



ASX Announcement



# Quarterly Activities Report December 2019

**31 January 2020**

**ASX Code: CXM**

**Issued Capital:**

Shares	315.7M
Options/ Rights	3.1M
Share Price	A\$ 0.045
Market Cap.	A\$ 14.2M
Cash (31 Dec)	A\$ 2.8M

**Board of Directors:**

Graham Chrisp  
*Chairman*

Peter Cox  
*Non-Executive Director*

Dr A John Parker  
*Non-Executive Director*

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## Highlights

### Ardmore Phosphate Rock Project, Queensland

- ▶ Ardmore trial mine start-up wet processing plant completed.
- ▶ Numerous funding solutions for the Ardmore trial mine are being actively pursued.
- ▶ Marketing of trial mine production continued with two agreements completed, each for the purchase of 5,000t
- ▶ Phosphate price projections released during the quarter are broadly in line with prices used in the Optimised Definitive Feasibility Study (DFS)

### Corporate

- ▶ A\$2.8 million cash reserves as at 31<sup>st</sup> December 2019
- ▶ Appointment of Dr A John Parker as a Director of the Company, effective 17 December 2019
- ▶ Retirement of Mr David Klingberg as a Director of the Company, effective 17 December 2019

This quarterly activities report and Appendix 5B has been approved for release to the ASX by the Board of Centrex.

## REPORT

**1. ARDMORE PHOSPHATE ROCK PROJECT, QLD**

The Ardmore Phosphate Rock Project in North West Queensland is Centrex's flagship development. The 70 tph Start-up Plant (now assembled on site) has been designed and constructed as an oversized module able to be readily upgraded to a 140tph circuit so as to meet the proposed full-scale 800,000 wet tonnes per annum of concentrate envisaged for full mining operations.

The Ardmore start-up operation is targeted to produce up to 30,000 wet tonnes of concentrate which will be sold to a select number of target long-term offtake customers. These trial shipments are integral to not only validating the premium nature of the Ardmore product, but also to securing long-term offtake to underpin the Ardmore full scale operations.



Figure 1 – View from within completed Start-up Plant at Ardmore

Funding discussions for the Ardmore start-up operation continue with numerous parties whilst the Company progresses other required activities to advance the start-up phase of the project. These activities include targeted marketing of additional trial parcel concentrate sales, arranging logistics, contracting in relation to mining and other operational activities. Funding options will continue to be progressed for the start-up phase to be fully funded for the mining and processing operations.

Whilst the current phosphate rock price has been negatively impacted due to increased stocks and a poor planting season in the price-setting North

American market, a supply overhang in Morocco and changing agricultural practices due to environmental restrictions in China, prices are expected to commence a recovery in 2020. A combination of supply constraints, as lower prices result in higher cost producers being unable to sustain production and a return to normalized demand growth, is expected to result in strong price gains through 2021-22, resulting in the medium-term price outlook and timing remaining broadly in line with the Ardmore Optimised DFS price assumptions. This position is supported by ongoing analysis undertaken by leading phosphate market research specialists CRU.

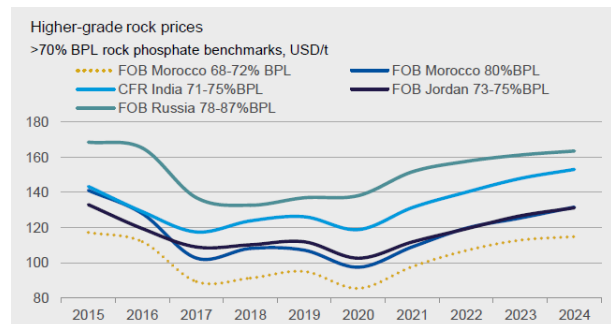


Figure 2 – Medium-term higher grade Phosphate Rock (as proposed to be produced at Ardmore) price outlook (source CRU November 2019)

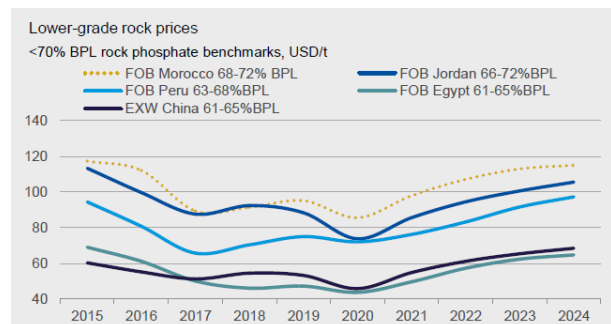


Figure 3 – Medium-term lower-grade Phosphate Rock price outlook (source CRU November 2019)

**2. CORPORATE**

The Company maintained a cash balance of A\$2.8 million as at 31<sup>st</sup> December 2019, a reduction of \$1.2 million from the prior quarter reflecting primarily

costs associated with completion of the plant erection at Ardmore and corporate costs.

The following changes to the Board of the Company occurred during the quarter:

- ▶ Mr Kiat Poh resigned as Director, effective 7 November 2019;
- ▶ Mr Graham Chrisp was appointed to the role of Executive Chairman, effective 2 December 2019;
- ▶ Dr A John Parker was appointed as Director to the Company effective 17 December 2019; and
- ▶ Mr David Klingberg (AO) retired as Director, effective 17 December 2019

These changes together with the substantially reduced Director remuneration announced during the quarter have resulted in significant Company cost savings.

### 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 particularly focused on exploring for additional deposits near Ardmore so as to extend the project's life beyond its already proven resources.

An application for a third tenement in the Wiso Basin is awaiting approval.

### 4. OXLEY POTASSIUM NITRATE PROJECT, WA

Whilst Centrex continues to actively seek a strategic partner to aid in progressing the Oxley project (a move that will enable the Company to focus on Ardmore), it may decide to continue with the development of the Oxley project itself.

During the quarter, consolidation of the Oxley tenements was completed so as to retain the majority of the Oxley resources. Several peripheral tenements were surrendered as follows:

- ▶ full surrender of tenements E70/4378 and E70/4729; and
- ▶ partial surrender of E70/3777

### 5. GOULBURN ZINC PROJECT, NSW

Expressions of interest commenced being sought for investment options in this project. Several parties have previously expressed an interest in this project and correspondence with other parties continues.

### 6. 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

#### Northern Territory (Phosphate)

ELA 32048  
 EL 32082  
 EL 32091

Attached is the Appendix 5B Statement of Cash flows for the period from 1 October 2019 to 31 December 2019.

For further information please contact:

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Centrex Metals Limited  
Ph (08) 8213 3100

**Christine Manuel**

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 December 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(669)	(1,956)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(261)	(464)
	(e) administration and corporate costs	(237)	(515)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	14	36
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</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,153)</b>	<b>(2,899)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(2)
	(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 (6 months) \$A'000
2.5	Other - customs duty refund	-	109
2.6	<b>Net cash from / (used in) investing activities</b>	-	<b>107</b>

<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	3,994	5,633
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,153)	(2,899)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	107
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>2,841</b>	<b>2,841</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	476	1,129
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – term deposits (maturity within 90 days)	2,015	2,515
5.4	Secured term deposits *	350	350
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,841</b>	<b>3,994</b>

\* 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	60
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***Add notes as necessary for an understanding of the position*

- 8.1 Loan facilities  
8.2 Credit standby arrangements  
8.3 Other (please specify)

Total facility  
amount at  
quarter end  
\$A'000Amount 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.		

**9. Estimated cash outflows for next quarter**

\$A'000

9.1	Exploration and evaluation	(294)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(115)
9.5	Administration and corporate costs	(181)
9.6	Other	-
9.7	<b>Total estimated cash outflows</b>	<b>(590)</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	Western Australia: E70/4378 E70/4729 E70/3777	Exploration leases	100% 100% 100%	0% 0% 21%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Northern Territory – EL 32082 EL 32091	Exploration leases granted from existing applications	Application Application	100% 100%

## 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: 31 January 2020

Print name:

Christine Manuel

### 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.