

Half Year 2022 Results

Positive EBITDA from Operations & 128% Revenue Growth

HIGHLIGHTS

- **128% increase in revenue growth to US\$10.6 million**
- **92% increase in premium zircon realised prices to US\$2,749 per tonne**
- **163% uplift in total production after starting production of titanium dioxide minerals**
- **19% growth in premium zircon sales volumes and 23% increase in premium zircon production**
- **Achieved positive underlying EBITDA with limited negative operating cash flow**
- **Maintained debt free status and strengthened cash position to US\$7.7 million**
- **Continued diversification of sales into different countries and industries including high-tech application**
- **Strong industry up-cycle to continue through 2022, representing a great opportunity for PYX to boost capacity and grow market share**

PYX Resources Ltd (PYX or the Company) (NSX: PYX | LSE: PYX), the world's second largest publicly listed zircon producer by zircon resources¹, is pleased to announce its results for the six months ended 30 June 2022 ("H1 2022").

The Company performed strongly in the first half of the year due to a boost in premium zircon, rutile and ilmenite production, sales volume and ongoing price increases; accordingly, H1 2022 has seen PYX deliver a 128% increase in revenue growth to US\$10.6 million.

Furthermore, PYX produced 9.2kt in total and sold 3.9kt of premium zircon, up 163% and 19% year-on-year ('YoY') respectively, and increased its zircon production 23%, with average realised sales price up 92% to US\$2,749 per tonne. The Company also strengthened its finished goods inventories to 5.8kt (2021: 0.3 kt) as a result of the start of rutile and ilmenite production and limited freight availability at the end of June 2022.

With a premium zircon production of 2,623 tonnes and sales of 2,122 tonnes Q2 2022 showed to be the best quarter the company has had so far, resulting in a record revenue for the months of April to June of this year.

In December 2021, PYX announced that it had increased its capacity at its Minerals Separation Plant by 33% to 24ktpa with the additional 6ktpa capacity being utilised to start production of titanium

¹ According to publicly available information during the financial year ended December 2020

dioxide minerals (rutile and ilmenite) during H1 2022. Tailings accumulated over the years were used to feed the process, which resulted in an ilmenite inventory of 4.6kt tonnes and rutile of 318 tonnes. Moving from sole premium zircon production to include rutile and ilmenite reduced the premium zircon potential output for H1 2022, but PYX believes it will benefit the total operation and margins in the long run.

June 2022 saw industrial metals markets come under pressure and experience the most significant price decline since 2008.² The Company believes the trigger was not only the equity markets correction but the uncertainty surrounding the possibility of an upcoming of global recession, high inflation, higher interest rates, and the concern that the war in Ukraine might spread to other countries. In the period from 1 January 2022 to 30 June 2022, copper price as an example, had a -14.9% correction to US\$8,245 per tonne and tin price fell sharply by -32.2% to US\$26,689 per tonne.³ During the same period, zircon prices (as measured by Asian Metal) showed an increase, with South African and Australian zircon increasing from US\$1,860 per tonne to US\$2,110 per tonne⁴ and PYX's premium zircon rising from US\$2,450 per tonne to US\$2,766 per tonne (being the Company's average realised prices for the month of June 2022 compared with the prices for January 2022). The Directors believe this illustrates that zircon prices are more driven by physical trade, which is impacted by a strong demand/supply imbalance, than by geopolitical concerns.

Customer demand continued to be strong, with particular interest being shown in PYX's premium zircon due to its low aluminium oxide of under 0.2% and uranium and thorium content of less than 500ppm. PYX has continued to diversify its sales into different countries and industries, adding customers in Spain, the USA, and the UK in the last six months as the Company seeks to limit its exposure to potential customer disruptions amid geopolitical issues.

The Company is also seeing a diversification in end users for its products. Traditionally, zircon and its derivatives, which have remarkable properties including opacity/whiteness, hardness, low thermal expansion, high melting point, low thermal conductivity, chemical inert, and low neutron absorption, were principally used in ceramics manufacturing, but are now being utilised for a wider variety of applications including high tech applications that support the green transition. These include additive manufacturing, semiconductors, implants, solar cells, fuel cells and batteries, which are growing at circa 10 times faster than traditional uses, as well as electronics, nuclear fuel rods, paper, brake pads, investment casting, and catalysts. With this background, as the world moves toward decarbonisation, the demand for zircon is expected to continue to increase; notably, the Australian Government classes zircon, rutile, and ilmenite, as crucial minerals vital for the economic wellbeing of the world's major

² Refer article "*Industrial Metals see biggest Q2 drop since 2008 as sentiment collapses – ANZ*" by Anna Golubova, Monday July 11, 2022, Kitco News www.kitco.com

³ London Metal Exchange – LME Copper Official Prices and LME Tin Official Prices (lme.com)

⁴ Prices sourced from Asian Metal (asianmetal.com)

and emerging economies.⁵

PYX achieved a positive underlying EBITDA of US\$90k during H1 2022, compared to a negative EBITDA of US\$661k in H1 2021. The Company's net loss after tax for the period totalled US\$3.6 million compared to a loss of US\$1.2 million in 2021, mainly as a result of share grants with no effect on cash, loss on fair value change of financial instrument, improvements to operations and capex to increase extraction capacity and production and sales volumes; PYX's economics will improve significantly as a result of these investments.

The resulting cash and cash equivalent balance for the period was US\$7.7 million, up from US\$6.6 million at the end of December 2021. The increase was due mainly to the March US\$4.5 million fundraise from L1 Capital Global Opportunities Master Fund, less the capital expenditures required to produce rutile and ilmenite and the increased working capital requirements resulting from the production and inventory increase. PYX remains debt free, as planned.

US\$	H1 2022	H1 2021	% change
Sales revenue	\$ 10,645,890	\$ 4,660,223	128%
Cash cost of production	\$ (7,333,047)	\$ (4,008,639)	-83%
EBITDA	\$ (3,486,822)	\$ (1,254,832)	-178%
EBIT	\$ (3,598,520)	\$ (1,346,969)	-167%
Net loss before tax	\$ (3,613,644)	\$ (1,352,830)	-167%
Net loss after tax (NLAT)	\$ (3,623,751)	\$ (1,194,190)	-203%
Underlying EBITDA	\$ 90,008	\$ (660,567)	114%
US\$	At 30 Jun 2022	At 31 Dec 2021	% change
Cash	\$ 7,653,070	\$ 6,624,364	15.5%
Total assets	\$ 87,873,627	\$ 84,796,550	3.6%
Total liabilities	\$ (3,951,428)	\$ (1,759,899)	-79.3%

Results Summary

Commenting on the Company's achievements in H1 2022, PYX Resources' Chairman and Chief Executive Officer, Oliver B. Hasler, said:

"The six-month review period has not only seen us lift revenue by 128% to US\$10.6 million but also post a material uplift in our underlying EBITDA that moved into positive territory for the first time as planned. Together with the strengthening of zircon prices, the other key catalyst behind the step-up in performance has been the expansion in production capacity at Mandiri from 18ktpa to 24ktpa, which has enabled us to diversify our offering to include rutile and ilmenite; ultimately, this will lift to 48ktpa as of our 5-year plan."

⁵Australian Government, Australian Critical Minerals Prospectus 2021 <https://bit.ly/3qfYInX>

“Looking forward, I believe that the Company is well positioned to enter a period of sustained growth in financial performance. With a strong balance sheet and buoyant market, we anticipate delivering on our objective to develop the Group into one of the most prominent mineral sands producers globally, one which benefits all stakeholders including the local communities around which our business is centred, and I look forward to providing further updates on progress made.”

PYX Cares Programme

PYX continued with its PYX Cares programme based on five pillars: People, Planet, Prosperity, Peace, and Partnership and subscribed to the UN Global Compact. Working with local communities in Kalimantan, to learn what they need to ensure it leaves a lasting legacy to the region and its people, in 2022, PYX realised projects on education, clean water and sanitation, viable employment, and building partnerships to further these goals.

Furthermore, PYX commenced several environmental projects including a collaboration with an off-site Orangutan Sanctuary in Indonesia and a reforestation programme, which will see the Company plant 10,000 trees on its tenement area.

PYX also continued its Covid-19 vaccination programme; as of 31 August, 100% of its employees had received the first two vaccines and 86% had received the third. Additionally, for the second consecutive year, PYX has taken part in National Blood Donor Day, using the banner ‘Give Blood, Save Life’.

2022 Half Year Results Conference Call

A conference call for equity market participants will take place on Tuesday 20 September 2022 at 6pm AEST / 8am GMT. All participants wishing to listen in to the call must pre-register [here](#) before they can receive the dial-in number.



PYX's Zircon, Rutile, and Ilmenite

***** ENDS *****

For more information:

ir@pyxresources.com

Tel.: +61 2 8823 3132

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

About PYX Resources

PYX Resources Limited (NSX: PYX | LSE: PYX) is a producer of premium zircon dual listed on the National Stock Exchange of Australia and on the Main Market of the London Stock Exchange. 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 publicly traded producing mineral sands company by zircon resources globally. Determined to mine responsibly and invest in the wider communities where we operate, PYX is committed to fully developing 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 Announcement 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 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 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 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 and Tisma mineral sand deposits total 10.5 Mt of contained zircon within a total of 263.5 Mt of heavy mineral sands.