



ASX ANNOUNCEMENT

27 July 2023

Company Update and Future Outlook

Highlights

- Operational successes and sustained market demand justify continued planned site expansion and infrastructure enhancement of Ardmore's phosphate beneficiation plant
- Subject to funding, the Company is targeting up to 440,000 tonnes of high grade phosphate rock in CY 2024 being made available to the Company's offtake partners
- Australian history made with series of three 'firsts' – shipments of beneficiated phosphate rock exported from the port of Townsville to customers in Australia, New Zealand and Asia
- Long Term Offtake Agreements signed with Ameropa, Ballance Agri-Nutrients and Ravensdown, and marketing agreement with Samsung C&T Corporation. Market demand remains strong with ongoing new customer enquiries

Centrex Limited (ASX: CXM) ("Centrex" or "Company") is pleased to present a company update for the 2023/24 financial year.

As a result of the phosphate sale successes of the 2023 financial year and to meet market demand, the Company has continued progressing its planned expansion of Ardmore's operational capacity.

The Ardmore Phosphate Rock Project in Northwest Queensland was successfully commissioned in the financial year 2023 and has gone on to make Australian history with the first international export of beneficiated phosphate rock. In May 2023, Centrex exported a 15,000 tonne shipment to a customer in South Korea, the first time an Australian company has supplied beneficiated phosphate rock to the Asian market. The Australian-first export of phosphate rock to Korea was preceded by two large export shipments of phosphate rock to New Zealand in the fourth quarter of 2022, heralding the arrival of Australia's newest export industry.

In February this year, Centrex also signed a marketing services agreement with Samsung C&T for the sale of phosphate rock. The agreement sees Samsung C&T appointed as sole and exclusive agent for sales into the

large markets of Korea, Japan, Indonesia, India, Mexico and Taiwan with 20% of total production at Ardmore allocated under this arrangement. In addition, the Company signed binding offtake agreements with Ameropa for the supply of phosphate rock from Ardmore to the Australian market and with Ravensdown Limited and Ballance Limited for the large New Zealand rock phosphate market.

Centrex also signed an exclusive transport and logistics services agreement with Australia's largest rail freight operator, Aurizon (ASX: AZJ), for the provision of transport, storage and stevedoring services for Ardmore's phosphate rock product. Aurizon is providing a full logistic solution including the provision of containers, container loading, trucking utilising triple road trains to Mount Isa, rail to Townsville and stevedoring services to transport and load the rock phosphate to a bulk vessel using a rotainer crane. The Company under this agreement can go to a bulk solution from February 2026.

The Focus For FY24: Expansion To Capitalise On Market Demand

Post successful funding, the Company is targeting up to 440,000 tonnes for the 2024 calendar year and is currently in discussions with the Company's offtake partners.

Key to Centrex's ability to produce these quantities is the construction of appropriate infrastructure to enable the processing, drying and storage of phosphate rock. Once funding is complete, the Company intends to undertake a 9 month construction program to complete the Stage 1.5 program. This will increase total annual capacity to 625,000 tonnes. This includes a new tails storage facility, camp upgrade, brine ponds and additional drying pads. All environmental and mining approvals are in place to achieve this expansion.

Based on having a year's worth of production data and the internal modelling completed to date, post Stage 1.5's full construction spend, the Company perceives the operating cost of production per tonne will target a range of \$160- \$180 AUD. The production forecast, Stage 1.5 Capital expenditure and projected operation cost is subject to funding.



Figure 1 – Ardmore Mine

Operations Update

Sales & Cash Balance

In its first year of production, Centrex's wholly owned subsidiary Agriflex Pty Ltd sold 73,644 tonnes (including 30,000 tonnes in the June Quarter as previously forecasted) of beneficiated phosphate rock.

Excluding the four trial shipments, the Company averaged AUD\$402 (USD \$271 at a A\$0.6735 average RBA exchange rate) per tonne of beneficiated rock through sales negotiations with its customers. This is a pleasing result given that shipments did not meet the preferred commercial minimum size (15,000 tonnes) until May 2023. According to CRU, the average Morocco medium grade phosphate rock price (the global benchmark) is forecast to be US\$273 per tonne in calendar 2023.

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.

The Company's unaudited cash balance at 30th June 2023 was \$7.297M with \$6.700M available after bonds.

Safety Performance

The Company is pleased that it has achieved exceptional safety performance on site with a zero lost time injury frequency rate (85,867 man hours worked).

Debt Funding

The Company continues to progress with its debt finance and will continue to inform the market as information comes to hand. The Company will consider all forms of funding available to maximise and complete the Stage 1.5 Phase and will keep the market updated in accordance with its continuous disclosure obligations.

IPF Royalty

As announced in May 2023, the Company received the binding determination for the extension fee and has paid the \$700K settlement in the June quarter.

Following receipt of a new dispute notice from Incitec Pivot Fertilisers (**IPF**), the parties are now in negotiation regarding the correct interpretation of the provisions in the Royalty Deed that determines the amount of the royalty. The royalty amount has been paid by the Company except for the amount in dispute of approximately \$105,000. The Company is hopeful of determining the correct interpretation with IPF in the near term.

Future Opportunities

Phosphorus/Phosphoric acid/Dicalcium Phosphate

The Company continues to explore other uses for its phosphate rock. Ardmore's relatively high grade and low impurity levels appear to provide a natural competitive advantage in the production of Phosphorus, high purity Phosphoric acid and Dicalcium Phosphate. Should the Company proceed with any of these developments, it will most likely take the form of a joint venture.

Oxley

Oxley is a rare high grade potassic feldspar deposit close to an existing port (125km) and other infrastructure such as gas, power, roads and rail.

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.

Exploration and New Project Development

The Company continues to consider all options for its existing Goulburn exploration project. Options under consideration include a further drilling program, potential farm out/join venture exploration opportunities and outright sale. A data room has been established for the Goulburn exploration project to facilitate interested parties.

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. The Company's geographical focus is Australia and the Asia Pacific Region.

Its current focus is on potential "Low production cost" phosphate exploration and nickel project development opportunities. The Company expects to provide a further update on these potential exploration and project development opportunities during the next calendar quarter.

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

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