



CENTREX METALS
LIMITED

ASX : CXM

Level 6, 44 Waymouth Street
Adelaide, South Australia 5000

T +61 8 8213 3100
F +61 8 8231 4014

WWW.CENTREXMETALS.COM.AU

ASX Announcement 25th January 2018

Period Ending

31st December 2017

Quarterly Activities Report

Highlights

Corporate

- ▶ CEO Ben Hammond Appointed as Managing Director & CEO
- ▶ A\$ 17.5 million cash reserves remaining as at 31st December 2017 with no debt
- ▶ Unmarketable parcel facility completed

Ardmore Phosphate Rock Project, Queensland

- ▶ Ardmore Phosphate Rock Project Mining Lease renewal granted for a further 21 year term
- ▶ 319 reverse circulation ("RC") drill hole infill program completed
- ▶ Increase in total Mineral Resource to 14.2 million tonnes at 28.7% P₂O₅ (using 19% P₂O₅ cut-off)
- ▶ Includes 12.3 million tonnes of Indicated & Measured Mineral Resources
- ▶ Scoping Study released in January showing strong returns
- ▶ Bulk test work for Feasibility Study commenced on PQ diamond core composite
- ▶ Bulk excavation completed to provide crusher vendor sample
- ▶ Successful water bore and 4 day pump test completed in Northern Zone Deposit with large water volumes indicated

Oxley Potassium Nitrate Project, Western Australia

- ▶ Quotations being sought from vendors for small scale continuous roasting test work

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REPORT

1. CORPORATE

The Board of Centrex Metals Limited (“Centrex”) announced during the quarter that Mr. Ben Hammond had been appointed Managing Director and Chief Executive Officer effective 17th October 2017.

Mr. Hammond was appointed as Chief Executive Officer on 30th June 2013 having played a key role in the negotiation and successful completion of two major Chinese backed joint ventures. Since his appointment as Chief Executive Officer, under the guidance of the Board, the Company has rationalised the majority of its iron ore assets and is firmly focused on generating value from its phosphate and potassium projects.

Mr. Hammond’s salary and conditions remained unchanged.

The Company continues to maintain a healthy balance sheet with A\$ 17.5 million in cash reserves remaining as at 31st December 2017, with no debt outside of current trade payables.

The unmarketable parcel facility established by the Company in the previous quarter was completed in the current quarter. The closing date for receipt of the share retention forms was 20th October 2017. All relevant former shareholders should now have received proceeds from the sale facility as either a cheque or electronic funds transfer.

2. ARDMORE PHOSPHATE ROCK PROJECT, QLD

Mining Lease ML5542 that covers the Ardmore Phosphate Rock Project was renewed for a further 21 year term during the quarter.

A 319 hole reverse circulation (“RC”) infill drilling program was completed during the quarter that fed into a Mineral Resource update announced in

December. Current Mineral Resources now stand at 14.2 million tonnes at 28.7% P₂O₅ (using a 19% P₂O₅ cut-off). The update included 12.3 million tonnes of Indicated & Measured Mineral Resources.

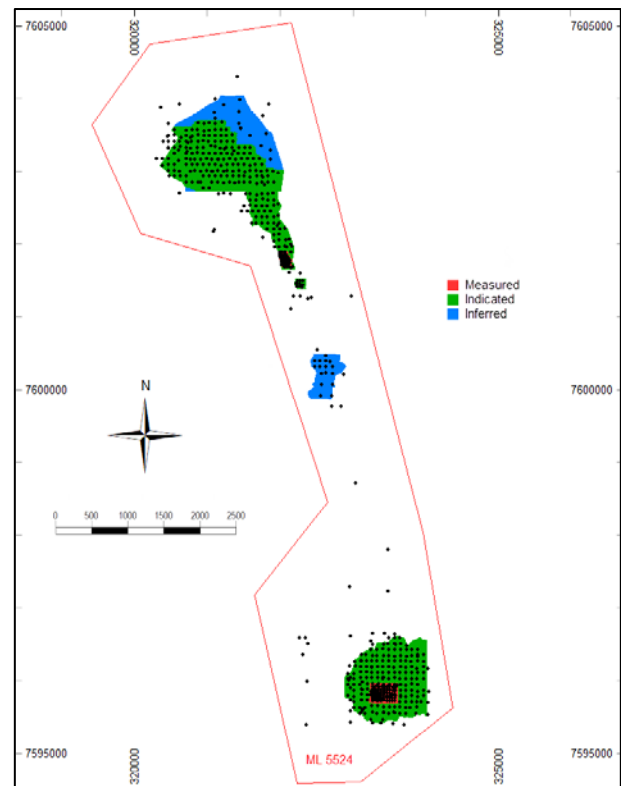


FIGURE: Plan view of drill hole locations over Mineral Resource area by category.

For full details of the Mineral Resource refer announcement 18th December 2017;

<http://www.asx.com.au/asxpdf/20171218/pdf/43q8hp4xygcbh0.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.

Bulk feasibility level beneficiation test work was commenced during the quarter on an almost 1 tonne bulk composite derived from a PQ diamond drilling program completed the previous quarter. A further bulk excavation was also completed during the quarter to provide an additional 1 tonne sample for crusher vendor test work in the US. The bulk test work will also provide product samples to meet numerous customer requests to complete fertiliser conversion test work. Separate samples are being sent to KemWorks in the US for independent conversion test work.



CAPTION: Centrex Managing Director & CEO Ben Hammond oversees an excavation at Ardmore for a bulk vendor crushing test work sample.

Water bores were completed in the Northern Zone of the deposit as was a successful 4 day ground water pump test. The aim of the pump test was to determine the potential to use ground water as process water. Negligible drawdown within the water bore and surrounding monitoring bores was seen; demonstrating a large potential volume. Moderately saline water was encountered which is to be treated with a reverse osmosis plant ("RO") for process water. Surface water harvesting is also being assessed along with other potential fresh groundwater sources off the Mining Lease.



CAPTION: Water bore drilling on Ardmore Mining Lease with "turkey's nest" for pump test.

Dust monitoring was commenced at the mine and rail siding sites as part of the ongoing environmental baseline studies.

The Scoping Study for the project being completed in parallel with the ongoing Feasibility Study neared completion at the end of the quarter and was released in January 2018. For the results of the Scoping Study please see the announcement on the 15th of January 2018;

<https://www.asx.com.au/asxpdf/20180115/pdf/43qtg9nqt9y78w.pdf>

The Feasibility Study is targeted for completion in mid-2018.

3. OXLEY POTASSIUM NITRATE PROJECT, WA

During the quarter activities for Oxley Potassium Nitrate Project ("Oxley") were placed predominantly on hold whilst the Ardmere Phosphate Rock Project Scoping Study was being finalised. Quotations were being sought however from two vendors for small scale continuous pilot plant roasting circuit test work. Quotations are expected to be received next quarter and a decision made to progress the work made.

4. GOULBURN ZINC PROJECT, NSW

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

5. IRON ORE PORTFOLIO, SA

No exploration activities were undertaken during the quarter by the Eyre Iron Magnetite Joint Venture ("Eyre Iron"). The Joint Venture held cash of A\$ 0.8 million as at 31st September 2017.

A Deed of Termination was signed during the previous quarter to wind-up the Eyre Iron Magnetite Joint Venture. Work is being undertaken to progress the termination in a timely manner. Rehabilitation of the Joint Venture project site was completed during the quarter and requests for the return of work

retention bonds made to the South Australian Government.

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

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
Carrow EL 5971 Greenpatch EL 5852

Retention Lease (South Australia)

Kimba Gap RL 129

Mining Lease (South Australia)

Wilgerup ML 6344

Attached is the Appendix 5B Statement of Cash flows for the period from 1st October 2017 to 31st December 2017.

For further information please contact:

Ben Hammond
Chief Executive Officer
Centrex Metals Limited
Ph (08) 8213 3100

Gavin Bosch
Chief Financial Officer & Company Secretary
Centrex Metals Limited
Ph (08) 8213 3100

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")

31st December 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(1,364)	(2,590)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(345)	(697)
	(e) administration and corporate costs	(189)	371
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	187	271
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes (paid) / refunded	-	-
1.7	Research and development refunds	-	-
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	(1,711)	(2,645)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(1)	(5)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	1	96
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	0	91

3.	Cash flows from financing activities		
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	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	19,166	20,009
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,711)	(2,645)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	91
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	Cash and cash equivalents at end of period	17,455	17,455

5.	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	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,844	705
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other – term deposits with maturity > 90 days	13,306	18,136
5.4	Other – restricted cash held in JV company	305	325
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	17,455	19,166

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	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	

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

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

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	(2,395)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(204)
9.5	Administration and corporate costs	(16)
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	(2,615)

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	EPM 26551, Mount Isa, QLD	Tenement granted on application to DNRM	0%	100%

Compliance statement

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



Sign here:

Company secretary

Date: 25th January 2018

Print name:

Mr Gavin Bosch

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.