



ASX Announcement

Quarterly Activities Report - March 2022

29th April 2022

ASX Code: CXM

Issued Capital:

Shares	547M
Share Price	A\$0.14
Market Cap.	A\$76m
Cash (31 March)	A\$3.224M

Board of Directors:

Mr Peter Hunt
Non-Executive Chairman

Mr Robert Mencil
Managing Director

Mr Graham Chrisp
Non-Executive Director

Dr A John Parker
Non-Executive Director

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Highlights

Corporate

- ▶ A\$3.224 million cash reserves as of 31st March 2022
- ▶ Successful A\$16M Raise via Placement and Entitlement Offer to advance the Company's Ardmore Phosphate Rock Project
- ▶ Offtake Allocation (20%) and 5K Trial Shipment signed with Ravensdown
- ▶ Conversion of Convertible Note
- ▶ Shareholder support Unlisted Options
- ▶ Key Appointments - Chief Technology Officer & Engineering & Project Manager

Project Advancement

- ▶ Ardmore Site Update
- ▶ Phosphate prices continue to increase.
- ▶ Oxley Potash – Test work ongoing

Report

1. CORPORATE

The Company ('Centrex') maintained a cash balance of A\$3.224 million as at 31 March 2022.

On 6 April 2022, Centrex announced that it had received binding firm commitments for a share placement of 57.1m ordinary shares to institutional, professional and sophisticated investors (**Placement**) at an issue price of \$0.14 per share to raise gross proceeds of approximately \$8m.

The Company also announced the launch of a 5 for 42 pro-rata, non-renounceable entitlement offer to Eligible Shareholders (**Entitlement Offer**) to raise up to a further \$8 million. The new fully paid ordinary shares to be issued pursuant to the Entitlement Offer were offered at the same price as issued under the Placement.

In a strong showing of support for the Company, the offer was fully underwritten by Taylor Collison as per the terms set out in the offer booklet in respect of the Entitlement Offer. Taylor Collison was appointed as sole lead manager to the Placement and Entitlement Offer.

Centrex's Managing Director Robert Mencil said:

"We are delighted with the strong support we have received for the Capital Raising from high-quality new and existing sophisticated and institutional investors. The Capital Raising marks an important milestone for the Company, allowing us to continue to develop the Ardmore Project at a time of globally high rock phosphate prices. The capital raised will allow Agriflex (Centrex's wholly owned subsidiary) to grow Ardmore's resource and reserves, lift production levels, reduce operating costs and increase the project's value"

Centrex announced on 4 April 2022, that its 100% owned subsidiary Agriflex Pty Ltd (**Agriflex**) had executed an agreement with Ravensdown Limited (**Ravensdown**) for a 5,000 wet tonnes benefited

phosphate rock trial shipment and a first right of refusal to purchase 20% of the Ardmore mine's annual production for the first three years.

Ravensdown is a leading New Zealand-owned agricultural cooperative company. It manufactures and markets agricultural inputs and services throughout New Zealand.

The 5,000 wet tonne shipment was sold on a free on board basis, to be loaded Townsville, Queensland for loading first half of September 2022. The trial shipment was sold at a price in line with current market pricing.

With the signing of this agreement, the Ardmore Project has 70% of its first three years of production allocated to first class customers. The Company continues to work on the remaining 30%, and is hopeful that by the end of May, it will have 100% of its production allocated. With 100% of its offtake allocated, this positions the Company to progress its final investment decision (FID).

The Company advised on 1 April 2022, that upon the receipt of a notice of conversion from the Convertible Note holder, the Company converted the \$1m face value of the convertible note (including all capitalised interest on the outstanding loan) and subsequently issued 59,545,454 ordinary shares and 59,545,454 attaching options to the noteholder in accordance with its terms.

The holder of the Convertible Note is an associate of Mr Graham Chrisp, a shareholder and director of the Company. The Convertible Note holder has agreed to a voluntary escrow on the converting shares from trading on the ASX, for the period from the date of allotment to the earlier of 8 months or the date of the final investment decision (FID) on the 800,000 tpa Ardmore Phosphate Project.

All funds owing in relation to the Convertible Note have now been converted to securities and, as a consequence, the Company is now free of the convertible debt. The registered security over the Company has also been removed which leaves a clean capital structure and no overhanging security charges on the Company. All will assist the Company when it comes to progressing its final investment decision (FID).

During the quarter, the Company raised \$430K from shareholders exercising their unlisted options that were issued as part of the 2020 Rights Issue. We would like to thank those shareholders for their continued support.

2. ROCK PHOSPHATE PRICE / MARKET

Again, this quarter the Phosphate Rock price reached their highest levels since early 2013, eclipsing the previous quarter FOB North Africa (68-72% BPL) benchmark price of US\$176.5 per tonne with the current March 2022 quarter high of \$178.80 (Ref: World Bank Commodities).

The increased global demand for Phosphate Rock drove the price as fertilizer demand remains strong supported by high crop & beef prices. What has changed in the Phosphate Rock market is uncertainty over Russian rock production and exports due to sanctions placed after the outbreak of war in the Ukraine.

Russian Phosphate Rock, like Centrex's Ardmore rock, is high-grade and contains low levels of cadmium and other heavy metal impurities. Consequently, there may be at least a temporary shortage of such rock on the internationally traded market which may make the Centrex's product very desirable once available.

As reported during the quarter in our company update, CRU, one of the worlds leading analysts on Rock Phosphate, reports that OCP Morocco (the worlds leading Phosphate Rock producer) are "now agreeing some 68-72% BPL phosphate rock contracts for the first quarter 2022 at \$245-300/t FOB", reflecting a \$90/t rise on the 2021 Q4 Morocco (68-72% BPL) price assessment at \$140-225/t FOB. (ASX Ann: Feb 24 2022).

The Company's updated Definitive Feasibility Study (DFS) in August 2021 used a benchmark phosphate price of US\$125 per tonne. The current US\$178.8.5 per tonne benchmark phosphate price represents a 43% increase compared to US\$125 benchmark price used in the August 2021 DFS.

3. APPOINTMENTS

During the Quarter, the Company made two key management personnel appointments being Mr Enzo Artone (Chief Technical Officer) and Mr Gavin Swart (Engineering & Projects Manager).

Enzo holds a tertiary qualification in Primary Metallurgy and has more than 40 years' Australian and international resource industry experience. He has previously held senior roles for RIO Tinto, BHP, Newmont, WMC and Normandy. His most recent role was Manager/Principal Process Engineer (Brownfield Expansion Project) with BHP at their Olympic Dam Operation. Key projects that Enzo has been involved in include BHP's brownfields expansion (\$2.3B), OD debottlenecking project; the WMC Olympic Dam Expansion (\$1.5B, 1998); and Hamersley Iron optimisation. His past roles include Principal Consultant Mineral Processing (Base Metals and Gold) for Rio Tinto Technical Services and Experimental Scientist with CSIRO Minerals Processing.

His initial task is to assist Centrex's 100% subsidiary Agriflex Pty Ltd (Agriflex) with the commissioning of its Ardmore processing plant and the finalisation of the metallurgical flowsheet for the 800,000 tpa phosphate processing plant.

As Chief Technical Officer, Enzo is responsible for Centrex's new business, project and product generation.

Gavin holds tertiary qualifications in Extractive Metallurgy, Business Management and Project Management and more than 34 years' resource industry experience in Africa, Asia, USA, and Australia. Gavin has a successful track record in the delivery of several key significant greenfield projects including within the Namakwa Sands Project (Exxaro, South Africa), the KZN Sands Project (Tronox, \$250M, South Africa), the Ginkgo and Snapper Mines (Tronox, \$200M, NSW), the WRP Mine (Iluka, \$100M, Vic), the Cataby Mine (Iluka, \$275M, WA), the Balranald Mine (Iluka, \$140M, NSW) and Puttalam Mine (Iluka, Sri Lanka \$25M).

His most recent role was as Operations Manager for Iluka Resources at their Jacinth Ambrosia Operation.

Gavin's initial task is managing the construction of Agriflex's 800,000 tpa phosphate processing plant.

As Centrex Engineering and Project Manager, Gavin is responsible for the Company's engineering standards and project execution.

4. ARDMORE PHOSPHATE ROCK PROJECT, QLD

Direct Application Rock Phosphate (DAPR)

Marketing efforts continue to promote DAPR sales. Sales continue to grow albeit from a small base. Pleasingly, we are now receiving repeat customer business.

During the quarter, approximately 520 tonnes of DAPR was sold.

Initial Production Plant

Centrex personnel mobilised to site late February 2022. Site construction commenced as scheduled early March 2022 and is expected to be completed by July 2022. To date, more than 18 truckloads of materials have been delivered to site and installed (Figures 1,2, and 3). The bulk of the remaining work is

the completion of non-process infrastructure (power distribution and water supply).



Figure 1 – Installation of reverse osmosis plant



Figure 2 – Completed section of water pipeline.



Figure 3 – Completed processing plant.

Plant commissioning and first product is expected to take place in July 2022 with first shipment in August 2022.

The Company recently received minor amendment approval to its existing Environmental Approval. This allows the Company to recommence mining and undertake processing operations onsite. A preferred mining contractor has been selected and is expected to mobilise to site in April 2022.

Planning and contract discussions are well advanced for production and shipment of five individual 5,000 tonne trial parcels (25,000t total) to be sent to customers for their prequalification. Negotiations continue with these customers for potential longer term arrangements over the remaining 30% of uncommitted first right production offtake.

The Company is investigating the potential to operate the initial production plant beyond the production of the initial trial shipments. This has the potential to provide early cashflow and further de-risk the project through greater customer acceptance.

Aurizon Operations Limited has indicated the potential to transport up to 114,000 tpa using their proposed interim logistics solution.

Commercial Plant

Front Engineering and Design continues for the 800,00 tpa commercial plant.

GRES have been employed to complete the stage 1 scope of work (SOW), focusing on optimising the physical location of the process plant and is expected to take four months to complete.

Three potential plant locations are being examined in detail. These are the Ardmere site, a potential site near Mt Isa and Townsville.

The Definitive Feasibility study is based upon the plant being built at Ardmere. The benefit of the Ardmere site is the reduced logistics costs as only final product is transported.

The benefit of the Mount Isa site is access to mains services (water, gas, electricity) and other established

town services (workforce, accommodation, airport etc). Only the final product would need to be transported from Mt Isa to Townsville.

The benefit of the Townsville region is access to lower cost services and immediate access to the port.

A commercial plant located in Mt Isa or Townsville could also cost effectively process ore from alternative sources using rail transport.

A plant located in Townsville could potentially also be fed using ore sourced from overseas.

5. OXLEY POTASSIUM FERTILIZER PROJECT, WA

Metallurgical test work continued on Oxley ore.

The aim of the test work is to convert Oxley ore's structural potassium into a soluble plant-available potassium using a relatively simple low-cost alkali-hydrothermal treatment. The final product needs to be sufficiently high in soluble potassium (K) to be cost effective.

Metallurgical sighter test work was completed during the quarter on Oxley ore using a hydrothermal bake with milk of lime (Ca(OH)_2) pressured leached at 130 psi/180°C. The sighter test results will be reviewed as part of the wider metallurgical testing on the Oxley ore and the Company will update the market once complete.

The metallurgical flow sheet to produce a potassium carbonate fertilizer from Microcline is understood, however the cost effectiveness still needs to be assessed.

During the Quarter, the Company applied for the following Western Australia exploration licences around its Oxley tenements:

- E70/5976 Exploration Licence Application
- E70/5977 Exploration Licence Application
- E70/5978 Exploration Licence Application

6. GOULBURN GOLD-BASE METAL PROJECT, NSW

The Company has two exploration licences EL 7388 Goulburn and EL 7503 Archer, located in the east Lachlan Fold Belt.

During January 2022, the Company conducted a short site visit at the former Mountain Ash Gold Mine which is located within the western portion of Centrex's EL 7388.

No exploration is planned in the next Quarter.

7. EXPENDITURE

The total expenditure on exploration and development activities by the Company during the Quarter was A\$0.951M for general care and maintenance of all tenements. A\$0.253M of this amount related to plant & equipment/long lead items for the commissioning of the initial plant.

For the purposes of Item 6.1 of Appendix 5B, the aggregate payments during the Quarter to related parties (totalling \$42,000) were comprised of Consulting Fees, Directors fees plus statutory superannuation.

8. FUTURE QUARTER MILESTONES

- Increased Direct Application Rock Sales
- Progress further offtake allocations
- Commission Initial Production Plant
- Progress Commercial Plant Engineering and Design

9. TENEMENTS

The Company and its wholly owned subsidiaries hold the following tenements and leases as of 31 March 2022:

Queensland (Phosphate)

Ardmore	ML 5542
Ardmore	EPM 26551
Ardmore	EPM 26568
Ardmore	EPM 26841

New South Wales (Zinc)

Goulburn	EL 7388
Archer	EL 7503

Western Australia (Potash)

Oxley	E70/4318
Oxley	ELA70/5976
Oxley	ELA70/5977
Oxley	ELA70/5978

Northern Territory (Phosphate)

ELA	32048
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This Quarterly Activities Report and Appendix 5B have been approved for release to the ASX by the Board of Centrex.

Attached are the Appendix 5B Statement of Cash flows for the period from 1st January 2022 to 31st March 2021.

For further information please contact:

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Centrex Metals Limited
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About Centrex Limited

Centrex Limited is looking to secure Australasia's sustainable agriculture future through the exploration and development of its wholly owned Ardmore Phosphate Project and Oxley Potash Project. The products from both projects are necessary ingredients for global food production and human nutrition. The Centrex Limited fertiliser projects are located near to established energy and transport infrastructure that are necessary for access to established agricultural markets. The Company is also continuing its copper-gold-base metal exploration projects near Goulburn in the Lachlan Fold Belt in New South Wales.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Centrex Limited

ABN

97 096 298 752

Quarter ended ("current quarter")

31st March 2022

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	71	91
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(164)	(405)
	(e) administration and corporate costs	(160)	(749)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	3
1.5	Interest and other costs of finance paid	-	(30)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (Fuel Tax Credits/Cash Flow Boost)	-	-
1.9	Net cash from / (used in) operating activities	(252)	(1090)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(253)	(253)
	(d) exploration & evaluation (if capitalised)	(698)	(2,560)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(951)	(2,813)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,000
3.2	Proceeds from issue of convertible note	-	-
3.3	Proceeds from exercise of options	430	632
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(204)
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 (Convertible note interest)	-	-
3.10	Net cash from / (used in) financing activities	430	4,428

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,997	2,699
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(252)	(1,090)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(951)	(2,813)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	430	4,428

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,224	3,224

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	2,594	3,377
5.2	Call deposits	-	-
5.3	Bank overdrafts		
5.4	Other – term deposits (maturity within 90 days)	120	110
5.4	Secured term deposits*	510	510
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,224	3,997

* Term Deposits held in relation to secured bank guarantees

6.	Payments to related parties of the entity and their associates
6.1	Aggregate amount of payments to related parties and their associates included in item 1 (Includes Directors Fees plus Superannuation)
6.2	Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
42
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>			
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(252)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(951)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,203)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	2,224
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	2,224
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.85
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1.	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Yes	
2.	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Yes, the Company announced on the 6 th April 2022 a fully underwritten \$16M Share Placement and Entitlement Offer. The Company completed the Placement on 12 April 2022 raising a total of \$7,994,643 and the Entitlement Offer is scheduled to close on 29 April 2022.	
3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: Yes, the Company expects to continue its operations and meet its business objectives for the reasons outlined above.	

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.

Date: 29 April 2022.....

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.