



**CENTREX METALS**  
LIMITED

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ASX Announcement 17<sup>th</sup> October 2017

Period Ending 30<sup>th</sup> September 2017

# Quarterly Activities Report

## Highlights

### Corporate

- ▶ A\$ 19.20 million cash reserves remaining as at 30<sup>th</sup> September 2017 with no debt
- ▶ Unmarketable parcel facility established

### Ardmore Phosphate Rock Project, Queensland

- ▶ Mini-composite results align with previous grab sample testwork showing a premium 35% P<sub>2</sub>O<sub>5</sub> grade phosphate rock concentrate can be produced from crushing, attritioning, and desliming
- ▶ Results indicate Ardmore phosphate rock to be ultra-low in cadmium, a major advantage over most exporters
- ▶ Diamond drilling program completed providing almost 1 tonne bulk samples for feasibility level testwork
- ▶ Major (approximately 300 drill hole) infill reverse circulation drilling program nearing completion across the deposit to support mining feasibility studies and a further resource update
- ▶ GR Engineering Services Limited appointed for Ardmore Phosphate Rock Project Feasibility Study and interim Scoping Study
- ▶ Environmental and cultural heritage surveys completed showing no significant impediments to operations

### Oxley Potassium Nitrate Project, Western Australia

- ▶ Engineering design review of the Oxley Potassium Nitrate Project is complete
- ▶ Comminution & roasting circuit designs, overall engineering and 3D plant model have been completed by Hatch
- ▶ Solar evaporation pond design and hydrometallurgical circuit design completed by Novopro

- ▶ Nitric acid plant feasibility study completed by KBR Weatherly
- ▶ A small-scale continuous pilot plant is planned to commence upon completion of updated capital and operating costs estimates which are being finalised

## REPORT

### 1. CORPORATE

The Company continues to maintain a healthy balance sheet with A\$ 19.2 million in cash reserves remaining as at 30<sup>th</sup> September 2017, with no debt outside of current trade payables.

On 1<sup>st</sup> September 2017 the Company established an unmarketable parcel facility for holders of shares in the Company valued at less than \$500.00 on the record date (31<sup>st</sup> August 2017). Hartleys Limited has been appointed to act as the sale broker for the facility. The closing date for receipt of the share retention forms is 20<sup>th</sup> October 2017.

### 2. ARDMORE PHOSPHATE ROCK PROJECT, QLD

During the quarter Centrex completed two successful beneficiation testwork programs at its Ardmore Phosphate Rock Project (“Ardmore”) in North West Queensland. The first program was completed on grab samples from historical trenches while the second was on a 33kg “mini-composite” derived from PQ diamond core, part of a much larger diamond drilling program completed to produce an almost 1 tonne bulk composite for feasibility level testwork which is underway. The initial mini-composite testwork showed that with a simple crushing, attritioning, and desliming a premium 35% P2O5 phosphate rock concentrate can be produced with ultra-low cadmium levels.

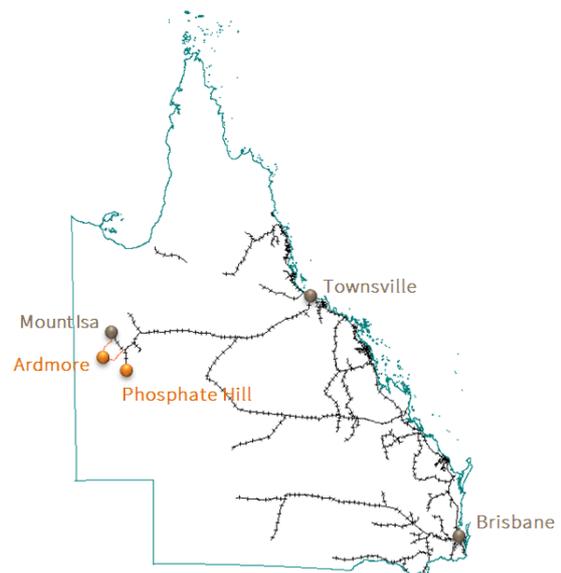
The mini-composite testwork will provide a basis for an interim scoping study being completed in 2017, in parallel with the feasibility study due for completion in mid-2018. The almost 1 tonne bulk sample collected for feasibility testwork will not only provide plant design parameters but also provide initial

marketing product samples requested by numerous potential customers.



**FIGURE:** High-grade phosphate rock diamond drill core from mini-composite at Ardmore.

Centrex has almost completed a major (>300 drill hole) reverse circulation (“RC”) drilling program over Ardmore in order to infill the deposit and reach the required resources levels for a mining feasibility study. The drill program has also been used for additional exploration on the mining lease. A resource update for the project is expected in the coming months.



**FIGURE:** Ardmore location map.

GR Engineering Services Limited (“GR Engineering”) was appointed to undertake the feasibility and scoping studies for the project during the quarter.

Initial on-site environment and heritage surveys were completed during the quarter. Northern Resource Consultants (“NRC”) completed an early dry season flora and fauna survey, and RBC Environmental in conjunction with the relevant traditional owners completed a heritage survey across the Mining Lease. The surveys have both shown no significant impediments to developing a phosphate rock mining operation at Ardmore.



**FIGURE:** Traditional owner representatives of the Bularnu Waluwarra Wangkayujuru (“BWW”) conducting a cultural heritage survey at the Ardmore site.

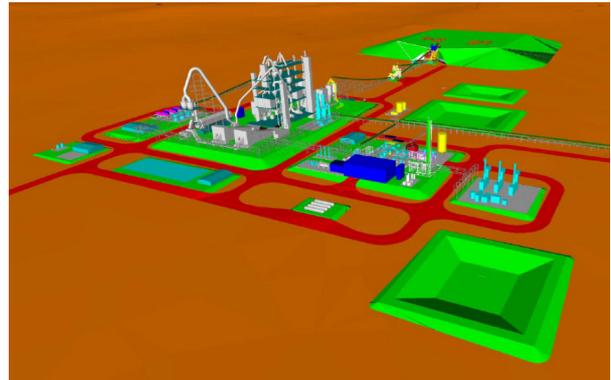
### 3. OXLEY POTASSIUM NITRATE PROJECT, WA

An engineering design review of Centrex’s Oxley Potassium Nitrate Project (“Oxley”) located 125km from the Port of Geraldton in Western Australia was completed during the quarter. The key outcomes from the design review was to reduce the overall complexity and footprint of original scoping study design, and to select a go-forward design option to underpin a prefeasibility study testwork program.

This testwork program includes a small-scale continuous pilot plant for the roasting circuit, which is planned to commence upon finalisation of updated cost estimates based on the new design.

The cost estimates were in review at the end of the quarter and are expected to be finalised in October.

The updated engineering design also included a 3D plant model which allows for a better understanding of the plant layout and is being used to estimate the construction quantities required for plant and ancillary facilities.



**FIGURE:** Oblique view looking south-east at the Oxley process plant, pit and mine waste facilities designs.

### 4. GOULBURN POLYMETALLIC PROJECT, NSW

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

### 5. IRON ORE PORTFOLIO, SA

No exploration activities were undertaken during the quarter by the Eyre Iron Magnetite Joint Venture (“Eyre Iron”). The Joint Venture held cash of A\$ 0.8 million as at 30<sup>th</sup> September 2017.

A Deed of Termination was signed during the quarter to wind-up the Eyre Iron Magnetite Joint Venture.

**6. TENEMENTS**

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

**Queensland (Mining Lease)**

Ardmore Phosphate Rock Project ML 5542

**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 5065

Wanilla EL 5559

Carrow EL 4998

Greenpatch EL 5852

*Retention Lease (South Australia)*

Kimba Gap RL 129

*Mining Lease (South Australia)*

Wilgerup ML 6344

Attached is the Appendix 5B Statement of Cash flows for the period from 1<sup>st</sup> July 2017 to 30<sup>th</sup> September 2017.

For further information please contact:

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Centrex Metals Limited  
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Gavin Bosch  
Chief Financial Officer & Company Secretary  
Centrex Metals Limited  
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## 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")

30<sup>th</sup> September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,226)	(1,226)
(b) development	-	-
(c) production	-	-
(d) staff costs	(352)	(352)
(e) administration and corporate costs	559	559
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	84	84
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / refunded	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(935)</b>	<b>(935)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(3)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	95	95
(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 (3 months) \$A'000
2.5	Other (provide details if material)	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	92	92

<b>3.</b>	<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>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	20,009	20,009
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(935)	(935)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	92	92
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>19,166</b>	<b>19,166</b>

<b>5.</b>	<b>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</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	705	1,544
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other – term deposits with maturity > 90 days	18,136	18,136
5.4	Other – restricted cash held in JV company	325	329
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>19,166</b>	<b>20,009</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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	

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<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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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<b>8.</b>	<b>Financing facilities available</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
	<i>Add notes as necessary for an understanding of the position</i>		
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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<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Exploration and evaluation	(2,355)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(223)
9.5	Administration and corporate costs	(273)
9.6	Other (provide details if material)	-
9.7	<b>Total estimated cash outflows</b>	<b>(2,851)</b>

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: 17<sup>th</sup> September 2017

Print name:

Mr Gavin Bosch

### 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.