Centrex Limited

Interim Report

For the half year ended 31 December 2023

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Directors' report
31 December 2023

The Directors present their report together with the consolidated interim financial report of Centrex Limited (“Company”) and its controlled entities (“Group”), for the six months ended 31st December 2023 and the auditor’s review report thereon.

Directors

The names of the directors in office at any time during or since the end of the half year:

Name and Qualifications	Position
Mr Peter Hunt FCA	Non-Executive Chairman
Mr Robert Mencel B Eng (Mining) MBA	Managing Director
Mr Graham Chrisp B Tech (CE)	Non-Executive Director
Dr A John Parker BSc (Hons). PhD, DipCompSc, MAIG, MAICD	Independent Non-Executive Director

Company Secretary

Dr John Santich was appointed on the 6th September 2023.

Jon Lindh resigned on 6th of September 2023.

Principal Activities

The principal activity of the Group during the reporting period was phosphate rock production and exploration on the following areas:

- Phosphate Rock mining at the Ardmore Project in Queensland;
- Potash exploration in Western Australia;
- Base metals exploration in New South Wales and
- Exploration for additional phosphate resources.

Review of Operations and Financial Results

Outlined below are the operational activities undertaken by the Group to 31st December 2023.

Corporate

Centrex Limited's ('Centrex', 'the Company') primary focus for the six months ended 31st December 2023, was the Ardmore Phosphate Rock Mine ('Ardmore') which is 100% owned by its subsidiary, Agriflex Pty Ltd ('Agriflex').

Placement and Share Purchase Plan Offer

On 23 August 2023, the Company announced announce that it had received firm commitments for a placement of approximately 47.2m shares to institutional, sophisticated and professional investors at an issue price of 9 cents per share to raise $4.25 million. In conjunction with the placement, the Company also announced a Share Purchase Plan Offer on the same terms as the placement to target an additional $1m of funding.

Performance rights

On 18 September 2023, the Company advised that it converted 7,088,461 unlisted CXMAP Performance Rights into a total of 7,088,461 ordinary shares to a number of participants in the Company's Performance Rights Plan, after the satisfaction of the relevant vesting conditions applicable to those Performance Rights.

Share Purchase Plan Offer Results

On 25 September 2023, the Company announced that the Share Purchase Plan Offer raised $181,500 from participating shareholders.

Production for the period

Mining and Crushing

During the half year, the Company mined 174,204 tonnes of ore. Total ore tonnes crushed in the period was 100,049 tonnes. Closing stockpile levels at the end of the period were 85,229 tonnes of mined ore and 1,542 tonnes of crushed ore. Mining production was impacted by high rain fall events throughout the six-month period.

Processing and Drying

During the half year, 105,008 tonnes were processed through the beneficiation plant, producing 66,035 tonnes of beneficiated phosphate.

Production was carried out utilising solar drying. 64,415 tonnes of product was dried and harvested. The production schedule currently allows three weeks for product drying; however, actual solar drying times are heavily weather dependent.

Beneficiated Phosphate Rock Sales

The Company shipped a total of 53,348 tonnes of processed/beneficiated high-grade concentrate via the Port of Townsville during the period.

Since 30 June 2023, the Company's inventory on a tonnage basis has increased by 142%, from 50,263 tonnes to 121,603 tonnes. It should be noted that 85,228 tonnes relate to ROM mining stockpiles which attract the lowest weighted average cost amongst various stockpiles. This is a significant investment the Company has made in developing stockpiles throughout its production chain. This investment represents a significant form of working capital to the Company. The building of this material inventory will greatly assist the Company in meeting its anticipated deliveries to customers as it ramps up mining, production, processing, and sales for Q1 CY2024.

Ardmore Mine Ramp Up & Stage 1.5 Expansion

During the half year, the Company kept the market updated on progress at Ardmore through several Company & Ardmore Operations Updates which were released on 27th July 2023, 30th August 2023, 18th September 2023, 9th October 2023, 6th November 2023, 21st November 2023, and 22nd December 2023.

As outlined throughout these updates, the core focus for the Company had been achieving the successful ramp up of production at Ardmore and securing the finance necessary to complete the Stage 1.5 Expansion. Upon completion of the Stage 1.5 Expansion, Ardmore is expected to achieve a production run-rate of 625,000tpa. The Stage 1.5 Expansion is also expected to significantly lower Ardmore's all-in-sustaining-costs on a per tonne basis.

Stage 1.5 capital expenditure reduction

On 7 November 2023, the Company announced that the budgeted capital expenditure to complete the Stage 1.5 Expansion at Ardmore had been significantly reduced to A$17.6m (before including contingencies). This represented a reduction of A$8.1m, or 32% from the previously estimated Stage 1.5 capital expenditure of A$25.7m (before including contingencies), which was announced on 23 November 2022. The reduction in spending on Stage 1.5 capital items was mainly attributable to project optimisation, leading to a refined capital expenditure profile.

Crusher commissioning

On 21 November 2023, the Company announced that all components for its newly purchased crusher had arrived at site. This marked a significant step towards the reduction of operating costs, which has been a key focus of the Company. By moving to owner-crushing, the Company anticipates a crushing cost reduction of approximately 60%.

By the beginning of December 2023, the crusher was successfully commissioned and became fully operational. The crusher continues to operate well after the end of the reporting period and will complement the lift in production associated with the Stage 1.5 Expansion.

Successful production run-rate increase ahead of schedule

On 29th November, the Company announced that it expected to achieve a production run-rate of 240,000tpa by January 2024. This successful ramp up in production was expected to be achieved 3 months earlier than originally scheduled, and was ultimately achieved after the end of the reporting period.

Ardmore Stage 2.0 Expansion

During the half year, ongoing discussions with relevant parties associated with the Stage 2.0 Expansion continued to advance. The Stage 2.0 Expansion at Ardmore would involve transitioning to a bulk logistic solution, lowering all-in-sustaining-costs even further beyond what is expected to be achieved by the Stage 1.5 Expansion. Further, it would lift the production run-rate from the 625,000tpa expected from the Stage 1.5 Expansion up to 800,000tpa.

As outlined in the Company's AGM presentation on the 29th November 2023, the Stage 2.0 Expansion has the benefit of accessing existing infrastructure, which will minimise the expected capital requirement. Further, it would add further tonnes to the currently under-utilised Mt Isa to Townsville rail-line, which therefore has the potential attract government or regional support.

Ardmore Mine Value Add Initiatives

During the half year, the Company continued to pursue value add initiatives that have the potential to increase the long term sales margins from Ardmore. Given the high grade and low impurity profile of Ardmore's ore & beneficiated concentrate product, the Company has noticed Ardmore's potential to address several different lucrative market verticals.

SA Water Report

On 1 November 2023, the Company announced that it had received a commissioned report prepared by SA Water titled "Ardmore Apatite Phosphate Removal". The report explored how the Company's granular rock phosphate apatite product could be used to remove phosphate in a wastewater/recycled water application.

The report demonstrated that after an engineered 7-hour contact, Ardmore apatite removed greater than 98% of both reactive and total Phosphorus at typical inlet concentrations (15mg/L as PO4) consistently over 8-weeks with no measurable loss of performance. It was reported that Ardmore's apatite could potentially be a very effective low-technology solution for Phosphorus removal, with minimal undesirable water quality impacts.

Cleveland Bay Chemical Company Pty Ltd MoU

On 2 November 2023, the Company announced that Agriflex had entered into a Memorandum of Understanding with Cleveland Bay Chemical Company Pty Ltd, to explore value added processing opportunities for the Company's high-grade and low-grade rock phosphate products. The MOU will initially focus on exploring the feasibility of manufacturing Dicalcium Phosphate (DCP) for use in animal feed or direct application fertiliser.

It is envisioned that Agriflex's granular apatite product can be utilised by Cleveland's Townsville processing facility for the purposes of expediating DCP production studies. These anticipated DCP production studies will build upon prior test work conducted by the Company, which has shown that Ardmore phosphate products are capable of producing high-quality DCP. In addition to DCP, the MOU also encompasses the potential research of DCP by-products, including Monocalcium Phosphate (MCP) and Monodicalcium Phosphate (MDCP).

Phosphorous inclusion in new Strategic Minerals List

On 19 December 2023 the Company advised that on Saturday, 16th December 2023, the Albanese government revised its existing Critical Minerals List and introduced a new Strategic Minerals List. Significantly for the Company, the newly-created Strategic Minerals List included phosphorus, along with copper, nickel, aluminium, tin, and zinc.
The recognition of phosphorus in the Strategic Minerals List stems from its application in Lithium Iron Phosphate (LFP) batteries. LFP batteries are commonly utilised in electric vehicles and renewable energy storage systems due to their safety, stability, and cost-effectiveness compared to other lithium-ion battery chemistries.
The Company continues to pursue the production of high-quality phosphoric acid with Prayon Technologies, which is a global-leader in phosphate processing technologies.

Oxley Potassium Fertiliser Project

During the half year, the Company continued to focus its efforts on scaling production at Ardmore, and in securing finance for the Stage 1.5 Expansion. Consequently, no work was conducted on the Oxley Potassium Fertiliser Project ('Oxley').

The Company believes that Oxley has significant development potential, lab scale metallurgical test work which showed the extraction of potassium from Oxley feldspar ore, with recoveries of 95%. It is envisaged that additional large scale test work will be able to confirm a technical pathway for development for the Oxley Potassium Project.

Goulburn Base Metals Project

During the half year, the Company continued to focus its efforts on scaling production at Ardmore, and in securing finance for the Stage 1.5 Expansion. Consequently, minimal work was conducted on the Goulburn Base Metals Project ('Goulburn').

Centrex continues to explore commercialisation opportunities for Goulburn. Options currently under consideration include a further drilling program, potential joint venture exploration opportunities and outright sale. A data room has been established for interested parties.

Banaba Island Project

On 16 August 2023, the Company entered into a binding agreement with the Rabi Council of Leaders, the appointed representative of the official traditional owners of Banaba Island, to explore the feasibility of mining the remanent phosphate rock on the Pacific Island of Banaba. The Banaba Project is part of Centrex's wider strategy to add additional low capital and operating cost production utilising existing technical and marketing expertise.

During the half-year, minimal work was conducted on the Banaba Project. As announced on 15 January 2024, the Company continues to follow the advice and direction of the Rabi Administrator.

New Projects & Exploration

During the half year, the Company conducted no new additional exploration. Further, the Company acquired no further projects.

Upon conclusion of the Stage 1.5 Expansion, the Ardmore Mine will have approximately 13 years of remaining mine-life, according to its reserves. Centrex plans to further increase its mine-life through drilling to convert additional portions of the Ardmore Mine's resource base into JORC Ore Reserves in due course. Further Centrex is cognisant of additional near-mine exploration opportunities that have the potential to unlock additional rock phosphate resources at Ardmore.

During the half year, the company continued to evaluate and develop new exploration and project development opportunities. The Company prioritises exploration targets and project opportunities that have natural synergies with its existing projects or where it believes its in-house expertise can provide a competitive advantage. The Company's geographical focus is Australia and the Asia Pacific Region.

Offtake & Marketing

During the half year, the Company continued to develop and advance its offtake and marketing activities. By the end of the period, the Company had approximately 280,000t of its anticipated CY2024 sales of 440,000t under production allocation. The Company also gained greater visibility of sales opportunities for the remaining balance for CY2024 and beyond.
On 3 July 2023, the Company announced that Agriflex entered into a binding offtake agreement for the supply of phosphate rock from Ardmore, with this agreement signed with leading New Zealand based agricultural company Ravensdown Limited.

Significant changes in state of affairs

There were no other significant changes in the state of affairs of the remaining consolidated entities during the period.

Events after the Reporting Period

After the reporting period, several funding and project execution milestones were successfully attained, all of which are vital for the Company's long-term success. These milestones include the successful conclusion of an $8m placement and a $2m SPP Offer launch, the securing of $10m of debt financing from a tier-1 bank, and rapid progress of works scheduled for the Stage 1.5 Expansion.

Successful $8m Placement & Launch of $2m Share Purchase Plan Offer

On 2 February 2024, the Company announced that it had received firm commitments for a placement of approximately 140 million new shares to sophisticated and professional investors at an issue price of $0.057 per new share to raise $8m (before costs). In conjunction with the placement, the Company also announced a Share Purchase Plan Offer on the same terms as the placement to target an additional $2m of funding.

This funding package followed a strategic decision to strengthen the Company's balance sheet, allowing for accelerated progress at the Stage 1.5 Expansion while also enabling the Company to pursue higher-quality sources of debt financing.

A$10m Funding Package Secured from National Australia Bank

On 29 February 2024, the Company announced that it had successfully secured a ~A$10m financing package from the National Australia Bank, designated for the Ardmore Mine. This highly favourable outcome will lead to reduced financing costs for the Stage 1.5 Expansion, along with less stringent and burdensome conditions as compared to alternative financing solutions.

This financing package, in combination with the successful equity raising, has given the Company clear funding visibility to conclude the Stage 1.5 Expansion at Ardmore on budget and on schedule. The Stage 1.5 Expansion, upon its conclusion, will cement Centrex as a large and reliable supplier of rock phosphate in the key Asia-Pacific region, with a production run-rate of 625ktpa.

Ardmore Phosphate Mine Stage 1.5 Expansion Progress Update

On the 12 March 2024, the Company provided a comprehensive update regarding the ongoing Stage 1.5 Expansion at Ardmore. Significant progress has been made across all aspects of the Expansion, which includes completion of the brine dam, securing additional accommodation, enhancements to drying pads, and more. Further, plans for additional drilling at Ardmore were accelerated, which is expected to provide enhanced DFS knowledge and underpin an effective northern mine design.

The project team continues to rapidly execute key projects at Ardmore that are focused on increasing volumes, reducing operational expenditure and enhancing operational efficiencies. All of these initiatives are expected to translate into additional Phosphate Rock production and enhance sales margins. The Company also confirmed that it is on schedule and under budget to meet all of its stated objectives, as previously forecasted.

General Meeting

On 14 March 2024, the Company held a General Meeting to approve the shares and options issued under the recent Placement and SPP. All resolutions were passed by votes casted on a poll.

Material Business Risks

The material business risks for the group include:

Foreign exchange and commodity price

The financial results and position of the Group are reported in Australian dollars. Phosphate Rock Concentrate is sold principally based on a United stated Dollar (USD) price. Accordingly, the Group's revenues are linked to both the USD commodity price and AUD/USD exchange rate. Volatility in the Phosphate Rock market creates revenue uncertainty and requires careful management to ensure that operating cash margins are maintained should there be a sustained fall in the Phosphate Rock price. Phosphate Rock is not a commodity for which hedging or derivative transactions can be used to manage commodity price risk.

Costs

Production, cost and capital estimates: The Group prepares estimates of future production, operating costs and capital expenditure relating to production at its operations. The ability of the Group to achieve production targets or meet operating and capital expenditure estimates on a timely basis cannot be assured. The future production and costs of the Group are subject to uncertainty for a variety of reasons, including:

- variances in actual ore mined due to varying estimates of grade, tonnage, dilution, metallurgical and other characteristic; revisions of mine plan;
- the next advancement of the Ardmore Phosphate Rock Mine Stage 1.5 is subject to sufficient finance being raised;
- changing ground conditions; labour availability and costs; diesel costs; and general inflationary pressures being felt across the industry.

Failure to achieve production, cost or capital estimates, or material increases to costs, could have an adverse impact on the Group's future cash flows, profitability and financial condition. The development of estimates is managed by the Group using a budgeting process. Actual results are compared with budgets to identify drivers behind discrepancies which may result in updates to future estimates.

Operating risks and hazards

The Group's operations, consisting of shallow open pit strip mining and site construction activities involve a degree of risk. The Group's operations are subject to all the hazards and risks normally encountered in the exploration, development, construction, and production phase of an operation. This level of operations is subject to hazards such as equipment failure, loss of power, fast moving heavy equipment, water, and tailings infrastructure such as retaining dams, rain and seismic events which may result in environmental pollution and consequent liability. The impact of these events could lead to disruptions in operations and scheduling, increased costs, and loss of facilities, which may have a material adverse impact on the group's results of operations, financial condition, license to operate and prospects. These risks are managed by a structured operational risk management framework, experienced employees and contractors and formalised procedures. The Company also has a comprehensive insurance program in place.

Ore reserves and mineral resources

The Group's estimates of Mineral Resources and Ore Reserves are based on different levels of geological confidence and different degrees of technical and economic evaluation, and no assurance can be given that anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realised or that Ore Reserves could be mined or processed profitably. The quality of any Mineral Resources and Ore Reserves estimate are a function of the quantity of available technical data and of the assumptions used in engineering and geological interpretation and modifying factors affecting economic extraction. Such estimates are compiled by experienced and appropriately qualified personnel and subsequently reported by Competent Persons under the JORC Code. Fluctuation in Phosphate Rock prices, key input costs to production, as well as the results of additional drilling, and the evaluation of reconciled production and processing data subsequent to any estimate may require revision of such estimates.
Actual mineralisation of ore bodies may be different from those predicted, and any material variation in the estimated Ore Reserves, including metallurgy, grade, dilution, ore loss, or stripping ratio at the group's properties may affect the economic viability of its properties, and this may have a material adverse impact on the group's results of operations, financial condition, and prospects. There is also a risk that depletion of reserves will not be offset by discoveries or acquisitions, or that divestitures of assets will lead to a lower reserve base. The reserve base of the group may decline if reserves are mined without adequate replacement and the group may not be able to sustain production beyond the current 13-year Stage 1.5 mine life.

Climate

The Group may be impacted by climate related risks including reduced water availability, extreme weather events, changes to legislation and regulation, reputational risk, and technological and market changes.

Other

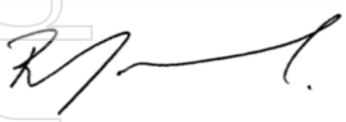
Rounding

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with than Financial Instrument, amounts in the consolidated financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated. All currencies are in Australian dollars unless stated otherwise.

Lead Auditor's Independence Declaration

The Lead auditor's independence declaration is set out on page 9 and forms part of the Directors' Report for the six months ended 31st December 2023.

Signed in accordance with a Resolution of the Board of Directors:



Mr Robert Mencel
Managing Director

Dated at Adelaide this 15th day of March 2023.

Grant Thornton Audit Pty Ltd
Grant Thornton House
Level 3
170 Frome Street
Adelaide SA 5000
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

Auditor's Independence Declaration

To the Directors of Centrex Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Centrex Limited for the half-year ended 31 December 2023. I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 15 March 2024

Centrex Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	31 Dec 2023 $'000	31 Dec 2022 $'000
Revenue			
Revenue from sales		14,265	7,764
Cost of sales		(17,706)	(7,435)
		(3,441)	329
Other income		62	34
Expenses			
Administration and other expenses	6	(3,913)	(3,109)
Exploration and evaluation expense		(73)	(96)
Share-based payments expense		(474)	(1,262)
Finance costs		(377)	(8)
Loss before income tax expense		(8,216)	(4,112)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Centrex Limited		(8,216)	(4,112)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Centrex Limited		(8,216)	(4,112)
		Cents	**Cents**
Basic earnings per share	20	(1.26)	(0.67)
Diluted earnings per share	20	(1.26)	(0.67)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Centrex Limited
Statement of financial position
As at 31 December 2023

	Note	31 Dec 2023 $'000	30 Jun 2023 $'000
Assets			
Current assets			
Cash and cash equivalents		3,065	6,735
Trade and other receivables		104	1,204
Inventories	7	6,308	4,710
Financial assets - short term deposits		15	-
Other	8	969	441
Total current assets		10,461	13,090
Non-current assets			
Inventories	7	505	505
Plant, equipment and mine development assets	9	33,852	28,520
Exploration and evaluation	10	453	342
Financial assets - mining lease bonds		563	563
Other	8	-	113
Total non-current assets		35,373	30,043
Total assets		45,834	43,133
Liabilities			
Current liabilities			
Trade and other payables	11	13,683	8,843
Borrowings	12	1,328	3,599
Lease liabilities	13	4,462	974
Provisions	14	466	435
Total current liabilities		19,939	13,851
Non-current liabilities			
Lease liabilities	13	1,581	1,954
Provisions	14	2,547	2,503
Total non-current liabilities		4,128	4,457
Total liabilities		24,067	18,308
Net assets		21,767	24,825
Equity			
Issued capital	15	80,250	75,100
Other equity	16	470	-
Reserves	17	1,980	12,208
Accumulated losses		(60,933)	(62,483)
Total equity		21,767	24,825

The above statement of financial position should be read in conjunction with the accompanying notes

Centrex Limited
Statement of changes in equity
For the half-year ended 31 December 2023

	Issued capital $'000	Share-based payments reserve $'000	Other equity $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2022	74,816	9,815	-	(52,935)	31,696
Loss after income tax expense for the half-year	-	-	-	(4,112)	(4,112)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(4,112)	(4,112)
Transactions with owners in their capacity as owners:					
Share-based payments	-	1,262	-	-	1,262
Issue of shares - conversion of options	150	-	-	-	150
Balance at 31 December 2022	74,966	11,077	-	(57,047)	28,996

	Issued capital $'000	Share-based payments reserve $'000	Other equity $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2023	75,100	12,208	-	(62,483)	24,825
Loss after income tax expense for the half-year	-	-	-	(8,216)	(8,216)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(8,216)	(8,216)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 15)	4,214	-	-	-	4,214
Share-based payments	-	474	-	-	474
Performance rights exercised	936	(936)	-	-	-
Options lapsed	-	(9,766)	-	9,766	-
Options exercised but not yet issued as shares (1)	-	-	470	-	470
Balance at 31 December 2023	80,250	1,980	470	(60,933)	21,767

(1) Options exercised prior to 31 December 2023 for which the exercise price was paid and shares were issued post period end on 8 January 2024.

Centrex Limited
Statement of cash flows
For the half-year ended 31 December 2023

	31 Dec 2023 $'000	31 Dec 2022 $'000
Cash flows from operating activities		
Receipts from customers	14,991	7,902
Payments to suppliers and employees	(17,423)	(14,746)
	(2,432)	(6,844)
Interest received	30	34
Interest and other finance costs paid	(402)	(8)
Net cash used in operating activities	(2,804)	(6,818)
Cash flows from investing activities		
Payments for plant, equipment and mine development asset	(1,693)	(758)
Payments for exploration and evaluation	(112)	(281)
Cash transferred (to) / from term deposits	(15)	-
Deposits paid for plant and equipment	(496)	-
Net cash used in investing activities	(2,316)	(1,039)
Cash flows from financing activities		
Proceeds from issue of shares	4,432	150
Proceeds from exercise of options	529	-
Proceeds from borrowings	460	-
Share issue transaction costs	(276)	-
Repayment of borrowings	(2,767)	-
Repayment of lease liabilities	(924)	(7)
Net cash from financing activities	1,454	143
Net decrease in cash and cash equivalents	(3,666)	(7,714)
Cash and cash equivalents at the beginning of the financial half-year	6,735	12,848
Effects of exchange rate changes on cash and cash equivalents	(4)	-
Cash and cash equivalents at the end of the financial half-year	3,065	5,134

The above statement of cash flows should be read in conjunction with the accompanying notes

Centrex Limited
Notes to the financial statements
31 December 2023

1. Reporting entity

The financial statements cover Centrex Limited as a Group consisting of Centrex Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Centrex Limited's functional and presentation currency.

Centrex Limited (the “Company") is a listed public company limited by shares, incorporated and domiciled in Australia. These consolidated interim financial statements ("interim financial statements") as at and for the 6 months ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is an Australian phosphate rock mining company that owns and operates the Ardmore Phosphate Rock Mine in Queensland.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 March 2024.

2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

There are no new and revised accounting standards issued or issued but not yet effective which are expected to have a material impact on the financial statements. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. Critical accounting judgements, estimates and assumptions

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends of economic data, obtained both externally and within the Group.

4. Going concern

The Group's financial statements are prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities and commitments in the normal course of business.

During the half-year ended 31 December 2023, the Group recognised a loss of $8.22m, had net cash outflows from operating and investing activities of $5.1m as at 31 December 2023. The continuation of the Group as a going concern is dependent upon its ability to generate sufficient net cash inflows from operating and financing activities and manage the level of expenditure within available cash resources.

Subsequent to balance date the group announced that it had raised $8M via a Placement and a Share Purchase Plan Offer to raise a further $2M. Furthermore, the Group received credit approval from National Australia Bank (NAB) for an $8.8M secured asset finance facility, a $150,000 credit card facility and a $1M cash backed bank guarantee facility to assist with the continued expansion of the Ardmore Phosphate Project. Notwithstanding the subsequent capital and debt injection, there remains some uncertainty about the timing of the expected benefits to be achieved from the current capital expenditure programme and the success of stage 1.5.

The Directors consider that the going concern basis of accounting is appropriate, as the Group has the following options:
- Achieve steady state commercial production levels to generate sufficient cash inflows to meet operating and capital expenditure requirements;
- The ability to obtain debt funding to assist with the continued development of the Ardmore Phosphate project;
- The ability to issue share capital under the Corporations Act 2001, by a share purchase plan, share placement or rights issue;
- The option of farming out all or part of its assets;
- The option of selling interests in the Company's assets; and
- The option of relinquishing or disposing of rights and interests in certain assets.

In the event that the Group is unsuccessful in implementing one or more of the funding options listed above, such circumstances would indicate that a material uncertainty exists that may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

5. Operating segments

Identification of reportable operating segments

Management has determined the operating segments based on internal reports about components of the Group that are regularly reviewed by the Managing Director to make strategic decisions.

The Group has identified two reportable segments of its business:
- Ardmore mining operations; and
- Exploration: exploration and evaluation of phosphate rock, potash, zinc and copper.

The Managing Director monitors performance in these areas separately. Unless stated otherwise, all amounts reported to the Managing Director are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

5. Operating segments (continued)

2023 Segment results	Ardmore mining Operations $'000	Exploration $'000	Total $'000
Segment revenue	14,265	-	14,265
Cost of sales	(17,706)	-	(17,706)
Gross profit / (loss)	(3,441)	-	(3,441)
Finance costs	(376)	-	(376)
Other expenses	(2,286)	-	(2,286)
Exploration and evaluation expenses	-	(73)	(73)
Segment Result	**(6,103)**	**(73)**	**(6,176)**
Unallocated corporate overheads	-	-	(2,040)
Total loss for the year			**(8,216)**
Total segment assets	41,674	453	42,127

2022 Segment results	Ardmore mining Operations $'000	Exploration $'000	Total $'000
Segment revenue	7,764	-	7,764
Cost of sales	(7,435)	-	(7,435)
Gross profit / (loss)	329	-	329
Finance costs	(1)	-	(1)
Other expenses	(1,851)	-	(1,851)
Segment Result	**(1,523)**	**-**	**(1,523)**
Unallocated corporate overheads	-	-	(2,589)
Total loss for the year			**(4,112)**
Total segment assets	29,870	210	30,080

Operating segment assets are reconciled to total assets as follows:

	31 Dec 2023 $'000	31 Dec 2022 $'000
Segment assets	42,127	30,080
Unallocated assets:		
Cash and cash equivalents	3,065	5,134
Other receivables	64	294
Other financial assets	578	530
Total assets	**45,834**	**36,038**

There are no comparatives in previous year as there was only one segment.

6. Administration and other expenses

	31 Dec 2023 $'000	31 Dec 2022 $'000
Travel expenses	100	43
Insurance and legal expenses	544	599
Office and administration expenses	898	507
Other expenses	454	178
Foreign exchange loss	82	51
Employee benefit expense (non-mine staff)	1,227	1,524
Sales and marketing	409	108
Directors fees	80	75
Depreciation expense	119	24
	3,913	3,109

7. Inventories

	31 Dec 2023 $'000	30 Jun 2023 $'000
Current assets		
Mined ore	2,775	1,262
Crushed ore	83	158
Processed ore	1,847	2,834
Stock in transit	1,603	456
	6,308	4,710
Non-current assets		
Mined ore (used as ROM Pad sheeting)	505	505

Recognition and measurement of Inventories includes ore, crushed, rejects and concentrate stockpiles, estimated at the lower of cost and net realisable value. Cost represents the weighted average cost and comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditures including depreciation and amortisation.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Quantities of inventories are determined using various estimation techniques, including observation, weighing and other industry methods and are subject to periodic physical verification.

The Group reviews its inventory at the end of each reporting period to determine if it is properly stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

8. Other

	31 Dec 2023 $'000	30 Jun 2023 $'000
Current assets		
Prepayments	959	441
Other current assets	10	-
	969	441
Non-current assets		
Deposits paid for plant and equipment	-	113

9. Plant, equipment and mine development assets

	31 Dec 2023 $'000	30 Jun 2023 $'000
Non-current assets		
Property, plant and equipment	5,282	5,187
Less: Accumulated depreciation	(404)	(218)
	4,878	4,969
Right of use assets	6,944	3,362
Less: Accumulated amortisation	(603)	(496)
	6,341	2,866
Development assets	22,743	21,096
Less: Accumulated amortisation	(719)	(411)
	22,024	20,685
Capital work in progress	609	-
	33,852	28,520

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Property, plant and equipment $'000	Right of use assets $'000	Development assets $'000	Capital work in progress $'000	Total $'000
Balance at 1 July 2023	4,969	2,866	20,685	-	28,520
Additions	95	4,474	1,647	496	6,712
Depreciation and amortisation - cost of sales	(170)	(494)	(308)	-	(972)
Depreciation - administration and general	(16)	(103)	-	-	(119)
Disposals	-	(402)	-	-	(402)
Transfers in/(out)	-	-	-	113	113
Balance at 31 December 2023	4,878	6,341	22,024	609	33,852

10. Exploration and evaluation

	31 Dec 2023 $'000	30 Jun 2023 $'000
Ardmore EPMs	101	67
Goulburn NSW	77	48
Oxley	275	227
	453	342

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Ardmore Phosphate $'000	Goulburn Zinc $'000	Oxley Potassium Nitrate $'000	Total $'000
Balance at 1 July 2023	67	48	227	342
Capitalised during the period	34	29	48	111
Balance at 31 December 2023	101	77	275	453

11. Trade and other payables

	31 Dec 2023 $'000	30 Jun 2023 $'000
Current liabilities		
Trade payables	11,423	7,312
Other payables	2,260	1,531
	13,683	8,843

12. Borrowings

	31 Dec 2023 $'000	30 Jun 2023 $'000
Current liabilities		
Export Finance Australia - trade finance	957	3,599
Premium funding	371	-
	1,328	3,599

As at 31 December 2023, the group was in breach of one of the reporting covenants attached to the Export Finance Australia ("EFA") trade finance agreement, namely the requirement to maintain a minimum cash balance of $4.5M at all times. As at the date of this report, the group had not received a waiver or a notification from EFA in relation to the breach. The Export Finance Australia trade finance facility was fully repaid in February 2024.

13. Lease liabilities

	31 Dec 2023 $'000	30 Jun 2023 $'000
Current liabilities		
Lease - motor vehicle	64	63
Lease - plant and equipment	4,286	804
Lease - buildings	112	107
	4,462	974
Non-current liabilities		
Lease - motor vehicle	165	309
Lease - plant and equipment	1,283	1,454
Lease - buildings	133	191
	1,581	1,954

The increase in lease liabilities from 30 June 2023 is primarily due to the commencement of the equipment contracts related to crushing activities. Each contracts is for a 12-month period with option to purchase the equipment at the end of the contract period. The exercise price for each option to purchase has been recognised as non-current lease liability as at the period end as there is a high probability that the option will be taken up.

14. Provisions

	31 Dec 2023 $'000	30 Jun 2023 $'000
Current liabilities		
Employee benefits	466	435
Non-current liabilities		
Employee benefits	48	53
Rehabilitation and restoration provision	2,499	2,450
	2,547	2,503

15. Issued capital

	31 Dec 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 $'000	30 Jun 2023 $'000
Ordinary shares - fully paid	672,045,522	614,529,029	80,250	75,100

Movements in ordinary share capital

Details	**Shares**	**$'000**
Opening balance as at 1 July 2023	614,529,029	75,100
Share placement	49,238,876	4,430
Exercise of unquoted options	1,189,156	60
Exercise of unquoted performance rights	7,088,461	936
Issue costs	-	(276)
Balance	672,045,522	80,250

16. Other equity

	31 Dec 2023 $'000	30 Jun 2023 $'000
Other Equity	470	-

There were 9,418,731 options exercised and paid prior to 31 December 2023 for which the shares were issued post period end on 8 January 2024.

17. Reserves

	31 Dec 2023 $'000	30 Jun 2023 $'000
Share-based payments reserve	1,980	12,208

Nature and purpose of reserves

The share option reserve and performance rights reserve are used to recognise the fair value of all options and performance rights.

Share based payments are in line with the Centrex Limited remuneration policy, details of which are outlined in the Director's report. Listed below are summaries of options and performance rights granted:

Reconciliation of share-based payments reserve	**31 Dec 2023 $'000**	**30 Jun 2023 $'000**
Opening balance	12,208	9,815
Issue of options	-	648
Issue of performance rights	-	1,660
Vesting of performance rights	474	85
Exercise of performance rights	(936)	-
Lapse of options and performance rights	(9,766)	-
Closing Balance	**1,980**	**12,208**

Share Options Reserve	**Number of options**	**31 Dec 2023 $'000**
Opening balance	80,507,040	10,414
Exercised	(10,607,887)	-
Lapsed	(61,899,153)	(9,766)
Balance at 31 December 2023	**8,000,000**	**648**

17. Reserves (continued)

During the six months to 31 December 2023, the Group did not issue any unquoted options. There were 61,899,153 unquoted options with an exercise price of 5 cents lapsed during the period. There were 8,000,000 unquoted options with an exercise price of 20 cents remain on issue at period end.

Performance Rights Reserve	Number of performance rights	31 Dec 2023 $'000
Opening balance	22,880,769	1,794
Vesting of performance rights issued in prior year[1]	-	474
Exercised	(7,088,461)	(936)
Balance at 31 December 2023	**15,792,308**	**1,332**

1. Expense reflected in the statement of profit and loss for performance rights issued to personnel and vested over the vesting period

The amount expensed includes performance rights issued in previous financial periods with the expense recognised evenly over the vesting period and current assessment of likelihood of achieving vesting conditions attached to these existing performance rights.

During the period, 7,088,461 performance rights were issued to employees were exercised upon KPI performance conditions being met.

18. Commitments

Minimum exploration tenement expenditures

In order to maintain its right of renewal of tenements (reviewed on a regular basis), the Group is required to meet exploration expenditures as defined at the time of the granting/renewal of the tenements. A summary of these commitments is as follows:

	31 Dec 2023 $'000	30 Jun 2023 $'000
Tenement with annual commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Ardmore (QLD) - Phosphate	481	300
Goulburn (NSW) - Zinc[1]	-	-
Oxley (WA) Potassium Nitrate	53	152

1. The annual commitments for the New South Wales tenements are an estimate of the work program to which the Group has committed to undertake over the term of the licence.

Capital commitments

As at 31 December 2023, the Group has outstanding contractual capital commitments of $0.533M (30 June 2023: $0.533M). The commitments are in relation to the purchase of portable accommodation units.

19. Events after the reporting period

On 8 January 2024, the Group issued 9,418,731 ordinary fully paid shares in relation to unlisted options exercised prior to 31 December 2023. The balance of 61,899,153 options were unexercised and lapsed.

On 2 February, the Group announced a Share Placement to raise $8M and a Share Purchase Plan Offer to raise a further $2M to be completed by 15 March 2024 and announced by 19 March 2024 as per the indicative timetable.

On 8 February 2024, the Group completed the above Share Placement and issued 140,350,878 ordinary shares at $0.057 per share to raise $8M.

19. Events after the reporting period (continued)

On 29 February 2024, the Group announced that it received credit approval from National Australia Bank (NAB) for an $8.8M secured asset finance facility, a $150,000 credit card facility and a $1M cash backed bank guarantee facility.

On 14 March 2024, the Company held a General Meeting to approve the shares and options issued under the recent Placement and SPP. All resolutions were passed by votes casted on a poll.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

20. Earnings per share

	31 Dec 2023 $'000	31 Dec 2022 $'000
Loss after income tax attributable to the owners of Centrex Limited	(8,216)	(4,112)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	651,724,338	611,620,034
Weighted average number of ordinary shares used in calculating diluted earnings per share	651,724,338	611,620,034
	Cents	**Cents**
Basic earnings per share	(1.26)	(0.67)
Diluted earnings per share	(1.26)	(0.67)

There were 8,000,000 unlisted Options (2022: 83,416,035) and 15,792,308 (2022: 22,880,769) Performance Rights outstanding at the end of the period that have not been taken into account in calculating diluted EPS due to their effect being anti-dilutive.

Centrex Limited
Directors' declaration
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Robert Mencel
Managing Director

15 March 2024

Grant Thornton

Grant Thornton Audit Pty Ltd
Grant Thornton House
Level 3
170 Frome Street
Adelaide SA 5000
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

Independent Auditor's Review Report

To the Members of Centrex Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Centrex Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a summary of significant accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Centrex Limited does not comply with the *Corporations Act 2001* including:

a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and

b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES *110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 4 in the financial report, which indicates that the Group incurred a net loss of $8.22 million during the half year ended 31 December 2023, and cash outflows from operating and investing activities of $5.1 million. As stated in Note 4, these events or conditions, along with other matters as set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 15 March 2024