



**CENTREX**

Interim Report

For the Six Months Ending

31<sup>st</sup> December 2021

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# Director's Report

## For the Six Month's ending 31<sup>st</sup> December 2021

The Directors present their report together with the consolidated interim financial report of Centrex Limited ("Company") and its controlled entities ("Group"), for the six months ended 31<sup>st</sup> December 2021 and the auditor's review report thereon.

### 1 Principal Activity

The principal activity of the Group during the reporting year was exploration on the following areas:

- Phosphate project development in Queensland;
- Potash exploration in Western Australia; and
- Base metals exploration in New South Wales.

### 2 Review of Operations and Financial Results

Outlined below are the operational activities undertaken by the Group to 31<sup>st</sup> December 2021.

#### 2.1 Corporate

On 1 September 2021, the Company announced that the Company's CEO, Robert Mencil had successfully completed his probationary period, and following this, the Board decided to appoint him in the role of Managing Director.

On 11 October 2021, the Company launched Agriflex as its market-facing agriculture brand. The Company formally changed the name of its 100% owned subsidiary Centrex Phosphate Pty Ltd (ACN 132 019 357) to Agriflex Pty Ltd. The Company was successful in gaining shareholder approval at its November Annual General Meeting to remove the word 'Metals' from its name and became Centrex Limited.

On 21 October 2021, the Company announced that its 100% owned subsidiary Agriflex Pty Ltd had executed a conditional Term Sheet with Samsung C&T. The Term Sheet outlines Agriflex's appointment of Samsung C&T as its sole and exclusive marketing representative for sales into Korea, Japan, Indonesia, India and Mexico. The initial term of the Term Sheet is for the first 3 years of production from the Full Commercial Plant for Agriflex's planned 800,000 tonnes per annum Ardmore Phosphate Project.

On 28 October 2021, the Company announced that it has received binding commitments for a share placement of approximately 44.4 million new fully paid ordinary shares from professional and sophisticated investors at an issue price of A\$0.09 per share to raise A\$4M (Placement). The Placement attracted strong demand from new professional and sophisticated investors, including certain existing holders of the Company.

On 25 November 2021, the Company announced that Agriflex had reached a new agreement with Southern Cross Fertilisers Pty Ltd (SCF) regarding various matters in dispute in the Royalty Deed.

As part of the settlement, SCF agreed to extend the extension period under the Royalty Deed by a further 12 months to 27 June 2022 in return for Agriflex paying SCF A\$1m and increasing the Royalty payable to SCF under the Royalty Deed from 3% to 3.5% (except during calculation periods where the

average Morocco 72% BPL FOB phosphate benchmark is less than US\$150 per tonne where the royalty will remain at 3%).

In addition, Agriflex and SCF have agreed to increase SCF's first right of refusal over Ardmore's available production under the Royalty Deed to 30% from the original 20%.

The parties have also agreed to negotiate with a view to SCF agreeing to the future subordination of its security interest to a financier on the terms acceptable to SCF, in return for Agriflex providing and maintaining an unconditional A\$15m Bank Guarantee in favour of SCF as security for any future payment obligations of Agriflex to SCF under the Royalty Deed, in addition to SCF retaining a position as second ranking mortgage holder.

The Company also announced that Agriflex had appointed leading independent finance advisory firms BurnVoor Corporate Finance ("BurnVoor") and Naust Capital ("Naust") as joint financial advisers to arrange financing for the development of the Ardmore Phosphate Project.

BurnVoor and Naust will work with Centrex to secure an attractive, flexible funding package for the development of the Project. BurnVoor and Naust have developed a strong reputation for arranging equity and debt financing for greenfield mining projects, including working with export credit agencies and government agencies such as the Northern Australia Infrastructure Facility.

Phosphate rock prices during the half year reached their highest levels since early 2013. The FOB North Africa (68-72% BPL) benchmark reached a price of US\$176.5 per tonne during the December Quarter (World Bank Commodities).

The second half of 2021 saw phosphate rock prices experience their largest increases since 2008, with the price now at their highest nominal levels in eight years. High phosphate rock prices continue to be supported by strong demand and the restricted supply of Chinese fertilisers and the recent conflict in the Ukraine. The World Bank releases updated pricing in the first week of every month.

The Company's updated Definitive Feasibility Study (DFS) in August 2021 used a benchmark phosphate price of US\$125 per tonne. After factoring in Centrex higher grade of 34.5% this equated to US\$135 per tonne. The current US\$172.10 per tonne benchmark phosphate price represents a 38% increase compared to US\$125 benchmark price used in the August 2021 DFS.

## 2.2 Ardmore Phosphate Project, QLD

In August 2021, the updated Definitive Feasibility Study (DFS) confirmed Ardmore Phosphate Rock Project's profitability and robustness.

- Project Net Present Value (NPV) of A\$207m using a 7% discount factor
- Pre-tax IRR of 52% and a payback period of less than 2 years.
- Project gross revenue of A\$1.453 bn, total cost A\$965m and free cash of A\$429m.

In August 2021, the Company announced that an initial shipment of its phosphate rock had been transported to the East coast for use as a direct application fertilizer following a successful crushing trial.

Whilst the majority of the mine's future product is intended for the phosphatic fertiliser production market, an initial 27,000 tonne parcel has been made available to farmers for use as direct application phosphate rock.

Based on the success of the trial, the Company announced that it has increased advertising its Direct Application Phosphate Rock (DAPR) product for sale.

The Company intends to sell a range of products sizes ranging from Run of Mine (Typically -500mm) to a crushed and screened product down to -4mm. The product will be delivered in either one tonne bulk bags or subject to container availability, approximately 25 tonne lots via 20 ft lined sea containers. Alternatively, customers can collect their own product per truck load. Peak demand for DAPR is expected during March/April.

Taking advantage of the high number of empty trucks returning to the East Coast from Northwest Queensland, the Company has negotiated low freight rates to the East Coast with regional transport company Rod Pillion Transport. This provides a cost-effective freight solution as far south as Naracoorte South Australia.

The direct application of phosphate rock provides an environmentally friendly long-term source of slow-release phosphorus. Ardmore's phosphate is being crushed to particles of approximately 1-4mm which is broken down naturally in acidic soils.

Due to significant customer interest, the Company employed its first agronomist to manage sales and DAPR product promotion.

GR Engineering Services (GRES) has been appointed engineering, procurement, construction and management (EPCM) contractor for the initial production plant. The bulk of the remaining site work is the completion of non-process infrastructure (water, power, buildings etc.) and plant commissioning. Orders for long lead items have been placed. Site construction work is scheduled to commence in March 2022 and be completed by July 2022.

On 1 December 2021, the Company announced that it had entered into a Memorandum of Understanding (MoU) with Aurizon Operations Limited for the Ardmore Phosphate Project. The MoU principally focuses on formulating a framework around Aurizon transporting 5 x 5,000t parcels and any additional volumes which eventuate throughout 2022, up to a maximum of 114,048 tpa, by truck and rail from the Ardmore Mine to the Port of Townsville.

Ore samples have been sent to several Australian and overseas prospective customers. Negotiations continue with these customers for the processing of trial shipments and potential longer term offtake arrangements.

The Company is investigating the potential to operate the initial production plant beyond the production of the initial trial shipments. This has the potential to provide early cashflow and further de-risk the project through greater customer acceptance.

In late December, work commenced on front end engineering and design (FEED) for an 800,000 tpa commercial plant.

GRES have been employed to complete the stage 1 scope of work (SOW), focusing on optimising the physical location of the process plant and is expected to take four months to complete.

Three potential plant locations are being examined in detail. These are the Ardmore site, a potential site near Mt Isa and Townsville.

The Definitive Feasibility study is based upon the plant being built at Ardmore. The benefit of the Ardmore site is the reduced logistics costs as only final product is transported.

The benefit of the Mount Isa site is access to mains services (water, gas, electricity) and other established town services (workforce, accommodation, airport etc.). Only the final product would need to be transported from Mt Isa to Townsville.

The benefit of the Townsville region is access to lower cost services and immediate access to the port.

A commercial plant located in Mt Isa or Townsville could also cost effectively process ore from alternative sources using rail transport.

A plant located in Townsville could potentially also be fed using ore sourced from overseas.

### **2.3 Phosphate Exploration, QLD & NT**

Centrex is proceeding with investigation of a pipeline of phosphate exploration projects in the Georgina Basin around its Ardmore Phosphate Rock mining project and is particularly focused on exploring for additional deposits near the Ardmore Phosphate Project so as to extend the project's life beyond its already proven resources, and to capitalize on its now advanced relationships with phosphate rock customers and the knowledge developed from Ardmore.

No significant advancements have been made in the period as the Company focused on its more advanced Ardmore project.

### **2.4 Oxley Potassium Nitrate Project, WA**

Metallurgical test work continued on Oxley ore.

The aim of the test work is to convert Oxley ore's structural potassium into a soluble plant-available potassium using a relatively simple low-cost alkali-hydrothermal treatment. The final product needs to be sufficiently high in soluble potassium (K) to be cost effective.

Initial test work has focused on creating a K concentrate which can then undergo alkali-hydrothermal treatment.

A series of grinding and screen tests were carried out during the Quarter to test the potential of differential grinding as a concentration method. The test work proved unsuccessful.

Test work focus for the next Quarter is to assess the potential to use magnetic and electrostatic precipitation to create a concentrate.

To assist in this test work, the Company has engaged the contract services of Dr Davide Ciceri, one of the world's leading researchers in elemental recovery from K feldspar.

During the half year, the Company applied for the following Western Australia exploration licenses around its Oxley tenements:

- E70/5976 Exploration Licence Application
- E70/5977 Exploration Licence Application
- E70/5978 Exploration Licence Application

## 2.5 Goulburn Zinc Project, NSW

Centrex's has two exploration licences, EL 7388 Goulburn and EL 7503 Archer located in the east Lachlan Fold Belt.

During the half year, introductory letters were sent to a number of landholders commencing the land access negotiations process.

No exploration activity occurred on these tenements during the half year due to COVID related travel restrictions.

## 3 Directors

The names of the directors in office at any time during or since the end of the half year:

Name and Qualifications	Appointed / Resigned	Position
<b>Mr Peter Hunt</b> FCA	Appointed 15/12/20 Chairman since 30/06/21	Non-Executive Chairman
<b>Mr Robert Mencil</b> B Eng (Mining) MBA	Appointed CEO 24/05/21 Appointed MD 01/09/21	Managing Director
<b>Mr Graham Chrisp</b> B Tech (CE)	Appointed 21/1/10 Executive Chairman 2/12/19 – 30/06/21 Remains a non-executive director	Non-Executive Director
<b>Dr A John Parker</b> BSc (Hons). PhD, DipCompSc, MAIG, MAICD	Appointed 17/12/19	Independent Non-Executive Director

## 4 Company Secretary

### Company Secretary

Mr Jonathan Lindh was appointed on 29 March 2021 and has over 15 years' legal and company secretarial experience predominantly in the energy and resources sector. Mr Lindh holds a Bachelor of Laws, a Bachelor of International Studies and post graduate qualifications in finance and corporate governance. Mr Lindh has extensive legal experience in the areas of corporate governance, mergers and acquisitions, joint ventures, farm-in arrangements, equity capital markets, foreign investment and native title /aboriginal heritage.

## 5 Significant changes in state of affairs

During the period, the Company renamed the parent entity as approved at the AGM from Centrex Metals Limited to Centrex Limited. The Company also renamed its subsidiary Centrex Phosphate Pty Ltd to AgriFlex Pty Ltd the Company's forward-facing Rock Phosphate brand.

## 6 Subsequent events

The following material events occurred subsequent to the period end:

Post the period end, the Company issued 2,668,832 shares via shareholders exercising unlisted options issued via the Company's 2020 rights issue. The unlisted options had an exercise price of \$0.05 each.

## 7 Other

### 7.1 Rounding

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Financial Instrument, amounts in the consolidated financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated. All currencies are in Australian dollars unless stated otherwise.

### 7.2 Lead Auditor's Independence Declaration

The Lead auditor's independence declaration is set out on page 9 and forms part of the Directors' Report for the six months ended 31<sup>st</sup> December 2021.

Signed in accordance with a Resolution of the Board of Directors:



Mr Robert Mencil

Managing Director

Dated at Adelaide this 16<sup>th</sup> day of March 2022.

## Auditor's Independence Declaration

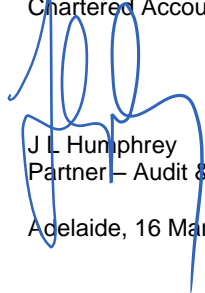
### To the Directors of Centrex Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Centrex Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J. L. Humphrey  
Partner – Audit & Assurance

Adelaide, 16 March 2022

# Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months ending 31<sup>st</sup> December 2021

	Note	Six months ending 31 Dec 2021 \$'000	Six months ending 31 Dec 2020 \$'000
Other income – cashflow boost		-	50
Office and administration expenses		(219)	(113)
Consultants and management expenses		(161)	(94)
Directors' fees		(61)	(53)
Employee benefit expenses		(284)	(15)
Depreciation expense		-	(12)
Exploration expenditure written off	9	-	(45)
Share based payment	12	(19)	-
Change in fair value of convertible note	10	(1,925)	-
Other expenses		(5)	-
<b>Results from operating activities</b>		<b>(2,674)</b>	<b>(282)</b>
Finance income		1	7
Finance costs		(66)	(7)
<b>Net finance income</b>		<b>(65)</b>	<b>-</b>
<b>Loss before income tax</b>		<b>(2,739)</b>	<b>(282)</b>
Income tax benefit / (expense)		-	-
<b>Loss for the period</b>		<b>(2,739)</b>	<b>(282)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(2,739)</b>	<b>(282)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(2,739)	(282)
<b>Loss for the period</b>		<b>(2,739)</b>	<b>(282)</b>

Loss per share for loss attributable to the ordinary equity holders of the company:		Cents per share	Cents per share
Basic earnings/(loss) per share	8	(0.6936)	(0.0768)
Diluted earnings/(loss) per share	8	(0.6936)	(0.0768)

The consolidated interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the consolidated interim financial report.

# Interim Consolidated Statement of Financial Position

As at 31<sup>st</sup> December 2021

	Note	As at	
		31 <sup>st</sup> Dec 2021 \$'000	30 <sup>th</sup> June 2021 \$'000
<b>Assets</b>			
Cash and cash equivalents		3,372	1,331
Term deposits		100	860
Receivables and other assets		401	80
<b>Total Current Assets</b>		<b>3,873</b>	<b>2,271</b>
Deposits held as security		520	510
Exploration and evaluation expenditure	9	13,677	11,910
<b>Total Non-Current Assets</b>		<b>14,197</b>	<b>12,420</b>
<b>Total assets</b>		<b>18,070</b>	<b>14,691</b>
<b>Liabilities</b>			
Trade and other payables		236	92
Employee benefits		44	10
<b>Total Current Liabilities</b>		<b>280</b>	<b>102</b>
Provision for rehabilitation		510	510
Derivative financial instruments	10	4,719	2,794
<b>Total Non-Current Liabilities</b>		<b>5,229</b>	<b>3,304</b>
<b>Total Liabilities</b>		<b>5,509</b>	<b>3,406</b>
<b>Net assets</b>		<b>12,561</b>	<b>11,285</b>
<b>Equity</b>			
Contributed equity	11	46,562	42,564
Share based payments reserve	12	19	
Accumulated losses		(34,020)	(31,279)
<b>Total equity</b>		<b>12,561</b>	<b>11,285</b>

The consolidated interim statement of financial position is to be read in conjunction with the notes to the consolidated interim financial report.

# Interim Consolidated Statement of Changes in Equity

For the Six Months ending 31<sup>st</sup> December 2021

	Contributed equity	Share Option reserve	Accumulated Losses	Total
	\$'000	\$'000	\$'000	\$'000
<b>Current Period</b>				
Balance at 1 <sup>st</sup> July 2021	42,564	-	(31,279)	11,285
Loss for the period	-	-	(2,739)	(2,739)
Other comprehensive income	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	-	-	(2,739)	(2,739)
<b>Contributions from/to equity owners</b>				
Issue of shares for the period	4,202	-	-	4,202
Transaction costs	(204)	-	-	(204)
Share-based payment transactions (Note 11)	-	19	-	19
<b>Balance at 31<sup>st</sup> December 2021</b>	<b>46,562</b>	<b>19</b>	<b>(34,020)</b>	<b>12,561</b>
<b>Prior Period</b>				
Balance at 1 <sup>st</sup> July 2020	41,351	2,648	(31,300)	12,699
Loss for the period	-	-	(282)	(282)
Other comprehensive income	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	-	-	(282)	(282)
<b>Contributions from/to equity owners</b>				
Issue of shares for the period	1,179	-	-	1,179
Transaction costs	(14)	-	-	(14)
Share-based payment transactions	-	(2,648)	2,648	-
<b>Balance at 31<sup>st</sup> December 2020</b>	<b>42,516</b>	<b>-</b>	<b>(28,934)</b>	<b>13,582</b>

The consolidated interim statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial report.

# Interim Consolidated Statement of Cash Flows

For the Six Months ending 31<sup>st</sup> December 2021

	Note	Six months ending 31 Dec 2021 \$'000	Six months ending 31 Dec 2020 \$'000
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(830)	(450)
Receipts from customers		20	
Other Income received			50
<b>Net cash (used in) / operating activities</b>		<b>(810)</b>	<b>(400)</b>
<b>Cash flows from investing activities</b>			
Expenditure on mining tenements	9	(1,862)	(405)
Interest received		2	7
Interest paid		(30)	-
Cash transferred (to) / from term deposits		743	351
<b>Net cash (used in) / provided from investing activities</b>		<b>(1,147)</b>	<b>(47)</b>
<b>Cash flows from financing activities</b>			
Payments for transaction costs		(204)	(15)
<b>Net cash from financing activities</b>		<b>3,998</b>	<b>1,164</b>
<b>Net increase / (decrease) in cash</b>		<b>2,041</b>	<b>717</b>
<b>Cash at the beginning of the year</b>		<b>1,331</b>	<b>437</b>
<b>Cash at the end of the year</b>		<b>3,372</b>	<b>1,154</b>

The consolidated interim statement of cash flows is to be read in conjunction with the notes to the consolidated interim financial report.

# Condensed Notes to the Interim Consolidated Financial Report

For the Six Months ending 31<sup>st</sup> December 2021

## 1 REPORTING ENTITY

Centrex Metals Limited (the 'Company') is a company domiciled in Australia. Its registered office is located at Level 6, 44 Waymouth Street Adelaide, SA 5000.

The consolidated interim financial report of the Company as at and for the six months ended 31<sup>st</sup> December 2021 comprises the Company and its subsidiaries (together referred to as the "Group").

## 2 STATEMENT OF COMPLIANCE

The condensed half year financial statements of the Company are for the six months ended 31 December 2021. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2021 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and Corporations Act 2001.

The financial statements for the half year ended 31 December 2021 were approved and authorised for issue by the Board of Directors on 16<sup>th</sup> March 2022.

## 3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in preparing the consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30<sup>th</sup> June 2021.

The Group has adopted all of the new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

## 4 GOING CONCERN

The Group's financial statements are prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities and commitments in the normal course of business.

During the 6 months ended 31 December 2021, the Group recognised a loss of \$2.739M, had net cash outflows from operating activities of \$810K and had accumulated losses of \$34M for the half year ended 31 December 2021. The continuation of the Group as a going concern is dependent upon its ability to generate sufficient net cash inflows from operating and financing activities and manage the level of

exploration and other expenditure within available cash resources. The Directors consider that the going concern basis of accounting is appropriate, as the Group has the following options:

- The ability to issue share capital under the Corporations Act 2001, by a share purchase plan, share placement or rights issue;
- The option of farming out all or part of its assets;
- The option of selling interests in the Company's assets; and
- The option of relinquishing or disposing of rights and interests in certain assets.

In the event that the Group is unsuccessful in implementing one or more of the funding options listed above, such circumstances would indicate that a material uncertainty exists that may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30<sup>th</sup> June 2021.

## 6 FINANCIAL RISK MANAGEMENT

The consolidated entity's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 30<sup>th</sup> June 2021.

## 7 SEGMENT REPORTING

The Managing Director receives information internally based on the geographical location of the Group's assets. It has been determined that as all of the assets are in one country (Australia), it is appropriate to have one operating segment.

Outlined in note 9 of the Interim Financial Report relating to Exploration and Evaluation Expenditure is the exploration expenditure incurred on all of the Group's exploration projects.

## 8 EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Six months ending 31 Dec 2021	Six months ending 31 Dec 2020
Earnings used in calculation of basic EPS: Profit / (Loss) after tax (\$'000)	(2,739)	(282)
Weighted average number of ordinary shares for the purpose of basic earnings per share	395,094,282	366,566,757
Weighted average number of ordinary shares for the purpose of diluted earnings per share	395,094,282	366,566,757
Basic earnings/(loss) – cents per share	(0.6936)	(0.0768)
Diluted earnings/(loss) – cents per share	(0.6936)	(0.0768)

Pursuant to AASB 133, potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease the loss. Therefore, there is no dilutive EPS disclosed.

Options or rights on issue are considered to be potential shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. The dilutive earnings per share at 31 December 2021 is the same as basic earnings per share. In accordance with AASB 133 Earnings per share, as the potential ordinary shares would result in a decrease in the earnings per share, no dilutive effect has been taken into account.

## 9 EXPLORATION AND EVALUATION EXPENDITURE

During the six months ended 31<sup>st</sup> December 2021, the Group incurred expenditure with a cost of \$1,768M on the following exploration projects:

	Cumulative Capitalised Expenditure to 30 <sup>th</sup> Jun 21	Capitalised expenditure 6 months to 31 <sup>st</sup> Dec 21	Exploration expense 6 months to 31 <sup>st</sup> Dec 21	Cumulative Capitalised Expenditure to 31 <sup>st</sup> Dec 21
	\$'000	\$'000	\$'000	\$'000
Ardmore Phosphate	11,879	1,719	-	13,598
Northern Territory Phosphate	14	-	-	14
Goulburn Zinc	7	8	-	15
Oxley Potassium Nitrate	10	40	-	50
<b>Total</b>	<b>11,910</b>	<b>1,767</b>	<b>-</b>	<b>13,677</b>

The exploration and evaluation expenditure assets comprise of exploration expenditure incurred since acquiring the exploration licenses. The expenditure is capitalised on a tenement by tenement ("area of interest") basis.

## 10 DERIVATIVE FINANCIAL INSTRUMENTS

	Company	
	2021 \$'000	2020 \$'000
Convertible notes payable - shares	2,810	-
Convertible notes payable - options	1,909	-
<b>Total comprehensive income / (loss) for the period</b>	<b>4,719</b>	<b>-</b>

In order to classify this note, the Group assessed AASB 9 and made assessment that the notes were derivative in nature as all characteristics under this section were met.

The fixed for fixed test per AASB 9 was then consequently assessed to determine whether the notes were of an equity or liability in nature. The conversion price is \$0.022 for Shares and \$0.05 for Options. If the daily VWAP is less than Base price of \$0.022 at any time during the term of the agreement, the conversion price reduces to that VWAP. Per the terms of the note, the continued variable nature of the conversion price and hence number of shares issued on conversion, indicates that the fixed for fixed test as noted above was failed and notes have been recognised as a financial liability within the scope of AASB 9. The Convertible Notes registered holder is Energy Exploration Pty Ltd and is an entity associated with Non-executive Director Mr Graham Chrisp.

The Group have valued the conversion feature using Monte Carlo and the conversion options using Black Scholes model. The models calculate the convertible notes value using the following inputs:

- valuation date – 31 December 2021
- share price at valuation date- \$0.08
- expiry date- 31 December 2023
- risk free rate- 0.09%
- company-specific volatility – 68%
- strike price- \$0.05; and maximum expected life- 2 years.

The fair value of the conversion feature and options was \$4.719 m as at 31 December 2021. The change in fair value of conversion is recognised in statement of profit loss during the half year amounting to \$1.925 m.

## 11 ISSUED CAPITAL

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

### *Issued ordinary shares*

31 <sup>ST</sup> December 2021	Number of shares	\$ '000
(a) Issued and paid up capital	415,895,918	46,562
	<b>415,895,918</b>	<b>46,562</b>
(b) Movements in fully paid shares		
Opening balance as at 1 July 2021	367,403,090	42,564
Issue of shares – share placement	44,444,445	4,005
Exercise of unquoted options	4,048,383	197
Transaction costs	-	(204)
<b>Issued ordinary shares at the end of the period</b>	<b>415,895,918</b>	<b>46,562</b>

## 12 RESERVES AND SHARE BASED PAYMENTS

### *Nature and purpose of reserves*

The performance rights reserve is used to recognise the fair value of all performance rights

Performance Reserve	Number of rights	\$ '000
Opening balance as at 1 July 2021	-	-
Issued	3,000,000	19
Exercised	-	-
Lapsed	-	-
<b>Balance at end of period</b>	<b>3,000,000</b>	<b>19</b>

During the six months to the 31st of December 2021 the group issued 3 million performance rights as approved at the AGM to Managing Director Robert Mencil. Details of the performance criteria are as follows:

- Date issued – 24<sup>th</sup> December 2021
- Date approved at AGM – 30<sup>th</sup> November 2021
- Share Based Payment expense recognised in HY \$19,000
- Total Fair Value of the Performance rights being \$249,000

Performance Rights	Vesting: Performance Conditions	Performance Period
Tranche 1: 1,000,000	<ul style="list-style-type: none"> <li>(a) 500,000 vesting upon a continuous period of employment of 12 months with the Company;</li> <li>(b) 100,000 vesting upon completion of an update of the 2018 Ardmore Project Definitive Feasibility Study;</li> <li>(c) 100,000 vesting upon securing direct application phosphate rock sales to 3 or more customers;</li> <li>(d) 200,000 vesting upon securing 2 or more sales/marketing agreements for future Ardmore Project production; and</li> <li>(e) 100,000 vesting upon the Company completing a successful capital raise of \$2m or more.</li> </ul>	Financial year ending 2022
Tranche 2: 1,000,000 Performance Rights	<ul style="list-style-type: none"> <li>(a) 500,000 vesting upon a continuous period of employment of 24 months with the Company;</li> <li>(b) 300,000 vesting upon shipment of more than 20,000t in trial shipments for Ardmore;</li> <li>(c) 200,000 vesting upon completion of FEED for 800ktpa process plant for the Ardmore Project.</li> </ul>	Financial year ending 2023
Tranche 3: 1,000,000 Performance Rights	<ul style="list-style-type: none"> <li>(a) 250,000 vesting upon a continuous period of employment of 36 months with the Company;</li> <li>(b) 350,000 vesting upon completing of financial closure for the construction and operation of a 800kt pa Process Plant;</li> <li>(c) 400,000 vesting upon 80% of production at the Ardmore Project allocated by sales/marketing agreements or off take agreements.</li> </ul>	Financial year ending 2024

## 13 CONTINGENT LIABILITIES AND COMMITMENTS

### *Minimum exploration tenement expenditures*

In order to support its right of renewal of tenements (reviewed on a regular basis), the Group is required to meet exploration expenditures as defined at the time of the granting/renewal of the tenements. A summary of these commitments is as follows:

	As at 31 Dec 2021 \$'000	As at 31 Dec 2020 \$'000
<b>New South Wales Tenements</b>		
Tenements with annual commitments*	675	675
<b>West Australian Tenements</b>		
Tenements with annual commitments	-	-
<b>Queensland Tenements</b>		
Tenements with annual commitments	9	9

\* The annual commitments for the New South Wales tenements are an estimate of the work program to which the Group has committed to undertake over the term of the license. \$50,000 relates to a commitment on a tenement expiring April 2022, \$625,000 relates to an annual commitment on a tenement expiring August 2023.

### *Other commitments*

At 31<sup>st</sup> December 2021 the Group has to allow for a make-good obligation of \$10,000 relating to its leased Corporate office. A provision for the make good obligation has been made and is recorded as a current liability in the Group's accounts.

### *Contingent Liability*

On 2nd February 2017 the Group executed agreements to purchase the Ardmore phosphate rock project from Southern Cross Fertilisers Pty Ltd ("SCF"), a wholly owned subsidiary of Incitec Pivot Limited. Under the terms of the agreements (as amended by Deed of Amendment dated 25 November 2021), SCF retain an interest in the project via a gross revenue royalty of 3% (if average benchmark price is less than US\$150 per tonne) or otherwise 3.5%, secured by a registered mortgage over the mining lease (ML 5542). The first ranking security over ML 5542 also secures other monetary and non-monetary obligations associated with the agreements including:

- SCF is entitled to receive 50% of the residual profit of a sale of in excess of a 70% interest in ML 5542 if the transaction takes place within four years from completion (27<sup>th</sup> June 2017). In such case SCF will forego its 3% gross revenue royalty.
- The Group must pay to SCF a \$2 million annual agreement extension fee at the beginning of each year from 27<sup>th</sup> June 2021 if it has not commenced Mining as defined in the agreements. (Mining has recently commenced)

SCF have the right to require ML 5542 be returned to them under certain Breach Events as defined in the transaction agreements with consideration payable to the Group being the lesser of tenement costs incurred by the Group, including acquisition costs, and market value.

# Independent Auditor's Review Report

## To the Members Centrex Limited

### Report on the review of the half-year financial report

#### Conclusion

We have reviewed the accompanying half-year financial report of Centrex Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Centrex Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Centrex Limited's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Material uncertainty related to going concern

We draw attention to Note 4 in the financial report, which indicates that the Group incurred a net loss of \$2.739 million, had net cash outflows from operating activities of \$810k for the half year ended and had total accumulated losses of \$34.020 million, as at 31 December 2021. As stated in Note 4, these events or conditions, along with other matters as set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

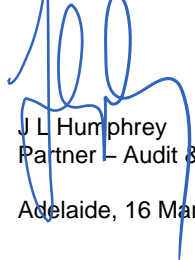
### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Partner – Audit & Assurance

Adelaide, 16 March 2022