



ASX Announcement

Quarterly Activities Report - June 2022

29th July 2022

ASX Code: CXM

Issued Capital:

Shares	608M
Share Price	A\$0.14
Market Cap.	A\$85m
Cash (30 th June)	A\$13.379M

Board of Directors:

Mr Peter Hunt
Non-Executive Chairman

Mr Robert Mencil
Managing Director

Mr Graham Chrisp
Non-Executive Director

Dr A John Parker
Non-Executive Director

Level 6, 44 Waymouth St
Adelaide, SA, 5000
T +61 8 8213 3100
www.centrexlimited.com.au



Highlights

Corporate

- ▶ A\$13.379 million cash reserves as of 30th June 2022
- ▶ Completion of A\$16M Raise via Placement and Entitlement Offer to advance the Company's Ardmore Phosphate Rock Project
- ▶ Conversion of Convertible Note
- ▶ Shareholder support Unlisted Options

Project Advancement

- ▶ Successful Commissioning of Plant and Producing a world-class plus 34.5% P205 (Assayed) final product
- ▶ 100% of its first three years of production allocated
- ▶ Mining recommenced
- ▶ Phosphate prices continue to increase

Report

1. COMPANY OVERVIEW

In the June 2022 quarter, Centrex Limited ('the Company') achieved its most significant milestone to date since acquiring the Ardmore Phosphate Rock Mine.

The Company achieved nameplate capacity and metallurgical design performance, with the Plant consistently achieving the design throughput rate of 80 tonnes (wet) per hour feed of phosphate rock and product yields of over 80%, compared to the Plant's 70% design parameter.

As reported during the quarter, the Plant is producing a world-class plus 34.5% P2O5 (Assayed) final product grade from a 30-31% P2O5 (Assayed) feed grade. Pleasingly, the final product's combined Al2O3 and Fe2O3 (Assayed) grade impurity levels is well below the preferred market acceptance level of 3%.

What also sets this product apart is that our Plant is beneficiating product with ultra-low cadmium, making it a very desirable product.

During the quarter, the mining contractor mobilised to site in April 2022 to recommence stripping of overburden and ore mining. Mining is ongoing at the scheduled production rate of 27,000t of ore per month.

The crushing contractor for the project has also mobilised to site and commenced crushing of the phosphate rock. The crushing circuit is producing a product for both the direct application phosphate rock market and feed for the Ardmore beneficiation Plant. As per the mining, further crushing and screening enhancements have been identified to increase efficiencies and reduce costs.

The outstanding non-process infrastructure was completed on schedule and within indicative costs. This work included the installation of onsite power generation and distribution, mine site potable and non-potable water supply, construction of offices and workshop, an initial tailings dam cell, construction of permanent service roads and additional

accommodation in Dajarra. The commissioning of the beneficiation plant has been successfully completed, and ongoing production is underway.

The production rate is expected to progressively ramp-up over the next six months as crushing and beneficiation plant fine-tuning and optimisation is completed. Product drying is carried out utilising solar drying. The production schedule currently allows three weeks for product drying.

In April 2022, the Company completed a share placement of 57.1m ordinary shares to institutional, professional and sophisticated investors (Placement) at an issue price of \$0.14 per share to raise gross proceeds of approximately \$8m.

The Company also completed a non-renounceable entitlement offer to Eligible Shareholders to raise up to a further \$8 million, on the same terms as the April placement at \$0.14 per share.

In a strong showing of support for the Company the offer was underwritten by Taylor Collison. The Company would also like to thank Eligible Shareholders for their contribution towards the entitlement offer.

During the quarter, the Company signed agreements to reserve 100% of its first three years of production, with the final 50% allocated to major customers in Australia, New Zealand and Asia. This included separate agreements with Ravensdown Limited and Ballance Agri-Nutrients Limited for a 5,000 wet tonnes beneficiated phosphate rock trial shipment each and both with a first right of refusal to purchase 20% of the Ardmore mine's annual production for the first three years.

On 1 July 2022, the Company announced it had executed a further agreement for a trial shipment with Ameropa Australia Pty Ltd, covering the sale of a further 5,000 wet tonnes beneficiated phosphate rock trial shipment and including a first right of refusal to purchase the final 10% of the Ardmore mine's annual production for the first three years.

With 100% of the projects annual production reserved for the first three years, coupled with the

beneficiation plant producing a 34.5% P2O5 (Assayed) final product grade, the Company is well positioned to technically de-risk the existing project and support future final investment decisions (FID).

Customer demand remains strong with interest in Ardmore's high-grade beneficiated and Direct Shipment Ore (DSO) product. As mentioned, sales contracts have been executed for the Company's beneficiated product. Due to the high-grade of the Ardmore rock phosphate, the Company is exploring opportunities to sell direct-shipped unbeneficiated ore. Once mined and crushed, this product will not require processing or drying, reducing operational costs and time in getting this product to market. It will also add to, and diversify the Company's product offering. This product will also be available if additional capacity becomes available in our logistical programme.

The Company advised on 1 April 2022 that, upon receipt of a notice of conversion from the Convertible Note holder, the Company converted the Convertible Note approved by shareholders at the Company's Annual General Meeting on 26 February 2021, and subsequently issued (including all capitalised interest on the outstanding loan) 59,545,454 ordinary shares and 59,545,454 attaching options in accordance with its terms.

All funds owing in relation to the Convertible Note have now been converted to securities and, as a consequence, the Company is now free of the convertible debt. The registered security over the Company has also been removed resulting in a clean capital structure and no overhanging security charges on the Company. This will assist the Company when it comes to progressing its final investment decision (FID).

During the quarter, the Company raised 474K from shareholders exercising their unlisted options that were issued as part of the 2020 Rights Issue. We would like that these shareholder for their continued support.

2. ROCK PHOSPHATE PRICE / MARKET

Again, this quarter Phosphate Rock price reached their highest levels since early 2009, eclipsing previous quarter FOB North Africa (68-72% BPL) benchmark price of US\$178.80 per tonne with the current June 2022 quarter high of \$287.50 (Source: World Bank Commodities).

The Company's updated Definity Feasibility Study (DFS) in August 2021 used a benchmark phosphate price of US\$125 per tonne. The current US\$287.50 per tonne benchmark phosphate price represents a 130% increase.

3. ARDMORE PHOSPHATE ROCK MINE, QLD

Direct Application Rock Phosphate (DAPR)

During the quarter, 1,020 tonnes of DAPR product was sold into the Australian domestic market.

Marketing and sales efforts remain focused on the regenerative farming and organic fertilizer sector.

DAPR sales volumes are expected to strengthen in the new calendar year.

Production Plant

As forecast in the March Quarterly, the mining contractor mobilised to site in April 2022 and continued stripping overburden and ore mining.

The crushing contractor for the project also mobilised to site and commenced onsite crushing of the phosphate rock. The crushing circuit is producing a product for both the direct application phosphate rock market and feed for the Ardmore beneficiation plant. Actual crushing characteristics are in line with expectations.

The outstanding non-process infrastructure was completed during the quarter on schedule and budget (unaudited). This work included the installation of onsite power generation and distribution, mine site potable and non-potable water supply, construction of offices and workshop, an initial tailings dam cell, construction of permanent service roads and additional accommodation in Dajarra. The beneficiation plant has been successfully commissioned and production is underway.

The production rate is expected to progressively ramp-up over the next six months as crushing and beneficiation plant fine-tuning and optimisation is completed. Product drying is carried out utilising solar drying. The production schedule currently allows three weeks for product drying (Figure 1.).



Figure 1. Beneficiated product undergoing solar drying.

Agriflex's logistics contractor Aurizon is expected to commence transporting the product to Townsville in early August 2022 with the first export shipment planned for mid-September 2022. An initial transport rate of 10,000t per month is scheduled, progressively increasing up to 30,000t per month of transported product during the 2022-23 Financial Year.

Ardmore Stage 1.5 Project

At the end of the quarter, the company formally committed to the "Ardmore Stage 1.5 Project".

Initial engineering work suggests the existing Ardmore's plant has significant latent production capacity.

Detailed engineering design work commenced in July to identify aspects of the plant which can be upgraded at low cost. Areas identified to date include potential screen modifications, additional cyclones, in addition to optimising and resetting plant operational parameters.

These low-cost capital changes are expected to increase nameplate capacity from 80tph to greater than 100tph.

The engineering design work is expected to be completed by December 2022 and progressively implemented.

800ktpa Plant

An in-house engineering and project team comprising of professional, and industry experienced personnel has been appointed to progress the design and execution of the commercial scale Ardmore development.

Front End Engineering and Design and approvals planning continues for the 800,000 tpa commercial plant. Project options analysis and scheduling work for optimal project development and execution timelines are ongoing.

An experienced execute-phase EPC contractor (GRES) continues to work on optimising the physical location of the process plant and the logistics pathway. This work is expected to be completed in Q3 2022. 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, albeit work has been concluded that has identified markets for the low-grade phosphate by-product streams. This by-product sale improves the overall Ardmore resource utilisation.

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 Mount Isa to Townsville.

The benefit of the Townsville plant is access to lower cost services and immediate access to the port. A Townsville facility will enhance and extend the longer-term business strategy that could include the treatment of other resources within rail, transport and shipping corridors both on-shore and from overseas. There are multiple potential locations that are currently being assessed within Townsville and its surrounds.

Regardless of the plant location, a Townsville facility will be required for product storage, staging and ship loading.

With the initial production Ardmere beneficiation plant currently achieving and exceeding design throughput and design yield parameters, the commercial plant process flow diagram will be optimised and costed using this experience and will include updated and improved market pricing assumptions.

An environmental and social impact assessments consultant (ERIAS) has been engaged to provide planning and scheduling advice on the approval and permitting pathway for the various plant site options.

Initial consultations and engagement with Townsville port, business, service and community stakeholders has commenced.

4. OXLEY POTASSIUM FERTILIZER PROJECT, WA

Metallurgical test work continued on Oxley ore.

Final planned hydrothermal testwork is underway that is testing:

- High temperature and pressure lime leaching
- Atmospheric pressure/elevated temperature hydroxide leaching
- Atmospheric pressure/elevated temperature hydroxide/glycine leaching

The programme is due for completion mid-August 2022 at which point positive results may warrant further testing.

No further testing is planned for the baseline roast/leach/precipitate/Flotation/KNO₃ conversion flowsheet.

5. GOULBURN GOLD-BASE METAL PROJECT, NSW

The Company has two exploration licences EL 7388 Goulburn and EL 7503 Archer located in the east Lachlan Fold Belt.

As advised in the March 2022 quarterly no exploration is planned in the next Quarter.

6. EXPENDITURE

The Company maintained a cash balance of A\$13.379 million as of 30th June 2022.

The total expenditure on exploration and development activities by the Company during the Quarter was A\$4.803M, majority of which was spent on the commissioning and recommencement of mining at the Ardmere Rock Phosphate project and general care and maintenance of all tenements. A\$0.614M of this amount related to plant & equipment/long lead items for the commissioning of the initial plant.

There was substantive mining production and development activities during the Quarter with expenditure totalling \$1.595M (which comprised of direct mining, fuel, contractors and surveying).

For the purposes of Item 6.1 of Appendix 5B, the aggregate payments during the Quarter to related parties (totalling \$42,000) were comprised of Consulting Fees, Directors fees plus statutory superannuation.

7. FUTURE QUARTER MILESTONES

- Commencement of shipping Trial Shipments
- Execution of further Trail Shipments and Repeat Sale Contracts
- Progress Commercial Plant Engineering and Design
- Further Progress of “Ardmore Stage 1.5 Project”.

8. EXPLORATION AND TENEMENTS

The Company and its wholly owned subsidiaries hold the following tenements and leases as of 30 June 2022:

Queensland (Phosphate)

Ardmore	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	E70/4318
Oxley	ELA70/5976
Oxley	ELA70/5977
Oxley	ELA70/5978

Northern Territory (Phosphate)

ELA	32048
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This Quarterly Activities Report and Appendix 5B have been approved for release to the ASX by the Board of Centrex.

Attached is the Appendix 5B Statement of Cash flows for the period from 1st April 2022 to 30th June 2022.

For further information please contact:

Robert Mencil
Chief Executive Officer
Centrex Metals Limited
Ph (08) 8213 3100

Jonathan Lindh
Company Secretary
Centrex Metals Limited
Ph (08) 8213 3100

About Centrex Limited

Centrex Limited is looking to secure Australasia’s sustainable agriculture future through the exploration and development of its wholly owned Ardmore Phosphate Project and Oxley Potash Project. The products from both projects are necessary ingredients for global food production and human nutrition. The Centrex Limited fertiliser projects are located near to established energy and transport infrastructure that are necessary for access to established agricultural markets. The Company is also continuing its copper-gold-base metal exploration projects near Goulburn in the Lachlan Fold Belt in New South Wales.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Centrex Limited

ABN

97 096 298 752

Quarter ended ("current quarter")

30th June 2022

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	126	217
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(302)	(707)
	(e) administration and corporate costs	(356)	(1,105)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	4
1.5	Interest and other costs of finance paid	-	(30)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	20	20
1.8	Other (Fuel Tax Credits/Cash Flow Boost)	-	-
1.9	Net cash from / (used in) operating activities	(511)	(1,601)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(614)	(867)
	(d) exploration & evaluation (if capitalised)	(4,189)	(6,749)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(4,803)	(7,616)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	16,019	20,019
3.2	Proceeds from issue of convertible note	-	-
3.3	Proceeds from exercise of options	474	1,106
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,024)	(1,228)
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 (Convertible note interest)	-	-
3.10	Net cash from / (used in) financing activities	15,469	19,897

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,714	2,189
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(511)	(1,601)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,803)	(7,616)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	15,469	19,897

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	12,869	12,869

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	12,849	2,594
5.2 Call deposits	-	-
5.3 Bank overdrafts		
5.4 Other – term deposits (maturity within 90 days)	20	120
5.4 Secured term deposits*	510	510
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,379	3,224
(*Less 5.4 Secured term deposits)	(510)	(510)
	12,869	2,714

* Term Deposits held in relation to secured bank guarantees

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1 (Includes Directors Fees plus Superannuation)	42
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(511)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(4,189)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(4,700)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	12,869
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	12,869
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.73
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date: 29 July 2022.....

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.