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ASX Announcement

17th July 2018

Period Ending

30th June 2018

Quarterly Activities Report

Highlights

Corporate

- ▶ A\$ 14.3 million cash reserves remaining as at 30th June 2018 with no debt

Ardmore Phosphate Rock Project, Queensland

- ▶ Updated Mineral Resource completed after the recent 342 resource definition drill hole program at the Ardmore Phosphate Rock Project
- ▶ Increase in total Mineral Resource to 16.2 million tonnes at 27.8% P₂O₅ using a 16% P₂O₅ cut-off
- ▶ Feasibility Study targeted for completion at the end of August
- ▶ KemWorks completed independent fertiliser conversion test work in the US showing excellent results for the use of Ardmore phosphate rock in both phosphoric acid and in single superphosphate production
- ▶ Non-binding MOU signed with Gujarat State Fertilizers & Chemicals Ltd. ("GSFC") for negotiation of a 10 year off-take agreement of approximately 300,000 tonnes per annum of phosphate rock from Ardmore
- ▶ Completion of mining, crushing and shipping of first two paid customer trials
- ▶ Two customers in the local region each received 400 tonnes of unprocessed run of mine phosphate rock (in shipping containers) as part of a trial for the production of single superphosphate fertiliser in the next quarter
- ▶ The unprocessed run of mine ore will provide indications of the general performance of the deposit, with a view to the customers potentially buying higher grade processed concentrate once the project is in production
- ▶ CDE Global awarded contract for 70tph modular start-up wet plant at Ardmore
- ▶ Modular start-up plant to produce phosphate rock concentrate for large scale trial shipments in 2019 to secure long-term off-take contracts

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- ▶ Start-up modular wet plant designed to be upgradeable to an eventual 140tph plant for full-scale operations

Oxley Potassium Nitrate Project, Western Australia

- ▶ Maiden 12kg scale electric arc furnace ("EAF") roasting trial (completed in China) showed an encouraging 83% potassium extraction from the potassium feldspar ore without any optimisation as yet having been undertaken
- ▶ 89% potassium extraction shown from additional 1kg electric induction furnace trial
- ▶ Cooling trial shows potential to utilise standard rotary cooler directly from furnace discharge, eliminating need for previous multi-stage cooling circuit, and improving heat recovery
- ▶ Roasting circuit design and cost estimates to be updated based on test work results
- ▶ Following the design and cost estimate update, Centrex plans to seek a strategic investment partner to aid in the development of this potentially significant large-scale long-life asset, whilst Centrex focuses on bringing its flagship Ardmore Phosphate Rock Project into production in North West Queensland

Iron Ore Portfolio, South Australia

- ▶ Conditions precedent for the sale of the Wilgerup and Kimba Gap iron ore projects to SIMEC Mining were satisfied during the quarter, with Government approvals to be lodged next month
- ▶ The sale provides for a combined potential royalty stream of up to A\$ 10 million indexed to CPI

REPORT

1. CORPORATE

The Company continues to maintain a healthy balance sheet with A\$ 14.3 million in cash reserves remaining as at 30th June 2018, with no debt outside of current trade payables.

On 28th June 2018 it was announced that Mr Gavin Bosch would leave his position as Chief Financial Officer & Company Secretary to pursue other opportunities. A search for a new Chief Financial Officer is underway.

The position of Company Secretary for Centrex will be assumed by Ms Leanne Ralph of BoardRoom Pty Limited. Ms Ralph has over 15 years' of company secretarial experience.

2. ARDMORE PHOSPHATE ROCK PROJECT, QLD

In June an update to the Ardmore Mineral Resource was announced based on a recently completed 342 drill hole program, plus 646 previous drill holes, and 17 water bores (total 1,005 drill holes).



CAPTION: Mining phosphate rock at Ardmore for first paid customer trials.

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The estimate has defined total Mineral Resources of 16.2 million tonnes at 27.8% P_2O_5 using a 16% P_2O_5 cut-off. A total of 14.4 million tonnes of the updated Mineral Resource is classed as either Indicated or Measured. The Mineral Resource is inclusive of 14.2 million tonnes at 29.3% P_2O_5 using the 19% P_2O_5 cut-off.

The announcement in relation to the Mineral Resource was made on 1st June 2018 and can be found at:

<https://www.asx.com.au/asxpdf/20180601/pdf/43vgxdjlpqgcwb.pdf>

The results were reported under JORC 2012 and Centrex is not aware of any new information or data that materially affects the information contained within the release. All material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

The new Mineral Resource estimate is now being utilised by Centrex's mining consultants to develop finalised pit designs, schedules and the establishment of Ore Reserves to underpin the current Feasibility Study being undertaken for the project. The mining studies are expected to be completed next quarter. The shallow Ardmore deposit has been shown from recent excavator and dozer trials by Centrex to be able to be mined via strip mining without any need for blasting. Centrex is targeting completion of a Feasibility Study for the project at the end of August 2018.

As part of the Feasibility Study, and to support marketing efforts for the phosphate rock off-take from the project, independent fertiliser conversion test work was completed by KemWorks in the US. The test work confirmed the high quality of the premium grade Ardmore phosphate rock with ultra-low cadmium levels and showed excellent results for use in phosphoric acid and single super phosphate production.



CAPTION: GSFC Managing Director Mr. A. M. Tiwari witnessing the exchange of the MOU between GSFC Senior Vice President (Finance & Projects) Mr Sanjeev Varma and Centrex India representative Mr AK Tareen.

During the quarter a non-binding MOU was signed with Gujarat State Fertilizers & Chemicals Ltd. ("GSFC") for negotiation of a 10 year off-take agreement of approximately 300,000 tonnes per annum of phosphate rock from Ardmore. This represents around 40% of Centrex's planned production for the project. GSFC plans to commence construction of a new large-scale phosphoric acid plant in India for which the phosphate rock from Ardmore may be supplied as the raw material. GSFC will visit the project site next quarter and a binding Heads of Agreement comprising the key terms of supply will be negotiated.

The Company was excited to also announce the first paid trials to two customers in the local region of 400 tonnes (each) of run of mine ore for the production of single superphosphate ("SSP"). Whilst the customers are considering the potential to buy higher grade concentrate from Ardmore once it's in production, the run of mine ore will provide indications of the general performance of the deposit in SSP production, prior to the construction of a process plant at the mine site. The run of mine ore was crushed locally and shipped in containers at the end of the

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quarter. Trials by the customers are expected to be completed next quarter.



CAPTION: Run of mine Ardmore phosphate rock ore at customer bunker ready for large-scale SSP plant trial.

Centrex awarded design, manufacture, and construction for its start-up modular wet plant to CDE Global. The start-up wet plant for the project will be a 70 tonne per hour ("tph") circuit and will be used to produce premium grade phosphate rock concentrate to deliver large scale bulk trial shipments to those potential customers requesting them, in order to secure long-term off-take contracts for the project.



CAPTION: A similar wet processing plant (as proposed for Ardmore) previously commissioned by CDE Global.

The 70tph modular start-up wet processing plant will be designed as an oversized module to be able to upgrade it to an eventual 140tph circuit (a

significant advantage of the CDE modular approach), for the proposed full-scale 800,000 tonne per annum operation at Ardmore.

3. OXLEY POTASSIUM NITRATE PROJECT, WA

Further roasting test work was successfully completed during the quarter for the Oxley Potassium Nitrate Project. The key process for the project is the conversion of potassium feldspar to soluble potassium chloride (potash) via roasting with salt, for subsequent water leaching, and purification. The potash would then be reacted with nitric acid produced ultimately from local West Australian gas feedstock, to produce potassium nitrate, a high-value horticultural fertiliser.

A maiden small scale electric arc furnace ("EAF") was trialed by Wuhan University of Science & Technology ("WUST") in China to show the potential to use an EAF as a relatively simple single stage roasting vessel in the circuit design. The 1-hour roast resulted in an encouraging 83% extraction of potassium from the ore, confirming the potential application of an EAF in the process. In addition, cooling trials by WUST confirmed the potential to feed the roast product directly to a standard rotary cooler, meaning greater heat recovery from the roast product is now expected than in the previous multi-stage cooling circuit design for the project.

Centrex's engineering consultants will now update the Oxley roasting circuit design and project cost estimates, taking into account the new input data obtained from the test work in China. Following completion of this and given the very significant potential scale of Oxley, Centrex will build on its previous success in completing major mining joint ventures and seek a strategic investment partner to aid in developing the project.

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4. GOULBURN ZINC PROJECT, NSW

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

5. IRON ORE PORTFOLIO, SA

The Wilgerup and Kimba Gap iron ore projects located in South Australia were sold to SIMEC Mining (formerly Arrium Mining) which is a business of OneSteel Manufacturing Pty Ltd ("OMPL") in the previous quarter.

The sale of the assets provides a potential combined royalty stream to Centrex of up to A\$ 10 million, indexed to CPI.

All of the conditions precedent were satisfied during the quarter and the transaction is now proceeding to lodged for State Government Approvals.

6. TENEMENTS

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

Queensland

Ardmore Phosphate Rock Project ML 5542
Ardmore EPM 26551
Ardmore EPM 26568
Ardmore EPM 26841 (application pending)

Western Australia

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

New South Wales

Goulburn EL 7388	Archer EL 7503
South Australia	
Mount Hill EL 6024	Wanilla EL 5559
Carrow EL 5971	Greenpatch EL 5852

Retention Lease (South Australia)

Kimba Gap RL 129 [now subject to sale]

Mining Lease (South Australia)

Wilgerup ML 6344 [now subject to sale]

Attached is the Appendix 5B Statement of Cash flows for the period from 1st April 2018 to 30th June 2018.

For further information please contact:

Ben Hammond
Managing Director & CEO
Centrex Metals Limited
Ph (08) 8213 3100

Leanne Ralph
Company Secretary
Centrex Metals Limited
Ph (08) 8213 3100

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

97 096 298 752

Quarter ended ("current quarter")

30th June 2018

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	(1,871)	(5,525)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(340)	(1,367)
	(e) administration and corporate costs	48	586
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	122	507
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes (paid) / refunded	-	-
1.7	Research and development refunds	-	-
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	(2,041)	(5,799)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(1)	(25)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	96
	(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)	-	-

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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	(1)	71

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	16,323	20,009
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,041)	(5,799)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	71
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	14,281	14,281

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	1,530	2,689
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other – term deposits with maturity > 90 days	12,751	13,306
5.4	Other – restricted cash held in JV company	-	328
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	14,281	16,323

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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

84

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

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

8. Financing facilities available*Add notes as necessary for an understanding of the position***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.

9. Estimated cash outflows for next quarter**\$A'000**

9.1 Exploration and evaluation

(2,330)

9.2 Development

-

9.3 Production

-

9.4 Staff costs

(457)

9.5 Administration and corporate costs

(1,112)

9.6 Other (provide details if material)

-

9.7 Total estimated cash outflows**(3,899)**

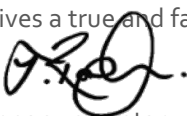
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10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished 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: 17th July 2018

Print name:

Ms Leanne Ralph

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.