



ASX ANNOUNCEMENT

23 November 2022

Ardmore Phosphate Rock Project Stage 1.5 Update

Highlights

- ▶ **Production output of 625,000 tonnes per annum of beneficiated phosphate rock targeted**
- ▶ **Lower capital investment (80% of the Definitive Feasibility Study ('DFS') production planned using 40% (Including 20.6% Contingency) of the DFS capital spend**
- ▶ **Lower risk approval pathway (brownfield development)**

Centrex Limited (ASX:CXM) ('Centrex' or 'Company') is pleased to present further details on its expansion pathway to increasing beneficiated phosphate output to 625ktpa ('Stage 1.5') at the Ardmore Phosphate Mine, 100% owned by its wholly owned subsidiary Agriflex Pty Ltd.

As previously announced, the Company had been investigating a Stage 1.5 Project as an additional development stage with the potential to increase production in the near term as well as continuing to provide a low cost, high return capital investment.

Stage 1.5 is intended to target a 625ktpa production output predominantly by using the existing facilities on site and is an interim step towards 800ktpa phosphate output ('Stage 2') with significant synergies with that stage.

The future Stage 2 upgrade will be focused on investment in a bulk logistic solution to lower production costs and enhance drying solutions for the beneficiated product. The Stage 1.5 Option provides a nearer term, low capital, high return investment opportunity, where 80% of the Definitive Feasibility Study ('DFS') production target can be met utilising an estimated 40% (Including 20.6% Contingency) of the DFS capital spend.

The Stage 1.5 expansion is possible due to continuing favourable market demand for Ardmore Phosphate and the performance of the Ardmore Beneficiation Plant ('Plant') that has exceeded design throughput and metallurgical design performance criteria. For Stage 1.5, the Company is targeting 125 tph (wet) feed of run of mine ('ROM') ore.

Since the commissioning of the Ardmore Plant, the Centrex engineering and project team in conjunction with GRES Engineering Services have focused on activities and packages that improve the Plant's performance and increase the output of the Ardmore mine. Updated operational parameters based on the improved actual performance have been incorporated into designs for the Stage 1.5 facility.

Front End Engineering Design ('FEED') approvals and planning is ongoing. Since the commissioning of the plant, detailed work has been substantially completed on updates to hydrology and hydrogeology, tailings designs, product screening, flotation and drying systems. Project team recruitment, development schedules,

procurement and execution schedules have been developed for Stage 1.5 and are being progressively implemented. To date, this has been funded by cashflow and cash reserves.

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

A component of the early expenditure will be used to allow the Company to become owner and operator of capital items that are currently being contracted.

Stage 1.5 brings forward/targeted optimised operating cost efficiency with per tonne of beneficiated phosphate product that is in line with DFS estimates.

A breakdown of the Stage 1.5 capital estimate is provided below.

Capital Estimate	(A\$m)	Inclusions
Mining	1.9	Drilling and metallurgical test work on Northern Pit, purchase of lighting and pumps.
Processing	4.1	Purchase of crushing plant (to replace the current hired plant), Concentrate drying pads #2 and #3, RO plant.
Tailings	3.2	Construction of the TSF stages one and two
Civils	2.6	
Plant Buildings and Services	1.6	Purchase of site buildings, gensets and other plant
Mobile Equipment	1.4	Purchase of site vehicles
Camp facilities	2.0	Camp capacity increase
Borefield and Stormwater	0.7	Brine Pond and water drilling program
Mobilisation / Demobilisation	2.0	Mobilisation, flights, meals and accommodation
Temporary Construction Facilities	0.7	Cranage, temporary facilities
Other	0.2	
Indirects	5.3	
Subtotal	25.7	
Contingency (20.6%)	5.3	
Total	31.0	
Capital Range (-15%/+30%)	26 / 40	

The resource model and updated Definitive Feasibility Study announced on 12 August 2021 are currently unchanged on the basis that Stage 2 is still targeted, and the same mine plan will be implemented as previously announced to the market.

As highlighted above, the Company has earmarked expenditure for drilling and metallurgical test work on the Northern Deposit. Increased drilling density is expected to support the conversion of additional existing resource to reserves, extending the life of mine.

Ongoing production of beneficiated product and sales will not be impacted by Stage 1.5 capital upgrades.

The Company will seek to fund Stage 1.5 via a combination of debt, equity and/or cashflow from sales. At this stage, the Company intends to fund the majority via debt, however, it will keep the market informed on any developments with regard to funding sources.

The following table provides a current indicative schedule for the Stage 1.5:

Milestone*	Timing
FEED, long lead and hired equipment procurement	Q4 2022- Q2 2023
Processing upgrades	Q4 2022- Q2 2023
Tails, water return and concentrate drying solutions	Q1 2023 – Q3 2023
Crushing plant installation	Q2 2023
Camp expansion	Q2-Q4 2023
Water and North pit metallurgical drilling and testwork	Q3 2023
Stage 2 (800ktpa) design and early works	Q3 2023
Ongoing Commissioning of Stage 1.5 items	End of Q4 2022 – 2023

*The schedule above is indicative only and may be subject to change.

The Company will keep the market informed on further developments and updates to the Stage 1.5 pathway.

Centrex's Managing Director Robert Mencil said: "Stage 1.5 is a smart capital spend, achieving 80% of the DFS production target at 40% of the DFS capital cost. The resulting near term high production levels and its low capital cost will help maximise shareholder returns".

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

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Forward Looking Statements

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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.