



ASX Announcement

# Quarterly Activities Report - December 2021

31 January 2022

**ASX Code:** CXM

**Issued Capital:**

Shares	418M
Share Price	A\$0.085
Market Cap.	A\$36m
Cash (31 Dec)	A\$3.9M

**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*

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**CENTREX**

## Highlights

### Corporate

- ▶ **A\$3.9 million cash reserves as of 31 December 2021**
- ▶ **Successful A\$4M placement to advance the Company's Ardmore Phosphate Rock Project**
- ▶ **Launch of Agriflex fertilizer brand**
- ▶ **Conditional Marketing Term Sheet executed with Samsung C&T**
- ▶ **Settlement reached with Southern Cross Fertilisers Pty Ltd (SCF) over their extension fee claim under the Royalty Deed**
- ▶ **Appointment of BurnVoir Corporate Finance and Naust Capital as joint financial advisers to arrange financing for the development of the Ardmore 800,000tpa commercial plant**
- ▶ **Memorandum of Understanding entered into with Aurizon Operations Limited for the Ardmore Phosphate Project**
- ▶ **Key Appointments - Chief Financial Officer, Commercial Manager and General Manager**

### Project Advancement

- ▶ **GR Engineering Services appointed as EPCM for Ardmore's Initial Production Plant**
- ▶ **Stage 1 Front End Engineering and Design commenced on Full Commercial Plant**
- ▶ **Phosphate prices continue to increase.**
- ▶ **Oxley Potash – Test work ongoing**

# Report

## 1. CORPORATE

The Company ('Centrex') maintained a cash balance of A\$3.9 million as at 31 December 2021.

On 11 October 2021, the Company launched Agriflex as its market-facing agriculture brand. The Company formally changed the name of its 100% owned subsidiary Centrex Phosphate Pty Ltd (ACN 132 019 357) to Agriflex Pty Ltd. The Company was successful in gaining shareholder approval at its November Annual General Meeting to remove the word 'Metals' from its name and became Centrex Limited.

On 21 October 2021, the Company announced that its 100% owned subsidiary Agriflex Pty Ltd had executed a conditional Term Sheet with Samsung C&T. The Term Sheet outlines Agriflex's appointment of Samsung C&T as its sole and exclusive marketing representative for sales into Korea, Japan, Indonesia, India and Mexico. The initial term of the Term Sheet is for the first 3 years of production from the Full Commercial Plant for Agriflex's planned 800,000 tonnes per annum Ardmore Phosphate Project.

Samsung will provide Agriflex with marketing services for the sales of an annual quantity equal to the lesser of 20% of the product from the Project or 160,000MT of the product. In addition, Samsung may also assist the Company with sales of any additional quantity of product not taken by other offtake partners. The price to be paid by Samsung will be the market netback price (defined as the actual sales price minus the direct cost and a marketing service fee).

The conditions precedent for the agreement includes Agriflex's final board approval to proceed with the construction of the Ardmore Phosphate Project 800ktpa Full Commercial Plant, Samsung's internal corporate approvals (in its absolute discretion), Agriflex's financial close in relation to the financing arrangements for the Ardmore Project and the commencement of production from the 800ktpa Full Commercial Plant.

On 28 October 2021, the Company announced that it had received binding commitments for a share placement of approximately 44.4 million new fully paid ordinary shares from professional and sophisticated investors at an issue price of A\$0.09 per share to raise A\$4M (Placement). The Placement attracted strong demand from new professional and sophisticated investors, including certain existing holders of the Company.

On 25 November 2021, the Company announced that Agriflex had reached a new agreement with Southern Cross Fertilisers Pty Ltd (SCF) regarding various matters in dispute in the Royalty Deed.

As part of the settlement, SCF agreed to extend the extension period under the Royalty Deed by a further 12 months to 27 June 2022 in return for Agriflex paying SCF A\$1m and increasing 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%.

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.

The Company also announced that Agriflex had appointed leading independent finance advisory firms BurnVair Corporate Finance ("BurnVair") and Naust Capital ("Naust") as joint financial advisers to arrange financing for the development of the Ardmore Phosphate Project.

BurnVoir and Naust will work with Centrex to secure an attractive, flexible funding package for the development of the Project. BurnVoir and Naust have developed a strong reputation for arranging equity and debt financing for greenfield mining projects, including working with export credit agencies and government agencies such as the Northern Australia Infrastructure Facility.

On 1 December 2021, the Company announced that it had entered into a Memorandum of Understanding (MoU) with Aurizon Operations Limited for the Ardmore Phosphate Project. The MoU principally focuses on formulating a framework around Aurizon transporting 5 x 5,000t parcels and any additional volumes which eventuate throughout 2022, up to a maximum of 114,048 tpa, by truck and rail from the Ardmore Mine to the Port of Townsville.

## 2. ROCK PHOSPHATE PRICE / MARKET

Phosphate rock prices during the Quarter reached their highest levels since early 2013. The FOB North Africa (68-72% BPL) benchmark reached a price of US\$176.5 per tonne during the December Quarter (World Bank Commodities).

The second half of 2021 saw phosphate rock prices experience their largest increases since 2008, with the price now at their highest nominal levels in eight years. High phosphate rock prices continue to be supported by strong demand and the restricted supply of Chinese fertilisers. The World Bank releases updated pricing in the first week of every month.

The Company's updated Definity Feasibility Study (DFS) in August 2021 used a benchmark phosphate price of US\$125 per tonne. After factoring in Centrex higher grade of 34.5% this equated to US\$135 per tonne. The current US\$176.5 per tonne benchmark phosphate price represents a 41% increase compared to US\$125 benchmark price used in the August 2021 DFS.

## 3. APPOINTMENTS

During the Quarter, the Company made some key management personnel appointments. Brian Hall has been appointed General Manager for the Ardmore project. Brian has over 30 years' experience building and operating mining and fertiliser projects. His previous senior management roles include General Manager for Mount Gibson Mining and Maintenance Manager at RONPHOS Corporation.

Stewart Bale has been appointed Commercial Manager for Agriflex. Stewart was previously the Financial Controller for RONPHOS Corporation and prior to that held positions at BP Oil and Mount Kasi Gold Mines.

The Company also secured the consulting services of Sam Lancuba. Sam has over 42 years' experience in the fertiliser industry and has worked in research and development, process engineering, manufacturing and management. He worked for 27 years at Incitec Pivot Ltd, a Melbourne-based global fertiliser, explosives and industrial chemicals producer, before becoming a consultant to clients in Australia, New Zealand, United States, South America, Europe, India and China. Previous projects he has worked on include the design and commissioning of a superphosphate plant in Argentina, beneficiation of phosphate rock in Queensland, the export of fertiliser from Australia and China, as well as the refurbishment of a phosphate mining and processing operation in Nauru. Sam will be advising Centrex on a range of areas including plant design and maintenance, project management, project evaluation and marketing strategies for fertiliser products.

Cormac Byrne has been appointed as Chief Financial Officer. Cormac is a corporate accountant with over 18 years of accounting experience, with a strong background in financial accounting and corporate advisory services. Cormac also has extensive finance experience having previously worked for the Commonwealth Bank in their Corporate and Business Banking Division. Cormac consulted to Centrex Limited for a period of 12-months before accepting the full-time CFO role.

## 4. ARDMORE PHOSPHATE ROCK PROJECT, QLD

### Direct Application Rock Phosphate (DAPR)

During the Quarter, approximately 4,700 tonnes of Direct Application Rock Phosphate (DAPR) was carted to the Mt Isa Quarry for stockpiling.

Approximately 27,000 tonnes were crushed down to minus 4mm in readiness for future sales. Peak demand for DAPR is expected during March/April.

### Initial Production Plant

During the Quarter, planning commenced for the implementation of mining, processing, transport and marketing of five individual 5,000 tonne trial parcels (25,000t total) to be sent to prospective customers for their prequalification.

The Company has submitted a request for a minor amendment to its existing Environmental Approval and expects to receive its approval in February 2022. Once approved, this will allow the Company to recommence mining and undertake processing operations onsite. Discussions have commenced with prospective mining contractors to mobilise to site in April 2022 and mine the required ore tonnes.

GR Engineering Services (GRES) has been appointed engineering, procurement, construction and management (EPCM) contractor for the initial production plant. The bulk of the remaining site work is the completion of non-process infrastructure (water, power, buildings etc.) and plant commissioning. Orders for long lead items have been placed. Site construction work is scheduled to commence in March 2022 and be completed by July 2022.

The Company continues to work with Aurizon Operations Limited to formalise freight and logistics for the trial parcels.

Ore samples have been sent to several Australian and overseas prospective customers. Negotiations continue with these customers for the processing of trial shipments and potential longer term offtake arrangements.

The Company is investigating the potential to operate the initial production plant beyond the production of the initial trial shipments. This has the potential to provide early cashflow and further de-risk the project through greater customer acceptance.

Aurizon Operations Limited has indicated the potential to transport up to 114,000 tpa using their proposed interim logistics solution.

### Commercial Plant

In late December, work commenced on front end engineering and design (FEED) for an 800,000 tpa commercial plant.

GRES have been employed to complete the stage 1 scope of work (SOW), focusing on optimising the physical location of the process plant and is expected to take four months to complete.

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.

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 Mt Isa to Townsville.

The benefit of the Townsville region is access to lower cost services and immediate access to the port.

A commercial plant located in Mt Isa or Townsville could also cost effectively process ore from alternative sources using rail transport.

A plant located in Townsville could potentially also be fed using ore sourced from overseas.

## 5. OXLEY POTASSIUM FERTILIZER PROJECT, WA

Metallurgical test work continued on Oxley ore.

The aim of the test work is to convert Oxley ore's structural potassium into a soluble plant-available potassium using a relatively simple low-cost alkali-hydrothermal treatment. The final product needs to be sufficiently high in soluble potassium (K) to be cost effective.

Initial test work has focused on creating a K concentrate which can then undergo alkali-hydrothermal treatment.

A series of grinding and screen tests were carried out during the Quarter to test the potential of differential grinding as a concentration method. The test work proved unsuccessful.

Test work focus for the next Quarter is to assess the potential to use magnetic and electrostatic precipitation to create a concentrate.

To assist in this test work, the Company has engaged the contract services of Dr Davide Ciceri, one of the world's leading researchers in elemental recovery from K feldspar.

During the Quarter, the Company applied for the following Western Australia exploration licences around its Oxley tenements:

- E70/5976 Exploration Licence Application
- E70/5977 Exploration Licence Application
- E70/5978 Exploration Licence Application

## 6. 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.

No exploration activity occurred on these tenements during the Quarter due to COVID related travel restrictions. A site visit is planned for January 2022.

## 7. EXPENDITURE

The total expenditure on exploration and development activities by the Company during the Quarter was A\$1.492M for general care and maintenance of all tenements. A\$1M of this amount related to the settlement with SCF as previously mentioned.

For the purposes of Item 6.1 of Appendix 5B, the aggregate payments during the Quarter to related parties (totalling \$43,000) were comprised of Consulting Fees, Directors fees plus statutory superannuation.

## 8. FUTURE QUARTER MILESTONES

- Increased Direct Application Rock Sales
- Progress further offtake Agreements
- Commence Initial Production Plant construction
- Progress Commercial Plant Engineering and Design

## 9. TENEMENTS

The Company and its wholly owned subsidiaries hold the following tenements and leases as of 30 June 2021:

### 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.

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Attached are the Appendix 5B Statement of Cash flows for the period from 1<sup>st</sup> October 2021 to 31<sup>st</sup> December 2021.

### For further information please contact:

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Jonathan Lindh  
Company Secretary  
Centrex Limited  
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### 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")

31<sup>th</sup> December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	20	20
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(124)	(241)
(e) administration and corporate costs	(473)	(589)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	-	(30)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (Fuel Tax Credits/Cash Flow Boost)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(576)</b>	<b>(838)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(1,492)	(1,862)
(e) investments	-	-
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1,492)</b>	<b>(1,862)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	4,000	4,000
3.2 Proceeds from issue of convertible note	-	-
3.3 Proceeds from exercise of options	202	202
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(204)	(204)
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>3,998</b>	<b>3,998</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,067	2,699
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(576)	(838)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,492)	(1,862)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,998	3,998



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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,997</b>	<b>3,997</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,377	697
5.2	Call deposits	-	-
5.3	Bank overdrafts		
5.4	Other – term deposits (maturity within 90 days)	110	860
5.4	Secured term deposits*	510	510
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,997</b>	<b>2,067</b>

\* Term Deposits held in relation to secured bank guarantees

**6. Payments to related parties of the entity and their associates**

6.1	Aggregate amount of payments to related parties and their associates included in item 1 (Includes Directors Fees plus Superannuation)	43
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter  
\$A'000**

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>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 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(576)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(1,492)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(2,068)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	3,997
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	3,997
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	1.93

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: Yes

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: On 25 October 2021, the Company announced that it had completed a \$4m share placement to professional and sophisticated investors at \$0.09 per share.

On 25 November 2021, the Company announced that it had appointed finance advisory firms BurnVoor Corporate Finance and Naust Capital as joint financial advisers to advise on and arrange financing for the Ardmore Phosphate Project.

The Company continues to evaluate its working capital and funding requirements, which process includes looking at various funding options. Due to rock phosphate price being at an 8 year high and the world shortage of traded fertiliser together with the appointment of its finance advisers, the Company is optimistic that it would be successful in raising capital and securing funding to fund its future operations.

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

Answer: The Company believes that it is able to continue its current operations and business objectives for the reasons outlined in questions 1 and 2.

### 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: 31 January 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.