



ASX ANNOUNCEMENT

16 August 2023

## **CENTREX SIGNS AGREEMENT AS FIRST STEP TOWARDS THE COMMENCEMENT OF EXPLORATION ON BANABA ISLAND**

### **Highlights**

- **Centrex signs agreement with Rabi Council of Leaders, representative of the official owners of Banaba to undertake exploration on Banaba**
- **Historically Banaba was one of the highest-grade phosphate deposits mined in the world with grades of circa 38% P<sub>2</sub>O<sub>5</sub>**
- **Banaba is the next step in Centrex's wider strategy to develop additional low capital and operating cost production utilising existing technical and marketing expertise**

Centrex Limited (ASX:CXM) has entered into a binding agreement with the Rabi Council of Leaders, the appointed representative of the official traditional owners of Banaba Island ('Banaba'), to explore the feasibility of mining the remanent phosphate rock on the Pacific island of Banaba.

If the project proceeds, Centrex's plans include the expected delivery of extensive rehabilitation projects and initiatives to improve environmental and socio-economic conditions on the island which were impacted by previous mining activity.

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.

### **Phosphate Mining on Banaba**

Banaba (formerly known as Ocean Island) is a solitary raised coral island west of the Gilbert Island chain and 298 km east of Nauru. It is part of the Republic of Kiribati. It has an area of 6.0 km<sup>2</sup>, and the highest point on the island is 81 metres.

Banaba, like other islands of the Pacific, has a long history of phosphate mining. Phosphate mining on the island began in 1900 and continued until 1979, when the British Phosphate Commissioners (BPC) - an Australian, British and New Zealand Governments jointly- owned company - ceased mining operations.

An estimated 21Mt was mined during this period at grades of circa 38% P<sub>2</sub>O<sub>5</sub>. Records indicate that practically the whole of the island was covered with a deposit of phosphate, sometimes as much as 25 metres thick, but usually less than 15 metres thick. The phosphate filled troughs between dolomite pinnacles, and mining was discontinued before the base of the troughs was reached.

### **Technical Commentary**

From the time of cessation of mining through to 1989, Banaba has had a number of assessments completed on the remaining phosphate resource potential. Similar to Nauru, it was observed that two main types of phosphate, “incoherent” and “coherent” occurred. The incoherent phosphate consisted of pisolitic and oolitic grains, together with larger angular or rounded fragments, up to 25 mm in diameter, and fine dust.

Within the coherent phosphate deposit, three distinct varieties were described. The first was described as fragmental, and consisted mainly of blocks of phosphatised limestone irregularly distributed through the incoherent phosphate. The second variety described was dolomite pinnacles that had been partly or wholly converted to phosphate. The third variety occurred as finely laminated masses, as a cementing ingredient, as a coating on phosphatised limestone, and as a lining in cavities within the un-phosphatised limestone.

It is the remnant incoherent phosphate in the troughs that is of primary interest to Centrex.

Centrex’s immediate exploration plans include satellite remote sensing of Banaba to determine areas of high phosphate concentrations. If the remote sensing work is encouraging, Centrex will undertake an Aerial Light Detection and Ranging (LiDAR) survey of Banaba to create an accurate topographic model of the island. This would be followed by exploratory drilling to prepare a feasibility study which will ultimately inform an investment decision in approximately 18 months’ time.

Centrex’s team is well qualified to deliver on mining and remediation activity on Banaba due to many of its senior managers and staff having considerable experience operating in the Central Pacific, including Robert Mencil’s experience as CEO of the Republic of Nauru’s RONPHOS Corporation, which successfully developed and trialled secondary mining and rehabilitation solutions.

The Company’s notes that it does not intend to allocate significant expenditure on the Banaba Project in the short to medium term while it progresses its ramp up of the Stage 1.5 Project at the Company’s flagship Ardmore Phosphate Project.

### **Managing Director’s Comments**

Commenting on the agreement, Centrex’s Managing Director, Mr Robert Mencil said:

*“Historically, Banaba was one of the highest-grade phosphate deposits mined in the world. The potential return to mining on Banaba, ironically, provides a much-needed catalyst for its potential rehabilitation and this is why the Rabi Council of Leaders has agreed to Centrex’s proposal. Irresponsible mining practices did occur in the past, but we intend to apply a contemporary modern approach and high standard of mining and rehabilitation on the island.*

*Our objective is to demonstrate that significant remnant phosphate remains on Banaba that can be economically mined to satisfy increasing global demand for high-grade phosphate and at the same time, potentially fund the rehabilitation of the island.*

*Any future potential project will be greatly assisted by the ability to load phosphate directly onto a ship, minimising the substantial logistics costs typically associated with Phosphate projects”.*

### **About Rabi Council of Leaders**

The Rabi Council of Leaders is the municipal body administering Rabi Island in Fiji and established by the Banaban Settlement Act 1970.

The Rabi Council is currently under the management of the Rabi Administrator. The Council has its main office in the Fijian capital, Suva.

### **Key Terms of Agreement**

All development on Banaba will be undertaken in accordance with the laws of Kiribati and with extensive consultation with, and participation by, traditional Banaba landowners leading to ensure mutually beneficial outcomes.

By official agreement from the Rabi Council of Leaders, the Rabi Council have granted approval to the Company’s proposed exploration program on Banaba Island.

The approval also contains certain obligations on the Company in carrying out exploration works including, use of Rabi’s people as part of the labour force for exploration (including providing training), Rabi Council to monitor the exploratory works as well as certain other reporting obligations.

### **Next Steps**

Centrex’s next step is to finalise and enter into an exploration agreement with the Kiribati Government, which is the final agreement required to move forward with exploration and secure tenure on the island, although the Company notes that the agreement with the traditional owners is considered to be the most challenging agreement to secure and a significant step towards the re-commencement of mining on Banaba.

The Company will work with the Rabi Administrator (who incidentally is also a member of the Kiribati parliament) to progress the Exploration Agreement with the Kiribati Government. The Company will provide updates to the market on any developments in relation to this agreement.

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

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