively used in thermal energy storage applications such as thermal energy-storing phase change materials (PCMs) have good thermal storage capacity, though at a slower rate of thermal storage.

The addition of titania nanoparticles improves thermal conductivity and optical advantages including 26% elevation in thermal conductivity of polyethylene glycol (PEG).


PYX
RESOURCES

Business Model and Strategy

PYX Resources is dual listed on the National Stock Exchange of Australia and the Main Market of the London Stock Exchange. PYX operates the world-class Mandiri deposit, which has been in production since August 2015 and is located in the alluvium rich region of Central Kalimantan, 100 km north of Palangkaraya, the provincial capital city, and 23 km from Kualan Kurun, the nearest township. In February 2021, PYX acquired the Tisma deposit, rich in various minerals and relatively close to the Mandiri tenement, which was a highly transformative and accretive acquisition:

- It positioned PYX as a leading miner of premium zircon, as well as the world's 2nd largest company producing mineral sands in terms of zircon-JORC compliant resources.
- The close proximity between the two tenements allows for significant synergies and economies of scale.
- Enabled PYX to strengthen its market position through the consolidation of zircon-rich deposits within Kalimantan.

Since its inception in February 2020, PYX's management has been focused on creating value for its shareholders by:

- increasing production volume of zircon;
- reducing mining costs;
- diversifying its production profile to include titanium stockfeed by-products;
- extending drilling targets; and
- consolidating mineral sands mining in the region.

Maximising Value for our Mineral Sands Assets

PYX Resources' strategy is driven by its inherent determination to enhance shareholder value. This is being achieved by employing the most effective mining processes, increasing asset valuations, scaling premium-grade zircon production and meticulously exploring the Mandiri and Tisma deposits to mine, process and sell valuable heavy mineral resources including zircon and titanium feedstock, rutile and ilmenite in the same deposits.

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

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

Furthermore, PYX strives to continually upgrade and expand its processing facilities, aiming to increase its overall production capacity. This includes increasing Mandiri's production to 4,000 tpm within five years. For instance, the new addition of a third production line in Mandiri's separation plant at the end of 2021 resulted in a noteworthy increase in its overall productivity, which boosted the production capacity by 33%, from 18 ktpa to 24 ktpa, over the past 12 months. This will allow PYX not only to produce premium Zircon, but also by-products such as rutile and ilmenite. Timing for PYX's expansion could not be better, with the lack of zircon supply, the trade war between Australia and China, the closing of some major mines and several others reaching the end of their mine life. PYX is demonstrating its commitment to increase its mineral sands production capacity, with its ongoing expansion activities to fulfil the growing demand.

The Mandiri current mining area, which is in production, has approximately 126 million tonnes of defined inferred mineral resources of which 9.4 million tonnes are heavy minerals resources, which contain 64% of zircon. Additionally, Tisma adds 137 million tonnes of mineral resources to PYX mining area containing another 5.5 million tonnes of heavy minerals,

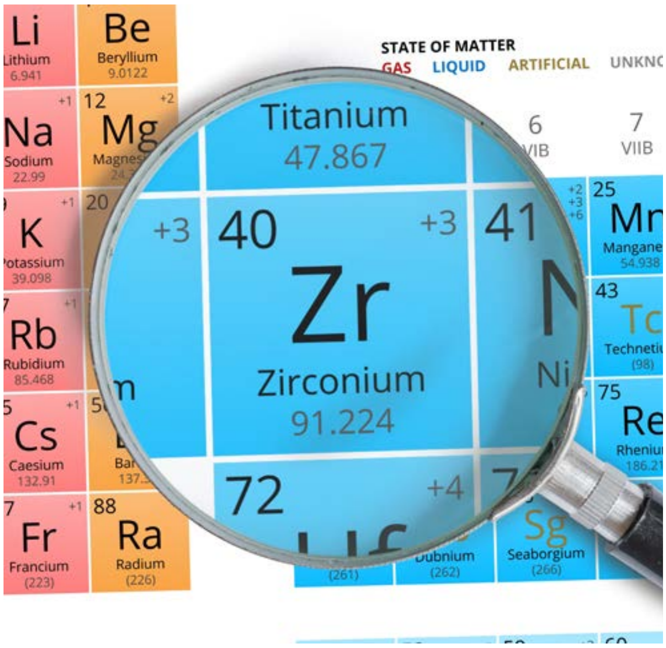
with 82% of zircon. On top of that, there is a substantial upside related to exploration of other areas with high potential in both Mandiri and Tisma tenements as 46% of the concession area remains unexplored.

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

Premium Zircon Business

Zircon is an opaque inert mineral, which is characteristic for being a hard-wearing material, without a perfect identical replacement, and belongs to the nesosilicates group. Its chemical name is zirconium silicate, $ZrSiO_4$, which chemical composition is roughly 67% zirconia, 32% silica and 0.2-4% of hafnium. This crystal exists in various colours: yellow-golden, red, brown, blue, green, and even colourless. After mining, it is processed to produce a heavy mineral concentrate. Zircon is separated, beneficiated and commercialised as zircon sand.

However, it exists in many different forms, such as flour, widely used in variety of applications. Zircon's largest end-use consumer sector is the ceramics industry, consuming approximately 54% of all zircon production globally. This is mainly used as a raw material to produce ceramic bodies, glazes, enamels, frits, and pigments within the industry. These are applied to traditional ceramic products such as high-quality tiles for both walls and floors, porcelain tiles, industrial tiles, sanitaryware, dinnerware, bathroom basins, etc. Moreover, its high refractive index allows it to be used as an opacity enhancer increasing brightness and whiteness levels, which combined with its hard-wearing features, prevents chemical and physical damages. Likewise, zircon has a lower environmental impact compared to its main alternative, alumina, exhibiting the increasing demand for this versatile mineral in this industry.



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

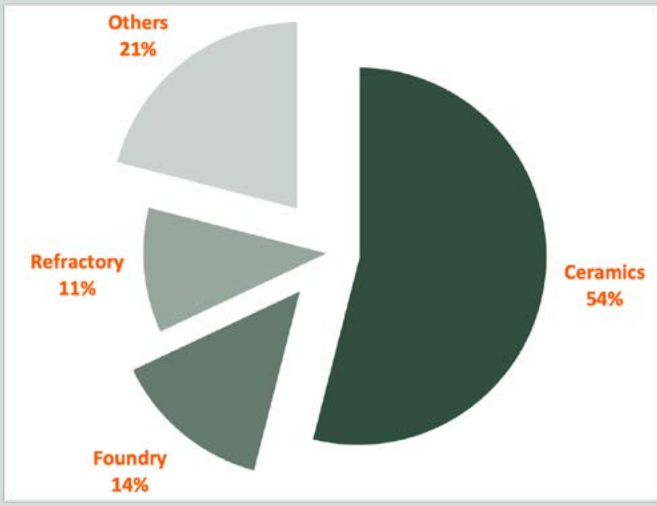
Other important uses include those in the foundry and refractory industry, including using zircon in sand and milled sand form for both casing and refractory application. Zircon boasts a high melting point and temperature stability at elevated temperatures, a high thermal conductivity and low thermal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

Zircon is found in lead zirconate titanate, commercially known as PZT electro-ceramics, which is used in a wide range of electric products such as microphones, microwave dielectrics and radio frequency power capacitors. Lastly, zircon-based metals and chemicals extend to the gemstone industry, as well as being a key raw material for fuel cells, nuclear power plants and other industrial manufacturing processes. Hence, the growing usage and under-supply of this component, especially high-grade zircon has fostered a favourable market for PYX Resources, with the latest large mineral sand deposits discovered in 2012. The depletion of existing reserves and few large deposits being explored and operated over the last 20 years has resulted in the highest demand for Zircon since the 2000's, predominately due to China's intensified need for Zircon Sand. [1)]

1) Zircon Industry Association, TZMI, Zircon Industry and Market Trend Report, Issue 3, November 2022.

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

Global Consumption of Zircon by Industry



Titanium Dioxide Business

Titanium dioxide minerals are used mainly as feedstock for the world's titanium dioxide (TiO_2) pigment industry. As a pure white, highly refractive and ultraviolet light absorbing product, titanium dioxide pigment is commonly used in architectural and automotive paints, plastics, paper, textiles and inks. Titanium dioxide feedstock is also used in the manufacture of welding electrodes. Titanium minerals are non-toxic, non-fibrogenic and biologically inert and they can be used safely in foodstuffs, pharmaceuticals and cosmetics.

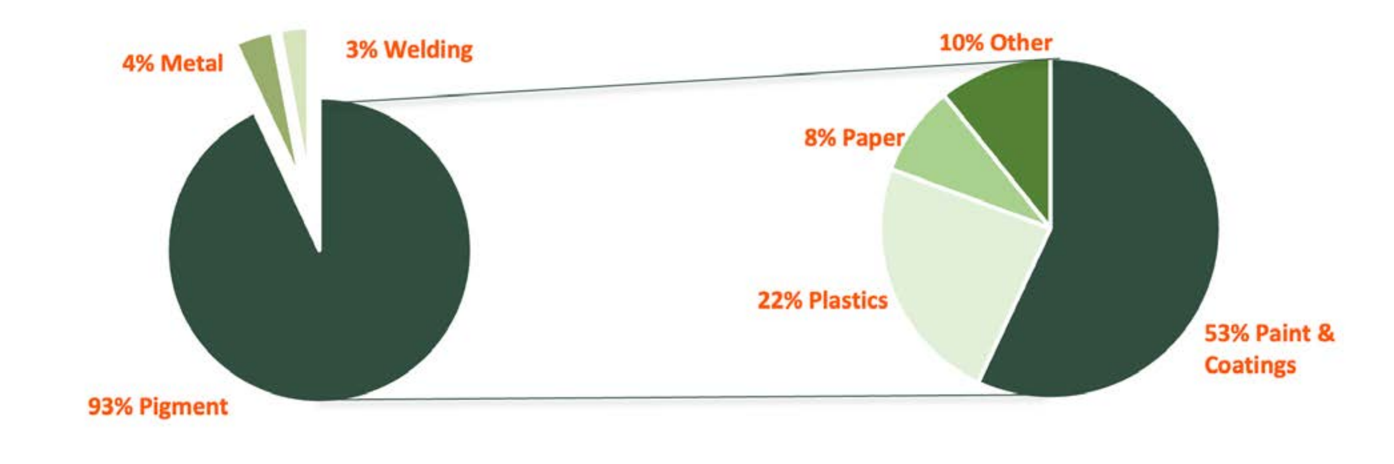
Titanium feedstocks supply different markets however world demand for ilmenite, leucoxene and rutile is determined by the demand for titanium oxide pigment. The pure white pigment is used as an opacifier in paints, plastics and paper, accounting for around 93 per cent of global titanium feedstock consumption[1)].

1) Zircon Industry Association, TZMI, Zircon Industry and Market Trend Report, Issue 3, November 2022.

Titanium dioxide pigment is produced by two alternative process routes: the chloride and sulphate processes.

Global Consumption of Titanium Dioxide by Industry

Rutile, synthetic rutile and titanium slag can be used to produce titanium metal. Due to the combination of strength and lightness of titanium metal, it is used for advanced engineering applications, including architectural coatings, the aerospace and defence industries as well as a range of other applications, including sporting equipment and jewellery. Titanium metal is also used in desalination plants and corrosive chemical industries and its non-reactive properties make titanium metal, one of the few materials that can be used in the human body for hip replacements and heart pacemakers.



Mining Capacity Scale-Up

Different to most mining, mineral sands exploration, development, mining and processing allows to visually estimate the grade and composition of heavy minerals and valuable heavy minerals in every stage.

Surface Mineral Operations:

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

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

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

The optimisation of the initial pilot unit and rapid growth in production was due to a full-scale trial. A mining program has been undertaken during 2022 to confirm the MFU design. This forward-thinking approach allows for maximum efficacy, enabling the in-house field unit to serve as foundation for scale up in the near future. This will help to satisfy the increased demand from our growing customer base around the world.

Part of the operating license for mineral sands mining is to complete the backfill and rehabilitation back to a pre-mining land usage.

Mandiri's Processing Facility Upgrade

Mandiri's existing Mineral Separation Plant ('MSP') includes a conventional wet concentration, which consists of a Wilfley tabling followed by a batch dry mineral separation process using electrostatic and magnetic rolls and electrostatic plate.

The processing plant conducts the following separation process:

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

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

Logistics Competitive Edge

Strategically located close to Palangkaraya's airport (PKY) with flights taking just 1 ½ hours to Jakarta, PYX's deposits are very accessible for the personnel and those who want to visit its installations from any destination around the world.

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

The factory will connect the Mineral Separation Plant (MSP) to the municipal electric grid to replace the diesel-fuel generators resulting in important cuts in energy costs. Additionally, the factory is close to the Mandiri tenement, near to the district road which links the Kereng Pangi village to the national road. In addition, a private airport near the tenement could potentially become a new access point for the mine and factory in the near future.

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

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

During the last quarter of 2022, PYX started using a key logistics and inventory storage facility based in Kuala Lumpur's Port Klang.

Port Klang is the second biggest port in the Southeast Asia region, marginally outside of the world's top 10, with its traffic reaching 13.7 million TEU in 2021. It is situated on the west coast of the Malay Peninsular on the Malacca Strait and is on one of the busiest shipping lanes in the world.

The new storge facility provides significant benefits to PYX and its international clients:

- Reduces shipping time to end-use markets by several weeks compared to shipping directly from Banjarmasin in Indonesia.
- Increases predictability of shipments and onward arrival times.
- Reduces shipping costs to many key markets - India, Europe and the Americas.
- Provides a well-placed buffer stock to negate the effects of seasonal storms and other supply chain issues (which have hampered global supply chains recently).
- The Free Commercial Zone permits the Company to carry out trade and manufacturing activities.

Operating and Financial Review

The Company performed strongly during 2022 due to a boost in premium zircon, rutile and ilmenite production, sales volume and ongoing price increases. Accordingly, FY 2022 has seen PYX deliver an 83% increase in revenue growth to US$22.7 million, while achieving a positive underlying EBITDA with with limited operational negative cash flow. PYX achieved ongoing price increases in H1 2022 and stabilisation in H2 2022, with average premium zircon prices for 2022 up by 36% compared to average in 2021. Furthermore, PYX produced 16.6kt of minerals sands (zircon, rutile and ilmenite) in total, of which 9.1kt were zircon, representing a 129% and 25% year-on-year (YoY) increase respectively. YoY sales of Minerals Sands grew by 38% to 9.5kt and for premium zircon by 33% reaching 9.1kt. The Company also strengthened its finished goods inventories to 7.3kt (2021: 0.3kt) as a result of the start of rutile and ilmenite production. Premium zircon inventories increased to 438t (17.5 days) from 343t at the end of 2021 and reduced from 913t at the end of June 2022.

Over the 1st half of the year, the mineral sands market has been largely supported by China's demand, although demand softened up to the mid-autumn holiday period, this was offset by stronger demand from Europe.

While some downward price movements were seen in mineral sands products during H2 2022, the structural supply gap in the market, the prolongation of supply chain constraints, and the reactivation of the Chinese manufacturing sector indicates that the impact will be relatively minor.

The lack of premium Zircon supply in the market allowed PYX to continue to benefit from a very strong order book from its customers, with a sustained increase in geography and industry diversification. The Company ended the year with no debt and with US$7.2 million cash on its balance sheet.

Zircon Revenue

	Year Ended 31 December 2022	Year Ended 31 December 2021	Year Ended 31 December 2020
Zircon Revenue (US$)	22,415,490	12,417,086	8,956,694

Revenues from sales of zircon for the reporting period were US$22,415,490, an increase of 83% compared to the same period in 2021, due to the 33% growth in sales volumes and mostly driven by the substantial increase in the price charged to its customers, amid a substantial increase of premium Zircon market prices from December 2020 to December 2022. PYX achieved ongoing price increases in H1 2022, reaching a spot price peak of US$3,048 in April, and matched its prices with the international prices during H2 2022, with average premium zircon prices for 2022 up by 36% compared to average in 2021, ending the year with an average sales price for the year of US$2,457 per tonne. During the second half of the year sales shifting from China to India, Europe and Americas following the slowdown in China.

Pressure on prices to increase is expected to persist in 2023, in view of the expected depletion of existing deposits combined with a continuous increase in Zircon demand. The anticipated structural supply deficit is also forecast to supply strong fundamental support to Zircon prices in the medium to long term.

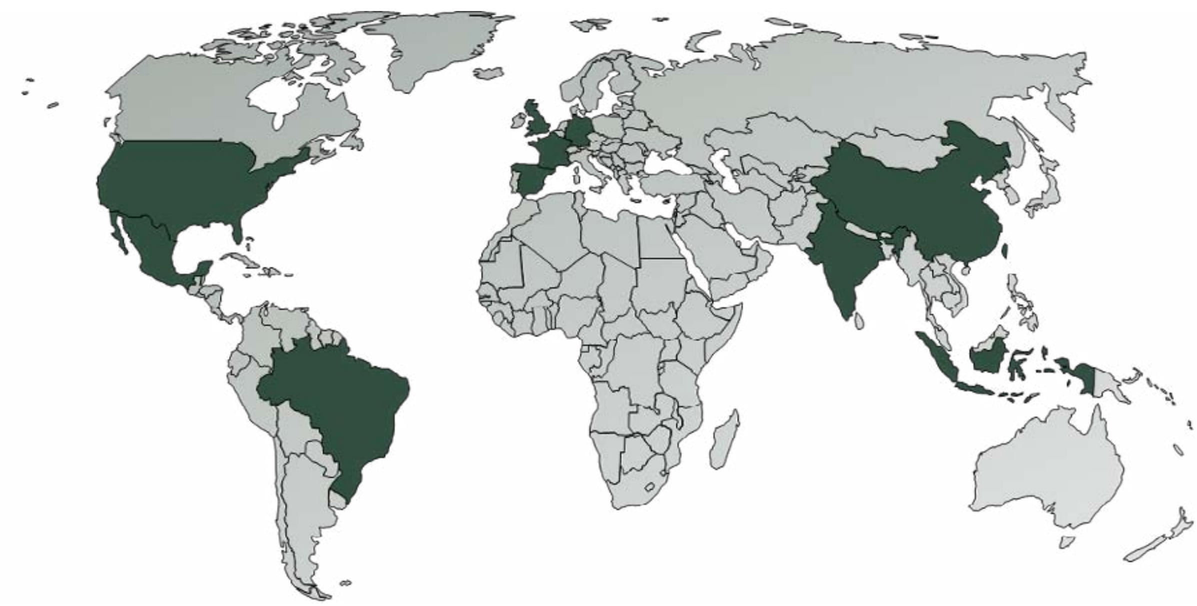
Sales Volume

	Year Ended 31 December 2022	Year Ended 31 December 2021	Year Ended 31 December 2020	Year Ended 31 December 2019
Zircon Sales (tonnes)	9,122	6,855	6,737	4,936

As a result of the growth of the Chinese economy in H1 2022 and the rest of the world recovering from the slow down caused by the pandemic, zircon demand remained robust during 2022 with PYX's sales volumes seeing strong growth. Customer demand has been particularly strong for PYX's premium zircon because of its high purity while its low aluminium oxide, thorium and uranium content continues to attract new customers from Spain, UK, Brazil, Mexico, USA and India. PYX's premium zircon is also gaining popularity in high tech uses such as semiconductors, solar cells, fuel cells, batteries, and additive manufacturing.

PYX's existing customer base consists of global blue-chip customers operating in various industries, sectors, and geographies. Through the strategy of market diversification, PYX was able to mitigate disruptions in specific locations and markets. During the period, PYX grew its customer base by 141%, adding Brazil and USA into its country mix. In contrast to last year, PYX expanded its market presence in India, Europe and the Americas as a result of the industry shutdowns in China during H2 2022.

In 2022, PYX decreased its top three customers' share of total sales volume to 44% from 52% in 2021, with the addition of new customers in India, Europe and the Americas. Zircon utilisers from around the world have been very keen to approve PYX's premium zircon as they seek to secure future supply and look for new competitive options.



PYX's total production volumes increased with the commencement of the production of Titanium Dioxide (rutile and ilmenite). During the year, PYX's Minerals Separation Plant (MSP) produced 16.6kt of mineral sands (9.1kt of premium zircon, 0.5kt of rutile and 7.0kt of ilmenite). Zircon production volume increased from 7,233 tonnes to 9,054 tonnes in the reporting financial period, an annual increase of 25%.

During the period, the Company performed strongly with an increase in mineral sands production including the commencement of rutile and ilmenite production, sales volume growth and robust sales prices. In December 2021, PYX announced that it had increased its capacity at its MSP by 33%. The additional 6ktpa capacity was utilised to start production of rutile and ilmenite during H2 2022. Tailings accumulated over the years were used to feed the process, which resulted in an ilmenite inventory of 6,851 tonnes and rutile of 48 tonnes at the end of the period. Year-end inventories of rutile were low, since PYX started to sell this mineral in the domestic market. Moving from sole premium zircon production to premium zircon, rutile and ilmenite, reduced the premium zircon output, but PYX believes it will benefit the total operation and margins in the long run.

The increase in volumes allowed the Company to reduce costs, which will allow PYX to free up resources to increase development in exploration targets and to acquire additional assets.

Mineral Separation Plant (MSP) Performance

	Year Ended 31 December 2022	Year Ended 31 December 2021	Year Ended 31 December 2020	Year Ended 31 December 2019	Year Ended 31 December 2018
Zircon (tonnes)	9,054	7,233	6,555	4,966	3,353
Mineral Sands (tonnes)	16,551	7,233	6,555	4,966	3,353

Income Statement Analysis

For the Full Year ending on 31 December 2022 (FY2022), PYX Resources reported an increase in sales revenue of 83% and an improvement of the underlying EBITDA from negative US$794k to positive US$419k. This is an important milestone for PYX, showing the strength of the plan implemented only 2 years before in 2020, when the IPO in Australia took place.

(US$)	FY2022	FY2021	FY2020
Sales revenue	22,703,190	12,417,086	8,956,694
Cash cost of production	(17,293,633)	(10,406,727)	(7,557,600)
Other income	8,043	1,089	110,576
Selling and distribution expenses	(2,120,337)	(950,745)	(492,248)
Corporate and other expenses [1]	(9,766,304)	(4,112,488)	(7,675,141)
Foreign exchange loss	(487,174)	(350,011)	(29,376)
Loss on FV charge of financial instrument	(2,297,990)	-	-
Acquisition costs	-	-	(1,889,237)
Acquisition loss	-	-	(5,356,997)
Non-capitalised listing exenses	-	(928,147)	-
EBITDA	(9,254,205)	(4,329,943)	(13,933,329)
Depreciation and amotisation	(242,502)	(187,877)	(129,174)
EBIT	(9,496,707)	(4,517,820)	(14,062,503)
Net financial expenses	(27,939)	(11,934)	(20,961)
Net loss before tax	(9,524,646)	(4,529,754)	(14,083,464)
Income tax	91,046	208,524	262,861
Net loss after tax (NLAT)	(9,433,600)	(4,321,230)	(13,820,603)
Other comprehensive income	(621,873)	18,634	(40,046)

1. Excluding depreciation and amortisation

Underlying EBITDA

(US$)	FY2022	FY2021	FY2020
EBITDA	(9,254,205)	(4,329,943)	(13,933,329)
Underlying EBITDA[2]	419,289	(793,628)	(1,213,402)

2. Underlying EBITDA excludes extraordinary items including share-based payments and loss on fair value change, which are non-cash in nature.

PYX's underlying EBITDA for the period was positive US$419,289 for the first time since the Group started in February 2020. The positive underlying EBITDA coming from operations was the result of the increased volumes, start of productions of by-products and tight control over general and administrative expenses. This is a significant achievement, considering the expansion of the corporate structure when compared to FY2020 to deal with the higher complexity resulting from the very successful listing on the LSE and the challenging operating environment caused by the world-wide turmoil.

Net Profit (Loss) After Tax

PYX's net loss after tax for the period was US$9,433,600 mainly due to non-cash expenses incurred in share-based payments and loss on fair value change of financial instrument.

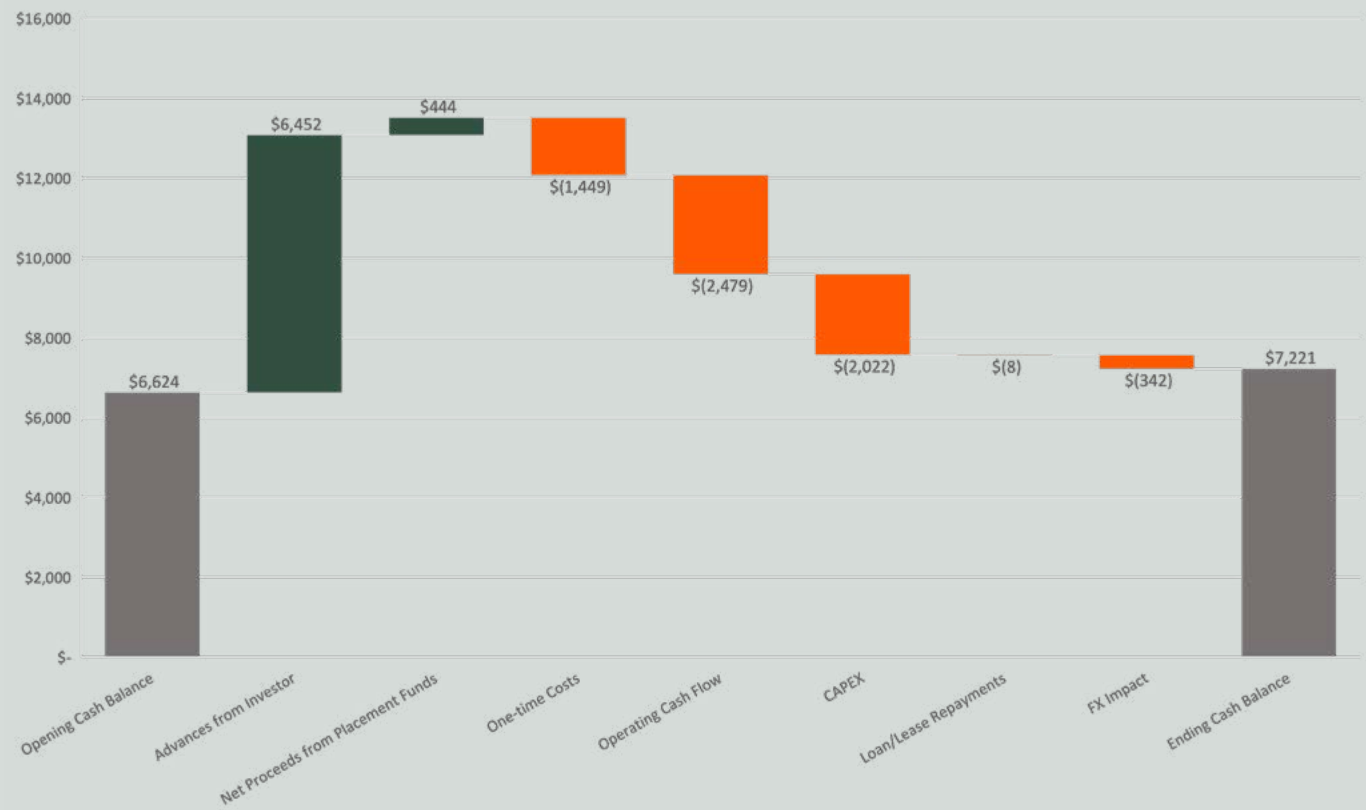
Cash and Cash Equivalents

PYX's cash and cash equivalent balance at the end of the FY2022 period was US$7,221,085 up from US$6,624,364 in FY2021. The increase was attributed to the additional funds raised from institutional investors, partially offset the capital expenditure to start with the in-house mining process, one-off expenses related to funding and the not absorbed corporate expenses.

Table 1: Cash Flow Movements

Table 1 illustrates the cash usage and shows that the actual cash consumed in the operation is relatively low at US$2,479,000, which is a positive result this early in the project. Q4 was cash positive, reflecting a very good trend for the future.

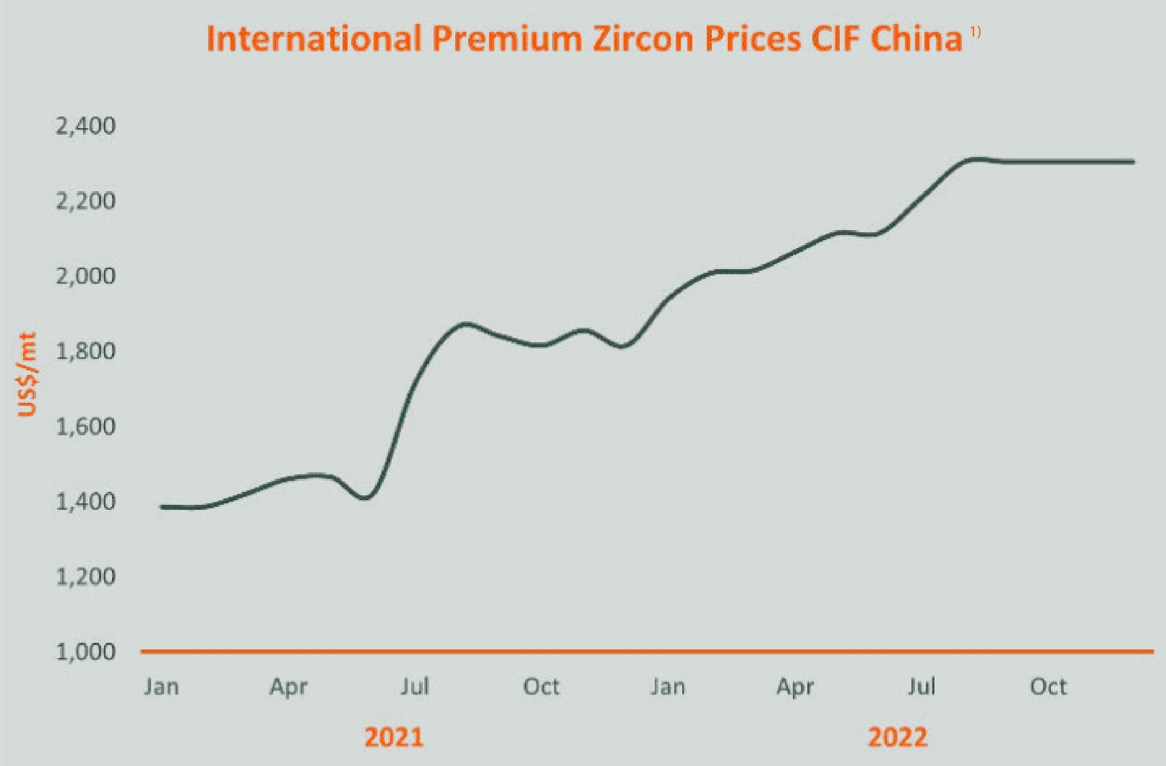
Cash Flow Movements



Market Outlook

Zircon is increasingly recognised for its unique properties and wide range of end-use applications; there is currently no replacement for it, securing itself a stable position in the mineral sands market. International premium zircon prices, as reported by Asian Metal, have continued to gain through to Q3 2022, maintained stable throughout Q4. Price increase pressure started at the end of December with China announcing the end of the travel restrictions and are projected to remain that way during Q1 2023 and expected to grow after Chinese New Year. All this amid the increasing demand and tight supply.

Despite the US-China trade conflict, the Australia-China trade war, the impact of the COVID-19 pandemic, and related global supply chain disruptions, the mineral sands market showed resilience and rebounded strongly since the start of the pandemic in 2021 and in the first half of 2022, resulting in substantial price increases across both contract and spot markets. Chart 1 shows international average monthly export prices for premium zircon. Prices remained stable and are projected to keep at this levels in Q1 2023.



[1)] Asian Metal

The general increase in price was attributable to three key factors. Firstly, supplies for premium-grade zircon continues to be tight, production is still struggling to keep up with the demand. Secondly, producers are looking to lessen the pricing gap between western customers and China, where spot pricing influence tends to be larger. Finally, substituting zircon would be difficult due to price inflation.

Demand at the beginning of the year was still strong despite the difficult economic situation due to the strong European ceramic end-use application and the continued strong demand from North America, with the rest of the market showing a mixed pattern.

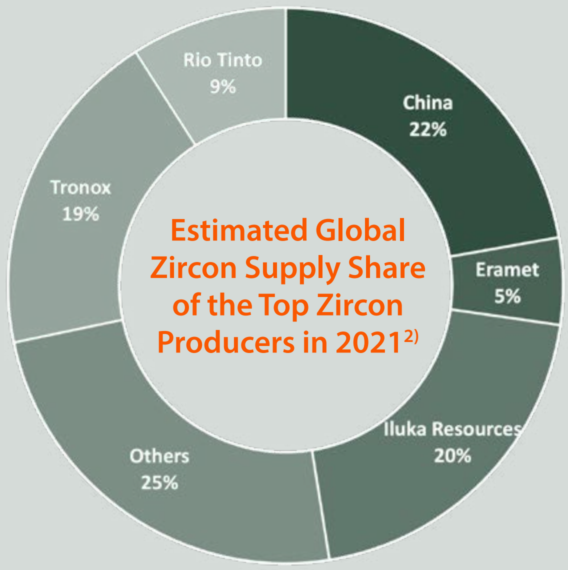
The demand for zircon continues to increase, despite a shaky Q3, Q4 was expected to end better than forecasted. TZ Mineral International Pty. Ltd. (TZMI) estimates the market will return to a CAGR of 2.5% after 2023, reason for which PYX remains very bullish. Despite zircon being so abundant in our daily lives, it used to go unnoticed, until recent advances in the modern tech world have brought zircon into the light.

In June 2022, industrial metals markets experienced significant price declines, most notably in copper and tin. PYX believes that these declines were caused by the possibility of a global recession due to increased inflation, interest rates and the effects of the Ukraine war and the possibility of affecting other countries. Despite the gloomy outlook, zircon prices including PYX's premium zircon increased. This likely implies that zircon prices may not be affected by geopolitical issues, but instead physical trade. Though demand from Europe seemed to ease into Q4 and prices of mineral sands are expected to decrease, the effect will be offset by increasing Chinese manufacturing activity and the structural supply gap in the market. [1)]

The growing market allowed PYX a boost, allowing for a strong 2022, with a 83% increase in revenue growth to US$22.7 million, while achieving a positive underlying EBITDA with limited negative cash flow. This was due to a boost in premium zircon, rutile and ilmenite production, which was a big change moving from solely premium zircon production from 2021. This allows for increased profit margins which allows the company to increase volume, reduce costs and free up resources to increase development at exploration targets and to acquire additional assets. Global zircon supply is relatively concentrated, with the top five producers estimated, by the Zircon Industry Association and TZMI, to constitute approximately 76% of the 1.18 million tonnes of global zircon supply in 2021.

In 2022, TZMI estimates the top five producer's share of global zircon supply to drop from 81% to 75% due to the impact of the decline of several large existing mines.

Overall Zircon demand increased by 30kt about 2.6%, the strongest increase being in foundry and refractory due to US-listed steelmakers amid good steel pricing and high finished steel



production. On the flipside, steel production in China is down, as the Chinese government is looking to meet carbon emissions targets. Global demand in ceramics has increase by 7kt, due to increasing demand from Europe and America. Regions like India and Latin America continued to show positive demand. Ceramic tile demand may continue to affect the market because of property development challenges caused by COVID-19. [3)]

[1)] Zircon Industry Association, TZMI, Zircon Industry and Market Trend Report, Issue 3, November 2022

[2)] Zircon Industry Association, TZMI, Zircon Industry and Market Trend Report, Issue 2, July 2022.

[3)] TZMI, Global Market Dynamics, 2022

While India and North America will likely continue to show increasing demand, demand in Europe may decline due to energy costs. We believe China will come back with increased demand after Chinese New Year. With China expected to remain the dominant region accounting for 48% of the global demand, TZMI is forecasting a continued growth of zircon demand of 2.5%.

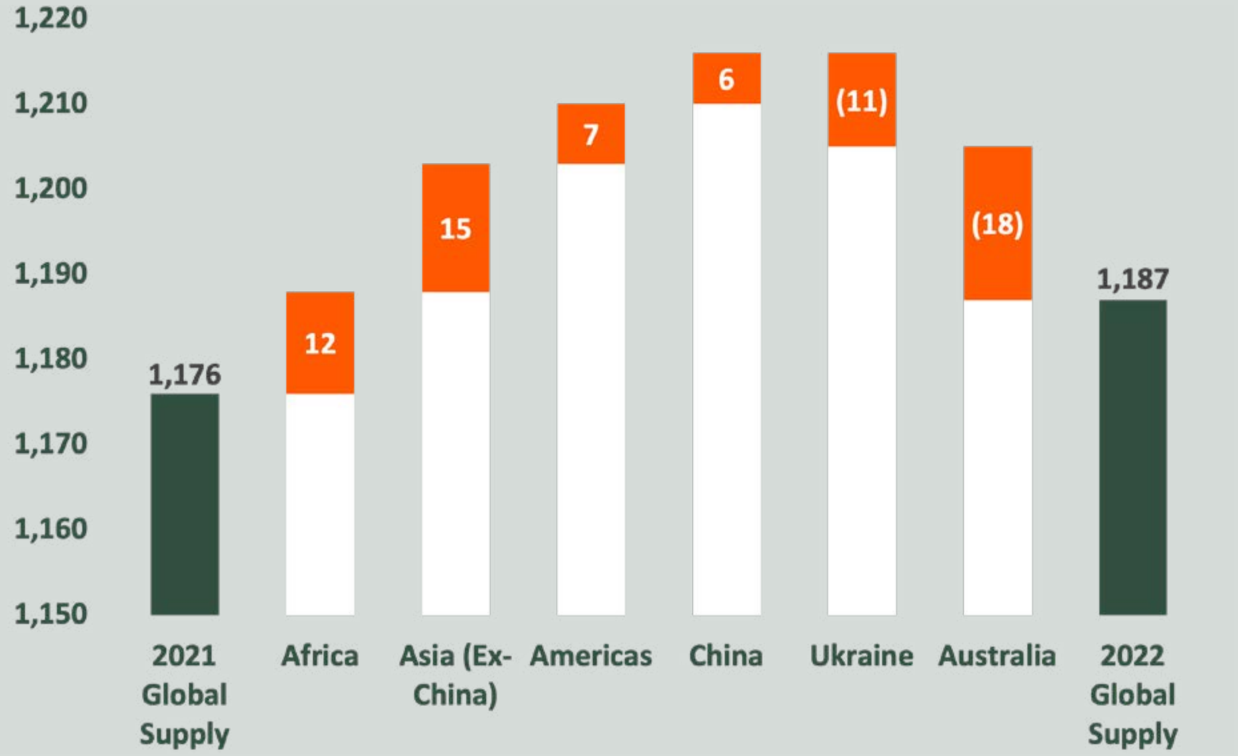
The Zircon end market can be categorised by:

- Traditional Uses - typically used for ceramics manufacturing, high tolerance casting/ foundry, refractory and zirconium chemicals.
- High-tech Applications – Zircon are also becoming more popular in novel applications (typically high-tech uses), including additive manufacturing, semiconductors, implants, solar cells, fuel cells and batteries.
- Intermediate Use – such as fused zirconia and other zirconium chemicals for a wide variety of applications including electronics, nuclear fuel rods, paper, brake pads, investment casting, and catalysts.

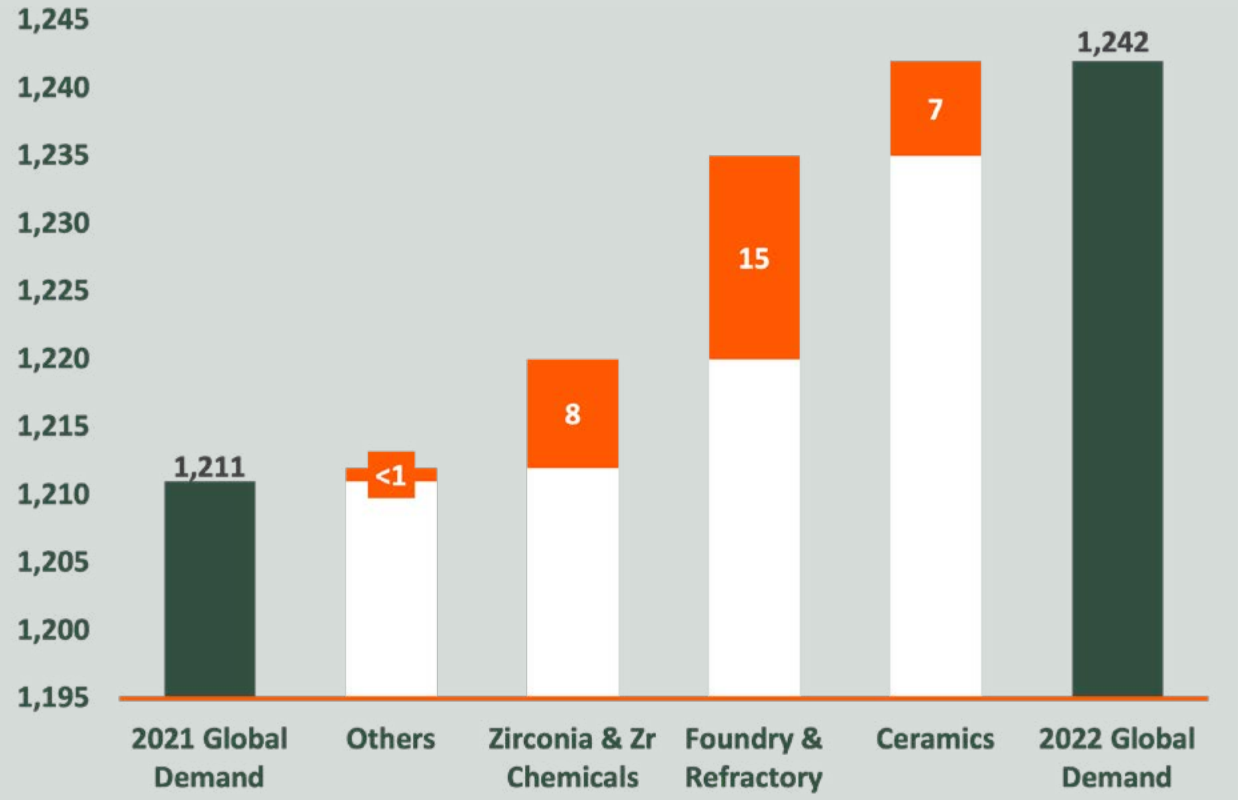
The use of zircon in high-tech applications is growing almost 10 times faster than traditional uses. Notably, the Australian Government identified zircon, rutile and ilmenite as critical minerals considered vital for the economic well-being of the world's major and emerging economies, yet whose supply may be at risk.

Investors continued showing dedicated support. PYX received a £20 million investment commitment from the international investment firm GEM Global Yield LLC SCS. This funds the Company's upgrades to mining operation and increasing production volume, boosting PYX's growth trajectory.

Global Zircon Supply Outlook 2022[1)]



Global Zircon Demand Outlook 2022[1)]



[1)] TZMI Congress 2022, Zircon Market Dynamics 2022.

Resources and Reserves

Geology and Mineralisation

The Heavy Mineral Sands (HMS) bearing stratum of the Mandiri and Tisma deposits are composed of ancient Kahayan alluvium, which was deposited during the Holocene age. In general, alluvium has varying thickness of between 2m and 10m. The lithology consists of loose quartz, medium grained intercalated grey mudstone containing carbonaceous, shale and bed load stream product, coarse grain sand layer.

Geologically the HMS deposit at Mandiri and Tisma are placer deposits formed in a flood plain environment by concentration of heavy minerals, mostly zircon ($ZrSiO_4$), rutile (TiO_2), leucoxene ($FeTiO_3$, TiO_2) and ilmenite ($FeTiO_3$). Zircon is the most valuable component followed by rutile, ilmenite and leucoxene in terms of value given to the ore. The deposit is overlain by the Werukin Formation. The Heavy Minerals (HM) within the source sediments attain an economic concentration by accumulation within low-energy environments within streams and most usually on beaches. In alluvial placer deposits the medium to high energy zones on the stream are the meandering bars and channel zone. In these zones, the HM grains accumulate because they are denser than the quartz grains they occur with and become stranded. It is for this reason that alluvial placer deposits are often referred to as "strand-line deposits". The deposits are found in unconsolidated sand stratum.

Mandiri

Mining License

PT Investasi Mandiri (PT IM) was granted mining permit Izin Usaha Pertambangan-Operasi Produksi (IUP-OP) for a total area of 2,032ha, by Bupati Gunung Mas, No. 16/DPE/IX/2010, on 2 September 2010. On 29 June 2020, the Company announced that it has received notification from the Central Kalimantan Provincial Government, that after approval from the Energy and Mineral Resources Department of Central Kalimantan, the Company's application for the extension of the Production Operation Mining Activities IUP license had been granted for the maximum authorised period of 5 years until 1 September 2025, after which the license can be renewed for additional periods of 5 years. The Production and Operation IUP license allows PT Investasi Mandiri to carry out production operations including construction, mining, processing, and refining, transportation, and sales activities.

License held as at 31 December 2022

License	Location	Equity Interest			Beneficial Interest [1]		
		2022	2021	2020	2022	2021	2020
IUP 16/DPE/IX/2010	Central Kalimantan, Indonesia	0%	0%	0%	95%	95%	95%

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

The terms of the renewed permit, including payment of Indonesian taxes and the honouring of other financial obligations of PYX's subsidiary PT Investasi Mandiri, are set out in the IUP-OP. A summary of some of the key provisions is provided below:

- Royalty on zircon exported is 1.5%;
- Dead rent is payable to the Government of Indonesia at a rate of US$4 per hectare per annum;
- Corporate tax of 22% is payable and set by the Government of Indonesia;
- Land and building taxes payable to the local government are applicable, at a rate of 0.5% based on taxable sales value;
- Environmental obligations, including reclamation bonding and plans, approved by the local government as part of the mine approval process.

Table 1: Mandiri Mineral Resources above 2% HM lower block cut-off grade at 31 December 2022

Area	Category	Tonnage (Mt)		HM (%)		Slimes (%)		Oversize (%)	
		2022	2021	2022	2021	2022	2021	2022	2021
Mandiri	Inferred	126	126	7	7	9	9	16	16

Resource and Reserve Statement as at 31 December 2022

Mineral Resources for the Mandiri Heavy Mineral Deposit within mining permit Izin Usaha Pertambangan- Operasi Produksi are set out in Table 1. The resources are reported at a lower block cut-off grade of 2% HM. As the mineral assemblage for the Mandiri Tenement is well established, the Valuable Heavy Mineral (VHM) content represents approximately 86% of the HM content in the Mineral Resource estimate.

The Inferred Mineral Resources for the Mandiri HMS deposit are defined as 126 Mt containing 7.4% HM, including 9% slimes and 16% oversize at a lower cut-off grade of 2%.

The mineral assemblage of the product from the Mandiri project is well established based on production records from the PTIM processing plant and confirmed by the certified laboratory analyses required by legislation for export product.

Table 2: Mineral assemblage and contained tonnes of the mineral components at 31 December 2022

Component	Zircon	Ilmenite	Rutile	Other	Waste + H20	Total
Relative %	68%	9.5%	8.5%	1%	13%	100%
Contained mineral	6.0 Mt	0.8 Mt	0.8 Mt	0.1 Mt	1.2 Mt	8.8 Mt

Based on the data available, the tonnage of contained Zircon, ilmenite and rutile, which together comprise the VHM is 7.59 Mt.

During the period 1 December 2019 to 31 December 2022, a total of 23,180 t of premium zircon grade ≥ 65.5%, 505 t of rutile and 6,992 t of Ilmenite was produced from different parts of the Tenement. This small quantity of mineral is considered not to be material in terms of the total Minerals Sands resources and the Inferred Mineral Resource classification of the resource, and have not been depleted from the total Mineral Resource inventory. Consequently, the Mineral Resource inventory remains the same as reported in December 2021.

Resources are given in Table 3 below at various lower block cut-off grades of contained HM.

Table 3: Inferred Resources by lower block cut-off grade (unrounded)

Category	Cut-off Grade (% HM)	Cumul. Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
Inferred	8	43.3	8.47	9.23	16.42
	7	88.4	7.99	9.18	16.19
	6	112.2	7.70	9.10	16.18
	5	125.0	7.53	9.01	16.25
	4	126.1	7.48	8.99	16.20
	3	126.1	7.44	8.99	16.16
	2	126.3	7.43	8.98	16.14

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

Ore Reserves

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

Tisma

Mining License

Tisma is fully licensed with an IUP-OP permit, allowing the mining, production and export of premium grade Zircon. The concession is owned by PT. Tisma Global Nusantara (PT TGN) under mining permit Izin Usaha Pertambangan – Operasi Produksi (IUP-OP) No. 545/244/KPTS/VIII/2012 issued on 1st August 2012. PT TGN has exclusive rights to perform exploration and mining works in the tenement area. On 23 February 2023, the Company announced that it has received notification from the Central Kalimantan Provincial Government, that after approval from the Energy and Mineral Resources Department of Central Kalimantan, the Company's application for the extension of the Production Operation Mining Activities IUP license had been granted for the maximum authorised period of 10 years until 31 July 2032, after which the license can be renewed for additional periods of 5 years. The Production and Operation IUP license allows PT Tisma Global Nusantara to carry out production operations including construction, mining, processing and refining, transportation and sales activities.

License held as at 31 December 2022

License	Location	Equity Interest			Beneficial Interest [1]		
		2022	2021	2020	2022	2021	2020
IUP 545/244/KPTS/VIII/2012	Central Kalimantan, Indonesia	0%	0%	0%	95%	95%	0%

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

The terms of the renewed permit, including payment of Indonesian taxes and the honouring of other financial obligations of PYX's subsidiary PT Timsa Global Nusantar, are set out in the IUP-OP. A summary of some of the key provisions is provided below:

- Royalty on zircon exported is 1.5%;
- Dead rent is payable to the Government of Indonesia at a rate of US$4 per hectare per annum;
- Corporate tax of 22% is payable and set by the Government of Indonesia;
- Land and building taxes payable to the local government are applicable, at a rate of 0.5% based on taxable sales value;
- Environmental obligations, including reclamation bonding and plans, approved by the local government as part of the mine approval process.

Resource and Reserve Statement as at 31 December 2022

Based on an independent technical assessment carried out by Australia-based Continental Resource Management Pty Ltd, Tisma has a thickness of mineralised alluvium of between 3.5 and 7.7m, with density of 1.75 t/m3. The current drilling programme covers 87% of the total tenement area. The November 2020 resource estimation confirmed approximately 5.5 Mt of HM containing JORC compliant Inferred Resources of 4.5 Mt of zircon (3.27%). It also contains 0.08% rutile and 0.34% ilmenite. While gold was identified in samples during the drilling, it has not been included in the resource inventory due to the low number of samples assayed for gold. Gold has been included as an Exploration Target and has been estimated to be in the order of 1-7 g/t for 5.5 Mt of HM. Mineralisation expressed as Exploration Targets are in addition to Mineral Resources.

There has been no addition or depletion of the Mineral Resources during 2022 and the defined Inferred Mineral Resources of the Tisma tenement stand at 137 Mt containing 4% HM including an estimated zircon content of 3%. Slimes and oversize are 14% and 25%, respectively. The resources are at a 2% HM lower cut- off.

The predominant valuable mineral in the assemblage is zircon and its content can be quite accurately calculated from the zirconium analyses using zircon's formulae of $ZrSiO_4$. The UBPT laboratory analyses were used to calculate the zircon content in the resource estimate.

Table 4: Tisma Mineral Resources above 2% HM lower block cut-off grade at 31 December 2022

Area	Category	Tonnage (Mt)		HM (%)		Slimes (%)		Oversize (%)	
		2022	2021	2022	2021	2022	2021	2022	2021
Tisma	Inferred	137	137	4	4	14	14	25	25

Table 5: Mineral assemblage and contained tonnes of the components at 31 December 2022

Component	Zircon	Rutile + Ilmenite	Other	Total
Relative %	82%	10.5%	7.5%	100%
Contained mineral	4.5 Mt	0.6 Mt	0.4 Mt	5.5 Mt

Based on the data available, the tonnage of contained zircon, ilmenite and rutile, which together comprise the VHM is 5.1 Mt.

Resources are given in below at various lower block cut-off grades of contained HM.

Table 6: Inferred Resources by lower block cut-off grade (unrounded)

Category	Cut-off Grade (% HM)	Cumul. Tonnage (Mt)	HM (%)	Slimes (%)	Oversize (%)
Inferred	5	6.5	5.13	12.60	27.93
	4	91.2	4.43	13.29	25.36
	3	117.8	3.64	15.16	26.37
	2	137.2	3.99	14.75	24.90

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

Ore Reserves

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

Governance

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

Competent Persons Statement

The information in this Annual Mineral Resources Estimate Statement is based on, and fairly represents, information and supporting documentation compiled or reviewed by Dr John Chisholm, a Competent Person who is a Fellow of The Australian Institute of Mining and Metallurgy. The Mineral Resource Statement as a whole has been approved by Dr Chisholm. Dr Chisholm is engaged by PYX and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr. Chisholm consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Directors' Report

Directors' Report

Your directors present their report on PYX Resources Limited) ("PYX" or the "Company") and its controlled entities, (the "Group") for the financial year ended 31 December 2022.

The names of Directors of the Company, in office at any time during the period and up to the date of this report, are set out below. Directors were in office for this entire period unless otherwise stated.

Oliver B. Hasler (Chairman and Chief Executive Officer)
Gary J Artmont (Non-Executive Director) - ceased 31 August 2022
Bakhos Georges (Non-Executive Director)
Raden Sukhyar (Non-Executive Director) – appointed 28 November 2022
Alvin Tan (Non-Executive Director)

The length of service of each director is as follows:

Name	Length of Service
Oliver B. Hasler	2 years, 11 months
Gary J Artmont	2 years, 7 months
Bakhos Georges	2 years, 11 months
Raden Sukhyar	1 month
Alvin Tan	22 years, 6 months

Oliver B. Hasler; Chairman of the Board and Chief Executive Officer

Mr. Hasler is an accomplished chief executive, president and board member successfully leading world-class businesses and brands spanning multiple industries and markets, including natural resources, agri-industry, commodities, innovative manufacturing and various industrial sectors globally. He was named Top 50 CEO's in Spain by Forbes magazine.

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

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

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

Gary J. Artmont; Director

Mr. Artmont had 48 years of experience in the mining business operating in 21 countries and was familiar with all aspects of mineral exploration from grassroots to project pre-feasibility studies through to mining operations.

Mr. Artmont was a fellow of AusIMM #312718, qualified to write Ni 43-101 or JORC Competent Person reports and experienced in the management of large multifaceted regional and detailed exploration programs in overseas locations with 14 years working in tropical environments.

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

Mr. Artmont received a Bachelor Degree from Waterloo University, Ontario.

Bakhos Georges; Director

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

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

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

Raden Sukyar; Director

Dr. Sukhyar, a highly regarded geologist and Indonesian executive, has vast experience and knowledge of operating in Indonesia, including key government roles. He was appointed as Head of the Indonesia Geological Agency from 2008 to 2013, and as Director General of Mineral and Coal, Ministry of Energy and Mineral Resources from 2013 to 2015. In 2016 he was appointed as Adviser to the Minister of Industry of the Republic of Indonesia until 2019. He served as Commissioners of state owned mining enterprises namely PT Timah (2002-2008), PT Aneka Tambang (2011-2015) and PT Petamina Geothermal Energy (2006-2009). He has been an independent Commissioner of PT Vale Indonesia since 2018.

Dr. Sukhyar was the Chairman of Indonesia Smelters and Mineral Processing Association from 2015 to 2017 and an adviser to professional associations such as The Indonesia Geologists Association ("IAGI") and Indonesia Mining Professional Association ("PERHAPI") and Indonesia Mining Association. He chaired the Steering Committee of the Cooperating Committee for Geoscience Programs in East and Southeast Asia ("CCOP") from 2010-2013, and currently is an Honorary Advisor of this organization.

In 1991 he received the Lasut Charter Award from the Indonesia Geologists Association and in 2009 he was awarded the Merit Medal for Working Dedication (Wirakarya) by the President of The Republic of Indonesia.

Dr. Sukhyar received his Bachelor Degree in Geology Engineering from Institut Teknologi Bandung ("ITB"), Bandung Indonesia, in 1980. In 1990 he obtained his Doctorate Degree (Ph.D) in Earth Science from Monash University, Melbourne Australia.

Alvin Tan; Director

Mr. Tan has over 25 years corporate experience in Australia and Asia, including mergers, acquisitions, capital raisings and listings (on ASX, the Alternative Investments Market (AIM) of the London Stock Exchange, Kuala Lumpur Stock Exchange (KLSE) and the German Stock Exchange). Mr. Tan studied at the University of Western Australia, gaining a Bachelor of Commerce with honours, and subsequently was employed by KPMG in Kuala Lumpur from 1993-1995 as a financial consultant. Returning to Australia, Mr. Tan worked with the stockbroking firm of DJ Carmichael before pursuing other business interests. He was a founding director of various companies, which are now listed on the ASX. Mr. Tan served on the board of ASX listed Advanced Share Registries Ltd and previously listed BKM Management Ltd. He also has interests in companies in technology, mining, exploration, property development, plantation and corporate services both in Australia and overseas.

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

Company Secretary

Louisa Martino; Company Secretary

Ms. Martino provides company secretarial and accounting services through Indian Ocean Capital Pty Ltd. Prior to this, she was the Chief Financial Officer of a private company during its stage of seeking investor financing.

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

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

Directors' Shareholdings

The following table sets out each current Director's relevant interest in shares of the Company or a related body corporate as at the date of this report.

Name	Fully Paid Ordinary Shares
Oliver B. Hasler	11,965,373
Gary J Artmont	-
Bakhos Georges	-
Raden Sukhyar	-
Alvin Tan	795,798

Unissued Shares, Options and Warrants

During the year the Company issued 10,500,000 (2021: 6,480,000) Performance Rights. Of the total Performance Rights on issue, 2,675,943 (2021: 6,380,371) were exercised during the year and 3,432,494 (2021: nil) expired. As at 31 December 2022, 16,980,000 (2021: 14,771,331) Performance Rights are on issue which are able to be converted to a maximum of 20,220,000 (2021: 19,349,303) Shares on the achievement of certain milestones.

During the December 2022 financial year, the Company issued the following options (2021: Nil):
- 2,083,431 options with an exercise price of £0.86 and an expiry date of 21-Mar-2025; and
- 2,323,645 options with an exercise price of £0.45 and an expiry date of 06-Dec-2025.

The Company also has on issue 537,500 options to Tamarind Classic Resources Private Limited. These options have an exercise price of AUD 1.00 and expiry date of 22 February 2023.

During the December 2022 financial year, the Company issued the following warrants (2021: Nil):
- 3,000,000 warrants with an exercise price of £100 and an expiry date of 07-Oct-2025.

Performance Rights and Option holders do not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

Dividends

No dividend has been paid during the financial year and no dividend is recommended for the current period.

Directors' Meetings

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

Name	No. Eligible to Attend	No. Attended
Board Meetings		
Oliver B. Hasler	4	4
Gary J Artmont	2	2
Bakhos Georges	4	4
Raden Sukhyar	1	1
Alvin Tan	4	4
Audit and Risk Committee Meetings		
Oliver B. Hasler	2	2
Gary J Artmont	1	1
Bakhos Georges	2	2
Raden Sukhyar	-	-
Alvin Tan	2	2
Remuneration and Nomination Committee Meetings		
Oliver B. Hasler	2	2
Gary J Artmont	1	1
Bakhos Georges	2	2
Raden Sukhyar	1	1
Alvin Tan	2	2

Principal Activities

The principal activity of the Group is mineral sands exploration and development.

Review and Results of Operations

The loss after income tax and other comprehensive income of the Group for the year ended 31 December 2022 was $9,433,600 (31 December 2021 loss: $$4,321,230).

A detailed review of the operations of the Group is set out on page 56.

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

On 11 March 2022, the Company announced a placement to a US-based institutional investor. The share placement consists of an initial investment of US$4.5 million by L1 Capital Global Opportunities Master Fund ("L1" or "Investor"). The receipt of these funds allows PYX to accelerate its previously announced plans to grow its production volume at its Mandiri deposit and start planning operations at the Tisma deposit. In December 2022, a further US$2.5 million was invested by L1, totaling an investment of US$7 million. In accordance with the agreement the Investor is to receive US$7.78 million worth of shares for the US$7 million invested.

During 2022, PYX received three Subscription Notices from the Investor, converting a portion of the funds received into PYX Resources Shares. The first subscription notice, received in July 2022, was for US$550,000, the second subscription notice was received in October 2022 for US$500,000 and the third one received in December 2022 for US$850,000. A total of 1,918,693 shares were issued during the year, with a further 2,436,438 shares issued post year-end in accordance with these Subscription Notices.

On 21 March 2022 PYX announced an increase in the price of its premium zircon by 34% from US$2,305 to US$3,100 per tonne with immediate effect; up 135% since the start of 2021.

The Company announced that it has started production and sales of ilmenite from its Mandiri deposit in Central Kalimantan on 27 June 2022. On 7 December 2020 PYX received the approval for Production Operation Plan and Budget 2021 from the Energy and Resource Service Department of the Government of the Province of Central Kalimantan which included the mining operation, processing, marketing and shipping of zircon, rutile and ilmenite.

It was with great sadness that the Company announced on 21 September 2022 the sudden death of Non-Executive Director and geological advisor Gary Artmont. Gary was a world-renowned exploration geologist with over 40 years of experience in projects across 6 continents. He graduated with an Honours BSc degree in Geology from the University of Waterloo in 1975 and began his career with Union Carbide searching for tungsten, uranium and industrial metals throughout Western and Northern Canada, USA and Brazil. Subsequently, Gary worked with Rio Tinto where he was instrumental in defining Vulcan Sedex style base metal mineralisation in the Selywn Basin of the Yukon.

On 4 October 2022 the Company announced a £20 million investment commitment from Gem Global Yield LLC SCS ("GGY"), a US$3.4 billion alternative investment firm with offices in Paris, New York, and the Bahamas. The proceeds from this capital investment are to further the Company's effort to upgrade its mining operations and to increase its production volumes, well-positioning PYX to continue its growth. The Company's first drawdown of funds took place on 29 November 2022, totaling £402,056 for the issue of 1,030,923 Shares in PYX Resources.

On 1 November 2022 PYX announced the publication of its first full Sustainability Report. The Report provides a comprehensive insight into the activities carried out by the Company in 2021 and 2022 under its "PYX Cares" initiative – a sustainability programme that supports and benefits the communities in which the Company operates.

Dr Raden Sukhyar was appointed to the Board of PYX Resources Limited on 28 November 2022. Dr. Sukhyar, a highly regarded geologist and Indonesian executive, has vast experience and knowledge of operating in Indonesia, including key government roles.

On 30 November 2022 the Company announced it had started using a key logistics and inventory storage opportunity based on Kuala Lumpur's Port Klang port infrastructure. The new storge option provides significant benefits to PYX and its international clients, by:

- Reducing shipping time to end-use markets by several weeks compared to shipping directly from Banjarmasin in Indonesia.
- Increasing predictability of shipments and onward arrival times.
- Reducing shipping costs to many key markets; India, Europe and Americas.
- Providing a well-placed buffer stock to negate the effects of seasonal storms and other supply chain issues (which have hampered global supply chains recently).

Significant Changes in the State of Affairs

Other than as discussed in the Review of Operations and noted below, there have been no significant changes in the Company's state of affairs during the period.

Significant Events after Balance Date

No matters or circumstances have arisen since the end of the financial period, which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years other than as mentioned below:

During the 2022 financial year PYX received a total initial investment of US$7.0 million from a US Institutional Investor, L1 Capital Global Opportunities Master Fund ("Investor"), for US$7.78 million worth of PYX shares ("Subscription Amount") via a share placement, as announced on 11 March 2022 and 2 December 2022. Subsequent to year end the Company issued 5,412,629 Shares for the conversion into Shares of a total of US$1,350,000 of the Subscription Amount in accordance with the third and fourth Subscription Notices received. Following the fourth Subscription Notice, there is US$5.38 million of available Subscription Amount remaining.

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

During February 2023, 537,500 options with an exercise price of A$1.00 expired.

Environmental Issues

The Group is not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board is not aware of any breach of environmental requirements as they apply to the Group.

Likely Developments and Results

The Directors believe that likely developments in the preparations of the Group and expected return from the operations have been adequately disclosed in this report.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or its controlled entities, or to intervene in any proceedings to which the Company or its controlled entities are a party, for the purposes of taking responsibility on behalf of the Company or its controlled entities for all or part of those proceedings.

Indemnifying Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract insuring all its Directors and current and former executive officers against a liability incurred as such a director or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

Non-Audit Services

An amount of US$0 (2021: US$66,861) was paid to the external auditor during the year for non-audit services. The Directors are satisfied that any non-audit services provided during the year ended 31 December 2022 did not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307c of the Corporations Act 2001 in relation to the review for the half year is provided with this report.

This report is presented in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:

Oliver B. Hasler
Chairman and Chief Executive Officer

Palangkaraya, Kalimantan Indonesia
15 March 2023

Remuneration Report - Audited

The Remuneration Report sets out the remuneration arrangements for PYX Resources Limited for year ended 31 December 2022. The Remuneration Report forms part of the Directors' Report and has been audited as required in accordance with the Corporations Act 2001.

There were no company executives and other key management personnel who were not also Directors of the Company for the financial year.

The remuneration report is set out under the following main headings:

A. Remuneration Philosophy
B. Remuneration Structure
C. Remuneration Approvals
D. Remuneration and Performance
E. Details of Directors' Remuneration
F. Compensation Performance Rights and Options Granted, Exercised or Lapsed During the Financial Year
G. Share-based Compensation
H. Equity Instruments Issued on Exercise of Remuneration Performance Rights and Options
I. Other Transactions with KMP and/or their Related Parties
J. Shareholding of KMP

The remuneration arrangements detailed in this report are for the Chairman and Chief Executive Officer and Executive and Non- Executive Directors during the financial year as follows:

Oliver B. Hasler	Chairman and Chief Executive Officer
Gary J. Artmont	Non-Executive Director (ceased 31 August 2022)
Bakhos Georges	Non-Executive Director
Raden Sukhyer	Non-Executive Director (appointed 28 November 2022)
Alvin Tan	Non-Executive Director

The previous remuneration report was considered at the Company's last Annual General Meeting held on 18 May 2022, with 100% of shareholders voting to adopt the report. There were no comments on the previous remuneration report that were discussed at that Annual General Meeting and shareholders approved the remuneration report.

A Remuneration Philosophy

Key management personnel ("KMP") have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Company. The performance of the Group depends upon the quality of its key management personnel. To prosper, the Group must attract, motivate and retain appropriately skilled directors and executives.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining, and motivating people of the highest quality. During the year, the Company adopted a Stock Incentive Plan to:

a. establish a method by which directors or employees of the Company (Eligible Persons) can participate in the future growth and profitability of the Company;
b. provide an incentive and reward for Eligible Persons for their contributions to the Company; and
c. attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

Performance rights were issued to the Chief Executive Officer during the year under the Stock Incentive Plan. Of the total Performance rights on issue to the Chief Executive Officer a portion converted to shares on achievement of milestones. No other remuneration performance rights, options or shares have been issued to Directors.

A remuneration consultant has not been employed by the Group to provide recommendations in respect of the remuneration, given the size of the Group and its current structure.

B Remuneration Structure

Chairman and Chief Executive Officer
Mr. Hasler's employment with the Company is compensated by Phoenician Management Services Limited which has entered into a management service agreement with PT Investasi Mandiri for the provision of his services as an Executive Director of the Company, once the Company acquired PT Investasi Mandiri. Appointment shall cease if Mr Hasler is terminated in accordance with the terms of his employment arrangements, resigns or ends his term in accordance with the Company's Constitution. Mr Hasler received US$650,000 for the 2022 financial year (2021: US$650,000).

Non-Executive Directors
There are formal agreements with the non-executive Directors. Appointment shall cease if a non-executive director is not re- elected as a director by shareholders, resigns or ends their term in accordance with the Company's Constitution. All Non-Executive Directors are paid via their director-related entity, with the exception of Mr. Bakhos Georges and Dr. Raden Sukhyer who were paid directly. There is no service period unexpired within these contracts as they are month to month.

Mr. Artmont's Director fee accrues to his related entity on a monthly basis at US$18,931 for the financial year (2021: US$29,711).

Mr. Georges' Director fee accrues on a monthly basis at US$27,724 for the financial year (2021: US$29,711).

Dr. Raden Sukhyer's Director fee accrues on a monthly basis at US$4,497 for the financial year (2021: Nil).

Mr Tan's Director fee accrues to his related entity on a monthly basis at US$27,724 for the financial year (2021: US$29,711).

No other agreements with key management personnel or their controlled entities during the financial year have been entered into.

The Group currently does not offer any variable remuneration incentive plans or bonus schemes to Non-Executive Directors or any retirement benefits and, as such, there are no performance related links to the existing remuneration policies.

C Remuneration Approvals

The Shareholders and Board of Directors approved to grant the Chairman and Chief Executive Officer, Mr. Oliver Hasler, performance rights under the Company's Stock Incentive Plan. These performance rights were set at levels to reflect market conditions and non-market conditions and to encourage continued service.

D Remuneration and Performance

Only the remuneration package of the Chairman and Chief Executive Officer has been linked to long-term and short- term performance conditions. Non-Executive Director remuneration is currently not linked to either long-term or short- term performance conditions. The Board is of the view that current remuneration is a sufficient, long-term incentive to align the goals of the Directors with those of the shareholders to maximise shareholder wealth, and as such, has not set any performance conditions for the Non-Executive Directors of the Company. The Board will continue to monitor this policy to ensure that it is appropriate for the Group in future years.

2022	Short-Term				Long-term	Share-based payments	TOTAL	Total performance related
	Salary fees ***	Cash bonus	Non-monetary	Other fees	Incentive plans			
	US$	US$	US$	US$	US$	US$	US$	US$
Directors								
Mr Hasler*	650,000	-	-	-	-	5,515,195	6,165,195	89.5
Mr Artmont**	18,931	-	-	-	-	-	18,931	-
Mr. Georges**	27,724	-	-	-	-	-	27,724	-
Dr. Sukhyar**	4,497	-	-	-	-	-	4,497	-
Mr Tan	27,724	-	-	-	-	-	27,724	-
Sub-total	728,876	-	-	-	-	5,515,195	6,244,071	88.3
Other key management personal								
None	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
Total	728,876	-	-	-	-	5,515,195	6,244,071	88.3

* Mr. Hasler is compensated by Phoenician Management Services Limited which has entered into a management service agreement with PT Investasi Mandiri for the provision of his services as an Executive Director of the Company.

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

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

* Mr. Hasler is compensated by Phoenician Management Services Limited which has entered into a management service agreement with PT Investasi Mandiri for the provision of his services as an Executive Director of the Company. Mr. Hasler has been appointed Chief Executive Officer of the Group and PT Investasi Mandiri since January 2019 and was appointed a director of the Company on 31 January 2020.

** Mr. Artmont and Mr. Georges were appointed on 31 January 2020.

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

F. Compensation Performance Rights and Options Granted, Exercised, Converted or Lapsed During the Financial Year

There were no options issued to Directors as part of their remuneration in the past 12 months. There were no compensation options that were exercised or lapsed during the year. There were no compensation options issued or outstanding during 2022 or 2021.

During the year, the Company granted performance rights which convert into shares, subject to the achievement of milestones, to the Chairman and Chief Executive Officer as follows:

		Opening Balance	Performance Rights Granted	Performance Rights Exercised	Performance Rights Expired	Closing Balance
Mr. Hasler*	2022	12,508,437	10,500,000	(2,675,943)	(3,432,494)	16,900,000
	2021	12,488,808	6,400,000	(6,380,371)	-	12,508,437

* During the year 2,675,943 (2021: 6,380,371) Performance Rights vested and were converted to 1,996,368 shares (2021: 5,750,721 shares, of which 2,182,894 shares were issued post year-end) on the achievement of milestones.

Details of performance rights on issue to Mr Oliver Hasler as at 31 December 2022 are as follows:

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

No. of Performance Rights	Potential No. of Shares	Expiry Date	Vesting Conditions
1,600,000		30/6/2024	2023 Target EBITDA
	320,000		Continuous employment to 31 December 2023
	480,000		Continuous employment and more than 20% - 30% of 2023 Target EBITDA
	640,000		Continuous employment and more than 30% - 40% of 2023 Target EBITDA
	800,000		Continuous employment and more than 40% - 75% of 2023 Target EBITDA
	800,000-2,400,000		Continuous employment and more than 75% - 125% of 2023 Target EBITDA
	2,400,000		Continuous employment and more than 125% of 2023 Target EBITDA
3,500,000	3,500,000	31/12/24	Share price reaching AUD2.50 at any time to 31 December 2024
3,500,000	3,500,000	31/12/24	Share price reaching AUD3.10 at any time to 31 December 2024
3,500,000	3,500,000	31/12/24	Share price reaching AUD3.70 at any time to 31 December 2024
16,900,000	**20,100,000 (maximum)**		

As at 31 December 2022, 16,900,000 performance rights (2021: 14,691,331) remain on issue which are convertible into a maximum of 20,100,000 Shares (2021: 19,229,303), subject to the achievement of milestones.

G Share-based Compensation

The Company may reward Directors for their performance and align their remuneration with the creation of shareholder wealth by issuing performance rights, share options and / or shares. Share-based compensation is at the discretion of the Board and no individual has a contractual right to participate in any share-based plan or to receive any guaranteed benefits. Other than the performance rights mentioned above, no share-based compensation in respect of Key Management Personnel occurred during the 2022 financial year.

(i) Performance Rights

The Company awarded the Chairman and Chief Executive Officer 10,500,000 performance rights (2021: 6,400,000) under the Company's Stock Incentive Plan during the financial year. Of the total performance rights on issue to the Chairman and Chief Executive Officer, 2,675,943 (2021: 6,380,371) converted to 1,996,368 Shares (2021: 5,750,721) on achievement of milestones.

As at 31 December 2022, 16,900,000 performance rights (2021: 14,691,331) remain, which are convertible into a maximum of 20,100,000 shares (2021: 19,229,303), subject to the achievement of milestones.

(ii) Options

There were no options granted to Directors during the financial year, nor were shares issued upon exercise of options. As at the date of this report there are no director options on issue and no options have been exercised.

(iii) Shares

4,179,262 Shares (2021: 3,567,827) were issued to the Chairman and Chief Executive Officer during the financial year upon reaching milestones associated with a portion of his performance rights.

(iv) Link to Performance

The Company implemented a variable remuneration incentive plan for the Chief Executive Officer during the year by issuing performance rights. The details of these rights are set out above. The Company does not offer any other variable remuneration incentive plans or bonus schemes to Executive Directors or any retirement benefits.

The Company aims to align the Chief Executive Officer's variable remuneration to the Group's strategic and business objectives and the creation of shareholder wealth.

Below are measures of the Group's financial performance over the last four years since commencement of the Group's current business. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded. As a consequence, there may not always be a direct corelation between the statutory key performance measures and the variable remuneration awarded.

	FY2022	FY2021	FY2020	FY2019*
Loss attributable to Owners of the Parent Entity (USD)	(9,471,192)	(3,678,882)	(12,775,4141)	(96,498)
Loss per share (cents)	(2.16)	(1.10)	(6.00)	(2,390.00)
Dividend payments (cents)	-	-	-	-
Share price (AUD)	0.99	1.625	0.695	n/a
Increase / (decrease) in share price (%)	(39.1)	133.8	n/a	n/a

* Control and accounting consolidation of the Mandiri operations commenced on 24 January 2019.

H Equity Instruments Issued on Exercise of Remuneration Performance Rights and Options

No shares were issued during the financial year to Directors or key management as a result of exercising remuneration options.

4,179,262 Shares (2021: 3,567,827) were issued during the financial year to the Chairman and Chief Executive Officer as a result of achieving milestones relating to a portion of the performance rights.

I Other Transactions with KMP and/or their Related Parties

Phoenician Management Services Limited, a related party of Mr. Hasler, provided management support, general administration and IT services to PT Investasi Mandiri. Phoenician Management Services Limited has been paid US$1,292,188 (2021: US$1,150,602) and expenses recognised during the year totaled US$1,287,784 (2021: US$1,155,006).

J Shareholding of KMP

The number of shares in the Company held by directors or other key management personnel of the Company, including their associated entities at the end of the financial year are as follows:

Company Directors and Associated Entities		Opening Balance	Received During Year on Exercise of Performance Rights	Net Change Other	Closing Balance *
Mr. Hasler	2022	7,786,111	4,179,262	-	11,965,373
	2021	4,218,284	3,567,827	-	7,786,111
Mr Artmont^	2022	-	-	-	-
	2021	-	-	-	-
Mr Georges	2022	-	-	-	-
	2021	-	-	-	-
Dr Sukhyar^	2022	-	-	-	-
Mr Tan	2022	795,798	-	-	795,798
	2021	795,798	-	-	795,798

* If position vacated during the year, as at date ceased.

^ Mr. Artmont ceased on 31 August 2022. Dr. Sukhyar was appointed director on 28 November 2022.

END OF REMUNERATION REPORT

Corporate Governance

The Board of Directors of PYX Resources Limited (the "Company" or "PYX") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of PYX on behalf of the shareholders, by whom they are elected and to whom they are accountable.

The Company's corporate governance practices are based on principles and recommendations set out in Corporate Governance Council's Principles and Recommendations (4th edition) issued by the Australian Securities Exchange Corporate Governance Council. Corporate Governance Council's principles are summarised as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to be effective and add value
Principle 3	Instill a culture of acting lawfully, ethically and responsibly
Principle 4	Safeguard the integrity of corporate reports
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of security holders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

This statement outlines the main corporate governance practices in place during the year ended 31 December 2022, which comply with the ASX Corporate Governance Council recommendations, except where noted.

This Corporate Governance Statement is current as at 31 December 2022 and has been adopted by the Board.

BOARD OF DIRECTORS

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives, and monitors performance against those objectives. The goals of the corporate governance processes are to:

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

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

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

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

COMPOSITION OF THE BOARD

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and
- the principal criterion for the appointment of new directors is their ability to add value to the Company and its business.

The Board currently comprises three non-executive directors and one executive director. Where a casual vacancy arises during the year, the Board has procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective Board. Any Director appointed during the year to fill a casual vacancy or as an addition to the Board, holds office until the next general meeting and is then eligible for re-election by the Shareholders.

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

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

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

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

IDENTIFICATION AND MANAGEMENT RISK

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

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

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

ETHICAL STANDARDS

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

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

INDEPENDENT PROFESSIONAL ADVICE

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

SECURITIES TRADING POLICY

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

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

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

DISCLOSURE POLICY

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

EXTERNAL AUDIT

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

AUDIT COMMITTEE

The Audit Committee is comprised of Mr. Alvin Tan (Chair), Mr. Oliver B. Hasler, Mr. Bakhos Georges and Dr. Raden Sukhyar (Members).

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

REMUNERATION & NOMINATION COMMITTEE

The Remuneration Nomination committee is comprised of Mr. Bakhos Georges (Chair), Mr. Oliver B. Hasler, Mr. Alvin Tan and Dr. Raden Sukhyar (Members).

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

The Company has established a remuneration policy that states:

- non-executive Directors are to receive fees which are determined by the Board within the aggregate limit set by the shareholders at a general meeting; and
- executive Directors' remuneration is determined by the Board with reference to current market rates and remuneration paid to executives in comparable listed companies determined by the size and nature of operations.

Remuneration levels are set by the Board in accordance with industry standards to attract suitable qualified and experienced directors and senior management. The process of periodically evaluating the performance of the board, its committees and individual directors and senior executives is set out in the Company's Process for Performance Evaluations policy. Performance evaluations have been completed for the December 2022 financial year.

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

a. Board succession planning generally;
b. induction and continuing professional development programs for directors;
c. the development and implementation of a process for evaluating the performance of the Board, its committees and directors;
d. the process for recruiting a new director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment;
e. the appointment and re-election of directors; and

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

DIVERSITY POLICY

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

The Board consists of four male Directors. The Company Secretary and Senior Financial Controller are female. The Company has the following appointments by gender as at 31 December 2022:

Position *	Female	Male	Total
Directors	-	4	4
Senior executives **	4	4	8
Other employees	25	89	114

* Includes personnel who contract their services to the Company
** Senior executives comprise the Senior Financial Officer, Finance Manager, Company Secretary, HR Manager, Admin Manager, Mining Manager, Factory Manager and Maintenance Manager

ANTI-SLAVERY AND HUMAN TRAFFICKING POLICY

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

To underpin the Company's compliance with practical steps, the Company aims to implement the following:

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

HEALTH, SAFETY AND ENVIRONMENT (HSE) POLICY

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

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

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

- Acknowledging that the management of health, safety, and environmental issues is an integral part of the Company's business and should be incorporated into business planning and decision making processes.
- Implementing and maintaining a systematic approach to risk management in order to achieve the objectives outlined in the HSE Policy.

- The Company and its subsidiaries complying with all applicable laws and regulations as a minimum standard, and applying responsible standards consistent with the principles and policies outlined in this policy where laws do not exist.
- Working collaboratively and proactively with stakeholders to develop and advance effective approaches to HSE management, and communicating openly on HSE related issues.
- Continuously seeking ways to minimize the impact of the Group's exploration and production activities on the environment.
- Continuously identifying, reporting and evaluating risks, threats, hazards and impacts to company operations that have the potential to adversely affect the environment or the health, safety and security of employees, contractors or the community, and implementing appropriate control and contingency measures to minimise and manage them to a responsible level.
- Monitoring, reviewing and setting targets for ongoing improved HSE performance.
- Committing to employee participation in the Health and Safety process and welcoming the opportunities presented by Employee Forums to expedite the high standards the HSE Policy represents.
- Providing sufficient and competent human resources to manage the Company's HSE commitments.
- Selecting and engaging contractors and suppliers whose HSE management systems are acceptable to the Company and consistent with the principles and policies outlined in the policy.
- Including a HSE performance assessment and requiring a demonstration of continuous commitment to the principles and policies outlined in the policy in the appraisal of the Company's personnel and suppliers.
- Providing training, instruction and supervision to personnel to enable them to attain the knowledge and skill levels necessary to perform their work incident free.
- Committing to re-use waste as much as is economically feasible to minimise the amounts of waste.

RISK MANAGEMENT POLICY

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

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

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

a. exploration and development;
b. fluctuating commodity prices and exchange rates;
c. political and economic climate in its areas of operation; and
d. continuous disclosure obligations.

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

ANTI-BRIBERY AND CORRUPTION POLICY

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

WHISTLEBLOWER POLICY

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

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

ASX CORPORATE GOVERNANCE COUNCIL PRINCIPLES AND RECOMMENDATIONS

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

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

A copy of the Company's Corporate Governance Policies is able to be accessed on the Company's website www.pyxresources.com.

DEPARTURES FROM CORPORATE GOVERNANCE COUNCIL'S RECOMMENDATIONS

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

The Company's departures from the Recommendations are set out below. A copy of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations is available at: http://www.asx.com.au/regulation/corporate-governance-council.htm.

Best Practice Recommendation	Nature and Explanation for Departure
1.5 Set measurable objectives for achieving gender diversity in the composition of the entity's board, senior executives and workforce generally and disclose in relation to each reporting period the measurable objectives set for that period to achieve diversity and the entity's progress towards achieving those objectives.	The Company's general policy when choosing Employees and Board members is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background.
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Mr. Oliver B. Hasler is the Chairman and Chief Executive Officer of the Company. The Company is mindful of the need to have strong independent Board representation and anticipates that as the Company grows and its projects expand it will be appropriate to appoint an independent non-executive as chairman, either from the existing Directors or via a new appointment.

NSX CORPORATE GOVERNANCE POLICIES AND PROCEDURES

The NSX has developed suggested content for corporate governance policies and procedures which is set out on NSX's Practice Note 14 (Practice Note 14). The content outlined in Practice Note 14 is not prescriptive, but is intended to act as a guideline for listed entities' corporate governance.

The policies and procedures that listed entities may adopt as suggested by Practice Note 14, and the approach adopted by the Company to comply with such guidelines, is listed below:

Suggested content and scope	Company policy
A. Policies and procedures adopted to ensure that the issuer acts according to law, including satisfying its reporting obligations under the Corporations Act and the Listing Rules.	Code of Conduct The Code of Conduct prescribes standards of ethical behaviour expected from the board, management and employees. All directors, officers, managers and employees are required to meet certain standards of ethical behaviour including acting honestly, in good faith and in the best interests of the Company as a whole, and avoiding conflicts of interest and managing conflicts of interest appropriately if they arise. Audit Committee Charter The Board has adopted an Audit Committee Charter which outlines appropriate structures are in place to ensure ongoing compliance with Listing Rules and other regulatory compliance.
B. Policies and procedures adopted to ensure that the Issuer's board acts with due care and diligence and in the interests of shareholders	Board Charter The Company has adopted a Board Charter which sets out the principles for operation of the Company board of directors. The board is accountable to shareholders for performance of the Company. Securities Trading Policy This policy acts as a guide to dealing in the Company's securities. It discusses insider trading provisions and trading restrictions.
C. Policies and procedures adopted to adequately identify and deal with conflicts of interest at board, management and employee levels.	Code of Conduct The Company's Code of Conduct addresses conflicts of interest which may arise in the Company
D. Policies and procedures adopted to protect shareholder interests, including: access to information, voting rights, share of profits, and equitable treatment.	Disclosure Policy The Company has adopted a disclosure policy which addresses the Company's continuous disclosure obligations. It states that the Company has formed policies and procedures to discharge the Company's disclosure requirements to ensure information is released to the market in a timely manner. In terms of shareholder communication, the Company aims, amongst other things, to maintain an up to date website containing all information announced, and operate an email register. Risk Management Policy The Company's risk management policy provides a framework to identify, assess, monitor and manage the risks associated with the Company's business. The Company's risk management is focused on the areas of financial reporting, continuous disclosure (as provided in the disclosure policy), and operations review.
E. Policies and procedures adopted to protect the interests of stakeholders including: employees, creditors and the wider community.	The remuneration of directors is decided by the Board in its capacity as the Remuneration and Nomination Committee. The Remuneration and Nomination Committee is to review and make recommendations and to ensure that the remuneration policies and practices are consistent with the Company's strategic goals and human resources objectives. Refer Code of Conduct in Section A above.

HALL CHADWICK
Chartered Accountants & Business Advisors

PYX RESOURCES LIMITED
ABN 30 073 099 171
AND CONTROLLED ENTITIES

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

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of PYX Resources Limited. As the lead audit partner for the audit of the financial report of PYX Resources Limited for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

Hall Chadwick

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

DREW TOWNSEND
Partner
Dated: 15 March 2023

Financial Statements and Notes

Directors' Declaration

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

The financial statements and notes set out on pages 103 to 145 are in accordance with the Corporations Act 2001:

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

b. Give a true and fair view of the financial position of the Group as at 31 December 2022 and of the performance for the year ended on that date.

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

This declaration has been made after receiving the declaration required to be made by the Chief Executive Officer and Senior Financial Controller to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 31 December 2022.

Signed in accordance with a resolution of the Directors.

Oliver B. Hasler
Chairman and Chief Executive Officer

Palangkaraya, Kalimantan
Indonesia
15 March 2023

Pyx Resources Limited ACN 073 099 171 and Controlled Entities

Financial report for the year ended 31 December 2022

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

	Note	2022 US$	2021 US$
Revenue	3	22,703,190	12,417,086
Cost of sales	4	(17,449,606)	(10,511,342)
Gross Profit		5,253,584	1,905,744
Other income	3	8,043	1,089
Selling and distribution expenses		(2,120,337)	(950,745)
Corporate and administrative expenses		(9,852,833)	(4,195,750)
Foreign exchange loss		(487,174)	(350,011)
Listing costs		-	(928,147)
Loss on fair value change	17	(2,297,990)	-
Interest expense	4	(27,939)	(11,934)
Loss before income tax		(9,524,646)	(4,529,754)
Income tax benefit/(expense)	5	91,046	208,524
Net loss for the year		(9,433,600)	(4,321,230)
Net loss attributable to:			
Owners of the Parent Entity		(9,471,192)	(3,678,882)
Non-controlling interests		37,592	(642,348)
Net loss for the year		(9,433,600)	(4,321,230)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		(621,873)	18,634
Total comprehensive income for the year		(10,055,473)	(4,302,596)
Total comprehensive income attributable to:			
Owners of the Parent Entity		(9,446,042)	(3,681,005)
Non-controlling interests		(609,431)	(621,591)
		(10,055,473)	(4,302,596)
Loss per share			
Basic loss per share (cents)	8	(2.16)	(1.10)
Diluted loss per share (cents)	8	(2.03)	(1.00)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

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

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

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

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2022

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

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

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

Going Concern

During the year ended 31 December 2022 the Group incurred a loss after tax of US$9,433,600 and had negative cash flows from operations of US$3,927,399.

Management has considered it is appropriate to prepare the financial statements on a going concern basis. The year-end net cash position of the Group was US$7,221,085. The losses were partly because of the non-operating and non-cash items of US$7,820,721. One of the major non-operating items in the period were loss on fair value change of financial instrument expenses of US$2,297,990 and an accrual of management's share-based payments of US$5,566,871. Therefore, the underlying EBITDA for the period was positive US$419,289. Management has a detailed plan to increase the mining and production capacity which is expected to generate profit and positive cash flows from operations in the forthcoming years.

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

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (Pyx Resources Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 12.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

Prior Year Asset Acquisition Accounting

On 21 February 2021, Pyx Resources Limited ("PYX") completed an acquisition of 100% of the issued capital of Tisma Development (HK) Limited (the company). In accordance with accounting standards, through acquiring 100% of the issued capital of Tisma Development (HK) Limited, the Group has obtained control of the company.

The consolidated financial information incorporated the assets and liabilities of all entities deemed to be acquired by Tisma and its controlled entities and the results of these entities for the period from which those entities are accounted for as being acquired by PYX. The assets and liabilities of Tisma acquired by PYX were recorded at fair value whilst the assets and liabilities of PYX were maintained at their book value. The impact of all transactions between entities in the Group were eliminated in full.

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

Statement of financial position

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

Statement of profit or loss and other comprehensive income

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

b. Income Tax

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

i. Fair value measurement

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

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

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

j. Exploration and evaluation assets

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

k. Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Equity-settled compensation

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

l. Provisions

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

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

m. Cash and Cash Equivalents

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

n. Revenue and Other Income

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

Interest income is recognised using the effective interest method.

o. Borrowing Costs

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

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

p. Comparative Figures

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

q. Segment Information

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

Key estimates

(i) **Impairment**

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

Key judgements

(i) **Share-based payments**

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

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

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

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

(iii) **Exploration and evaluation cost**

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

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

Demand remained strong during the year of 2022, with our order book reaching the highest level since production in 2015 and exceeding our maximum operation capacity. Even with the global economic fallout caused by the COVID-19 outbreak, prices in 2022 have so far been higher than the 2021 average pricing. The reasons are: (i) zircon is a concentrated industry with a few suppliers accounting for a large share of the supply base (ii) expectations that a structural supply deficit would persist, buoying zircon prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the financial information of the Parent Entity set out below and has been prepared in accordance with Australian Accounting Standards.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 3: REVENUE

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

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

a. Sales of mineral sands

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

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

NOTE 4: LOSS FOR THE YEAR

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 5: TAX EXPENSE

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

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

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 31 December 2022. The total remuneration paid to KMP of the Company and the Group during the year are as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 7: AUDITOR'S REMUNERATION

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

NOTE 8: LOSS PER SHARE

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

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

Loss per share		
Basic loss per share (cents)	(2.16)	(1.10)
Diluted loss per share (cents)	(2.03)	(1.00)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 9: CASH AND CASH EQUIVALENTS

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

Reconciliation of cash

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

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

NOTE 10: TRADE AND OTHER RECEIVABLES

	Note	2022 US$	2021 US$
CURRENT			
Trade receivables		1,379,259	945,425
Amount due from a unrelated entity		-	-
		1,379,259	945,425
Other receivables		1,731	10,002
GST/VAT receivable		15,310	14,666
Provision for impairment	**10a(i)**	-	(1.178)
		17,041	23,490
Total current trade and other receivables		1,396,300	968,915

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

	Opening balance 1 January 2021 US$	Net measure-ment of loss allowance US$	Amounts written off US$	Closing balance 31 December 2021 US$
a. Lifetime Expected Credit Loss: Credit Impaired				
(i) Current other receivables	1,178	-	-	1,178
	1,178	-	-	1,178

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 10: TRADE AND OTHER RECEIVABLE (CONTINUED)

		Opening balance	Net measure-ment of loss allowance	Amounts written off	Closing balance
		1 January 2022			31 December 2022
		US$	US$	US$	US$
(i)	Current other receivables	-	-	-	-
		-	-	-	-

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 10. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

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

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

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

b. Collateral Held as Security

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

c. Financial Assets Measured at Amortised Cost

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

d. Collateral Pledged

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 11: INVENTORIES

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

NOTE 12: INTERESTS IN SUBSIDIARIES

a. Information about Principal Subsidiaries

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

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-Controlling Interests	
		2022	2021	2022	2021
		%	%	%	%
Takmur Pte Limited	Singapore	100	100	-	-
PT Andary Usaha Makmur	Indonesia	99.5	99	0.5	1
PT Investasi Mandiri*	Indonesia	-	-	100	100
Tisma Development (HK) Ltd.	Hong Kong	100	100	-	-
PT Tisma Investasi Abadi	Indonesia	99	99	1	1
PT Tisma Global Nusantara**	Indonesia	-	-	100	100

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 12: INTEREST IN SUBSIDIARIES (CONTINUED)

b. Summarised Financial Information of Subsidiaries with Material Non-controlling Interests
Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group, before any intragroup eliminations.

	PT Investasi Mandiri	
	2022 US$	**2021 US$**
Summarised Financial Position		
Current assets	5,106,190	3,073,202
Non-current assets	2,280,298	1,464,608
Current liabilities	(8,865,505)	(5,410,355)
Non-current liabilities	-	-
NET ASSETS	(1,479,017)	(872,545)
Carrying amount of non-controlling interests	(1,479,017)	(872,545)
Summarised Financial Performance		
Revenue	22,703,190	12,417,086
Profit/(Loss) after income tax	53,431	(633,165)
Other comprehensive income after tax	(659,903)	20,822
Total comprehensive income	(606,472)	(612,343)
Loss attributable to non-controlling interests	(606,472)	(612,343)
Distributions paid to non-controlling interests	-	-
Summarised Cash Flow Information		
Net cash used in operating activities	(2,260,338)	(2,134,642)
Net cash used in investing activities	(1,086,625)	(615,776)
Net cash from financing activities	3,510,633	2,724,907
Net (decrease)/increase in cash and cash equivalents	163,670	(25,511)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 12: INTEREST IN SUBSIDIARIES (CONTINUED)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	2022 US$	2021 US$
Land and Buildings		
Freehold land at cost	211,603	196,989
Translation	(11,286)	-
Total land	200,317	196,989
Buildings at cost	1,231,651	826,936
Accumulated depreciation	(248,221)	(176,542)
Translation	(53,375)	-
Total buildings	930,055	650,394
Total land and buildings	1,130,372	847,383
Construction in Progress		
Construction in Progress at cost	2,258,130	659,605
Translation	(132,079)	-
Total Construction in Progress	2,126,051	659,605
Plant and Equipment		
Plant and equipment at cost	1,073,904	818,856
Accumulated depreciation	(333,363)	(183,903)
Translation	(53,678)	-
Total plant and equipment	686,863	634,953
Motor Vehicles		
Motor vehicles at cost	138,707	79,758
Accumulated depreciation	(42,618)	(15,777)
Translation	(6,254)	-
Total motor vehicles	89,835	63,981
Furniture and Fittings		
Furniture and fittings at cost	31,806	30,668
Accumulated depreciation	(13,145)	(8,218)
Translation	(586)	-
Total furniture and fittings	18,075	22,450
Total property, plant and equipment	**4,051,196**	**2,228,372**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 13: 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 US$	Buildings US$	Construction in Progress US$	Plant and Equipment US$	Motor Vehicles US$	Furniture and Fittings US$	Total US$
Balance at 1 Jan 2021	194,542	496,664	166,645	413,698	19,078	27,207	1,317,834
Additions	2,447	191111	645,702	298,471	56,864	-	1,194,595
Transfer	-	-	(152,742)	-	-	-	(152,742)
Depreciation expense	-	(37,381)	-	(77,216)	(11,961)	(4,757)	(131,315)
Balance at 31 Dec 2021	196,989	650,394	659,605	634,953	63,981	22,450	2,228,372
Balance at 1 Jan 2022	196,989	650,394	659,605	634,953	63,981	22,450	2,228,372
Additions	14,614	381,302	1,652,555	227,191	58,949	1,138	2,335,749
Transfer	-	-	(54,030)	-	-	-	(54,030)
Depreciation expense	-	(48,266)	-	(121,603)	(26,841)	(4,927)	(201,637)
Translation	(11,286)	(53,375)	(132,079)	(53,678)	(6,254)	(586)	(257,258)
Balance at 31 Dec 2022	200,317	930,055	2,126,051	686,863	89,835	18,075	4,051,196

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 14: INTANGIBLE ASSETS

	2022 US$	2021 US$
Goodwill:		
Cost	7,774	7,774
Accumulated impairment losses	-	-
Net carrying amount	7,774	7,774
Mining License Renewal:		
Cost	88,984	88,984
Accumulated amortization	(40,041)	(22,245)
Translation	(2,531)	-
Net carrying amount	46,412	66,739
Exploration asset:		
Carrying value on acquisition	73,260,053	73,260,053
Net carrying amount	73,260,053	73,260,053
Total intangible assets	73,314,239	73,334,566

	Goodwill US$	Mining Licenses US$	Exploration assets US$	Total US$
Year ended 31 December 2021				
Balance at the beginning of the year	7,774	84,535	-	92,309
Additions through business combinations	-	-	73,260,053	73,260,053
Amortisation	-	(17,796)	-	(17,796)
Closing value at 31 December 2021	7,774	66,739	73,260,053	73,334,566
Year ended 31 December 2022				
Balance at the beginning of the year	7,774	66,739	73,260,053	73,334,566
Additions through business combinations	-	-	-	-
Amortisation	-	(17,796)	-	(17,796)
Translation	-	(2,531)	-	(2,531)
Closing value at 31 December 2022	7,774	46,412	73,260,053	73,314,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 15: RIGHT OF USE ASSETS

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

i) AASB 16 related amounts recognised in the balance sheet

Right of use assets

	2022 US$	2021 US$
Leased Buildings	25,059	11,187
Accumulated depreciation	(4,624)	(9,320)
Disposals	(11,187)	-
Translation	(772)	-
	8,476	1,867
Leased Motor Vehicles	140,484	140,484
Accumulated depreciation	(137,334)	(120,756)
Translation	(294)	-
	2,856	19,728
Total Right of use assets	11,332	21,595

Movement in carrying amounts:

	2022 US$	2021 US$
Leased Buildings:		
Opening balance	1,867	7,451
Additions	13,872	-
Depreciation expense	(6,491)	(5,584)
Translation	(772)	-
Net Carrying Amount	8,476	1,867
Leased Motor Vehicles:		
Opening balance	19,728	52,910
Additions	-	-
Disposals	-	-
Depreciation expense	(16,578)	(33,182)
Translation	(294)	-
Net Carrying Amount	2,856	19,728
Total Right of use assets	11,332	21,595

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 15: RIGHT OF USE ASSETS (CONTINUED)

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

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

NOTE 16: DEFERRED TAX ASSETS (NON-CURRENT)

Non-current assets – deferred tax

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 17: OTHER LIABILITIES

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

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

The key terms and conditions of the Subscription Agreement are:

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

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

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

* On 2 December 2022, L1 has invested an additional US$2,500,000 in the Company in exchange for US$2,777,778 worth of PYX shares. The Company received the additional advance funds of US$2,443,500 (net of costs) from L1 as a prepayment for US$2,777,778 worth of PYX shares. The Company has issued to the Investor 1,700,000 shares ("the Additional Initial Shares") and 2,323,645 unlisted options with an exercise price of GBP 0.45 which will expire three years from the applicable funding date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 17: OTHER LIABILITIES (CONTINUED)

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

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

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

NOTE 18: TAX

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

NOTE 19: ISSUED CAPITAL

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 19: ISSUED CAPITAL (CONTINUED)

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

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

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

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

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

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

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

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

b. Unlisted Options

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 19: ISSUED CAPITAL (CONTINUED)

c. Unlisted Warrants

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

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

d. Capital Management

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

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

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

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

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

	Note	2022 US$	2021 US$
Total borrowings		-	1,759
Less cash and cash equivalents	9	7,221,085	6,624,364
Net cash/(debt)		7,221,085	6,622,605
Total equity		83,554,447	83,036,651
Total capital		83,554,447	83,036,651
Gearing ratio		0.000%	0.002%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 20: CASH FLOW INFORMATION

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

b. Changes in Liabilities arising from Financing Activities

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

c. Cash Financing and Investing Activities

(i) Share issue:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 21: RELATED PARTY TRANSACTIONS

Phoenician Management Services Limited, a related party of Mr. Hasler, provided management support, general administration and IT services to PT Investasi Mandiri, after acquisition. For the year ended 31 December 2022, Phoenician Management Services Limited was paid $1,292,188 (2021: $1,150,602) and expenses recognised during the year totaled $1,287,784 (2021: $1,155,006).

NOTE 22: FINANCIAL RISK MANAGEMENT

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 22: FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial Risk Management Policies

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

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

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

a. Credit risk

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

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

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 10.

b. Liquidity risk

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 22: FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial Liability and Financial Asset Maturity Analysis

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

c. (i) Other price risk

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

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

d. (ii) Foreign currency risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 22: 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.

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

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

Fair Values

Fair value estimation

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

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

		2022		2021	
	Note	Carrying Amount US$	Fair Value US$	Carrying Amount US$	Fair Value US$
Financial assets					
Financial assets at amortised cost:					
Cash and cash equivalents[(i)]	9	7,221,085	7,221,085	6,624,364	6,624,364
Trade and other receivables[(i)]	10	1,396,300	1,396,300	968,915	968,915
Total financial assets		8,617,385	8,617,385	7,593,279	7,593,279
Financial liabilities					
Financial liabilities at amortised costs					
Trade and other payables[(i)]		1,505,996	1,505,996	1,758,140	1,758,140
Lease liabilities[(i)]		-	-	1,759	1,759
Financial liabilities at fair value					
Other liabilities[(i)]	17	4,064,122	4,064,122	-	-
Total financial liabilities		5,570,118	5,570,118	1,759,899	1,759,899

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 23: RESERVES

A. **Share-Based Payment Reserve**

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

b. **Options Reserve**

The options reserve records costs associated with the option issue.

c. **Foreign Currency Translation Reserve**

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 24: EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

HALL CHADWICK
Chartered Accountants & Business Advisors

PYX RESOURCES LIMITED
ABN 30 073 099 171
AND CONTROLLED ENTITIES

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

Report on the Financial Report

Opinion

We have audited the financial report of PYX Resources Limited and controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's responsibility section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

HALL CHADWICK
Chartered Accountants & Business Advisors

PYX RESOURCES LIMITED
ABN 30 073 099 171
AND CONTROLLED ENTITIES

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 31 December 2022. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How Our Audit Addressed the Key Audit Matter**
Other Liability Refer to Note 17 "Other Liability"	
During the year, PYX Resources Limited (PYX) issued shares to L1 Capital Global Opportunities Master Fund ("L1") and GEM Global Yield LLC SCS ("GGY") as per share subscription agreements entered with L1 and GGY. This was considered a key audit matter due to complexity of the subscription agreements and judgments and assumptions used in measurement of the liability.	Our audit procedures included but not limited to: • Reviewing the share subscription agreement with L1, variation of subscription agreement with L1, subscription agreement with GEM, and other related agreements, subscription notices and announcements to understand the key terms and conditions; • Reviewing the accounting policy applied by the company and assessing the accounting treatment of the compound instruments consistent with the requirements of AASB 132 - Financial Instruments: Presentation; • Reviewing the fair value measurements of the components of the financial instruments; • Confirming and reconciling the number of shares, options and warrants as at 31 December 2022 to records per the share registry; • Reviewing the fair value measurement of unlisted options and key assumptions and methodology applied by the management; • Testing the costs related to the subscription agreements and the subsequent capital raise to agreements and other supporting documents; • Reviewing the calculations of the apportionment of the costs to share capital and liability, including methodology used by the management; • Reviewing calculation of the fair value losses on change of financial instruments; and • Reviewing disclosures in the financial statements against the requirements of accounting standards.

HALL CHADWICK
Chartered Accountants & Business Advisors

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

Share-Based Payments

Refer to Remuneration Report "Compensation Performance Rights and Options Granted, Exercised, Converted or Lapsed During the Financial Year"

During the year ended 31 December 2022, the Company issued performance rights to key management personnel, which were accounted for as share-based payments under AASB 2 "Share-based Payments".

This was considered a key audit matter as the fair value of performance rights granted was material and share-based payments are a complex accounting area and include assumptions utilised in fair value calculations and judgments regarding the performance options issued during the year.

Our audit procedures included but not limited to:

- Evaluating management's assessment of the valuation and recognition of the performance options.
- Obtaining an understanding of the key terms and conditions of the performance options by inspecting relevant agreements.
- Holding discussions with management to understand the share-based payments arrangements in place and evaluating management's assessment of the likelihood of meeting the performance conditions attached to the performance options.
- Recalculating the estimated fair value of the performance options, including assessing the reasonableness of the key inputs used in the Company's valuation model.
- Reviewing the adequacy of the Company's disclosures in respect of the accounting treatment of share-based payments in the financial statements, including the significant judgments involved, and the accounting policies adopted.

Going Concern

Refer to Note 1 "Going Concern"

The financial statements have been prepared on a going concern basis as discussed in Note 1 of the financial report.

The Group has incurred a loss after income tax of $9,433,600 and has negative operating cash flows of $3,927,399 for the year.

The year-end net cash position of the Group was US$7,221,085. Management has a detailed plan to increase the mining and production capacity which is expected to generate profit and positive cash flows from operations in the future years.

We included the going concern basis of accounting as a key audit matter as the Group will rely on existing cash reserves and revenue growth from operations to pay its debts as and when they fall due over the next twelve months from the date of this report.

Our audit procedures included but not limited to:

- We reviewed the cash flow forecast up to 31 March 2024 provided by management.
- A review of the assumptions and basis of the cashflow forecast reflected that the Group has sufficient cash to meet its working capital requirements over the next 12 months from the date of this report.
- We have assessed that there is sufficient cash on hand to cover expected negative cash flows over the next 12 months. PYX can also issue subscription notices to GEM to raise funds from the available GBP 20 million equity facility.
- We have assessed the adequacy of the Group's disclosures in respect to going concern.

HALL CHADWICK
Chartered Accountants & Business Advisors

PYX RESOURCES LIMITED
ABN 30 073 099 171
AND CONTROLLED ENTITIES

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

HALL CHADWICK
Chartered Accountants & Business Advisors

PYX RESOURCES LIMITED
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AND CONTROLLED ENTITIES

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

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2022.

In our opinion, the remuneration report of PYX Resources Limited, for the year ended 31 December 2022, complies with s 300A of the *Corporations Act 2001*.

HALL CHADWICK
Chartered Accountants & Business Advisors

PYX RESOURCES LIMITED
ABN 30 073 099 171
AND CONTROLLED ENTITIES

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

Responsibilities

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Hall Chadwick

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

DREW TOWNSEND
Partner
Dated: 15 March 2023

Shareholder and Investor Information

Additional information required by National Stock Exchange of Australia Limited and the Main Market of the London Stock Exchange not shown elsewhere in this Annual Report is as follows. The information is as at 31 December 2022.

SHAREHOLDER INFORMATION AS AT MOST RECENT BALANCE DATE (31 DECEMBER 2022)

TWENTY LARGEST SHAREHOLDERS (AS AT 31 December 2022)

Ordinary Shareholders	**Number of Ordinary Shares Fully Paid**	
Computershare Clearing Pty Ltd <CCNL DI A/C>	107,557,398	24.37
Phoenix Fund Solutions Limited	92,520,635	20.96
Cedrus Investments Ltd <Nominees 2 A/C>	84,822,342	19.22
TGN Holdings (HK) Limited	51,638,685	11.70
Citicorp Nominees Pty Limited	42,361,688	9.60
Jura Ventures Limited	13,000,000	2.95
BNP Paribas Nominees Pty Ltd (Group #48232)	12,758,533	2.89
Cedrus Investments Ltd <Nominees 1 A/C>	11,965,373	2.71
Edelweiss Partners Limited	7,920,710	1.79
Sino Ventures Limited	5,934,257	1.34
HSBC Custody Nominees (Australia) Limited (Group #56367)	2,593,410	0.59
Augment Holdings Ltd	1,023,720	0.23
HSBC Custody Nominees (Australia) Ltd <GSCO Customers A/C>	1,000,000	0.23
Lightglow Enterprises Pty Ltd <Paloma Investments A/C>	759,964	0.17
Apezo Pty Ltd	740,000	0.17
HSBC Custody Nominees (Australia) Limited	700,000	0.16
BNP Paribas Nominees Pty Ltd ACF Clearstream	510,114	0.12
Brad Hawkins Consulting Pty Ltd	431,000	0.10
Mr. Julian Lionel Sandt	315,000	0.07
Mr. Ross Edward Cargeeg	245,000	0.06
	438,797,829	**99.42**

DISTRIBUTION OF SHARE HOLDERS (AS AT 31 DECEMBER 2022)

SPREADS OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS
1 - 1,000	383	102,217
1,001 - 5,000	95	221,365
5,001 - 10,000	26	198,830
10,001 - 100,000	45	1,421,101
100,001 - 999,999,999,999	24	439,405,587
TOTAL	573	441,349,100

SHAREHOLDER INFORMATION AS AT 31 DECEMBER 2022

VOTING RIGHTS
Each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands.

Every person who is a member or a representative or a proxy of a member shall have one vote and on a poll every member present in person or by proxy or attorney or other authorised representative shall have one vote for each share held.

NUMBER OF HOLDERS OF EQUITY SECURITIES

ORDINARY SHAREHOLDERS
There are 441,349,100 fully paid ordinary shares on issue, held by 573 individual shareholders as at 31 December 2022.

SUBSTANTIAL SHAREHOLDERS
As at 31 December 2022, the following shareholders were recorded in the Register as a Substantial Shareholder.

Ordinary Shareholders	**Number of Ordinary Shares Fully Paid**	**Percentage**
Phoenix Fund Solutions Limited	92,520,635	20.96
Takmur SPC Limited	84,109,669	19.06
Phoenician Group Limited	62,628,770	14.19
TGN Holdings (HK) Limited	51,638,685	11.70

OPTIONS
As at 31 December 2022 the Company had the following unlisted options on issue:

- 537,500 options with an exercise price of A$1.00 and an expiry date of 22-Feb-2023, held by Tamarind Classic Resources Private Limited.
- 2,083,431 options with an exercise price of £0.86 and an expiry date of 21-Mar-2025, held by L1 Capital Global Opportunities Master Fund;
- 3,000,000 options with an exercise price of £100 and an expiry date of 07-Oct-2025, held by GEM Global Yield LLC SCS; and
- 2,323,645 options with an exercise price of £0.45 and an expiry date of 06-Dec-2025, held by L1 Capital Global Opportunities Master Fund,

Unlisted options do not carry any voting rights.

PERFORMANCE RIGHTS
As at 31 December 2022 the Company had 16,900,000 Performance Rights held by Mr. Oliver Hasler on issue that are convertible into a maximum of 20,100,000 Shares, subject to the achievement of milestones.

As at 31 December 2022 the Company had 80,000 Performance Rights held by Ms. Queenie Tsang on issue that are convertible into a maximum of 120,000 Shares, subject to the achievement of milestones.

Performance Rights do not carry any voting rights.

RESTRICTED SECURITIES
As at 31 December 2022 there are no restricted securities.

Glossary

Where the following terms are used in this Annual Report, they have the following meanings:

$ means United States Dollars

Acquisition means the acquisition by the Company of all of the issued capital in Takmur via the Share Exchange Agreement. ASIC means the Australian Securities and Investments Commission.

ASX means Limited ABN 008 624 691.

AU$ means Australian Dollar as the currency of the Commonwealth of Australia.

Awards means Options or Performance Rights, as the context requires, granted under the Stock Incentive Plan. Board means the board of Directors of the Company.

Chairman means the chairman of the Board from time to time.

Company or PYX means PYX Resources Limited ABN 30 073 099 171, being a company incorporated in Australia and having registered address at Level 6, 56 Pitt Street, Sydney NSW 2000.

Company Secretary means the company secretary of the Company.

Completion means completion of the Share Exchange Agreement in accordance with its terms and conditions. Constitution means the constitution of the Company.

Act means the Australian Corporations Act 2001 (Cth).

Group Company means the Company or any associated body corporate.

Heavy Mineral Concentrate (HMC) means the heavy mineral concentrate of zircon, rutile, and ilmenite.

Heavy Mineral (HM) or Heavy Mineral Sands (HMS) describes layered sediments deposited in coastal environments that contain dense ("heavy") minerals of economic value. The heavy minerals extracted from these coastal deposits contain mostly titanium components and zircon.

IUP-OP means "Izin Usaha Pertambangan Operasi Produksi", or Mining Business Permit for Production Operations granted by the Government of Indonesia.

JORC or JORC Code means the 2012 Australian Code for Reporting of Exploration Results, Mineral Resources and Oil and Gas Reserves. Listing means the admission of the Company and Official Quotation of the securities of the Company.

Listing Rules means the official listing rules of NSX.

LSE means London Stock Exchange

Mandiri or PT IM means PT Investasi Mandiri, a subsidiary of Takmur.

Mandiri Plant means the heavy mineral sands processing plant forming part of the assets of Mandiri.

Mineral Separation Plant (MSP) means the plant that mines and processes sand in the production of industrial minerals such as ilmenite, rutile, monazite and zircon. The plant conducts dry mining of beach washings, which are then processed through wet gravity separation equipment. Through the separation process, heavy minerals are isolated using their individual specific gravity, electrical conductivity, magnetic susceptibility, and surface characteristics.

Mandiri Project means Takmur's mineral sands project located at the Mandiri Tenement including the Mandiri Tenement, Mandiri Plant and the operations of Mandiri.

Mandiri Tenement means the area as stated in the IUP-OP.

Mining Field Unit (MFU) means the specialized mining equipment used in the mineral sands industry including diesel pumps and riffle boxes, dedicated to pump soil into hydrocyclones and spirals in order to obtain Heavy Mineral Concentrate through the wet concentration process.

NSX means the National Stock Exchange of Australia.

Offers means the Public Offer and Takmur Offer, contained in this Prospectus.

Official List means the official list of NSX. Official Quotation means the quotation of securities on the securities market operated by NSX.

Option means an option granted pursuant to the Stock Incentive Plan to subscribe for a Share upon and subject to the terms of the Stock Incentive Plan and the terms of any applicable offer.

Performance Right means a right to acquire a Share, subject to satisfaction of any vesting conditions, and the corresponding obligation of the Company to provide the Share, pursuant to a binding contract made by the Company under the Stock Incentive Plan.

PT AUM means PT Andary Usaha Makmur, a 99% owned subsidiary of Takmur. Share means a fully paid ordinary share in the capital of the Company.

PT TIA means PT Tisma Investasi Abadi, a 99% owned subsidiary of Takmur. Share means a fully paid ordinary share in the capital of the Company.

Share Exchange Agreement means the agreement between the Company and Takmur Vendors dated 30 July 2019. Shareholder means a holder of legal title to Shares (collectively).

Share Registry means Advanced Share registry Services Pty Ltd, 110 Stirling Highway, Nedlands Western Australia 6909. SPB means South Pacific Resources Limited, the former name of PYX Resources Limited.

Stock Incentive Plan means the Stock Incentive Plan voted on at the General Meeting held on 13 December 2019.

Takmur means Takmur Pte. Ltd. a company incorporated in Singapore with company number: 20181911Z and registered address: #14- 02, The Arcade, 11 Collyer Quay, Downtown Core, 049317, Singapore.

Takmur Vendors means the shareholders of Takmur, being Phoenix Fund Solutions Limited, Takmur SPC Limited, Sinowide International Limited, Sino Ventures Limited and Unico Holdings Limited.

Takmur Offer means the offer of up to 210,274,171 new Shares to the Vendors of the issued capital in Takmur.

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

Tisma Project means the mineral sands project located at the Tisma Tenement including the Tisma Tenement, Tisma Plant and the operations of Tisma.

Tisma Tenement means the area as stated in the IUP-OP.

Tisma or PT TGN means PT Tisma Global Nusantara, a subsidiary of Tisma. Transaction means the Acquisition, Consolidation, the Offers and the Listing.

USA means the United States of America. US$ means United States dollars, being the lawful currency of the USA.

Valuable Heavy Mineral (VHM) means the subsection of Heavy Mineral Sands (HMS) deposits including only the Heavy Minerals (HM) with an economic value (mostly titanium components and Zircon) and excluding residual waste and water.

Corporate Information

Directors

Mr. Oliver B. Hasler, Mr. Bakhos Georges, Dr. Raden Sukhyar, Mr. Alvin Tan

Company Secretary

Ms. Louisa Martino

Registered Office

Level 5, 56 Pitt Street
Sydney NSW 2000
Telephone: +612 8823 3132
Website: www.pyxresources.com

Auditors

Hall Chadwick Pty Ltd Level 40, 2 Park Street
Sydney NSW 2000
Australia

National Stock Exchange of Australia

Listing NSX Code: PYX

London Stock Exchange

Listing LSE Code: PYX

Share Registry

Advanced Share Registry Pty Ltd
110 Stirling Highway, Nedlands, Western Australia, 6009
Telephone: +618 9389 8033
Facsimile: +618 9262 3723

Australian Company Number and Australian Business Number

ACN 073 099 171
ABN 30 073 099 171

Depositary

Computershare Investor Services plc
The Pavilions, Bridgewater Road, Bristol, BS 13 8AE, United Kingdom

Broker to the Company

WH Ireland
24 Martin Lane, London, ECR ODR, United Kingdom

PYX Resources Limited

ABN 30 073 099 171

Due to PYX's commitment to the environment, printed copies of the Annual Report are only posted to shareholders who have requested to receive a physical copy