

PYX Resources' Operations Update H1 2021 Substantial Increase in Realized Zircon Prices Amid Strong Demand Recovery and Global Supply Disruptions

HIGHLIGHTS

- **Production grew by 25% and sales volume grew by 14% in H1 2021**
- **Premium zircon price increased by US\$355 per tonne to US\$1,750 per tonne**
- **2-year, 3,600 tonne offtake agreement signed with Microtech Zircon India**
- **Tisma Mineral Sands Deposit acquisition completed in February 2021**
- **US\$8.4m placement to accelerate the development of the Tisma Mineral Sands Deposit and meet customer demand**
- **Dual listing on the London Stock Exchange being explored**

PYX Resources Ltd (PYX or the Company) (**NSX: PYX**) has performed strongly in the first half of the year due to a boost in premium zircon production, sales volume growth, and ongoing price increases. During H1 2021, the Company raised its premium zircon selling price three times, resulting in a US\$355 per tonne price increase during the first six months of the year.

The price increases reflect the general lack of premium zircon supply globally due to continued supply issues in South Africa and low inventory levels in China, while reduced Australian sales of Heavy Mineral Concentrate (HMC) to China have created a further void of premium zircon in the market, leading to higher customer demand and, consequently, higher market prices. Indonesian zircon prices have now reached their highest price point since 2013.

Oliver Hasler, Chairman and Chief Executive Officer, commented: *"I am delighted with our achievements during the first half of 2021. The mineral sands industry is currently experiencing a strong upcycle, and market conditions are now ideal for the implementation of the Company's growth strategy. This comprises developing our newly acquired Tisma deposit so that production can get underway soon. As the world strives to resolve the climate crisis, it is becoming more apparent that electric vehicles and renewable energy will rely on increased supplies of metals like zircon."*

In H1 2021, PYX sold 3,250 tonnes and produced 3,501 tonnes of premium zircon, resulting in a year-on-year production increase of 25%. Sales volume has shown a strong year-on-year growth of 14%, while maintaining a tight finished goods inventory. Customer demand continues to increase and show particular interest in PYX's zircon due to its low aluminium oxide (Al₂O₃) of under 0.2%. In addition, the uranium + thorium content of PYX's zircon is less than 450ppm, making it ideal for producing fused zirconia, the unique end product, which can be used for a wide range of applications due to its very high melting point, chemical stability at high temperature, hardness, corrosion resistance and high refractive index.

In February 2021, the Company completed the acquisition of Tisma in Central Kalimantan, Indonesia, converting PYX into the second largest producing mineral sands company globally in terms of JORC-compliant zircon resources. This acquisition was an excellent strategic addition to PYX's resource base and a milestone in the consolidation of the Indonesian mineral sands mining business, and was highly accretive for the Company. Planned capacity increases will enable the Company to meet further global demand, increase margins, and grow market share.

To this purpose, in June 2021, the Company completed a US\$8.4m placement to fund a capital expenditure and working capital programme at Tisma to ramp-up production of 65.5 grade premium zircon.

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

On 25 May 2021, the Company announced that it would start to explore a dual listing of PYX's ordinary shares on the Standard Segment of the London Stock Exchange; this process continues and the Company looks forward to updating shareholders in due course.

Notably, the Company continues to be very successful in managing work-related accidents, with zero lost-time injuries in addition to having no reported COVID-19 incidents.



Mandiri Deposit

***** ENDS *****

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This announcement is authorised for release by Oliver B. Hasler, Chairman and Chief Executive Officer.

About PYX Resources

PYX Resources Limited (NSX: PYX) is a major global producer of premium zircon listed on the National Stock Exchange of Australia. PYX's key deposits, Mandiri and Tisma, are large-scale, near-surface open pit deposits both located in the alluvium-rich region of Central Kalimantan, Indonesia. PYX, whose Mandiri deposit has been in production since 2015, is the 2nd largest zircon producing mining company globally by zircon resources. Determined to mine responsibly and invest in the wider communities where we operate, PYX Resources is committed to fully develop its Mandiri and Tisma deposits, with the vision to consolidate the mineral sands resources in Kalimantan and explore and acquire mineral sands assets in Asia and beyond.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This NSX Announcement 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 NSX Announcement.

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.

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 coverage and the possibility 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 NSX Announcement 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 NSX Announcement.

Compliance Statement

The Mandiri mineral sands deposit hosts a 6 Mt Inferred JORC 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 JORC 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 mineral sands deposit and Tisma mineral sands deposit total 10.5Mt of contained zircon resource.