



ASX Announcement



# Quarterly Activities Report

March 2019

**16<sup>th</sup> April 2019**

**ASX Code: CXM**

**Issued Capital:**

Shares	315.7M
Options/ Rights	7.9M
Share Price	A\$ 0.11
Market Cap.	A\$ 34.7M
Cash (31 <sup>st</sup> March)	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 31<sup>st</sup> March 2019
- ▶ Port Spencer land sale to FREE Eyre Limited for \$1.4 million unconditional with settlement due 31 May 2019
- ▶ Appointment of Mr Simon Slesarewich as CEO effective 3<sup>rd</sup> April 2019

### Ardmore Phosphate Rock Project, Queensland

- ▶ Definitive Feasibility Study (DFS) optimisation completed for the Ardmore Phosphate Rock Project increasing pre-tax NPV<sub>10</sub> by 56% to **A\$ 269 million**
- ▶ **Ungeared pre-tax IRR of 63% and pay back of 1.8 years**
- ▶ Life of mining average CFR operating costs including sea freight (2018 real terms excluding royalties) have decreased 10% to US\$ 99/t on the back of design improvements and updated supplier rates
- ▶ 13% reduction in **pre-production capital costs to US\$ 49 million** primarily due to design changes and revised equipment selection
- ▶ CDE Global completed fabrication of the modular start-up wet processing plant due for installation and commissioning during 2019 to provide up to 30,000 tonnes of trial shipments to priority customers
- ▶ Continued progress on phosphate exploration strategy targeting high-grade pelletal deposits in the Georgina Basin to leverage Ardmore's development

# REPORT

## 1. CORPORATE

The Company maintains a cash balance of A\$5.6 million as at 31<sup>st</sup> March 2019, down from A\$9.8 million in the prior quarter reflecting primarily the final payment to CDE Global on the design, manufacture and construction of the modular start-up wet processing plant. The plant will be incorporated into the full scale production plant.

During the quarter the sale of the Company's Port Spencer land holding became unconditional with satisfaction of conditions precedent. Centrex agreed, at FREE Eyre's request, to extend the settlement date to 31 May 2019 subject to the receipt of a \$0.4m deposit and the payment of interest on the balance of the settlement amount over the extended term.

Mr Ben Hammond resigned from his role as managing director and CEO during the quarter. After 11 years with Centrex, the past 6 as its CEO, Mr Hammond decided to pursue an opportunity with a mining services firm to head its European operations. The Board thanks him for his many contributions to the Company over more than a decade of service, and wishes him well in his new role.

The Company appointed Mr Simon Slesarewich as the Company's replacement CEO effective 3rd April 2019. Mr Slesarewich brings more than 20 years industry experience to the role having held several chief executive positions, most recently as Managing Director & CEO of ASX listed Metallica Minerals and as a Director of the Queensland Resources Council. Mr Slesarewich has a strong track record in developing and operating mines, including developing fit for purpose infrastructure solutions for the transport to market of bulk commodities.

## 2. ARDMORE PHOSPHATE ROCK PROJECT, QLD

The Ardmore Phosphate Rock Project ("Ardmore") in North West Queensland is Centrex's flagship

development, with a start-up operation currently in execution phase for first shipments in 2019.

As announced on 28 February 2019, a number of cost reduction design initiatives identified post completion of the DFS were concluded (**DFS Optimisation**). The DFS Optimisation comprised a series of independent reviews of the study by external specialist consultants to identify and assess cost saving design opportunities. In parallel to this Centrex worked with suppliers and vendors to refine the project requirements and obtain pricing updates. The Ore Reserves, mine life and production rate remained unchanged for the optimisation, however mine scheduling was further refined to smooth the material movement profile over the life of mine and reduce long-term stockpile volumes.

Key results of the DFS Optimisation include:

- 56% increase in pre-tax NPV<sub>10</sub>
- IRR increased from 40% to 63%
- reduced pay back of 1.8 years (previously 4.0 years).

The announcement regarding the DFS Optimisation made on 28 February 2019 can be found at:

- <https://www.asx.com.au/asxpdf/20190228/pdf/44324whvq94dq6.pdf>



**CAPTION:** Trial assembly of the 70tph modular wet plant

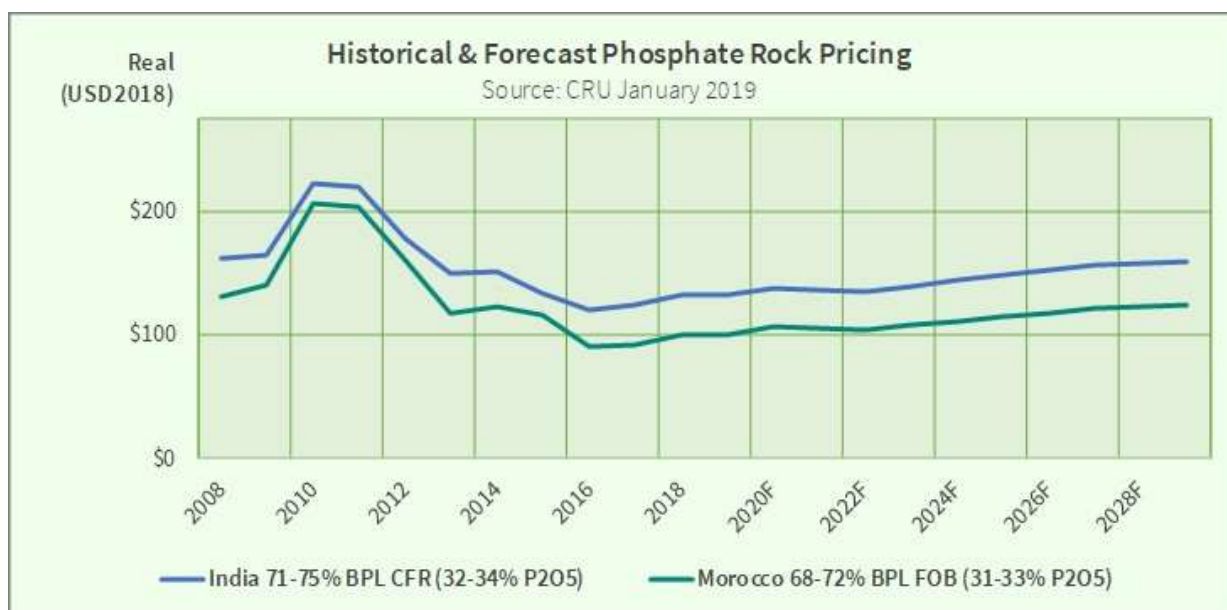
CDE Global have recently completed fabrication of the modular start-up wet processing plant, with installation and commissioning scheduled for completion is scheduled to occur in 2019, along with associated site support works. The start-up modular process plant will have a capacity of 70tph and has been designed to be expandable to 140tph for the full-scale operation designed at 800,000 wet tonnes of product per annum.

The Ardmore start-up operation, which is currently in execution phase, will not only produce trial shipments to secure long-term offtake for full-scale project financing, but also significantly de-risk the project technically. The 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 to 6,000 wet tonnes trial shipments.

Updated phosphate rock price forecasts sourced from CRU as part of the DFS Optimisation indicates positive real term growth in the global market over the life of project, with increasing premium for high-grade product due to limited supply in the segment. CRU have forecast phosphate rock prices to continue rising until 2023 as supply begins to tighten and production costs increase in China due to implementation of new environmental management

practices. There is significant upside for Ardmore if prices return to historical levels.

Ardmore is targeting pricing referenced to the India CFR 71-75% BPL benchmark (32-34%  $P_2O_5$ ). CRU's forecast of the India CFR benchmark is derived from the underlying Morocco FOB forecast. The India benchmark is at a higher grade than the Morocco FOB and includes ocean freight (on a delivered or CFR basis). CRU forecast the premium for higher grade phosphate rock to increase due to the limited supply capacity for higher grade product such as Ardmore. Centrex believes the upside in premium grade phosphate rock supply is supported, with the rapid increase in major customers ceasing to purchase Morocco's premium grade rock from its mines in the disputed Western Sahara region. Supply from the region is the dominant source of premium grade rock to the local Australian and New Zealand market. Cadmium is also becoming an increasing focus for the industry with the proposed tightening of allowable import limits in Europe, which is likely to spread to other markets that Centrex are focussing on. Ardmore has ultra-low cadmium levels unlike competing premium grade rocks currently being imported by the local markets providing further price upside if industry cadmium restrictions tighten.

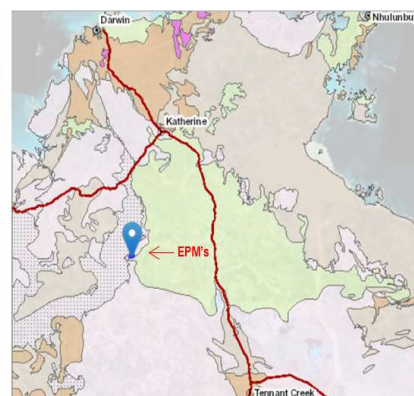
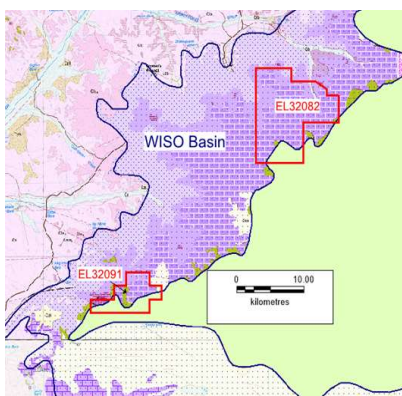


**CAPTION:** Historical and forecast phosphate rock benchmark pricing

### 3. PHOSPHATE EXPLORATION, QLD & NT

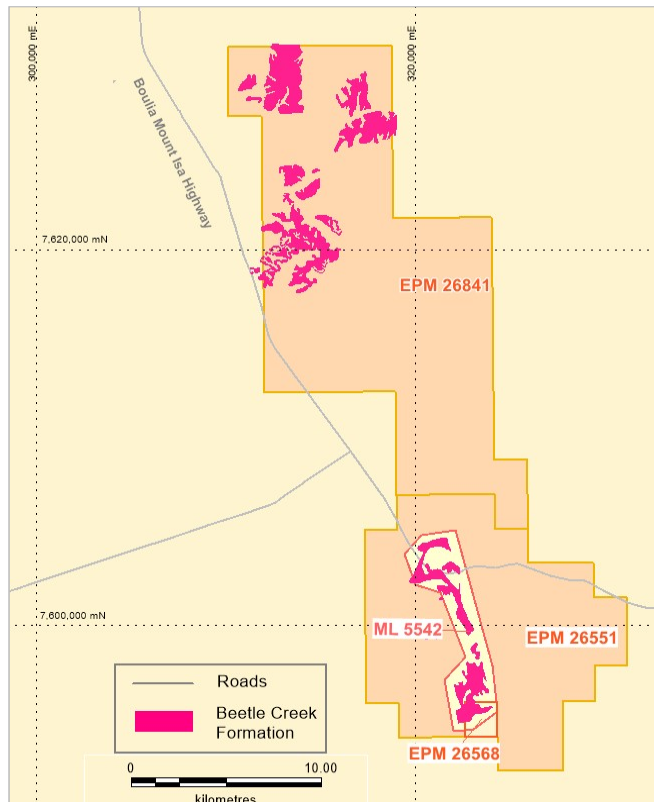
Centrex continues to develop a pipeline of phosphate exploration projects both proximal to Ardmore in the Georgina Basin and regionally in Australia. Centrex is focused on coarse high-grade pelletal deposits similar to Ardmore given the significant development advantages of this type over the more common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



**CAPTION:** Location of Centrex's tenement applications with mapped Monteijinni Limestone prospective for phosphorite within the WISO basin

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. During the quarter, Centrex applied for tenements ELA 32082 and ELA 32091 based on uranium anomalies (associated with phosphate mineralisation) within the Monteijinni Limestone Formation.



**CAPTION:** Location of Centrex's Queensland tenements with mapped Beetle Creek Formation prospective for phosphorite

### 4. OXLEY POTASSIUM NITRATE PROJECT, WA

The Company progressed the compilation of an investor data room in order to seek a strategic partner to aid in developing the Oxley project to 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. IRON ORE PORTFOLIO, SA

The transfer of Centrex's remaining South Australian iron ore exploration licenses to Lincoln Minerals Limited was completed during the period with the receipt of State Government approval.



## 7. 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<sup>st</sup> January 2019 to 31<sup>st</sup> March 2019.

For further information please contact:

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Centrex Metals Limited  
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### Stephane Gauducheau

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

97 096 298 752

## Quarter ended ("current quarter")

31<sup>st</sup> March 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
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
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,372)</b>	<b>(4,624)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
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 (9 months) \$A'000
2.5	Other (provide details if material)	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(2,777)</b>	<b>(4,034)</b>

\*\* Final payment to CDE Global on the design, manufacture and construction of the modular start-up wet processing plant

3.	<b>Cash flows from financing activities</b>		
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	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

4.	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
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	<b>Cash and cash equivalents at end of period</b>	<b>5,623</b>	<b>5,623</b>

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	258	2,082
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – term deposits (maturity within 90 days)	5,000	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)	5,623	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	

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 <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.		



<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
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	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>(1,930)</b>

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

<b>10.</b>	<b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Mount Hill EL6024 Vanilla EL5559 Tumby Bay EL5971 Greenpatch EL5852	Tenements transferred to Lincoln Minerals Limited	100%	Nil
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: 16<sup>th</sup> April 2019

Print name:

Mr Stephane Gauducheau

## 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.