



ASX Announcement

# Quarterly Activities Report – September 2022

31 October 2022

ASX Code: CXM

**Issued Capital:**

Shares	608M
Share Price	A\$0.13
Market Cap.	A\$79m
Cash (30 <sup>th</sup> Sept)	A\$6.236m

**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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**CENTREX**

## Highlights

### Corporate

- ▶ A\$6.236 million cash reserves as of 30<sup>th</sup> September 2022
- ▶ Key Appointments – Sales & Marketing

### Project Advancement

- ▶ Successful Commissioning of Plant and Producing a world-class plus 34.5% P205 final product
- ▶ 100% of its first three years of production allocated
- ▶ First shipments
- ▶ Continued Strong Phosphate prices

# Report

## 1. COMPANY OVERVIEW

Centrex Limited's (ASX:CXM) ('Centrex' or 'Company') primary focus for the September quarter was the Ardmore Phosphate Rock Mine ('Ardmore') which is 100% owned by its wholly owned subsidiary, Agriflex Pty Ltd ('Agriflex').

On 1 July 2022, the Company announced that Agriflex had executed a further agreement for a trial shipment, this time with Ameropa Australia Pty Ltd. The agreement covered the sale of a 5,000 wet tonnes beneficiated phosphate rock trial shipment to Ameropa and includes a first right of refusal to purchase 10% of the Ardmore mine's annual production for the first three years.

The allocation of the remaining 10% of Available Production marks an important milestone for the Company with 100% of the first three years of Available Production now reserved to quality customers in Australia, New Zealand and Asia.

On the 13 July 2022, the Company reported that continuous production from the Ardmore Beneficiation Plant's ('Plant') name plate capacity and metallurgical design performance had been achieved. The Plant is consistently and reliably achieving the designed throughput rate of 70 tonnes (wet) per hour feed of phosphate rock. Achieved product mass yield is in line with the Plant's 70% design parameter.

Product grade produced is in line with design, with a plus 34.5% P2O5 final product grade being achieved from a 30-31% P2O5 feed grade. Pleasingly, the final product's combined Al2O3 and Fe2O3 (assayed) grade impurity level is below the preferred market acceptance level of 3%. Cadmium levels are ultra-low, typically around 1ppm.

On 9 August 2022, the Company announced that its logistics contractor had begun transporting the first high-grade beneficiated phosphate rock product to the Townsville port.

The current logistics solution involves filling beneficiated product into half height or three-quarter height containers onsite. The filled containers are transported to Mount Isa via road and then railed onto Townsville.

The filled containers are stored in Townsville in readiness for ship loading. To load ships, the containers are rotated and emptied into the hold of a vessel.

During the September Quarter, the first parcel of beneficiated phosphate rock product was shipped to a customer (via Singapore). The initial parcel consisted of 500 tonnes and was containerised on a Cost and Freight (CFR) basis.

The Company also sold 2,000 tonnes of beneficiated phosphate rock product to an Australian customer on a mine gate sale basis.

Post September, the Company announced on the 12<sup>th</sup> of October that the first bulk shipment of beneficiated phosphate rock product was successfully loaded and sold on a Free-On-Board (FOB) basis (Figure 1.). The shipment consisted of a previously contracted 5,000 tonne parcel plus an additional circa 2,000 tonnes was also sold due to demand.



Figure 1 – Managing Director Robert Mencil overlooking loading of the first bulk shipment.

The Company was pleased that the product demonstrated excellent material handling

characteristics and generated no environmental issues whilst loading.

During loading, water misting units were in place to control any potential dust but proved unnecessary. The containers emptied cleanly (Figure 2.) first time with no reported “carry back” or “hang ups” (Figure 3.). The product also had a relatively low rill angle allowing the product to fill the ship’s hold quickly and evenly.

These positive material handling characteristics significantly assist future loading and unloading of vessels and augurs well for the product’s handling at our customers processing facilities.

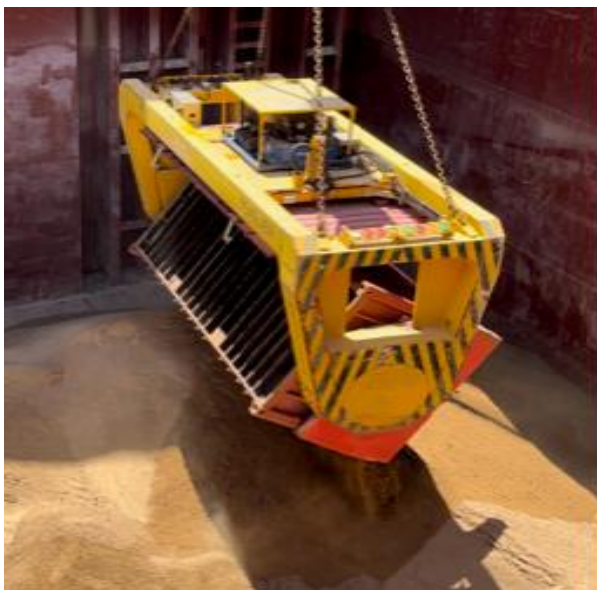


Figure 2 – Rotating container and product



Figure 3 – Empty clean container

## 2. ROCK PHOSPHATE PRICE / MARKET

The Company is closely monitoring recent developments in phosphate rock prices and restricted supply, which continue to support the sustainability and profitability of the Ardmore Phosphate Rock Mine.

The August 2022, Monthly Benchmark Phosphate Rock price reached its highest levels since early 2009, with a FOB North Africa (68-72% BPL) benchmark price of US\$320 per tonne (Source: World Bank Commodities). The benchmark price of US\$320 per tonne was maintained for all of the September Quarter.

The Company’s updated Definitive Feasibility Study (DFS) in August 2021 used a benchmark phosphate price of US\$125 per tonne. The current US\$320 per tonne benchmark phosphate price represents a 156% increase.

## 3. KEY APPOINTMENTS

### Sales and Pricing Manager – William (Bill) Mihail

Mr Mihail is a senior supply manager with over 40 years’ working in multi billion-dollar industries across petrochemicals, fertiliser and raw material commodities. He is considered an experienced subject matter expert in fertiliser commodity trading and supply chain practices.

His most recent role was as Supply Manager for industrial chemical fertiliser manufacturer Incitec Pivot Limited.

### Shipping and Logistics Coordinator - Veda Business Pty Ltd

Veda Business Pty Ltd’s staff have over 20 years’ experience undertaking shipping, chartering and logistics coordination for multibillion-dollar industries across building, stones, petrochemicals, fertiliser and raw material commodities.

## 4. ARDMORE PHOSPHATE ROCK MINE, QLD

### Direct Application Phosphate Rock (DAPR) Sales

The September Quarter aligns with southern Australia's farming fertiliser off season. As a result, no DAPR sales occurred during the quarter.

The level of enquiries from farmers and the organic fertilizer sector for the upcoming fertilizer season have been robust and orders received for future delivery already exceed the previous 12 month's total.

Work continued developing inoculants to enhance Ardmore's DAPR's phosphorus solubility/availability. The test work, conducted by Microbiology Laboratories Australia, has progressed to the pot trial stage.

Several Phosphate nutrient liberating microbes have been isolated after the successful bio-prospecting phase. The ecofriendly DAPR was inoculated with the assorted nutrient liberating microbes and subsequently prilled.

The randomised laboratory grown pot trials comprises of both an acidic and alkaline type soil medium at various application rates and sown to a clover and ryegrass pasture mixture.

Results of the pot trials will be available in approximately five months' time. If successful, the Company will investigate the potential to create a value add DAPR product.

### Beneficiated Phosphate Rock Sales

During the quarter, the Company commenced shipment of beneficiated phosphate rock via the port of Townsville.

A first parcel of beneficiated phosphate rock product was shipped to a customer (via Singapore). The initial parcel consisted of 500 tonnes at a grade of 34.6% P<sub>2</sub>O<sub>5</sub> and was containerised.

The Company also sold 2,000 tonnes of beneficiated phosphate rock product to an Australian customer on a mine gate sale basis.

### Mining and Crushing

During the quarter, the Company mined 51,430 tonnes of ore and 83,089 tonnes of waste. Total ore tonnes crushed was 43,367 tonnes.

Mining production was impacted by high rain fall events, in particular the need to temporarily reallocate mining equipment to complete road repair work.

### Processing and Drying

During the quarter, 34,991 tonnes of ore was processed through the beneficiation plant.

The beneficiation plant continues to operate at the design rate of 70 wet tonnes per hour and 70% mass recovery (75% P recovery) in line with name plate capacity.

A limiting factor on increasing the throughput rate is feed water pumping capacity. Engineering solutions are scheduled to be implemented during the December quarter with the aim of increasing throughput rates to 100 wet tonnes per hour.

Initial production is currently carried out utilising solar drying. The production schedule currently allows three weeks for product drying; however, actual solar drying times are weather dependent.

In readiness for shipments, at the end of September the Company had transported and stockpiled over 7,400 tonnes of product in Townsville.

Subject to achieved drying rates, an initial transport rate of 10,000t per month is scheduled, increasing up to 30,000t per month by February 2023 with a target of 40,000t per month from February 2024.

### Ardmore Stage 1.5 Project

Engineering and project management work continues investigating the Ardmore "Stage 1.5 Project".

The scope of the “Stage 1.5 Project” is the upgrade of the existing process plant and associated non-processing infrastructure to produce 625,000 tonnes of beneficiated high-grade concentrate per annum.

This interim development stage has the potential to significantly increase production in the near term, providing an attractive low cost, high return capital investment.

Investigations are continuing for a project team recruitment, procurement and execution schedules for a Stage 1.5.

During the quarter, detailed engineering design was substantially completed on updates to hydrology models, tailings storage facilities, product screening, flotation and drying systems.

Work on optimising the Ardmore to Townsville logistical leg in conjunction with the existing logistics provider, Aurizon, is ongoing in order to ensure sufficient material transport capability exists as Ardmore progressively ramps up.

#### **Ardmore Ongoing Research and Development**

The Company has commenced investigating potential downstream processing opportunities.

These include:

- o Di Calcium phosphate production from low grade product (various methods)
- o High purity (Small scale) technical grade phosphoric acid production
- o Potential for Rare Earth by-products. (Ardmore has elevated REE content compared to most other phosphorite deposits)

#### **5. OXLEY POTASSIUM FERTILIZER PROJECT, WA**

Metallurgical test work continued on Oxley ore. The test work is focused on the following areas:

- High temperature calcium hydroxide hydrothermal bake (260 degrees)

- o Targeting increased liberation of potassium into water and acid soluble form
- o Test work for iron reduction prior to hydrothermal bake to test influence of iron in hydrothermal bake (iron may be limiting potassium release).
- Investigate potential for producing high grade Orthoclase for ceramics industry
  - o Reviewing Oxley resource model to identify low iron ore zones that may be suitable for ceramics industry.

#### **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.

No exploration work occurred during the September Quarter.

#### **7. EXPENDITURE**

The Company maintained a cash balance of A\$6.236 million as of 30<sup>th</sup> September 2022.

The total production expenditure by the Company during the Quarter was A\$6.366M, a majority of which was spent on substantive mining production, crushing and processing at the Ardmore Rock Phosphate project. A\$0.257M was spent on development costs relating to Stage 1.5 and long lead items.

The \$0.228M in receipts from customers relates to a progress payment for a mine gate sale. Mine gate sell prices reflect the absence of associated logistics costs.

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

- Execution of further Shipments
- Repeat Sale Contracts
- Further development of a “Ardmore Stage 1.5 Project”.

### Western Australia (Potash)

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

## 9. EXPLORATION AND TENEMENTS

The Company and its wholly owned subsidiaries hold the following tenements and leases as of 30 September 2022:

### Queensland (Phosphate)

Ardmore	ML 5542
Ardmore	EPM 26551
Ardmore	EPM 26568
Ardmore	EPM

### New South Wales (Zinc)

Goulburn	EL 7388
Archer	EL 7503

### Northern Territory (Phosphate)

ELA	32048
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The company continues to actively pursue other fertiliser and mineral resource opportunities.

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 1<sup>st</sup> July 2022 to 30<sup>th</sup> September 2022.

### For further information please contact:

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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")

30<sup>th</sup> September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	228	228
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(65)	(65)
(b) development	(257)	(257)
(c) production	(6,366)	(6,366)
(d) staff costs	(366)	(366)
(e) administration and corporate costs	(335)	(335)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	18	18
1.5 Interest and other costs of finance paid	(5)	(5)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(7,148)</b>	<b>(7,148)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(61)	(61)
(d) exploration & evaluation (if capitalised)	(64)	(64)
(e) investments	-	-
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
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	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(125)</b>	<b>(125)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities	-	-
3.2 Proceeds from issue of convertible note	-	-
3.3 Proceeds from exercise of options	143	143
3.4 Transaction costs related to issues of equity securities	-	-
3.5 Proceeds from borrowings	(9)	(9)
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Convertible note interest)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>134</b>	<b>134</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	12,848	12,848
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(7,148)	(7,148)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(125)	(125)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	134	134



## 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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,709</b>	<b>5,709</b>

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	5,709	12,848
5.2	Call deposits	-	-
5.3	Bank overdrafts		
5.4	Other – term deposits (maturity within 90 days)	20	20
5.4	Secured term deposits*	510	510
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,239</b>	<b>13,378</b>
	<i>(*Less 5.4 Secured term deposits)</i>	<i>(510)</i>	<i>(510)</i>
		<b>5,729</b>	<b>12,868</b>

\* Term Deposits held in relation to secured bank guarantees

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 (Includes Directors Fees plus Superannuation)	42
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(7,148)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(64)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(7,212)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	5,709
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	5,709
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	0.79
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- 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: No. In the December quarter, the Company is scheduled to ramp up its logistical operations to achieve sales of beneficiated product of 10,000t per month and a further projected increase in sales to 30,000t per month in FY 2023. This is expected to result in improved net operating cash flows going forward.

- 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: To help fund its operations, the Company has forward contract sales for product as noted above and a current production schedule to support further additional sales.

Although not currently contemplated, the Company may investigate further fundraisings in the future based upon ongoing capital requirements to continue to develop the Ardmore Phosphate Mine. The Company has been able demonstrate a record of securing funds when required and is confident that it will be able to continue to do so.

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: The Company believes that it will be able to continue its current operations and business objectives for the reasons outlined in questions 1 and 2.

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## 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: 31 October 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.