



ASX Announcement

Quarterly Activities Report – March 2023

Centrex Limited (ASX: CXM) (Centrex or the Company) is pleased to present its Quarterly Exploration and Mining Activities Report for the period to 31 March 2023.

Highlights

- A\$8.727M million in phosphate rock sales
- Transport & logistics agreement signed with Aurizon
- Appointment of Chief Commercial Officer
- Binding Marketing Services Agreement Signed with Samsung C&T Corporation
- Australian Government Conditionally approves US\$3.457m Trade Finance Facility to Support Ardmore Phosphate Project
- Ardmore Stage 1.5 expansion funding progresses to due diligence stage
- Binding Offtake Agreement signed with Ameropa
- Binding Offtake Agreement signed with Ballance Agri-Nutrients
- The December monthly benchmark price for North African FOB (68-72% BPL) continues to be firm at US\$345/t (Source: World Bank Commodities, Pink Sheet April 2023)
- Centrex total cash balance A\$5.568M million as at 31 March 2023

Management comments:

Comments attributable to Robert Mencil, Managing Director, Centrex Limited.

“Considering the record rain fall at the Ardmore site during the Quarter, the Agriflex team did a great job in achieving over 23,053 tonnes of sales during the quarter.

The \$8.727m in revenue generated a positive operating activities cashflow of A\$0.565M to return and invest A\$0.518m on Stage 1.5 development costs and A\$0.102m on capital items.

With hopefully the worst of the seasonal wet season behind us, the focus for the next 12 months is to increase production levels & stockpiles and reduce operating costs as the Company moves toward another milestone of 15K tonne bulk shipments in the June Quarter”.

Report

1. COMPANY OVERVIEW

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

Transport & Logistics Agreement Signed with Aurizon

On 10 February 2023, the Company announced that Agriflex had signed a binding transport and logistics services agreement (**Transport and Logistics Agreement**) with Australia's largest rail freight operator Aurizon (ASX: AZI) for the provision of transport, storage and stevedoring services for Ardmore's phosphate rock product.

Under the terms of the Transport and Logistics Agreement, Aurizon was appointed as the sole and predominantly exclusive supplier for the containerised logistics solution from the Ardmore mine to Townsville port. The logistics solution consists of (1) provision of containers, (2) container loading at site, (3) trucking utilising triple road trains to Mount Isa, (4) rail to Townsville, (5) storage of containers at Aurizon terminals at Townsville and (6) stevedoring services to transport and load the rock phosphate to a bulk vessel using a rotainer crane.

The Transport and Logistics Agreement replaces a short-term agreement that was executed in May 2022 with Aurizon for the commencement of operations. Securing the long-term Transport and Logistics agreement supplies certainty around the ability for Agriflex to ship its phosphate rock volumes as it ramps up the Ardmore operation. Aurizon will procure additional containers, truck and truck drivers, locomotives and wagons and rail access to meet Ardmore's requirements during the ramp up period. The Transport and Logistics Agreement is an interim step towards a longer term and more cost-efficient bulk logistics solution that is being progressed concurrently.

Binding Marketing Services Agreement Signed With Samsung C&T Corporation

On 21 February 2023, the Company announced that Agriflex had signed a binding marketing services agreement (**Marketing Agreement**) with South Korean based Samsung C&T Corporation (**Samsung**) for the provision of marketing services for sales of Ardmore phosphate rock.

Under the terms of the Marketing Agreement, Samsung was appointed as the sole and exclusive agent providing marketing services for sales of phosphate product into various large markets including Korea, Japan, Indonesia, India, Mexico and Taiwan.

Australian Government Conditionally Approves US\$3.457m Trade Finance Facility to Support Ardmore Phosphate Project

On 23 February 2023, the Company announced that the Australian Government, through Export Finance Australia, had conditionally approved a US\$3.457m trade finance facility to Agriflex to support the development of the Ardmore Phosphate Project (the **Trade Finance Facility**).

The Trade Finance Facility is proposed to support the funding of the export of phosphate rock from the Ardmore Phosphate Rock Project. Specifically, the funding is intended to be allocated towards working capital required to support sales to key customers of Ardmore Phosphate product.

The EFA funding is in line with the agency's mandate to provide financial expertise and solutions to support Australian businesses across a variety of industries, including critical minerals.

The Trade Finance Facility is subject to a number of conditions which are customary for finance of this nature, including payment of relevant finance fees and charges under the facility, provision of financial accounts and execution of facility and security documentation.

Ardmore Production and Rock Sales Update

On 22 March 2023, the Company provided the following update on beneficiated phosphate rock sales for the March Quarter 2023 to date at the Ardmore Mine.

The beneficiated phosphate rock sales to date for the March Quarter is as follows:

Month	Phosphate Sales	(tonnes)
January 2023	8,512	
February 2023	9,018	
March 2023 (to date)	<u>5,523</u>	
TOTAL:	<u>23,053</u>	

The Company's production schedule allows for average seasonal rainfall for this time of year. It was noted that year to date Dajarra rainfall (Located 23km East of Ardmore) is 458mm, approximately 2.6 times the long term average.

As highlighted in the Company's update on the 22nd March 2023, despite the more significant rainfall, production is continuing on site and the expected phosphate sales for the March Quarter would fall only marginally short of the guidance of 26,000 tonnes estimated in the Company's December Quarterly Report.

Ardmore Stage 1.5 Expansion Funding Progresses to Due Diligence Stage After Completing Strategic Assessment

On 23 March 2023, the Company announced that the Commonwealth Government's Northern Australia Infrastructure Facility (NAIF) had completed its Strategic Assessment of the Stage 1.5 expansion of the Ardmore Phosphate Project and confirmed that Ardmore had proceeded to the detailed due diligence phase of the NAIF assessment process.

NAIF previously completed a Strategic Assessment of the Ardmore Phosphate Project in May 2019. The recent Strategic Assessment considered NAIF's potential participation in the Stage 1.5 expansion of the Ardmore Project.

If Centrex is successful, the funding from NAIF will be allocated towards the capital costs associated with the Stage 1.5 expansion of the Ardmore Phosphate Project.

Binding Offtake Agreement Signed with Ameropa

On 24 March 2023, the Company announced that Agriflex had signed a binding offtake agreement (**Offtake Agreement**) with Ameropa Australia Pty Ltd (**Ameropa**) for the supply of phosphate rock from the Ardmore Phosphate Project.

Under the terms of the Offtake Agreement, Ameropa committed to purchase between 15,000 to 16,000 tonnes of phosphate from Ardmore in the first year. The parties will then meet within 120 days of the end of each contract year to mutually agree the tonnages for each subsequent contract year.

The supply of the phosphate under the Offtake Agreement commenced on 1 April 2023.

The Company has set aside 10% of production at Ardmore to fulfill its projected allocation under the Offtake Agreement.

Binding Offtake Agreement Signed with Ballance Agri-nutrients

On 28 March 2023, the Company announced that Agriflex had signed a binding offtake agreement (**Ballance Offtake Agreement**) with New Zealand based Ballance Agri-Nutrients Limited (**Ballance**) for the supply of phosphate rock from the Ardmore Phosphate Project.

The Ballance Offtake Agreement with Ballance represents Centrex's second offtake agreement signed to underpin sales of phosphate from the Ardmore Project in addition to the marketing agreement with Samsung.

Under the terms of the Ballance Offtake Agreement, Ballance has agreed to purchase approximately 30,000 tonnes of phosphate from Ardmore in the first year. The parties will meet within 120 days of the end of each contract year to mutually agree the tonnages for each subsequent contract year.

On 12 May 2022, the Company announced the signing of a trial shipment with Ballance with Ballance completing its testing of the Product earlier this year and advising that they were satisfied with the results and performance of the Ardmore phosphate rock.

Appointment of Chief Commercial Officer

On 8 February 2023, Centrex announced the appointment of Ms Hiti Taluja as Chief Commercial Officer.

Ms Taluja holds an Executive MBA from Melbourne Business School, a Bachelor's Degree in Commerce from Delhi University and a Diploma in Software Engineering from the National Institute of Information and Technology, India and is a Fellow of the Institute of Chartered Shipbrokers.

As Centrex's Chief Commercial Officer, Ms Taluja is responsible for the Company's commercial negotiations, including strategic sourcing, contract negotiations, phosphate sales, shipping and port coordination, compliance management and high-level stakeholder engagement.

2. ROCK PHOSPHATE PRICE / MARKET

The March monthly benchmark price for North African FOB (68-72% BPL) continues to be firm at US\$345/t (Source: World Bank Commodities, Pink Sheet 4/4/2023).

3. ARDMORE PHOSPHATE ROCK MINE, QLD

Mining and Crushing

During the quarter, 42,660 tonnes of ore and 67,590 tonnes of waste were mined.

In addition, approximately 40,870 tonnes were crushed during the quarter.

Both mining and crushing were impacted by significant rainfall events outside the norm, 458mm rainfall for the Quarter versus an average of 194mm as measured in Dajarra QLD.

Closing stockpile levels at the end of March Quarter 2023 were 47,750 tonnes of mined ore and 1,410 tonnes of crushed ore.

Processing and Drying

During the quarter, 39,940 tonnes of ore was processed through the beneficiation plant producing 16,980 tonnes of beneficiated phosphate.

A total of 25,650 tonnes of product was dried and harvested. At the end of March, the drying pads contained 12,570 tonnes of ore and 5,440 tonnes in transit or at the Townsville Port.

Direct Application Phosphate Rock (DAPR) Sales

During the quarter, 418 tonnes of DAPR product was sold into the Australian domestic market to new and returning customers.

Beneficiated Phosphate Rock Sales

During the quarter, the Company shipped a total of 23,053 tonnes of ore via the Port of Townsville.

Subject to weather events, the Company's next two shipments are both expected to 15k tonne each in the June quarter.

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. For Stage 1.5, the Company is targeting 125tph (wet) feed run of mine ('ROM') ore.

Work continues on budget and on time with the procurement and execution schedules that have been developed for Stage 1.5.

During the quarter, detailed engineering assessments and designs were conducted on mining, ore crushing, concentrate drying, process plant improvement and tails storage construction. Once environmental approvals are received in Q2 2023, construction of the permanent off path tails storage facility, larger drying pads and the reverse osmosis brine dam will

commence, in conjunction with expanded mining areas and volumes.

The Company leased the Dajarra Hotel in order to expand the camp capacity with Cater Care Services being engaged to provide camp management services. Expanding the camp capacity and recruitment of additional workforce are prerequisites to commencing night shift of the processing plant which will effectively double production capacity. A long-term permanent camp location is being considered.

The Ardmore to Townsville logistical leg is successfully ramping up as per contracted product volumes in conjunction with the existing logistics provider, Aurizon.

Implementation of the Stage 1.5 Project is expected to be complete by March 2024.

Ardmore Stage 2 (800ktpa) Project

Work continues developing the Stage 2 (800ktpa) Project.

The Stage 2 scope of work includes securing a Townsville facility. The proposed facility would initially take the form of an administrative, storage, staging and ship loading hub with the benefit of providing future optionality, for example as a location for a potential future processing hub.

The Stage 2 upgrade will also focus on investment in a bulk logistic solution to lower production costs. Discussions and planning for bulk transport solutions are ongoing in order to ensure optimal and sustainable transport systems for the life of the mine.

Environmental, social approval and permitting for the various plant site options are ongoing.

Consultation and engagement with Townsville and the greater regions port, business, service and community stakeholders is ongoing.

Ardmore Ongoing Research and Development

Prayon Technologies was engaged to evaluate downstream processing value added products, eg DCP, Phosphoric acid, high purity Phosphoric acid, construction grade gypsum and a range of other by-products (HF acid, REE's).

Test work commenced to test the potential to produce Di Calcium Phosphate from Ardmore fine's product.

4. OXLEY POTASSIUM FERTILIZER PROJECT, WA

Current test work is focused on the application of advanced microwave technology.

Initial sighter testwork has delivered encouraging results. Further test work is planned using an improved testing methodology.

It's hoped that additional testwork will demonstrate repeatability and provide a better understanding of the process's energy and mass balance.

5. 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 March Quarter.

6. EXPENDITURE

The Company maintained a total cash balance of A\$5.568 million as at 31 March 2023.

The total production expenditure by the Company during the Quarter was A\$6.808, a majority of which was spent on substantive mining production, crushing and processing at the Ardmore Rock Phosphate project. The Company returned a positive operating activities cashflow of A\$0.565m. Investing activities included A\$0.518m spent on development costs relating to Stage 1.5 and A\$0.102m on Plant and Equipment.

The majority of the A\$8.727m in receipts from customers relates to beneficiated phosphate rock. As highlighted in the Company update on the 22nd March 2023, despite the more significant rainfall, production continued on site and the phosphate sales for the March Quarter were only marginally impacted.

The A\$0.066 million relates to work completed on Oxley and Goulburn and the A\$0.054 million relates to other generative projects the Company is exploring.

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.

7. FUTURE QUARTER MILESTONES

- Execution of further Long Term Offtake Agreements
- Further development of “Ardmore Stage 1.5 Project”.

8. EXPLORATION AND TENEMENTS

The Company and its wholly owned subsidiaries hold the following tenements and leases as of 31 March 2023:

Queensland (Phosphate)

Ardmore	ML 5542
Ardmore	EPM 26551
Ardmore	EPM 26568
Ardmore	EPM 26841
Ardmore	EPMA 28684

New South Wales (Zinc)

Goulburn	EL 7388
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Western Australia (Potash)

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

Northern Territory (Phosphate)

NT	ELA32048
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The company continues to actively pursue other fertiliser and mineral resource opportunities nationally and internationally.

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 2023 to 31 March 2023.

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")

31st March 2023

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	8,727	16,434
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(54)	(155)
	(b) development	-	-
	(c) production	(6,808)	(19,586)
	(d) staff costs	(436)	(1,376)
	(e) administration and corporate costs	(864)	(1,802)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	7	43
1.5	Interest and other costs of finance paid	(7)	(12)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	565	(6,454)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) mining development (stage 1.5)	(518)	(1,128)
	(b) tenements	-	-
	(c) property, plant and equipment	(102)	(163)
	(d) exploration & evaluation (if capitalised)	(66)	(163)
	(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	(686)	(1,454)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities	-	-
3.2	Proceeds from issue of convertible note	-	-
3.3	Proceeds from exercise of options	96	244
3.4	Transaction costs related to issues of equity securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(18)	(38)
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	78	206

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,134	12,848
4.2	Net cash from / (used in) operating activities (item 1.9 above)	565	(6,454)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(686)	(1,454)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	78	206

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	(53)	(108)
4.6	Cash and cash equivalents at end of period	5,038	5,038

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	5,038	5,134
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
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,568	5,664
	(*Less 5.4)	(530)	(530)
		5,038	5,134

* 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

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. 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)	565
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(66)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	499
8.4	Cash and cash equivalents at quarter end (Item 4.6)	5,038
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	5,038
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	N/A
<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:

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: N/A

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: N/A

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

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: N/A

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: 28th April 2023.....

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.