



**CENTREX METALS**  
LIMITED

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**ASX Announcement** 16<sup>th</sup> October 2018

**Period Ending** 30<sup>th</sup> September 2018

# Quarterly Activities Report

## Highlights

### Corporate

- ▶ A\$ 11.3 million cash reserves remaining as at 30<sup>th</sup> September 2018 with no debt

### Ardmore Phosphate Rock Project, Queensland

- ▶ Maiden Ore Reserve declared of 10.1Mt at 30.2% P<sub>2</sub>O<sub>5</sub>
- ▶ Definitive Feasibility Study (“DFS”) completed confirming Ardmore as a low capital project with minimal risk and robust economics
- ▶ DFS based on production of 800,000 wet tonnes per annum of premium grade phosphate rock concentrate over 10 year mine life
- ▶ A\$ 77 million pre-production capital with a short 4 year payback period
- ▶ Unleveraged nominal pre-tax NPV<sub>10</sub> of A\$172 million and internal rate of return of 40%
- ▶ CDE Global completed detailed design and commenced fabrication of a 70tph modular start-up wet plant at Ardmore, readily upgradable to 140tph for full-scale operations
- ▶ Start-up plant targeted to produce circa 30,000 wet tonnes of phosphate rock concentrate in mid-2019 to provide trial shipments to priority customers to secure long-term off-takes for project financing
- ▶ KemWorks have completed fertiliser conversion test work on Ardmore phosphate rock product for single superphosphate and phosphoric acid production showing excellent results
- ▶ Two 400 tonne run of mine ore paid trials undertaken at regional customers SSP manufacturing plants with Centrex observing both trials that achieved positive results

### Oxley Potassium Nitrate Project, Western Australia

- ▶ WorleyParsons completed updated engineering designs for the project’s roasting circuit based on the most recent test work undertaken in China

- ▶ Updated design reduces the cooling circuit to a single stage
- ▶ Roasting flowsheet simplified to cyclone pre-heaters and an electric arc furnace (“EAF”)
- ▶ Height and footprint of the new design is significantly smaller than the previous
- ▶ Updated cost estimates are now being finalised prior to Centrex seeking a strategic partner to aid in developing the project

## REPORT

### 1. CORPORATE

The Company continues to maintain a healthy balance sheet with A\$ 11.3 million in cash reserves as at 30<sup>th</sup> September 2018 and no debt facilities.

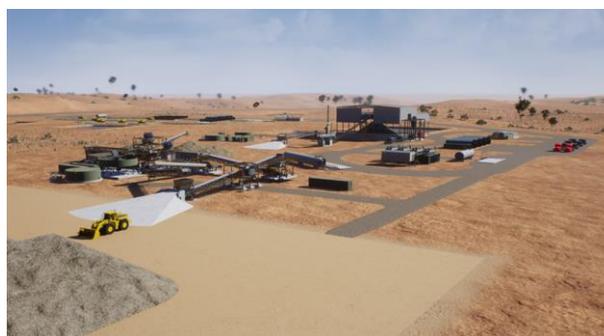
On 27<sup>th</sup> August 2018 Mr Mark Terry commenced as Chief Financial Officer. Mr Terry is a CPA with more than twenty years’ in the industry and brings experience in securing funding for mining project development in addition to the financial and commercial management of operating mining companies. These are key capabilities for the Company as its flagship Ardmore Phosphate Rock Project in North West Queensland progresses to the development phase and subsequently into production.

### 2. ARDMORE PHOSPHATE ROCK PROJECT, QLD

A Definitive Feasibility Study (“DFS”) has confirmed Ardmore to be a high-quality asset with a relatively low capital requirement, low technical risk and the potential to provide strong returns.

It is one of the few remaining undeveloped high-grade phosphate rock deposits in the world and is substantially “shovel ready” given the benefits of shallow free-dig mining, simple processing method capable of producing a “clean” premium grade phosphate rock concentrate with ultra-low cadmium levels, access to existing logistics infrastructure and

its strategic positioning for supply domestically and throughout Asia-Pacific.



**CAPTION:** 3D design of Ardmore processing plant.

The Project displays robust economics highlighted by an unleveraged nominal (2.5% escalation) pre-tax NPV<sub>10</sub> of A\$172 million and internal rate of return of 40% over the 10 year mine life, based on annual production of approximately 800,000 wet tonnes.

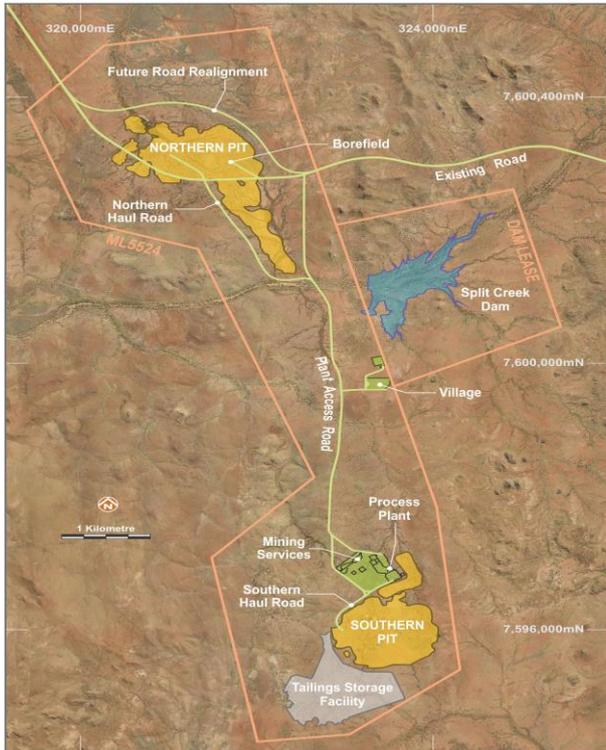
The DFS was based on maiden Ore Reserves of 10.1Mt at 30.2% P<sub>2</sub>O<sub>5</sub>.

The announcement in relation to the Ore Reserve and the DFS results was made on 5<sup>th</sup> October 2018 and can be found at:

<https://www.asx.com.au/asxpdf/20181008/pdf/43z1q8nvm95k58.pdf>

The results were reported under JORC 2012 and Centrex is not aware of any new information or data that materially affects the information contained within the release. All material assumptions and

technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.



**CAPTION:** Proposed project site layout.

KemWorks completed fertiliser conversion test work for Ardmore product during the quarter for the production of single superphosphate (“SSP”) and phosphoric acid showing excellent results. Two 400 tonne run of mine ore paid trials undertaken at regional customers SSP manufacturing plants with Centrex observing both trials that achieved positive results. The customers both trialed the run of mine ore to gain insights into the performance of the Ardmore rock with a view to purchasing higher quality concentrate in the future.

Importantly from a marketability perspective Australian and New Zealand single superphosphate (“SSP”) require a 34%  $P_2O_5$  phosphate rock blend with enough iron and alumina to provide effective granulation. Ardmore will be one of the few products on the market capable of producing SSP in Australia and New Zealand without the need for blending with

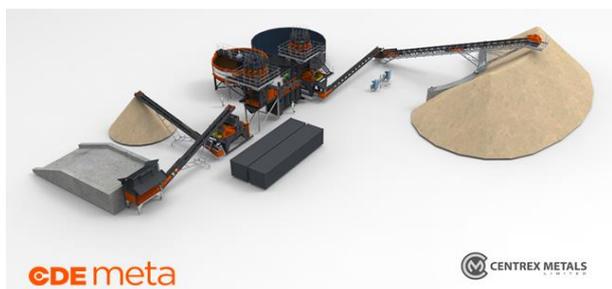
other rocks. Centrex is also in discussions with fertiliser manufacturers throughout Asia-Pacific where Ardmore has a major freight advantage over the current major suppliers from North Africa, the Middle East and South America.



**CAPTION:** Run of mine Ardmore phosphate rock ore at customer bunker ready for large-scale SSP plant trial.

Centrex has awarded CDE Global a turn-key contract to construct a start-up 70tph modular wet processing plant to produce circa 30,000 tonnes of concentrate and provide customers trial shipments in mid-2019. CDE Global has completed detailed design for the plant and fabrication has commenced. The modular plant is readily upgradable to 140tph for full-scale operations.

Trial shipments from the start-up plant will aid in securing long-term off-take contracts for the project to underpin project financing targeted for late 2019. The start-up operation will significantly de-risk the project technically and commercially.



**CAPTION:** 3D design of Ardmore 70tph start-up phosphate rock wet processing plant.

### 3. OXLEY POTASSIUM NITRATE PROJECT, WA

WorleyParsons completed updated engineering designs for the project's roasting circuit during the quarter based on the most recent test work undertaken in China.



**CAPTION:** Updated 3D design of Oxley roasting circuit.

The updated design reduced the cooling circuit to a single stage and simplified the roasting flowsheet to cyclone pre-heaters and an electric arc furnace ("EAF"). The height and footprint of the new design is significantly smaller than the previous design.

Updated cost estimates for the new design are now being finalised prior to Centrex seeking a strategic partner to aid in developing the project.

### 4. GOULBURN ZINC PROJECT, NSW

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

### 5. IRON ORE PORTFOLIO, SA

The sale of the Wilgerup and Kimba Gap iron ore projects to SIMEC Mining (formerly Arrium Mining) which is a business of OneSteel Manufacturing Pty Ltd ("OMPL") is substantially complete pending State Government approval for the transfer of the retention and mining leases.

The sale of the assets provides a potential combined royalty stream to Centrex of up to A\$ 10 million, indexed to CPI.

### 6. TENEMENTS

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

#### Queensland

Ardmore Phosphate Rock Project ML 5542  
Ardmore EPM 26551  
Ardmore EPM 26568  
Ardmore EPM 26841 (application pending)

#### Western Australia

Oxley A E70/3777 Oxley B E70/4004  
Oxley C E70/4318 Oxley D E70/4319  
Oxley E E70/4320 Oxley F E70/4378  
Oxley G E70/4729

#### New South Wales

Goulburn EL 7388 Archer EL 7503

#### South Australia

Mount Hill EL 6024 Wanilla EL 5559  
Tumby Bay EL 5971 Greenpatch EL 5852

#### Retention Lease (South Australia)

Kimba Gap RL 129 [transfer in progress]

#### Mining Lease (South Australia)

Wilgerup ML 6344 [transfer in progress]

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Attached is the Appendix 5B Statement of Cash flows for the period from 1<sup>st</sup> July 2018 to 30<sup>th</sup> September 2018.

For further information please contact:

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Managing Director & CEO  
Centrex Metals Limited  
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**Leanne Ralph**

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 does not undertake any obligation to publicly update or revise any of the forward looking statements or 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")

30<sup>th</sup> September 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(2,573)	(2,573)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(391)	(391)
	(e) administration and corporate costs	(321)	(321)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	105	105
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes (paid) / refunded	-	-
1.7	Research and development refunds	116	116
1.8	Other	67	67
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(2,996)</b>	<b>(2,996)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(10)	(10)
	(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 (3 months) \$A'000
2.5	Other (provide details if material)	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(10)</b>	<b>(10)</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>-</b>	<b>-</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	14,281	14,281
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,996)	(2,996)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10)	(10)
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>11,275</b>	<b>11,275</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	1,183	1,183
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other – term deposits with maturity > 90 days	10,092	10,092
5.4	Other	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>11,275</b>	<b>11,275</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	84
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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<b>8.</b>	<b>Financing facilities available</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
	<i>Add notes as necessary for an understanding of the position</i>		
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Exploration and evaluation	(1,809)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(391)
9.5	Administration and corporate costs	(109)
9.6	Other (provide details if material)	-
9.7	<b>Total estimated cash outflows</b>	<b>(2,309)</b>

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Company secretary

Date: 16<sup>th</sup> October 2018

Print name:

Ms Leanne Ralph

### 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.