



CENTREX METALS
LIMITED

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ASX Announcement 19th April 2017

Period Ending

31st March 2017

Quarterly Activities Report

Highlights

Corporate

- ▶ A\$ 21.1 million cash reserves remaining (after Ardmore sales transaction) as at 31st March 2017 with no debt

Ardmore Phosphate Rock Project, QLD

- ▶ Centrex signed development deal with Southern Cross Fertilisers Pty Ltd (“SCF”), a wholly owned subsidiary of Incitec Pivot Limited, for the Ardmore high-grade phosphate rock deposit in Northwest Queensland
- ▶ Ardmore is a smaller high-grade satellite deposit to the Duchess Mine which is located around 70 km east and feeds SCF’s Phosphate Hill ammonium phosphate fertiliser plant
- ▶ Centrex to pay A\$ 5 million for transfer of the Ardmore Mining Lease, and SCF to retain an interest in the project via a right of first refusal over up to 20% of production in addition to a 3% royalty
- ▶ Ardmore is one of the very few undeveloped high-grade phosphate rock projects in the world, and presents a fast-track development opportunity for Centrex
- ▶ 302 historic drill holes completed in the deposit, with the target phosphorite unit hangingwall and footwall contacts depths 8.3 m and 12.0 m on average respectively based on drilling to date, indicating favourable shallow open-cut mining operations
- ▶ Independent Exploration Target established for Centrex
- ▶ Data validation including further drilling to commence to convert the Exploration Target to JORC Mineral Resources
- ▶ Ardmore is located 90 km from the Mount Isa-Townsville rail line by an existing road and Centrex is well advanced in discussions with infrastructure providers for exports of phosphate rock from Townsville
- ▶ Feasibility studies will commence immediately on transfer of the Mining Lease to assess the best development option between a direct ship ore (“DSO”) product or a higher-value beneficiated product

Oxley Potassium Nitrate Project, WA

- ▶ Three 2kg agitated batch molten salt roast trials successfully completed in Canada showing high potassium extraction rates and the ability to mechanically agitate the roast material
- ▶ Further optimisation of the roast process is underway and the design for a continuous mini-pilot plant has commenced
- ▶ Design reviews of the Scoping Study roasting circuit by Hatch Pty Ltd (Hatch) has reduced the complexity and footprint of the plant design
- ▶ Hydrometallurgical circuit optimisation by Novopro nearing completion
- ▶ Hatch progressing to compile design reviews into updated Scoping level cost estimates
- ▶ KBR Weatherly engaged for onsite nitric acid plant feasibility study

REPORT

1. CORPORATE

The Company continues to maintain a healthy balance sheet with A\$ 21.1 million (including A\$ 0.2 million contained in the Eyre Iron Magnetite Joint Venture) in cash reserves remaining as at 31st March 2017, after the purchase of Ardmore, with no debt outside of current trade payables.

2. ARDMORE PHOSPHATE ROCK PROJECT, QLD

In February Centrex Metals Limited (“Centrex”) signed agreements with Southern Cross Fertilisers Pty Ltd (“SCF”), a wholly owned subsidiary of Incitec Pivot Limited, for the development by Centrex of the Ardmore high-grade phosphate rock project in Northwest Queensland. Ardmore is a smaller high-grade satellite deposit to the Duchess Mine which is located around 70 km east and feeds SCF’s Phosphate Hill ammonium phosphate fertiliser plant. SCF agrees to transfer, subject to necessary regulatory approvals, the Ardmore Mining Lease to Centrex for A\$ 5 million, and SCF will retain an interest in the project via a right of first refusal of up to 20% of production (at market prices) as well as a 3% royalty.

Ardmore is one of the very few undeveloped high-grade phosphate rock projects in the world. The deal

provides Centrex an opportunity to fast-track development of an advanced asset into revenue generation, which will also support longer term development of its Oxley Potassium Nitrate Project.

The Ardmore deposit has 302 historic drill holes completed over the outcropping deposit in the 1970s, with drill spacing down to 20 m by 20 m in some areas. The target phosphorite unit is shallow dipping, with the average depths from surface of the hanging wall and footwall contacts being 8.3 m and 12.0 m respectively based on drilling to date, indicating favourable shallow open-cut mining operations. From historical bulk sample excavations at the site down to 10 m using a D9 dozer, the mined material is expected to be “free-dig” without the need for drill and blast.



FIGURE: Mapping phosphorite section at Ardmore in historical excavation AE4.

An Independent Exploration Target has been established. For details please see the announcement 2nd February 2017:

<http://www.asx.com.au/asxpdf/20170202/pdf/43fr772d32lgt0.pdf>

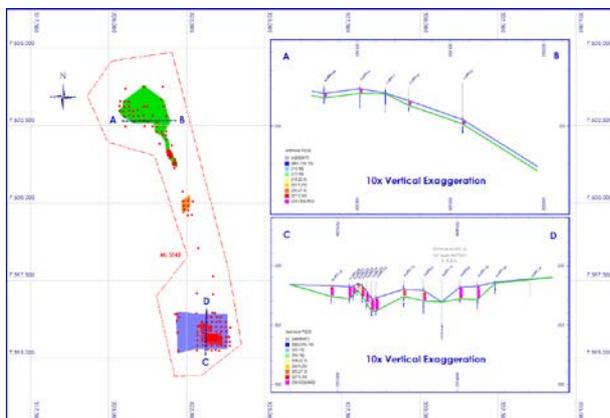


FIGURE: Plan view of the Ardmore high-grade phosphorite unit and historical drilling across the deposit, with vertically exaggerated section inserts.

Upon transfer of the Mining Lease Centrex will commence a feasibility study and environmental approvals for the project. SCF lodged an application for Indicative Approval of the Mining Lease transfer at the end of the quarter.

2. OXLEY POTASSIUM NITRATE PROJECT, WA

Centrex Metals Limited (“Centrex”) has successfully scaled up testwork on its Oxley Potassium Nitrate Project (“Oxley”) near the Port of Geraldton in Western Australia. Three 2kg batch molten salt roasts were completed at Kingston Process Metallurgy Inc. in Canada to convert and leach potassium from the ultrapotassic lava that forms the basis of the Oxley project. Initial results at the increased scale were highly encouraging with potassium extractions of up to 88% based on the residual potassium grades in the solid tails after water leaching and filtering of the roast products. Further optimisation is underway to improve on these already high recoveries.

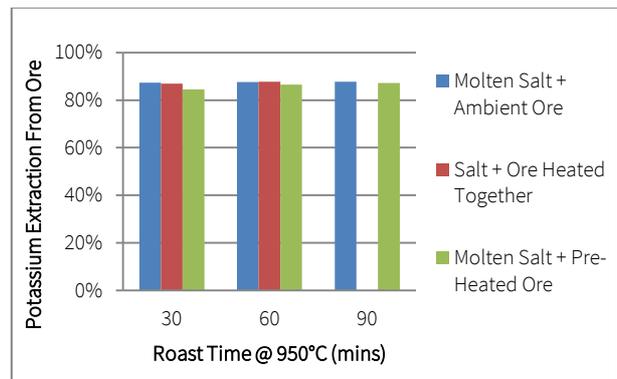


FIGURE: Potassium extraction from ore based on pin tube leach residue results.

3. GOULBURN POLYMETALLIC PROJECT, NSW

No exploration activities were undertaken during the quarter at the Goulburn Polymetallic Project.

4. IRON ORE PORTFOLIO, SA

No exploration activities were undertaken during the quarter by the Eyre Iron Magnetite Joint Venture (“Eyre Iron”). The Joint Venture held cash of A\$ 0.6 million as at 31st March 2017.

5. TENEMENTS

The Company and its wholly owned subsidiaries hold the following tenements and mining lease;

Western Australia

Oxley A E70/3777 Oxley B E70/4004
Oxley C E70/4318 Oxley D E70/4319
Oxley E E70/4320 Oxley F E70/4378
Oxley G E70/4729

New South Wales

Goulburn EL 7388 Archer EL 7503

Drafting of legal agreements to affect Centrex’s exit from the Bungalow Joint Venture is almost complete and it is expected that they will be signed during April. Following their signing it is anticipated that the various government approvals required for the transfers will take several months to complete.

South Australia

Bungalow/Minbrie EL 5851 Wanilla EL 5559
Carrow EL 4998 Greenpatch EL 5852
Mount Hill EL 5065

Retention Lease (South Australia)

Kimba Gap RL 129

Mining Lease (South Australia)

Wilgerup ML 6344

Attached is the Appendix 5B Statement of Cash flows for the period from 1st January 2017 to 31st March 2017.

For further information please contact:

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Chief Executive Officer
Centrex Metals Limited
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Gavin Bosch
Chief Financial Officer & Company Secretary
Centrex Metals Limited
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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Centrex Metals Limited

ABN

97 096 298 752

Quarter ended ("current quarter")

31st March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(5,325)	(6,508)
(b) development	-	-
(c) production	-	-
(d) staff costs	(303)	(877)
(e) administration and corporate costs	(171)	(574)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	145	591
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / refunded	-	174
1.7 Research and development refunds	-	-
1.8 Other – settlement proceeds - Port Spencer legal matter	-	1,279
1.9 Net cash from / (used in) operating activities	(5,654)	(5,951)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(20)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(3)	(20)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	26,799	27,077
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,654)	(5,951)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(20)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	21,142	21,142

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	231	5,983
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other – term deposits with maturity > 90 days	20,664	20,658
5.4	Other – restricted cash held in JV company	247	158
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	21,142	26,799

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	71
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8.	Financing facilities available	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Add notes as necessary for an understanding of the position</i>		
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	(1,952)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(218)
9.5	Administration and corporate costs	(219)
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	(2,389)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EL 5641 Wilgerup, SA EL 5712 Dutton Bay, SA	Tenements relinquished	100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Company secretary

Date: 19th April 2017

Print name:

Mr Gavin Bosch

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.