



ASX ANNOUNCEMENT – 25 NOVEMBER 2021

ARDMORE PHOSPHATE PROJECT – EXTENSION FEE SETTLEMENT

Centrex Metals Limited (ASX: CXM) (“Company”) is pleased to announce that its 100% owned subsidiary Agriflex Pty Ltd (**Agriflex**) has reached a settlement with Southern Cross Fertilisers Pty Ltd (SCF) over their extension fee claim under the Royalty Deed.

As part of the extension fee settlement, SCF has agreed to withdraw their invoice for a \$2m Extension Fee and extend the extension period under the Royalty Deed by a further 12 months to 27 June 2022.

In return, Agriflex has agreed to pay SCF a A\$1m settlement amount and increase 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%.

Significantly, 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.

Centrex Metals’ Managing Director said: *“This settlement avoids the expense of a lengthy legal dispute. The increased offtake, should the first right of refusal be exercised, is a great outcome for Agriflex. SCF and its owner Incitec Pivot Limited are Australia’s largest consumers of Phosphate Rock. We look forward to proving Agriflex a reliable supplier of high grade phosphate rock. With this agreement and the recent Samsung agreement, Agriflex now has 50% of its initial production reserved subject to a first right of refusal.*

Significantly, with a final investment decision expected in October 2022, any agreement reached with SCF for the future subordination of SCF’s security interest to a future project financier will assist in our efforts to secure a funding package for Agriflex’s planned 800,000 tpa production plant.”

This ASX announcement has been approved and authorised for release by the Board of the Company.

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