



## **The Emerging Force in the Premium Zircon Industry**

Company Presentation, January 2021



***PYX to Become the 2nd Largest Producing Mineral Sands Company  
Globally By Zircon Resources***

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A short, solid orange horizontal bar located below the 'Disclaimer' heading.

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# PYX Resources: Company Overview

## Business Overview

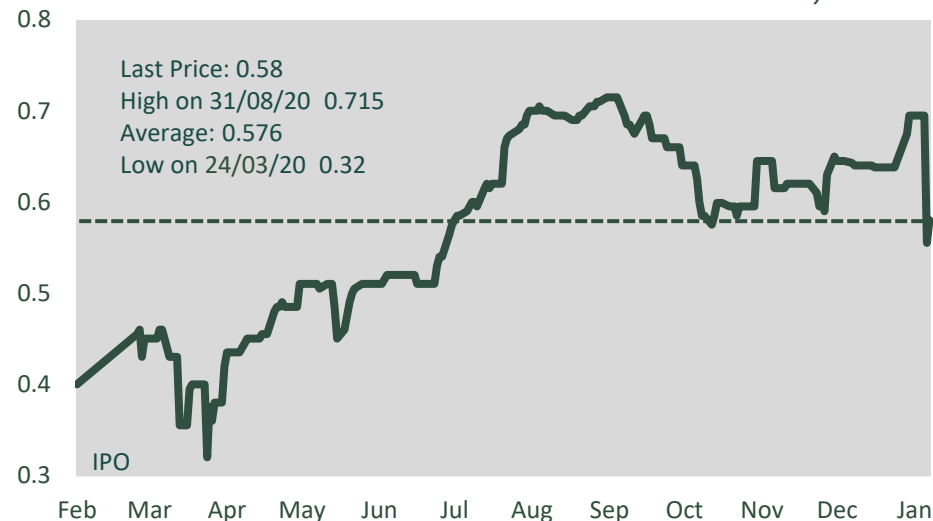
- PYX Resources Limited (NSX: PYX) is a global mineral sands company and a leading producer of premium zircon listed on the National Stock Exchange of Australia (NSX) in February 2020.
- PYX's flagship asset is the Mandiri deposit, which is located in the alluvium sediment rich region of Central Kalimantan, Indonesia. PYX is considering an acquisition of the Tisma mineral sands asset which is also located in this region.
- PYX is a large-scale, near-surface open pit operation that has been in operation since 2015. Exploration has indicated the presence of, among other things, additional valuable heavy minerals such as rutile and ilmenite.

## Financials

Items	Year ended 30 June 2020	Year ended 30 June 2019
Revenue (US\$ '000)	7,816	2,903
Revenue Growth	169%	-
Net Assets (US\$ '000)	6,408	997
Net Profit/(loss) (US\$ '000)	(10,886)	234
Outstanding Shares	267.8 MM	1,686
Market Cap (A\$)	166.0 MM	-

## Share Price (A\$)

As at 18 January 2021



## PYX's Management Team

Title	Name
Chairman & CEO	Mr. Oliver B. Hasler
Non Exec Directors	Mr. Gary J. Artmont
	Mr. Bakhos Georges
	Mr. Alvin Tan

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# Investment Highlights

## Business Update

- In FY2020, PYX **achieved strong volume and top line growth** (PYX delivered 6k tons of zircon, an increase of 39% vs FY2019) , with **tight cost control**
- Our zircon **order book is very strong**, with production slots booked up to May 2021 also as a result of PYX's superior quality and the unique **whiteness of Kalimantan** zircon
- Zircon **demand is picking up across our end markets in China and India**, with increased customer diversification
- **Zircon prices remained stable** since the start of COVID 19 pandemic, **and are now on the rise again**
- PYX was **the best performing stock in 2020** among the global mineral sands listed peers

## Tisma Acquisition Update

PYX is completing the acquisition of Tisma, an **outstanding mineral sands deposit in close proximity** to our existing Mandiri tenement. This is a **highly transformative and accretive acquisition for PYX**:

- **PYX will become the world's 2nd largest producing mineral sands company globally in terms of zircon JORC compliant resources**, transforming itself into a **major global premium zircon miner**
- PYX will boost its contained zircon resources by 75% by issuing new shares equivalent to 55% of its existing capital to the Tisma vendors, a **highly accretive deal** for existing PYX shareholders
- The Tisma deposit and PYX existing Mandiri deposit are in close proximity, generating **significant synergies and economies of scale**
- PYX will strengthen its position as the **industry consolidator of zircon-rich deposits** within Kalimantan

## Valuation Considerations

- Significant **upside potential** supported by current trading multiples, which are at a **significant discount to comparable peers with similar Heavy Mineral assemblage value**
- **Additional resources** (rutile and ilmenite) and **exploration targets to be defined**, both within Mandiri and Tisma

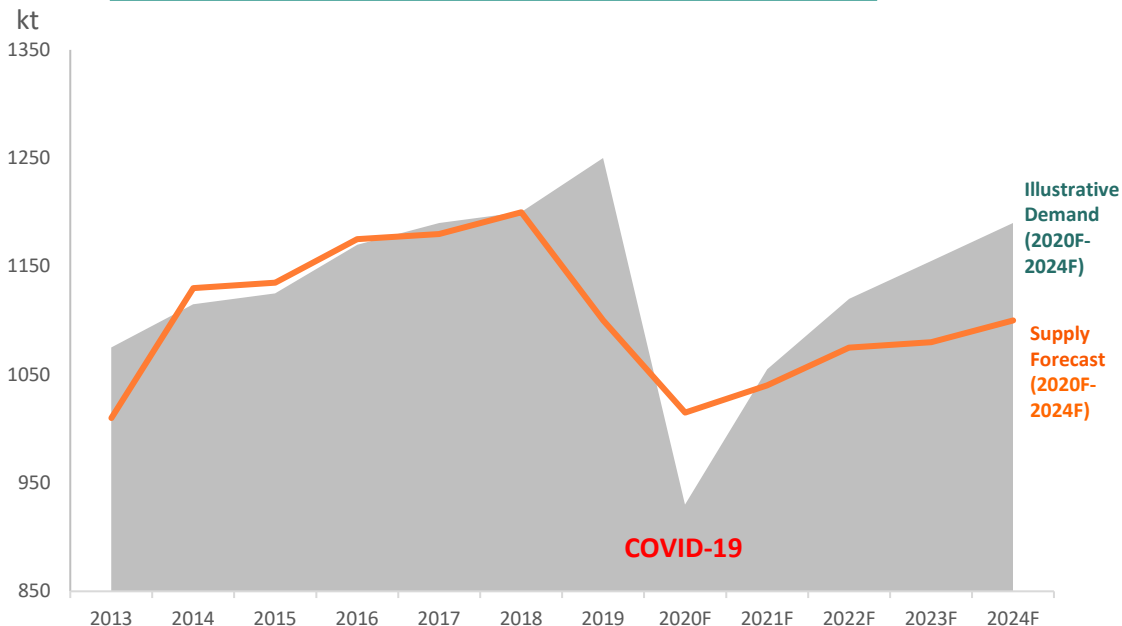
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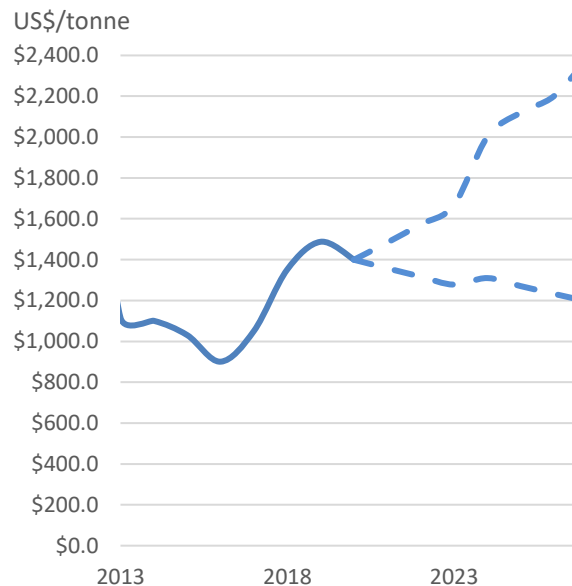
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# Post COVID-19, a Substantial Zircon Undersupply Will Emerge

## GLOBAL ZIRCON SUPPLY AND DEMAND OUTLOOK



## ZIRCON PRICE OUTLOOK



Note: Illustrative demand and supply forecast (2020-24) are indicative only. Supply data assume no new project going into production stage within the forecast period

Source: ILUKA, TZMI, Sheffield Resources

- Post COVID-19 pandemic, a substantial supply deficit is expected to emerge, which is likely to support a robust zircon price environment in the near future.
- Zircon prices, which remained stable during the COVID 19 pandemic, are expected to rise strongly over the next few months, in combination with a major commodity price upcycle during the post COVID 19 recovery phase

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# Tisma: A Transformative Acquisition

## Tisma Acquisition

Subject to its shareholders' consent, PYX will acquire the entire share capital of the Tisma Development (HK) Limited (Tisma, or the Target) which owns the Tisma mineral sands asset in Kalimantan, Indonesia via the issuance of 147,277,370 new PYX common shares to the shareholders of Tisma (Tisma Acquisition).

## Conditions Precedent

Completion of Tisma Acquisition is subject to and conditional upon satisfaction of the following criteria by 31 March 2021 (or such other dates as agreed between the parties involved):

1. Completion of due diligence investigations by both the Target and PYX;
2. Execution of formal and detailed legally binding documents to effect the Tisma Acquisition;
3. The parties obtaining all relevant approvals, including shareholder approval, board approval and any third-party consents, necessary to implement Tisma Acquisition; and
4. No government or regulatory intervention that would prevent completion of Tisma Acquisition.

## Indicative Timetable

Key Milestone	Date
Execution of SPA subject to customary conditions	13 January 2021
Publication of Notice of Meeting for Shareholder Approval	14 January 2021
Extraordinary General Meeting	15 February 2021
Transaction Completion	16 February 2021

# The Tisma Acquisition is a Perfect Fit For PYX's Strategy

## Business Focus

Countries	Indonesia		Others	
Minerals	Zircon	Gold	Rutile	Ilmenite
Mining	In-house		Contract	
Elements of the value chain	HMC	High Grade	Processed	Products
Selling route to market	Direct	Indirect partners	Local Distribution	

## Strategic Plan



# Highest Assemblage Value Globally and Perfect Location

Deposit Specs	PYX's Mandiri	Tisma Project	PYX's Mandiri and Tisma Project Combined
Mineral Resources	126.3 Mt	137.2 Mt	263.5 Mt
HM Grade	7.43%	3.99%	5.65 %
HM Tonnage	9.4 Mt	5.5 Mt	14.9 Mt
Contained Zircon	6.0 Mt	4.5 Mt	10.5 Mt
Assemblage	ZIR: 64% RUT:8.5% ILM: 9.5%	ZIR: 82% RUT: 2% ILM: 8.5%	ZIR :70% RUT :6% ILM :9.1%
Assemblage Value	US\$1,087 /tonne	<b>US\$1,264 /tonne</b>	US\$1,145 /tonne



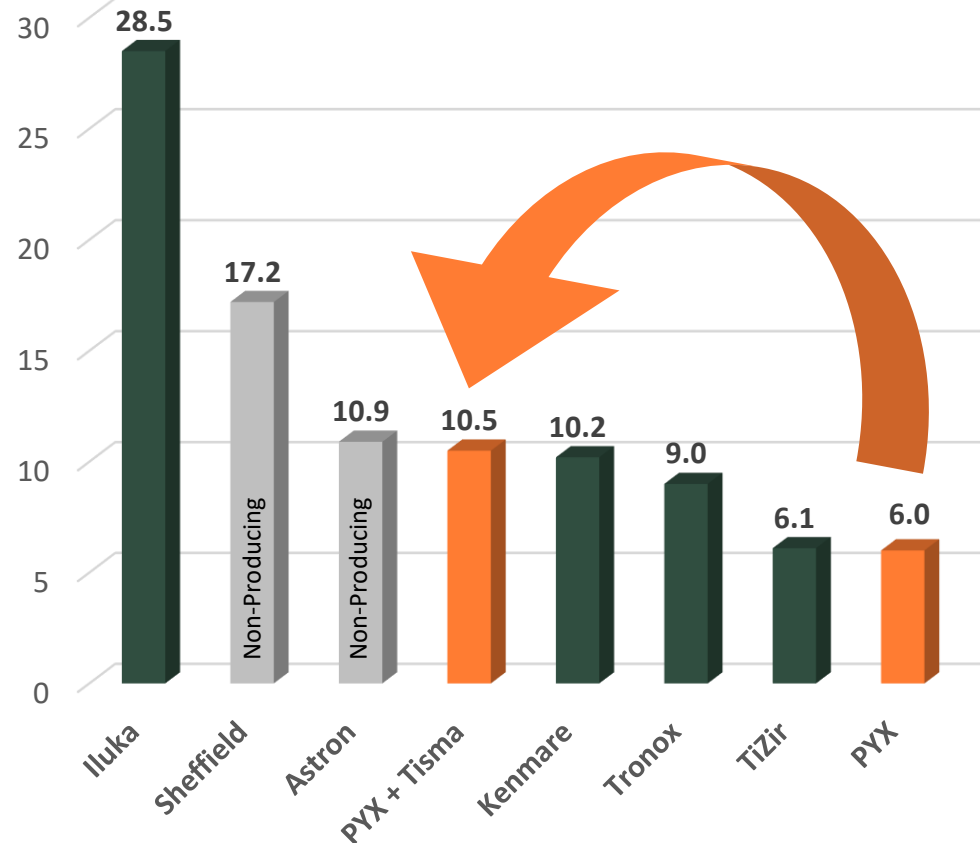
Notes: ZIR = Zircon; RUT = Rutile; ILM = Ilmenite; Mt = Million tonne. Source: Company's JORC report

# Operating the 2<sup>nd</sup> Largest Zircon Producing Resource Base

## Acquisition Rationale

- By completing the Tisma Acquisition, PYX will boost its contained zircon by 75%. PYX will therefore become the world's 2nd largest player in terms of zircon content JORC compliant resources amongst mineral sands companies in production, trailing only Iluka Resources Limited;
- PYX will control about 263 million tonnes of JORC-compliant mineral resources. This is around 109% more than it owns currently, with 10.5 million tonnes of contained zircon, an increase of 75%, upon deal completion;
- Tisma has an estimated zircon grade of 3.27%, making it a stand-out in terms of zircon content globally and is in line with that of the Mandiri asset (4.76%);
- Since Mandiri and Tisma are in relatively close proximity (both in Central Kalimantan, Indonesia), creation of logistics, extraction and production synergies is likely; and
- The Tisma Acquisition is an accretive acquisition, as PYX is required to issue new common shares to the shareholders of Tisma (Vendors) equivalent to 55% of its total number of outstanding shares prior to the acquisition.

## JORC Resources: Contained Zircon (MM Tonnes)



Source: Companies public filings

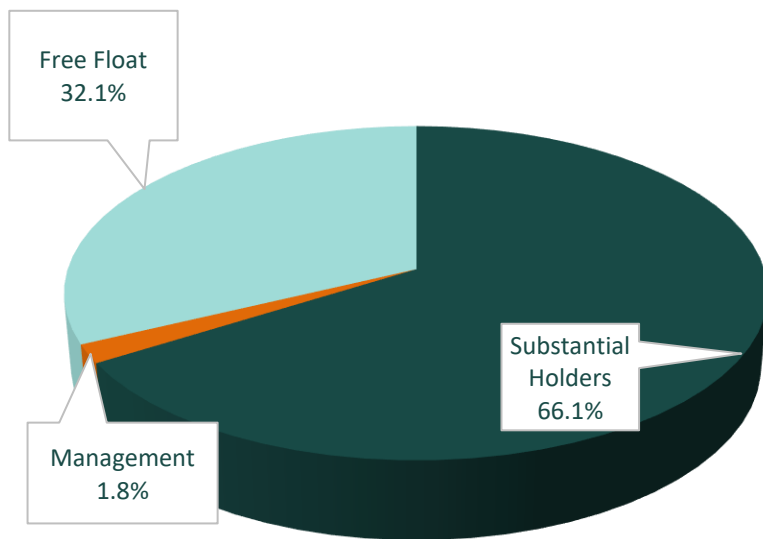
# Value Accretive for Existing Shareholders

Measure	Current Position of the Company	Effect of Tisma Acquisition	Post Tisma Acquisition - Pro Forma	Percentage Change due to the Tisma Acquisition
JORC Compliant Resources (Million Tonnes)	126	137	263	109%
JORC Compliant Contained Zircon (Million Tonnes)	6.0	4.5	10.5	75%
PYX Shares on Issue	<b>267,777,037</b>	<b>147,277,370</b>	<b>415,054,407</b>	<b>55%</b>

PYX is adding 109% of JORC Compliant Resources to its existing resource base, and 75% of Contained Zircon to its JORC Compliant zircon existing resource base. However, the issue of the Transaction Shares to the Vendors is equivalent to approximately 55% of the current issued capital prior to the Tisma Acquisition.

# Shareholder Mix Before and After the Tisma Acquisition

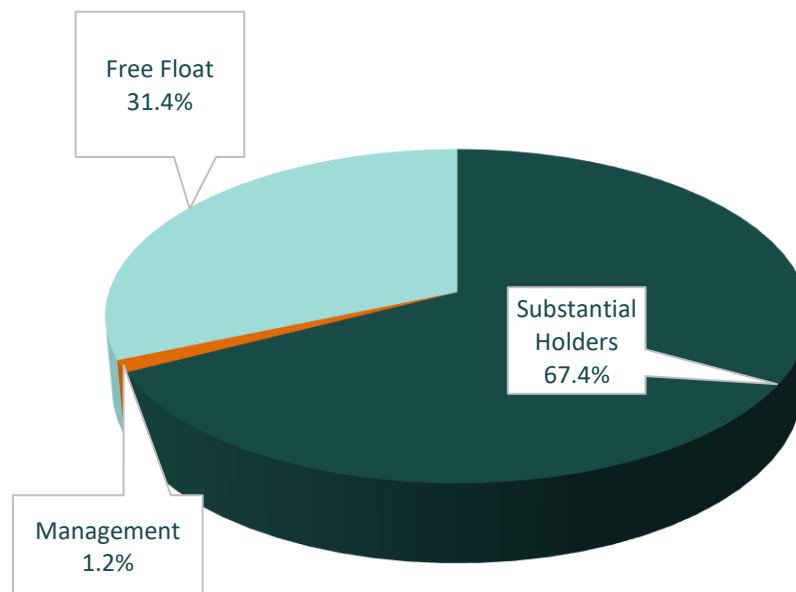
Composition of PYX Issued Capital  
(Before Acquisition)



**Total Shares Outstanding: 267,777,037**

**Free Float Shares Outstanding: 85,956,429**

Composition of PYX Issued Capital  
(Post Acquisition)



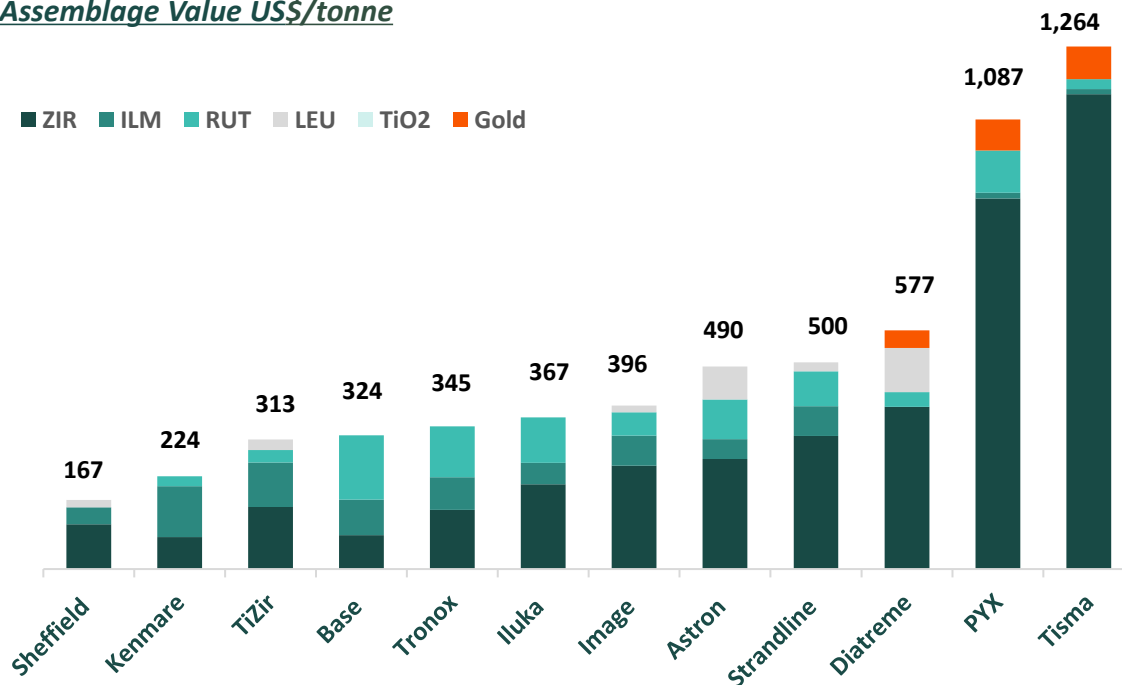
**Total Shares Outstanding: 415,054,407**

**Free Float Shares Outstanding: 130,327,083**

# Tisma Superior Assemblage

- P Y X’s Mandiri deposit has the highest assemblage value amongst its peer group, and it is already in production. The Tisma deposit has an assemblage value even higher than P Y X’s
- Assemblage is the relative percentage of each different valuable minerals found within a heavy mineral sands deposit, such as Zircon (ZIR), Ilmenite (ILM), Rutile (RUT), and Leucoxene (LEU).
- Each valuable mineral has a different market price. The assemblage value is the weighted average value of all the valuable heavy minerals in the ore.

Assemblage Value US\$/tonne



	Sheffield	Kenmare	TiZir	Base	Tronox	Iluka	Image	Astron	Strandline	Diatreme	P Y X	Tisma
Zir %	18	5.5	10.7	6	10.2	18.4	17	23	19	27	64.0	82.0
Rut %	3	2	2.5	13	10.3	4.2	4	7	8	3	8.5	2.0
Ilm %	56	82	72.0	56	52.5	50.5	54	48	32	-	9.5	8.5

Notes: P Y X’s gold exploration target not included in JORC Resource Statement; TiO2 = titanium dioxide

Source: Public filings, Cedrus’ research

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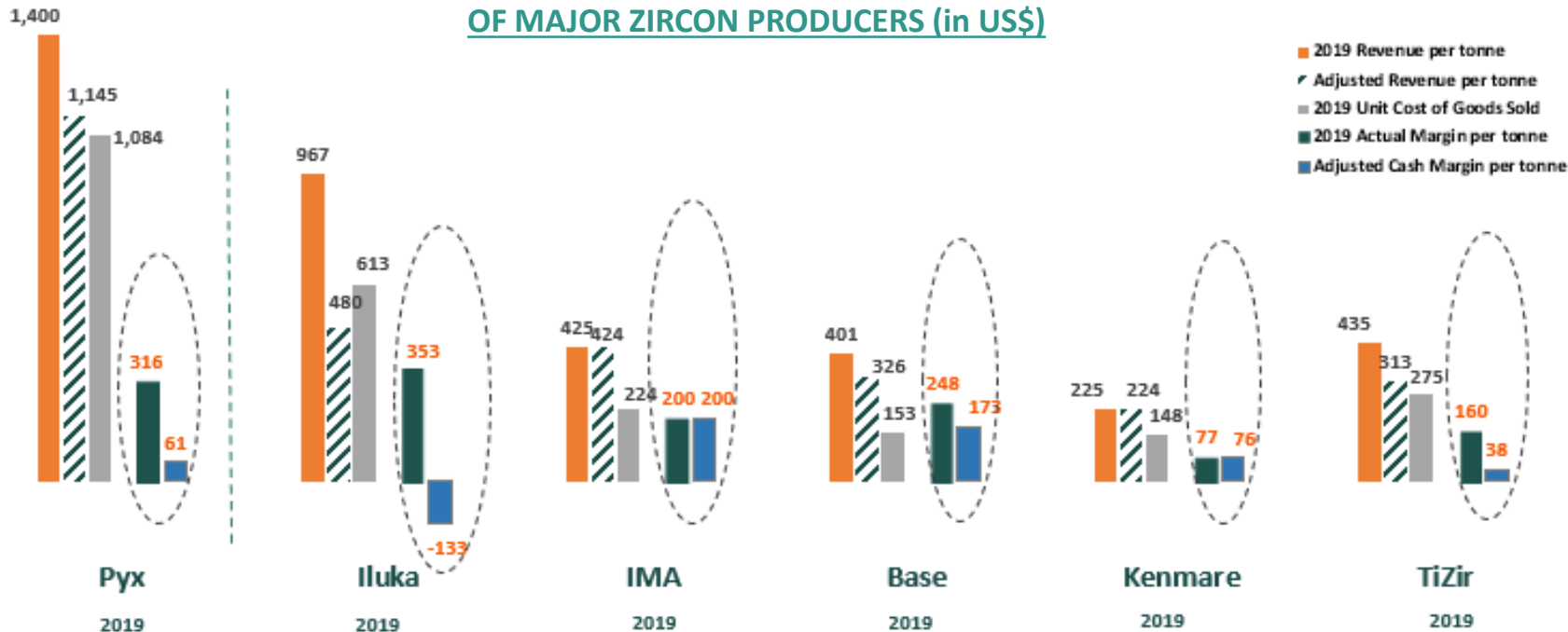


# PYX Superior Margins are Sustainable Long Term

Long term sustainable cash margins depend on the in-situ assemblage mix, and might be different from the cash margins realized in one particular year, due to the fact that the production mix in a given year might vary from the resource assemblage. As an example, due to “selective mining” Iluka is currently extracting minerals with a higher value per tonne than the assemblage mix of its in situ resources, and as such its “sustainable” average revenue per ton is US\$ 480 vs US\$ 967 which Iluka has achieved on average in FY 2019.

Cash costs are mostly incurred from Heavy Mineral mining and concentration, which are largely independent from the production mix. Production mix only impact processing costs, which represent a small fraction of the cash costs.

## 2019 ACTUAL MARGIN AND ADJUSTED MARGIN COMPARISONS OF MAJOR ZIRCON PRODUCERS (in US\$)



Source: Public Filings, Cedrus Research

### VALUATION CONSIDERATIONS

Note: Adjusted Revenue calculated as the weighted average value on mineral components disclosed on each company's 2019 Resource Statement.

# Valuation Benchmarks Against Listed Peers

The following table shows the valuation (in terms of Enterprise Value (EV) per tonne of JORC Compliant resources) of comparable mineral sands mining companies listed in public markets, which is strongly correlated with the assemblage value of the Heavy Mineral (HM) resources as stated in each company's JORC-compliant statements.

As at 8 January 2021

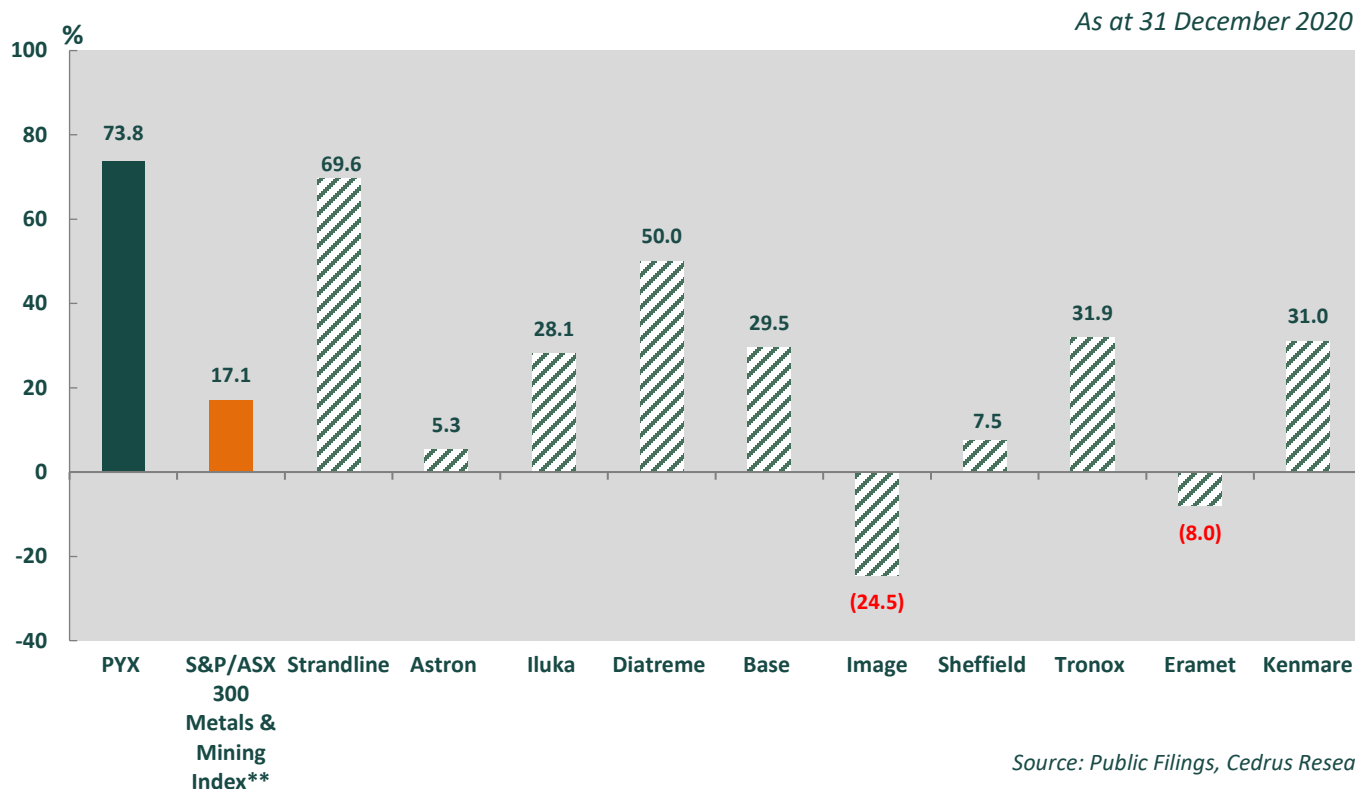
	Share Price	Market Cap	EV	Resources (in situ THM)	Weighted Avg Assemblage Value	EV/Resources
	Local Currency	US\$ m	US\$ m	Mt	US\$/tonne	US\$/tonne
Iluka Sierra Rutile (2019)*	N/A	N/A	600.0	8.0	1,200	75.00
Iluka Sierra Rutile (2016)*	N/A	N/A	336.8	8.2	1,200	41.07
<b>Pyx Resources Limited</b> (post Tisma acquisition)	<b>0.58</b>	<b>183.2</b>	<b>180.5</b>	<b>14.9</b>	<b>1,145</b>	<b>12.1</b>
<b>Pyx Resources Limited</b>	<b>0.58</b>	<b>119.2</b>	<b>116.8</b>	<b>9.4</b>	<b>1,087</b>	<b>12.4</b>
Strandline Resources	0.195	74.5	70.6	29.0	500	2.4
Astron Corporation	0.195	17.4	25.0	57.1	490	0.4
Image Resources	0.19	130.4	132.2	3.5	396	37.4
Iluka Resources	6.60	1,626.4	1603.4	167.8	367	9.6
Tronox Holdings	15.04	2,160	5,200	78.1	345	66.6
Base Resources	0.285	214.9	121.3	70.9	324	2.1
TiZir Limited (2018)*	N/A	N/A	525.0	26.2	313	20.0
Kenmare Resources	358.37	453.9	506.4	185.6	224	2.7
Sheffield Resources	0.35	79.6	75.5	223.0	167	0.3

PYX shares were trading at A\$ 0.58. This implies an EV/Resources ratio of US\$ 12.4 per tonne of HM JORC compliant resources (US\$ 12.1 post Tisma Acquisition) and a substantial discount when compared to the listed peer companies with comparable assemblage value. \*Based on consideration paid on acquisitions completed in the year shown in brackets

Source: Public Filings, Cedrus Research

# PYX Shares Clearly Outperformed Listed Miners & Peers

## Share Performance (2020, %)



- In 2020, PYX's shares recorded a 73.8% return, significantly outperforming the ASX Metals & Mining index (17.1%) and many leading global mining companies
- No. 1 share price performance in 2020 amongst mineral sands peers and select global miners

Note: PYX share performance recorded for the period of 25 February 2020 to 31 December 2020.

\*: The S&P/ASX 300 Metals & Mining Index is based on the S&P/ASX 300. The index is comprised of ASX listed companies that are classified by the Global Industry Classification Standard (GICS®) as being in the Metals & Mining industry, which includes producers of aluminum, gold, steel, precious metals and minerals, and diversified metals and minerals (GICS Tier 3).

# Strong Upside Potential for PYX in the Mid Term



# Competent Person Statement and Cautionary Note

## Competent Person's Statement

The information in this presentation 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 The Australasian 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. Dr Chisholm consents to the inclusion in the report of the matters based on his presentation in the form and context in which it appears.

This presentation contains resource information extracted from NSX market announcements reported in accordance with the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (“2012 JORC Code”) and available for viewing at [www.pyxresources.com](http://www.pyxresources.com). PYX confirms that it is not aware of any new information or data that materially affects the resource information included in any original NSX market announcement as follows; Mandiri deposit – prospectus announced 20 February 2020 and Tisma deposit – announcement dated 13 January 2021

## Forward-looking Statement

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

This 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.

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