



ASX Announcement



Quarterly Activities Report

June 2019

22 July 2019

ASX Code: CXM

Issued Capital:

Shares	315.7M
Options/ Rights	5.8M
Share Price	A\$ 0.11
Market Cap.	A\$ 34.7M
Cash (30 June)	A\$ 5.6M

Board of Directors:

David Klingberg AO
Chairman

Chris Indermaur
Non-Executive Director

Graham Chrisp
Non-Executive Director

Jim Hazel
Non-Executive Director

Poh Kiat
Non-Executive Director

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Highlights

Corporate

- ▶ A\$5.6 million cash reserves as at 30th June 2019
- ▶ Port Spencer land sale to FREE Eyre Limited settled with proceeds of \$1.4 million received
- ▶ Northern Australia Infrastructure Facility completed a strategic assessment of the Ardmore Phosphate Rock Project and proceeded to the Due Diligence stage
- ▶ Appointment of Mr Simon Slesarewich as CEO effective 3rd April 2019

Ardmore Phosphate Rock Project, Queensland

- ▶ The modular start-up wet processing plant was shipped to site and erection commenced in June. Commissioning is scheduled for later in 2019 to provide up to 30,000 tonnes of trial shipments to priority customers
- ▶ Second sales contract executed with leading New Zealand fertiliser group Ballance Agri-Nutrients for 5,000 wet tonnes from Ardmore start-up operation
- ▶ Mining Lease application submitted for the Split Creek Dam area
- ▶ Queensland Government announces below rail subsidies and an investment in a multi-user container terminal at the Port of Townsville that are likely to support Centrex's Ardmore Project

REPORT

1. CORPORATE

The Company maintained a cash balance of A\$5.6 million as at 30th June 2019, in line with the prior quarter reflecting primarily the receipt of \$1.4 million in proceeds on sale of the Company's Port Spencer land in South Australia.

The Northern Australia Infrastructure Facility (NAIF) completed a strategic assessment of the Ardmore Phosphate Rock Project (**Ardmore or the Project**) in north-west Queensland and will now proceed to the Due Diligence (DD) stage. NAIF is a \$5 billion facility set up as an initiative of the Australian Government to provide loans, which may be on concessional terms, to support and encourage infrastructure development in northern Australia. There is a process and range of eligibility criteria that needs to be satisfied before consideration is given to grant financial assistance to any project.

Centrex will continue to work with NAIF and provide the necessary assistance with the DD process. The NAIF initiative has been designed to invigorate economic development in northern Australia and Centrex welcomes the decision to have Ardmore considered for funding assistance through the facility.

The Company appointed Mr Simon Slesarewich as the Company's CEO, effective 3rd April 2019.

2. ARDMORE PHOSPHATE ROCK PROJECT, QLD

The Ardmore Phosphate Rock Project in North West Queensland is Centrex's flagship development. During the quarter work at Ardmore commenced (see *ASX release 5 June 2019*) in preparation for the start of the Trial Mine, which is planned to produce up to 30,000t of concentrate for sale to priority customers.



CAPTION: Installation of processing plant at Ardmore

CDE Global have recently completed fabrication of the modular start-up wet processing plant, with installation and commissioning scheduled to occur in 2019, along with associated site support works. Following shipping from the UK, the start-up modular process plant is now on site and being erected. It will have an initial capacity of 70tph and has been designed to be expandable to 140tph for the full-scale operation, which will produce 800,000 wet tonnes of phosphate rock per annum.

The Ardmore start-up operation is targeted to produce up to 30,000 wet tonnes of concentrate to provide a number of priority customers with 5,000 wet tonne trial shipments. Not only will the Project be significantly derisked from a technical perspective through this process, select customers will have the opportunity to validate the premium nature of Ardmore phosphate. This will be integral in securing long-term offtake contracts that will underpin the financing of full-scale operations planned for 2020.

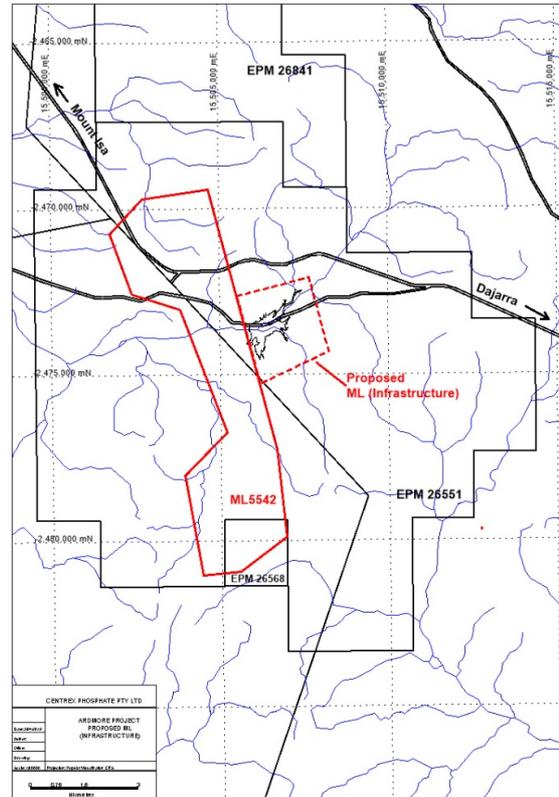
The Company is currently progressing all other required activities to advance the project including arranging logistics, concentrate sales, contracting and other operational activities, as well as continuing to review its funding options so as to commence mining and processing in 2019.



CAPTION: Current status of construction of the processing plant at Ardmore

During the quarter the Company submitted a Mining Lease application for the Split Creek Dam area adjacent to its Ardmore Phosphate Rock Project in northern Queensland. The Split Creek Dam will be used to capture and store water for Ardmore. The Definitive Feasibility Study (DFS) on Ardmore identified that additional water may be required in the second half of the mine’s life and that Split Creek Dam offered a solution that would ensure there is sufficient water to sustain operations for the intended period. Water for mining and processing will be initially drawn from a known local aquifer in the northern section of the granted Ardmore mining lease. The Company will also seek approvals to capture and store water in the Split Creek Dam as required by the relevant legislation.

In May, the Company secured its second sales contract for high-quality phosphate rock concentrate from Ardmore with Ballance Agri-Nutrients (“Ballance”), the leading New Zealand-based nutrient supplier to farmers and growers. Ballance previously trialled 400 wet tonnes of run-of-mine ore from Ardmore for the production of single superphosphate, and has agreed to purchase a further 5,000 wet tonnes of concentrate to be produced as part of the trial mining process anticipated to commence in 2019.



CAPTION: Split Creek Dam Mining Lease application adjacent to the granted Ardmore mining lease

The sales contract will provide 5,000 wet metric tonnes of phosphate rock to be trialled with the current Ballance import blend. The contract contains other conditions that are typical of this type of contract and includes conditions precedent surrounding the start-up operation, thereby limiting Centrex’s exposure.



CAPTION: Centrex representative inspecting the initial 400t run of mine Ardmore phosphate rock ore at Ballance, during the 2018 single superphosphate trial.

Centrex welcomed the announcement by the Queensland Government in June that will see up to \$20 million a year of below rail access charges on the Mount Isa to Townsville rail line subsidised for the next four years. The below rail access subsidy is likely to benefit Centrex by reducing the single largest operating cost for Ardmore, which is transport. The subsidy is designed to help encourage new development in Queensland's north-west minerals province, where Ardmore is located, by making rail transport more cost competitive (see ASX release 11 June 2019).

Centrex also welcomed the Queensland Government's pledge to commit \$30 million to the development of a new multi-user container terminal at the Port of Townsville, the port through which the Company intends to ship phosphate concentrate from Ardmore. The development of the container terminal is likely to offer additional optionality for the handling of the concentrate.

This additional investment from the Queensland Government follows on from its previous announcement that it would spend \$380 million over five years to improve the Mount Isa to Townsville rail line. The proposed improvements are expected to provide a more reliable and quicker service, and reduce costs for users such as Centrex.



Centrex Metals CEO, Mr Simon Slesarewich speaking at the Queensland Government's Announcement at the Port of Townsville

3. PHOSPHATE EXPLORATION, QLD & NT

Centrex continues to develop a pipeline of phosphate exploration projects both proximal to Ardmore in the Georgina Basin and regionally in Australia. Centrex is focused on coarse high-grade pelletal deposits similar to Ardmore given the significant development advantages of this material type over the more common lower grade "microphosphorite" deposits in Australia.

Field reconnaissance of the recently granted tenement EPM 26841 immediately north of the Ardmore deposit was undertaken during the quarter. Prospective phosphorite units were located and targets around the eastern edge of the Georgina Basin were found to be easily accessible for a planned drilling program. This has the potential to add to the mine life of Ardmore in the future. The Company will continue to prioritise the Ardmore development of exploration at this stage.

To further capitalise on Centrex's now established relationships with phosphate rock buyers and the knowledge developed from Ardmore, other prospective areas for high-grade deposits in the Northern Territory's Wiso Basin are under application.

4. OXLEY POTASSIUM NITRATE PROJECT, WA

Centrex continues to look for a strategic partner to aid in developing the Oxley project, a move that will enable the Company to focus on Ardmore.

5. GOULBURN ZINC PROJECT, NSW

No exploration activities were undertaken during the quarter at the Goulburn Zinc Project.

6. TENEMENTS

The Company and its wholly owned subsidiaries hold the following tenements and leases;

Queensland (Phosphate)

Ardmore Phosphate Rock Project ML 5542
Ardmore EPM 26551
Ardmore EPM 26568
Ardmore EPM 26841

New South Wales (Zinc)

Goulburn EL 7388 Archer EL 7503

Western Australia (Potash)

Oxley A E70/3777 Oxley B E70/4004
Oxley C E70/4318 Oxley D E70/4319
Oxley E E70/4320 Oxley F E70/4378
Oxley G E70/4729

Northern Territory (Phosphate)

ELA 32048
ELA 32082
ELA 32091

Attached is the Appendix 5B Statement of Cash flows for the period from 1 April 2019 to 30 June 2019.

For further information please contact:

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Christine Manuel

Company Secretary
Centrex Metals Limited
Ph (08) 8213 3100

Forward Looking Statements

This announcement may contain forward looking statements. Forward looking statements inherently involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside of the control of, and may be unknown to Centrex Metals Limited ('Centrex' or the 'Company'). Actual results and developments may vary materially from those expressed in these materials. The types of uncertainties which are relevant to the Company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the Company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements.

Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, the Company may not update or revise any of the forward looking statements resulting from any change in events, conditions or circumstances on which any such statement is based.

Forward looking statements include, but are not limited to, statements concerning Centrex's planned exploration program, targeted resources, commencement of product export and other statements that are not historical facts. When used in this document, the words such as "could", "target", "plan", "estimate", "intend", "may", "aim", "potential", "should", and similar expressions reflected in these forward-looking statements are reasonable, such as statements involving risks and uncertainties and no assurance can be given that actual results be consistent with these forward-looking statements.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity	
Centrex Metals Limited	
ABN	Quarter ended ("current quarter")
97 096 298 752	30 June 2019

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	-	-
1.2 Payments for		
(a) exploration & evaluation	(653)	(2,717)
(b) development	-	-
(c) production	-	-
(d) staff costs	(348)	(1,231)
(e) administration and corporate costs	(439)	(1,121)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	68	262
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / refunded	-	-
1.7 Research and development refunds	-	116
1.8 Other	-	67
1.9 Net cash from / (used in) operating activities	(1,372)	(4,624)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment **	(2,777)	(4,034)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2,777)	(4,034)

** Design, manufacture and construction of the modular start-up wet processing plant

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,772	14,281
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,372)	(4,624)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,777)	(4,034)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,623	5,623

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	1,268	2,082
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – term deposits (maturity within 90 days)	4,000	7,500
5.4	Secured Term Deposits *	365	190
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,633	9,772

* Term Deposits held in relation to secured bank guarantees

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	101
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation *	(970)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(550)
9.5	Administration and corporate costs	(410)
9.6	Other	-
9.7	Total estimated cash outflows	(1,930)

* Includes costs associated with erection of modular start-up wet processing plant

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

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.



Sign here:

Company secretary

Date: 22 July 2019

Print name:

Christine Manuel

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.