



ASX Announcement – 11 June 2019



Rail Subsidy and Townsville Container Terminal

Highlights

- ▶ Queensland Government announces:
 - \$20 million per year rail access subsidy
 - \$30 million contribution towards the construction of a new container terminal at the Port of Townsville
- ▶ Subsidy will support Centrex's Ardmore Project through reduced below rail access charges
- ▶ New container terminal will deliver further port options at Townsville
- ▶ New initiatives follow on from Queensland Government's previously announced \$380 million rail line upgrade, supporting rail freight from the North West Minerals Province

Discussion

Centrex Metals Limited (ASX: CXM) ("**Centrex**" or the "**Company**") welcomes the recent announcement by the Queensland Government (see attachment) that will see up to \$20 million a year of below rail access charges on the Mount Isa to Townsville rail line subsidised for the next four years.

The below rail access subsidy is likely to benefit Centrex by reducing the single largest operating cost for the Ardmore Phosphate Rock Project (**Ardmore**). The subsidy is designed to help encourage new development in Queensland's north-west minerals province, where Ardmore is located, by making rail transport more cost competitive.

Centrex also welcomes the Queensland Government's pledge to commit \$30 million to the development of a new multi-user container terminal at the Port of Townsville, the port through which the Company intends to ship phosphate concentrate from Ardmore. The development of the container terminal is likely to offer additional optionality for the handling of the concentrate.

This additional investment from the Queensland Government follows on from its previous announcement that it would spend \$380 million over five years to improve the Mount Isa to Townsville rail line. The proposed improvements are expected to provide a more reliable and quicker service, and reduce costs for users such as Centrex.

The Company was present at the Port of Townsville for the announcement and intends to work with government in the implementation of the rail subsidy.

Centrex Metals recognises the ongoing support of the Queensland Government for resource projects located in the North West Minerals Province, including the Ardmore Project.



Centrex Metals CEO, Mr Simon Slesarewich speaking at the Queensland Government's Announcement at the Port of Townsville, with (left to right): Deputy Premier and Treasurer, the Hon Jackie Trad; Minister for Communities, Disability Services and Seniors and Member for Mundingburra, the Hon Coralee O'Rourke; Mr Scott Stewart, Member for Townsville; the Hon Mark Bailey, Minister for Transport and Main Roads; and Mr Aaron Harper, Member for Thuringowa

Chief Executive Officer Comment

Centrex CEO Simon Slesarewich said: *"The Company congratulates the Queensland Government on identifying and moving forward with initiatives that will assist new developments in the north-west minerals province, where Ardmore is located. We look forward to assisting government with the implementation of the rail subsidy, which is likely to have a material impact on Ardmore's single largest operational cost – rail and port."*

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Media release



Deputy Premier, Treasurer and Minister for
Indigenous and Torres Strait Islander
Partnerships
The Honourable Jackie Trad MP
Minister for Transport and Main Roads
The Honourable Mark Bailey MP

9 June 2019

Mount Isa Line plan puts North West minerals freight on fast track

The Palaszczuk Government has unveiled a half a billion dollar plan to boost mineral freight exports on the Mount Isa Line.

Freight charges will be discounted, and a new container terminal built at the Port of Townsville to support an already beefed up five-year line maintenance budget to support North Queensland's resource industry.

Announcing the plan at the Port of Townsville today ahead of Tuesday's State Budget, Deputy Premier and Treasurer Jackie Trad said the investment would promote mining and exploration in the state's north west.

"Our state's economy is stronger when we have a reliable supply of minerals for export," Ms Trad said.

"This investment underlines our commitment to backing regional communities and regional jobs.

"We can improve reliability with better transport infrastructure and that's what this plan will do.

"Queensland's North West Mineral Province contains about 75 per cent of the state's base metal and minerals, including copper, lead, zinc, silver, gold and phosphate deposits.

"The Port of Townsville is Australia's largest exporter of zinc, copper, lead and fertiliser.

"A number of mines are trucking minerals from the north west to the port, and the trains that are carrying minerals in shipping containers have to be unloaded at Stuart and then trucked 12km to the port.

"Building a new common user rail freight terminal at the port will make the Mount Isa Line more attractive for exporters and take trucks off the Flinders Highway and Townsville's roads."

The Palaszczuk Government will contribute \$30 million towards the freight terminal's construction, with the Port of Townsville providing the remaining \$18 million.

Transport and Main Roads Minister Mark Bailey said the Palaszczuk Government would also provide \$80 million over four years to reduce rail access charges on the Mount Isa Line, to drive the shift from road to rail.

"The Mount Isa Line is critical for North Queensland's economy, and making it more efficient and cost competitive is vital to support and grow resources exports in the region," Mr Bailey said.

Mr Bailey said almost 75 per cent of the freight on the Mount Isa Line was made up of wagons carrying minerals, fertiliser and acid.

“Commercial operators pay access charges to Queensland Rail to use the Mount Isa line and industry has called on the Palaszczuk Government to make rail freight more competitive.

“We’ve listened and will provide Queensland Rail with \$20 million each year starting, from 1 July this year, to reduce rail access charges and will work with industry on implementation arrangements.

“The major repairs Queensland Rail carried out on more than 200 sites across 300-kilometres of track following the monsoonal weather event earlier this year have resulted in cutting almost an hour off the travel time between Mount Isa and Townsville, significantly improving efficiency and increasing capacity.

“The Palaszczuk Government is investing \$380 million over five years to maintain and improve the line, making the freight journey faster and more reliable.”

Mr Bailey said the Palaszczuk Government’s investment would give greater certainty to companies that relied on the Mount Isa Line and would generate regional jobs, including construction jobs for the new Townsville Port Rail Freight Terminal.

ENDS

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