



ASX Announcement – 29 June 2020



Company Update

Highlights:-

- **New Gold Targets at Centrex's 100% owned Goulburn Gold-Base Metal project**
- **Discussions continue regarding potential capital raisings**
- **Ardmore Phosphate Project DFS to be revised to provide updated financial parameters**

1. New Gold Targets at Goulburn Gold & Base Metal Project

Centrex Metals Limited (ASX: CXM) ("Centrex" or the "Company") is pleased to provide an update on progress of its Goulburn Project located south of Goulburn in New South Wales.

Centrex holds two exploration licences EL 7388 Goulburn and EL 7503 Archer located in the east Lachlan Fold Belt. Previous exploration within these tenements has mainly focussed on base metal mineralisation predominantly at the Collector, The Glen and Collector North prospects (*see ASX announcement references below*).

In February of this year Sky Metals Limited ("SKY") announced a significant new gold discovery at the Hume Prospect, Cullarin Gold Prospect (<https://www.asx.com.au/asxpdf/20200210/pdf/44dylkkq6dtvv3.pdf>). Subsequent to this announcement a number of new tenement applications have been made by other companies within the area, some of which are adjacent to Centrex's EL7388 (Figure below). Encouraged by the recent SKY announcement and corporate activity in the area Centrex conducted a review and identified two main gold targets for exploration within EL7388.

The first priority gold target for Centrex is located approximately 10 kilometres to the south of the Cullarin Gold Project. This target was identified through its proximity to the interpreted Cullarin Fault Zone, a major regional structural corridor that strikes in an approximate NS orientation down the western side of EL 7388. This structure and the nearby Mountain Ash Gold Mine (mined in 1908) also located within the western portion of EL 7388 makes this a potentially favourable gold exploration target for Centrex. There has been limited drilling or recorded surface sampling analysed for gold within this target area providing an exploration opportunity for Centrex.

The second gold target is along strike of the Collector North copper and gold prospect discovered by Centrex in 2015. The Collector North prospect is interpreted as a transitional deposit type between sub-aerial low sulphidation epithermal and submarine volcanogenic massive sulphide styles of mineralisation. Centrex drilled three diamond drill holes at the Collector North prospect into a magnetic and IP anomaly resulting in CD010 intersecting 5.9m @ 0.98% Cu, 0.5% Zn and 0.31g/t Au from 105.9m *. This structurally complex area trends NNE of Collector North and contains both Silurian-aged volcanics and Ordovician-aged sediments thought to be prospective for both epithermal and orogenic styles of gold mineralisation.

A first pass exploration plan has been developed including geochemical sampling and field mapping to be undertaken once land access and other arrangements have been secured.

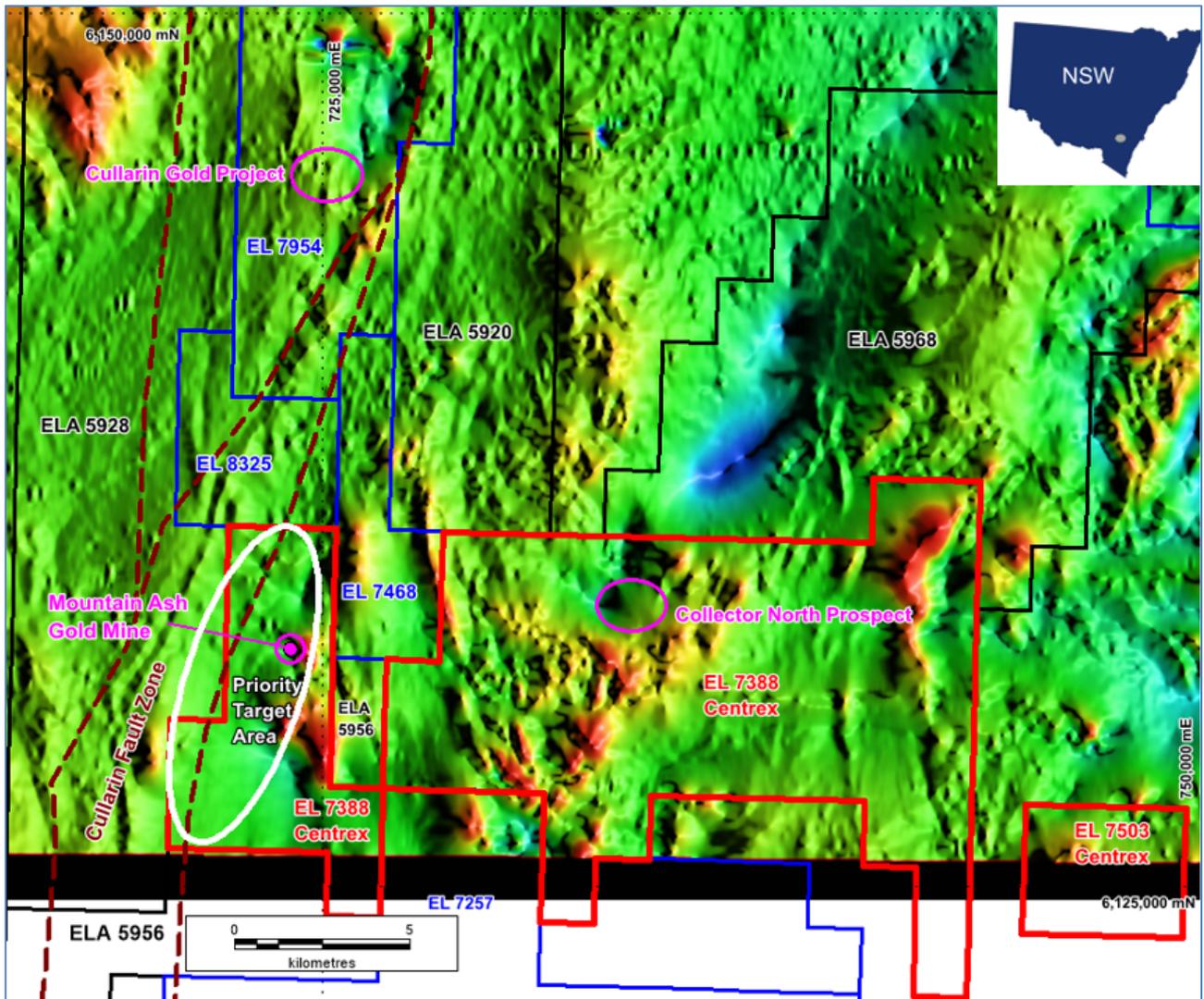


Figure: Regional TMI image showing Centrex's exploration licences 7388 and 7503 in red with the priority target area near the Mountain Ash Gold Mine and the second target near the Collector North Prospect. The location of the SKY - Cullarin Gold Project is shown to the north as well as the surrounding EL's and recent EL Applications.

- * The previous Centrex announcement of historical drilling results from the Collector and The Glen prospects can be found in the ASX announcement on 17th June 2014: (<http://www.asx.com.au/asxpdf/20140617/pdf/42q7znkpj7hkbv.pdf>)
- * The previous Centrex announcement of drilling results from the Collector North Prospect can be found in the ASX announcement on 27th February 2015 (<https://www.asx.com.au/asxpdf/20150227/pdf/42wy4j3mf43n6h.pdf>)

These results were reported under JORC 2012 and Centrex is not aware of any new information or data that materially affects the information contained within the releases.

2. Capital Raising Discussions Continue

Discussions are continuing with various funders aimed at providing funding for the Ardmore Phosphate Project and also for Centrex's other projects. Delays have been experienced because of the Covid 19 pandemic, but progress is still being made.

3. Ardmore Phosphate Project Update

Marketing of concentrates from the proposed trial mining operation and also from full production continues. Centrex is pleased by the interest in its proposed future phosphate production and is working towards obtaining commitments for future production.

Due to recently-received information regarding projected commodity prices and delays associated with the Covid 19 pandemic, Centrex proposes revising the Ardmore Phosphate Project DFS to include updated financial parameters. (The assumptions contained in the DFS released in October 2018 are now at variance with the new information that has been received but the new parameters have not been fully assessed).

As is reflected in recently released commodity information, the Covid 19 pandemic continues to inject uncertainty regarding future phosphate prices, exchange rates, the lifting of state and country lock-downs and accordingly project construction timelines, making forecasting outcomes uncertain.

While the assessment of new information has not yet advanced materially in regard to the revision of the Ardmore DFS, it is considered probable there will be changes to the previously released DFS.

Centrex is currently scheduling production of concentrates from the trial mine project at Ardmore will now occur in mid to late 2021, with production from the full Ardmore project commencing in mid to late 2022. The recovery in phosphate prices is forecast to commence later in 2021.

4. Oxley Potash Project

Research work continues aimed at refining the processes necessary to produce a commercial product from Centrex's 100%-owned Oxley potash Project. Delays have been occasioned by the Covid-19 lockdown, but additional progress is planned in the near future.

5. Iron Ore Royalties Update

Centrex Metals is entitled to receive royalties up to a limit of \$10m in regard to several iron ore projects that were sold to Simec Mining, a business owned by OneSteel Manufacturing Pty Ltd ("OMPL"), the owner of the nearby Whyalla steelworks.

A proposal was recently announced by the owner of OMPL to carry out a study into committing \$1bn in expenditure to upgrade the Whyalla steelworks by installing an electric arc furnace and a direct reduced by facility aimed at doubling steel production.

There may be potential for the above expansion to affect the potential for Centrex to achieve the royalties.

This announcement is authorised by the board of the company

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