



ASX Announcement

Quarterly Activities Report – June 2023

Centrex Limited (ASX: CXM) (Centrex or the Company) is pleased to present its Quarterly Exploration and Mining Activities Report for the period to 30 June 2023.

Highlights:

- **Company record achieved of \$8.831 million in high grade phosphate sales for the Quarter**
- **First shipment of Ardmore Phosphate Rock to Asian Market**
- **Work progresses on new projects (including phosphate projects) targeted for Centrex future development**
- **MOU signed with Neutrog Australia to jointly develop new organic and biological fertiliser products for the broadacre market**
- **Centrex to investigate phosphoric acid value adding**
- **First 15,000 tonne commercial-size shipment of high grade phosphate rock**
- **Encouraging laboratory test results at Centrex's 100% owned Oxley Potassium Feldspar Project**
- **Centrex's total cash balance was A\$7.297 million at 30 June 2023**

Quarterly Report

1. COMPANY OVERVIEW

Centrex Limited's (ASX:CXM) ('Centrex' or 'Company') primary focus for the June quarter was the high-grade Ardmore Phosphate Rock Mine ('Ardmore') which is 100% owned by its wholly owned subsidiary, Agriflex Pty Ltd ('Agriflex'). In addition, Centrex has been progressing the Oxley potassium feldspar project and also investigating additional projects (including

phosphate projects) aimed to enshrine future Centrex developments.

2. ARDMORE PHOSPHATE ROCK MINE, QLD

Mining and Crushing

During the quarter, 43,644t of ore and 95,156t of waste were mined for a total of 138,800t.

Crushing achieved 50,879t for the quarter.

Closing stockpile levels at the end of June were 22,846 tonnes of mined ore and 2,055 tonnes of crushed ore.

Processing and Drying

During the quarter, 48,063 tonnes of ore was processed through the beneficiation plant producing 31,161 tonnes of beneficiated phosphate.

A total of 26,196 tonnes of product was dried and harvested.

As of 30 June, the Company had 16,132 tonnes of processed beneficiated rock including 13,761 tonnes on its drying pad in readiness for planned shipments.

During the quarter, the Company began drying its low-grade fines product in readiness for customer trials. It currently has approximately 21,000t of low grade product drying.

Beneficiated Phosphate Rock Sales

During the quarter, the Company shipped a total of 30,000 tonnes of ore (at 7% moisture) via the Port of Townsville.

The CRU forecast average Morocco medium grade phosphate rock price (the global benchmark) for calendar 2023 is US\$273 per tonne.

Ardmore Stage 1.5 Project (625,000 tonnes)

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.

During the quarter, work on procurement and execution schedules for Stage 1.5 were finalised with the Owners teams and EPC contractors to ensure optimal execution and compliance with design.

During the quarter, engineering assessments and designs were completed on mining, ore crushing, concentrate drying, process plant improvement and tails storage construction.

Life of Mine (LOM) planning for the Ardmore North mine commenced in earnest with haul road design, optimal pit designs and configurations and metallurgical and drilling campaigns planned.

The Company was pleased to receive in the quarter, the Major Environmental Approval (EA) for the forthcoming stages of the operation granted by the Queensland Department of Energy and Science (DES), a significant achievement. This approval permits the construction of the permanent off path tails storage facility, larger drying pads, a reverse osmosis brine dam and expands the permitted mining areas and volumes to support the Phase 1.5 objectives.

The Company further received development application (DA) approvals to expand on the leased Dajarra Hotel camp capacity. Expanding the camp capacity and recruitment of additional workforce are prerequisites to de-risking the operation and ensuring that output capacity over the long term are achieved and sustained.

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

Ardmore Stage 2 (800ktpa) Project

Work continues investigating 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 to ensure optimal and sustainable transport systems for the life of the mine.

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

Ardmore Ongoing Research and Development

The Company continues to explore other uses for its phosphate rock which includes the production of high purity (technical/food grade) phosphoric acid. Ardmore's relatively high grade and low impurity levels appear to provide a natural competitive advantage in the production of high purity phosphoric acid. To this end, test work is being undertaken by Prayon Technologies. Should the Company proceed with this development, it will most likely take the form of a joint venture.

Mou Signed with Neutrog Australia to Jointly Develop New Organic and Biological Fertiliser Products for the Broadacre Market

On 26 April, the Company announced that its wholly owned subsidiary, Agriflex Pty Ltd, signed a strategic non-binding Memorandum of Understanding (MOU) with Neutrog Australia, a developer and manufacturer of specialist organic based, biologically-boosted fertilisers and liquid probiotics. Under the MOU, Agriflex and Neutrog propose to collaborate to jointly develop, produce and market organic and biological fertiliser products utilising phosphate rock tailings (fines) with the objective to monetise what is essentially a significant waste stream product from the Ardmore Phosphate Rock Mine.

The non-binding MOU outlines the key terms of a proposed collaboration to jointly develop, produce and market new organic and biological fertiliser products (Products) utilising phosphate rock tailings (fines) from the Ardmore Rock Phosphate Project (Proposed Transaction). The parties agree to negotiate in good faith binding transaction documents covering the key terms of the Proposed Transaction. The MOU contains a binding exclusivity clause requiring the parties to negotiate exclusively in relation to the Proposed Transaction. As part of the terms of the MOU, the parties have agreed to investigate a suitable transaction structure to be

agreed between the parties including, without limitation, to a joint venture or private company structure. It is proposed that Agriflex will provide project management, technical, financial, and commercial resources towards the development, production and marketing of the Products, with Neutrog providing the research, technical and marketing resources.

Centrex to investigate Phosphoric Acid Value Adding Product

On 27 April, the Company announced that it had progressed value added studies on the Ardmore phosphate product in collaboration with Belgium based, Prayon Technologies – a recognised world leader in phosphate processing technology (Prayon). Following initial testing, Prayon had indicated that the high quality concentrate from Ardmore is suitable for phosphoric acid production without the need for further pre-concentration processing. Following this positive development, Centrex has agreed to proceed with a combination of laboratory scale and pilot scale testwork programs with Prayon to derive engineering design parameters for a phosphoric acid plant and construction of quality gypsum facilities. The pilot plant will produce a sufficient quantity of phosphoric acid as feed-stock to purification processing.

Binding Determination of Expert for Extension Fee

On 12 May, the Company provided an update on the determination by the expert who considered the question of whether its 100% owned subsidiary, Agriflex Pty Ltd, had commenced "Mining" under the Royalty Deed with Southern Cross Fertilisers Pty Ltd (SCF). The appointed expert handed down his final and binding determination and determined that Agriflex commenced "Mining" (as that term is defined) under Clause 3 of the Royalty Deed on 1 February 2023. Pursuant to clause 3, once Mining commences under the Royalty Deed, the Extension Fee will no longer be payable for future years and that clause has no further force or effect. As a consequence of the determination, the parties offset the A\$500,000 phosphate rock provided as collateral against the amount owing to SCF with the remaining

balance (\$700k) paid in cash. The Company now has a final and binding determination on this issue and can draw this matter to a close. As a result of the determination, the Company avoided having to pay the full \$2m Extension Fee under the Royalty Deed, avoided a protracted legal dispute, and ensured that the Ardmore Mining Lease was not put at risk during this process.

First Shipment of Ardmore Phosphate Rock to Asian Market

On 22 May, the Company announced that its wholly owned subsidiary, Agriflex Pty Ltd, had exported its first shipment of phosphate rock to a substantial customer in South Korea. The shipment represented the first time an Australian company had supplied phosphate to the Asian market. The 15,000-tonne shipment was sold to a substantial commercial fertiliser-producer customer of Samsung C&T and represented a further step forward in Centrex realising its potential as a mass exporter of some of the highest quality phosphate in the world.

Encouraging Laboratory Test Results at Oxley Potassium Feldspar Project

On 16 June, the Company announced positive developments regarding recent test work completed at its 100% owned Oxley Potassium Feldspar Project. In March 2022, the Company engaged Nagrom Metallurgical to undertake testing to determine the potential to extract potassium from the Oxley potassic feldspar. The Company reported that through this test work, Nagrom had successfully demonstrated at lab scale the extraction of potassium from Oxley potassic feldspar via a hydrothermal hydroxide leach process path.

Test work completed by Nagrom extracted +95% potassium providing sufficient incentive to continue fine tuning this process path with the aim to establish an alternative to the previously studied molten salt ion exchange method (90% potassium extraction to produce potassium chloride). The hydrothermal process has the potential to lead to production of higher value potassium carbonate with further

potential to produce other by-products, and regeneration of the critical hydroxide reagent. The next steps for the remainder of 2023 is to further investigate this process pathway including tuning reaction kinetics, reagent quantities, and development of a process flow-sheet as the basis for engineering estimates.

3. EXPLORATION AND NEW PROJECT DEVELOPMENT

The Company continues to evaluate and develop new exploration and project development opportunities. It prioritises exploration targets and project opportunities that have natural synergies with its existing projects or where it believes its in-house expertise can provide a competitive advantage, and particularly targeting increasing the Company's future phosphate resources. The Company's geographical focus is Australia and the Asia Pacific Region.

The Company expects to provide a further update on new exploration and project development opportunities during the next calendar quarter.

4. OXLEY POTASSIUM FERTILIZER PROJECT, WA

Based on recent testwork at laboratory scale (extraction of potassium from Oxley potassic feldspar via a hydrothermal hydroxide leach process path), the Company continues to work towards demonstrating that the Oxley Project has the potential to be a significant long term producer of potassium carbonate (and associated products). Planned test work for the next 6 months is aimed at further investigating the process pathway including tuning reaction kinetics, reagent quantities, and development of a process flow-sheet as the basis for engineering estimates. Once the test work is complete, the Company expects to move towards a full scoping and pre-feasibility study subject to funding. The pre-feasibility study is expected to take 18 months.

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 June Quarter.

6. EXPENDITURE

The Company maintained a total cash balance of A\$7.297 million with A\$6.700 million available after bonds as of 30 June 2023.

The majority of the \$8.727 million in receipts from customers relates to beneficiated phosphate rock. The Company had debtors of A\$0.841 million outstanding pertaining to shipments in the June 2023 quarter.

The Asian market shipment was a trial shipment and was priced with a normal trial shipment discount.

The total production expenditure by the Company during the Quarter was A\$8.328, a majority of which was spent on substantive mining production, crushing and processing at the Ardmore Rock Phosphate project. The production expenditure also includes costs incurred to have 16,132 tonnes of processed beneficiated rock stockpiles available as at the 30th June 2023.

A\$1.024 million was spent on development costs relating to Stage 1.5 and long lead items. This amount included A\$0.705 million paid to Incitec Pivot Fertilisers for the extension fee settlement as announced in May 2023.

The A\$0.162 million plant and equipment relates to increased camp accommodation. The Company drew down A\$3.563 million from the EFA trade facility to assist the Company with working capital and Stage 1.5 engineering.

The A\$0.066 million relates to work completed on Oxley and Goulburn and the A\$0.080 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

- Further development of Ardmore Stage 1.5 Project.
- Exploration and new project opportunities update.

8. EXPLORATION AND TENEMENTS

The Company and its wholly owned subsidiaries hold the following tenements and leases as of 30 June 2023:

Queensland (Phosphate)

Ardmore	ML 5542
Ardmore	EPM 26551
Ardmore	EPM 26568
Ardmore	EPM 26841
Duchess	EPM 28684 (Application)

New South Wales (Zinc, Gold, Copper)

Goulburn	EL 7388
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Western Australia (Potash)

Oxley	E70/4318
Oxley	EL70/5976
Oxley	EL70/5977
Oxley	EL70/5978

Northern Territory (Phosphate)

EL	32048 (Application)
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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 April 2023 to 30 June 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")

30th June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,831	25,265
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(80)	(235)
(b) development	-	-
(c) production	(8,328)	(27,914)
(d) staff costs	(554)	(1,930)
(e) administration and corporate costs	(556)	(2,358)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	20	63
1.5 Interest and other costs of finance paid	(32)	(44)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	(67)	(67)
1.9 Net cash from / (used in) operating activities	(766)	(7,220)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) mining development (stage 1.5)	(1,024)	(2,152)
(b) tenements	-	-
(c) property, plant and equipment	(162)	(325)
(d) exploration & evaluation (if capitalised)	(66)	(229)
(e) investments	-	-
(f) other non-current assets	-	-

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 (12 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	(1,252)	(2,706)
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	40	284
3.4	Transaction costs related to issues of equity securities	-	-
3.5	Proceeds from borrowings	3,493	3,493
3.6	Repayment of borrowings	(25)	(63)
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	3,508	3,714
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,038	12,848
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(766)	(7,220)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,252)	(2,706)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,508	3,714

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	172	64
4.6	Cash and cash equivalents at end of period	6,700	6,700

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	6,700	5,038
5.2	Call deposits	-	-
5.3	Bank overdrafts		
5.4	Other – term deposits (maturity within 90 days)	35	20
5.4	Secured term deposits*	562	510
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,297	5,568
	(*Less 5.4)	(597)	(530)
		6,700	5,038

* 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	5,214	3,563
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	5,214	3,563
7.5 Unused financing facilities available at quarter end		1,651
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.		
Lender:	Export Finance Australia	
Interest Rate:	Variable interest rate calculated as the sum of the Base Rate plus a margin (6.20%) and 1.5% Commitment Fee	
Maturity Date:	7 September 2023	
Secured or Unsecured:	Secured	

8. Estimated cash available for future operating activities*	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(766)
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)	(832)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	6,700
8.5 Unused finance facilities available at quarter end (Item 7.5)	1,651
8.6 Total available funding (Item 8.4 + Item 8.5)	8,351
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	10.04
<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>	
*Please refer to the Company's recent Company Update and attached Quarterly Activities Report which refers to a proposed increase in capital expenditure requirements for future Quarters which is subject to funding.	

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: N/A

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

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

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: 31 July 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.