



ASX Announcement



Ardmore Phosphate Project – Rejection of Extension Fee under Royalty Deed

20 September 2021

ASX Code: CXM

Issued Capital:

Shares	367M
Share Price	A\$0.047
Market Cap.	A\$17.25m
Cash (30 Jun)	A\$2.699M

Board of Directors:

Mr Peter Hunt
Non-Executive Chairman

Mr Graham Chrisp
Non-Executive Director

Dr A John Parker
Non-Executive Director

Mr Robert Mencil
Managing Director

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Centrex Metals Limited (ASX: CXM) (“Company”) wishes to update the market on recent correspondence received from the royalty holder for the Ardmore Phosphate Rock Project.

The Ardmore Phosphate Rock Project is subject to a Royalty Deed which was signed between Southern Cross Fertilisers Pty Ltd (**Royalty Holder**), Centrex Phosphate Pty Ltd (**Centrex Phosphate**) and the Company on 27 June 2017 and subsequently amended on 31 July 2017 and 30 April 2018 (**Royalty Deed**).

The Royalty Deed includes an extension fee clause. The clause requires Centrex Phosphate to pay a A\$2m (plus GST) extension fee (**Extension Fee**) to the Royalty Holder if it triggers an Extension Period under the clause. The Extension Fee is payable on the first day of the Extension Period and on each anniversary thereafter until the end of the Extension Period, with the Extension Fee being attributable to the next 12 months after the due date of payment.

The Extension Period means the period which:

- (a) commences on the fourth anniversary of the registration of the transfer of the tenement covering the Ardmore Project to the Grantor (**Tenement**); and
- (b) ends on the date that “Mining” first commences.

The transfer of the Tenement to Centrex was registered on 27 June 2017. Accordingly, a potential Extension Period would have commenced on 27 June 2021. Importantly, however, should Mining commence before 27 June 2021, the Extension Period will

not commence and any requirement to pay the Extension Fee will be of no further effect.

Within the Royalty Deed, "Mining" is defined as the commercial extraction of Minerals from the Royalty Area at a rate at which the total production quantum of the Minerals extracted will exceed 25,000 metric tonnes per annum.

On the evening of the 16 September 2021, the Company received an invoice from the Royalty Holder requesting payment of the Extension Fee.

The Board has subsequently sought and obtained legal advice.

The Company believes that the mining of more than 27,000 tonnes of ore during February 2021 and the commercial sale of phosphate rock has met the Royalty Deed's definition of the commencement of Mining. The board has therefore determined to reject the request for payment of the Extension Fee.

The Company notes that the Royalty Deed includes a dispute resolution clause. The clause includes a requirement for both parties to negotiate in good faith with a view to resolving any dispute within 21 days after the receipt of a dispute notice.

The Company looks forward to the matter being resolved in good faith and will keep the market informed on any developments.

This ASX announcement has been approved and authorised for release by the Board of the Company.

For further information please contact:

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