Pyx Resources Limited: Operations Update Q1 2023

04.05.2023 | ABN Newswire

Sydney, Australia - PYX Resources Ltd. (LON:PYX) (NSX:PYX), the world's second-largest publicly listed zircon producer by zircon resources, is pleased to provide an operational update for the three months ended 31 March 2023 ("Q1 2023" or "the period").

During the period, the Company performed strongly with an increase in both mineral sands and premium zircon production.

In Q1 2023, PYX produced 2.5kt of premium zircon, rutile and ilmenite (together "Titanium Dioxide Minerals"), resulting in a year-on-year production increase of 29% (Q1 2022: 2.0kt).

Premium zircon production in Q1 2023 increased by 12% to 1.9kt (Q1 2022: 1.7kt) with sales decreasing by 27% to 1.3kt (Q1 2022: 1.8kt). The slight reduction in zircon sales for Q1 2023, when compared to Q1 2022 was a result of temporary delays in shipping causing the sales to fall into the following accounting period. Had these sales occurred in Q1 2023 the Company would have exceeded premium zircon sales when compared to Q1 2022. Accordingly, the Company ended the period with 604t of premium zircon inventory (Q1 2022: 256t).

During the period, the Company expanded its finished goods inventories to 8.1kt, a 1,406% increase on the prior year (Q1 2022: 0.5kt). This included 7.5kt of titanium oxide which the Company will sell once it receives its export licence from the Indonesian Trade Department, which is expected imminently.

Commenting on the Company's achievements in Q1 2023, PYX Resources' Chairman and Chief Executive Officer, Oliver B. Hasler, said:

"PYX is an Indonesian focused company looking to consolidate the minerals sands market in the region. We are very lucky to work with a professional and dedicated team and to be operating in a miningfriendly and supportive country like Indonesia."

"We recently made another important step forward on our successful growth path when we renewed the Tisma tenement licence for a further 10 years, after which the licence can be extended further."

"I would like to take the time to thank our team and the Indonesian government departments, officials, and stakeholders for the quick decision on the licence application. Extending the term of the tenement licence where we operate is a key development in that it enables PYX to continue its critical exploration and mining activity at a time when the mineral sands market is experiencing increased demand and consistent growth."

"In an improving zircon market, we are forecasting strong production and sales growth within our operations against a backdrop of improving global demand and pricing. All these factors give us great confidence for the remainder of the year ahead."

"Once again, I wish to thank our loyal shareholders, trading partners and hard-working team for maintaining PYX Resources as a world-leading producer of critical minerals for the world's clean energy future."

Premium Zircon Market

Premium zircon prices are mixed when compared with last year, largely because of the huge imbalance between supply and demand in 2022 which caused spot prices into China to drastically increase. Most spot sales are undertaken for the Chinese market, which slowed down in the second half of 20221 and resulted in PYX selling mostly into India, Europe, and the Americas at international contract prices H2 2022 and Q1 2023.

Conversely, international contract prices, set mainly by the major Australian and South African producers, have increased by 15% year-on-year.

The Directors see the potential for an increase in premium zircon demand in Q2 2023 and expects a return to stronger sales to China in the second half of 2023, which should help mitigate the risk of Western economies declining.

According to Mordor Intelligence, the global zirconium market is anticipated to register a compound annual growth rate ("CAGR") of 4% between 2023 and 2028, driven by an increase in foundries and refractories, increased nuclear power plants in the Asia-Pacific region, and the rising demand for surface coatings.

Tisma Mineral Sands Project Licence Grant

On 23 February 2023, PYX Resources Ltd. was pleased to announce it had received notification that the application by PT. Tisma Global Nusantara's ("PT TGN") for the renewal of the licence for the Tisma tenement in Indonesia had been granted for the maximum authorized period of 10 years, after which the licence can be renewed for additional periods. PYX holds a contractual interest in PT TGN though an Exclusive Option and Management Agreement.

The renewal of the tenement licence allows PT TGN to continue to perform exploration and mining works in the tenement area.

A summary of key provisions of the permit extension include:

- 1.5% Royalty on sales value of exported Zircon;

- Fixed rent payable to the Government of Indonesia of US$4 per hectare per annum;

- Corporate tax of 22% payable to the Government of Indonesia;

- Land and building taxes of 0.5% of taxable sales value payable to local government; and

- Environmental obligations, including reclamation bonding and plans

PYX Resources also advises that all Performance Rights held by the Chairman and CEO, Mr Oliver Hasler, have been cancelled in order to reflect a clearer picture of the financial performance of the Company. A total of 80,000 Performance Rights remain in issue, which are convertible into a maximum of 120,000 shares, subject to the achievement of certain milestones.

*To view tables and figures, please visit:
https://abnnewswire.net/lnk/GT3L8545

About Pyx Resources Limited:

PYX Resources Ltd. (NSX:PYX) (LON:PYX) is a global producer of premium zircon listed on the National Stock Exchange of Australia and the London Stock Exchange. The Company's flagship asset is the Mandiri mineral sands deposit, located in the alluvium sediment rich region of Central Kalimantan, Indonesia. Boasting the world's 5th largest producing deposit of zircon, PYX is a large-scale, near-surface open pit operation in production since 2015 and with exploration to date validating the presence of additional Valuable Heavy Minerals such as rutile, ilmenite among others within its mineral sands.

Source:
PYX Resources Ltd.

Contact:

ir@pyxresources.com Tel.: +61 2 8823 3132